

Annual uplift of Direct Payment (DP) Rate to stay in line with Adult Social Care's (ASC) basic DP rate.

Date: 25/05/2023

Report of: Head of Children's Social Work

Report to: Director Children and Families

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- Children's social work services (CSWS) have the need to use Direct Payments to support children with disabilities and children with complex needs to remain living in their own home.
- Adult Social care also use DPs to enable adults with disabilities and adults who are vulnerable due to physical or mental wellbeing, to remain living supported in their own homes.
- Leeds has an ambition to be a child friendly city, by ensuring payment of DPs for children are matched to the basic rate paid in adult services. Otherwise, carers of children with disabilities will be disadvantaged compared to their adult counterparts.
- CSWS in the children's plan want to ensure Leeds is a healthy place for all children to live and enjoy healthy lives and are safe from harm.

Recommendations

- 1) To raise the current single rate of DP in children's services from £10.50 an hour to the ASC basic rate of DP of £11.30 an hour. ASC have additional rates of £14.07 at a weekend and an additional sleep-in rate. However, some years ago, CSWS adopted a single DP rate to try and simplify support packages for children and their families.
- 2) As a city with an aim to be a Child Friendly City we need to ensure we are paying the same rate for children's support, as ASC pay for adults.
- 3) Adopt, as we have in previous years, the ASC basic DP rate for children so that we can fund carers of children with disabilities at the equivalent rate.

Why is the proposal being put forward?

- 1 It was agreed in 2018 that we would annually uplift children's DP rate to that of the basic ASC rate in line with the Leeds Living wage. However, again this year due to the ongoing crisis in recruiting Personal Assistants (PA's) funded by DPs, ASC have again taken the unprecedented step, supported by members and the Unions, to raise the rate to £11.30 an hour rather than the expected £10.90 Leeds real Living wage.

- 2 The market for appointing PAs to support our children with disabilities and children with complex needs is incredibly challenging. We are increasingly struggling even having the same rate as ASC, as often PAs are needed for children on a weekend when we are already paying less than adults (our current rate is £10.50, hopefully increased to £11.30, while the ASC rate is £14.07).
- 3 Most neighbouring Local Authority's are paying a higher or similar DP rate to Leeds. See detail of this in consultation/exploration section below. Potential children's carers in Leeds therefore can receive higher pay by working in Adult services in Leeds or alternately in neighbouring Local Authorities, making it very difficult to recruit the support that we have identified our children need. Health also uses the DP process to provide support to their children with complex health needs, again their rate has been consistently higher than our rate in children's social work services.
- 4 If we cannot appoint our own PAs and look to the commercial market for an Individual Support Worker (ISW) instead, the rates per worker per hour vary from between £39 to £61. Typically, these agencies will insist on a minimum level of support of 4 hours per day, even if the identified need for the child is only 1-2 hours. Clearly it is the private agencies who benefit from these very high rates, as their employees are likely to be on minimum wage.
- 5 A recent local advert for Aldi offered a basic rate of £11.00 an hour. The work we are asking PAs to do is complex and it is important to try and attract the increasing numbers needed of people to undertake this role; we need to offer a realistic and competitive pay. In addition, we are typically offering perhaps a couple of hours after school and four or 5 hours on a weekend; it is challenging for a worker to support their living situation, particularly with the current cost of living crisis.

What impact will this proposal have?

Wards Affected:

Have ward members been consulted? Yes No

What consultation and engagement has taken place?

Discussion has taken place with colleagues in ASC who are aware of the difficulties in both children's and adults to recruit PA staff; the increase to £11.30 will make us competitive with ASC during the week but not on a weekend. It will not make us competitive with most neighbouring LA's. They have agreed that CSWS will be involved in the consultation process for rates in 2023/24.

Discussion has taken place with colleagues in the transitions service who already benefit from paying the ASC rate to support their young adults. They would support a move to us continuing to pay the basic ASC rate of DP. They are aware that to recruit to new packages without this rate would be extremely difficult, if not impossible.

The proposals were discussed at a meeting on 3rd May 2023 with the Trade Unions (GMB, UNISON & UNITE), who are supportive of the proposals.

Discussion has taken place with HR who advise that the current pay rates for LCC are - Leeds minimum pay rate = £10.90 and the weekend Enhancement is 0.5 - Rate for working weekend would be £10.90 + £5.95 = £16.85. They advise to remain in line with ASC rate would be a service decision.

Discussion has taken place with finance who advise in 2022/23, £1.62m was spent on DPs throughout the year, of which the service was able to claw back -£411k which had not been spent. This resulted in a total net spend of £1.21m PA (£100,677 per month). If the hourly rate for DPs increased from £10.50 to £11.30, at the same level of demand in 2023/24 spend would be circa £1.74m which would be offset by -£441k clawback, leaving a net spend of £1.30m PA (£108,347 per month). Therefore, the additional spend (after clawback) because of the hourly increase would be £92,047 PA (£7,671 per month). For 23/24, the net budget for direct payments is £1.016m (DP budget of £1,275k which is offset by a clawback budget of -£259k) therefore without the uplift, at current levels of demand this will result in a £192k overspend, which would increase to £284k should this increase in rates be approved. On discussion it was felt the overspend, could be considered as a cost avoidance decision (see below).

Whilst this proposed uplift would result in a further budget overspend, this could be considered as a cost avoidance decision; as if the hourly rate were *not* increased, it is likely to result in a further budget pressure due to increased use of independent support workers (ISWs). If the rate is not increased, PAs would be less attracted to the role within C&F (especially due to ASC already paying the higher rate) and therefore the alternative would be to utilise ISWs through the open market, at a rate of £39-£60+ per hour. Assuming £39 per hour, it would only take 3230 hours of PA support (270 hours per month) moving from DP to ISW for this to cost more than the proposed uplift. As there are currently over 10,000 DP hours per month this would only amount to approximately 2.5% of hours moving to be provided by ISW

Exploration of neighbouring authorities has taken place as on the borders of the city these are often our competitors for an increasingly scarce resource of workers. Bradford is paying **£13.03** an hour to **£22.10** an hour dependent on the size of the package and the identified needs. Kirklees pay £15.91 per hour for families to employ a private PA who can be paid up to **£11.84** per hour. The remainder of the hourly rate (£4.07) will cover all other costs associated with employing a PA including: payroll, sick pay, holiday pay, pension, and renewal of insurance. North Yorkshire DP rate in children's - **£ 9.50** an hour weekdays & **£11.50** weekends. Currently N Yorks. are going through an uplift. Sheffield DP rates are **£10.42** an hour (minimum wage) to **£20.00** an hour dependent on identified need. The increased rates paid by some of our neighbouring authorities might go some way to explain the ongoing difficulty Leeds families have in recruiting PAs.

What are the resource implications?

- Consultation with colleagues in finance identify cost for the increase in 23/24, the net budget for direct payments is £1.016m (DP budget of £1,275k which is offset by a clawback budget of -£259k) therefore without the uplift, at current levels of demand this will result in a £192k overspend, which would increase to £284k should this increase in rates be approved. On discussion it was felt the overspend, could be considered as a cost avoidance decision. This is covered in more detail in the section above.
- CSWS and ASC are both struggling to recruit PAs and if CSWS do not pay the basic increased rate of £11.30 we are likely to lose significant numbers of PAs to support adults rather than children. There are ongoing vacancies in CSWS, ASC & Health DP packages.
- If we do not increase the rate of DP in children's, we are likely to have to increase the use of ISW's from the private sector at a cost of between £39 to £61 per hour. We will not be able to meet all need through this, just those at the very high end of need and in an attempt to keep children within their own home. This will cost more, will support fewer numbers of children and will mean that those children with less complex needs, their needs will be unmet and may require greater intervention/support in the future.
- We are now supporting increasing numbers of children and families with vast challenges at home, the complexity and needs for this cohort of children has increased dramatically and

has resulted in the need for higher packages of support at home. The data seems to suggest that at least in the immediate future, this trajectory will continue.

- We did consider whether there are any other options within our services where we could make efficiencies/savings in order to help mitigate the additional budget pressure this will create. Whilst there are not any readily available efficiencies we can identify; we do anticipate that if we can increase the use of DPs; this will reduce the need to use ISW's which will create savings in the short and longer term. If we can identify more PAs, we can move some of the current ISW packages to a DP package, thus saving money.

What are the legal implications?

The implications are more for managing the market and being able to recruit and pay for good quality staff.

What are the key risks and how are they being managed?

1. Childrens DP packages are now regularly audited as are those in ASC. The LA clawed back £308,110.28 in 2020, £354,375.62 in 2021, and £441,000 in 2022 from unused / unspent DP funds. The main reason this money was unspent is that families have been unable to recruit a PA to meet the assessed needs for a particular child/young person. Clearly this is concerning as we currently have large numbers of children who have an identified need for a PA, but this has not been achieved for them or their family. If the rate becomes even less competitive this problem will increase and even more assessed need will remain unmet. It is a concern that despite increasing the rate last year in line with ASC basic rate, this problem has worsened and not as we hoped improved.
2. If we continue to be unable to appoint PAs to support children at home, this will result in more parents and carers remaining being unsupported to care for their children, resulting in burn out and risking the prospect of needing to use more ISW packages and at worst more children needing to be Looked After.
3. We will continue not to be able to meet the assessed needs of some of our most vulnerable children in the city. "Child Friendly Leeds" will have little meaning for many of our most vulnerable, marginalised children.
4. Recruitment for PA's is managed and advertised by CIL. Our adverts are going to be unsuccessful in attracting applicants if our hourly rate is noticeably less than adult services, health, or that of other LA's.
5. The market for appointing PA's is incredibly challenging. The challenges are the same across Children and Adult services. This enhanced rate has been instigated to try and mitigate these difficulties to ensure that children with disabilities and their families get the support they need.
6. There is a risk that the increase to £11.30 will result in all packages of care assessed as needed by our children with disabilities and complex needs are filled. This will be positive as it will mean that all our children in Leeds and their families will have the identified support in place. The problem then will be that there will be no clawback to pay towards the increased costs. This seems very unlikely, as we made an increase last year above the Leeds living wage rate and the clawback increased. Many of our packages take place on a weekend when the rate paid by ASC, Health & other LA's is significantly more than ours. So, although this is a potential risk, I firmly believe it is incredibly unlikely.
7. If we diverge from paying the same basic rate of DP in ASC in CSWS, there is a risk of reputational damage to the Local Authority. The first is that we will not be supporting children with disabilities the same as adults and the second if the press or advocacies who support children become aware of this, they may raise this very publicly. This will be managed by

remaining in line with ASC for 2023/24 and engage with them at the point when the rise is being discussed and agreed next year for 2024/25.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth

Health and Wellbeing

Climate Emergency

Options, timescales and measuring success

a) What other options were considered?

- Keeping the rate at £10.90, the agreed Leeds living wage. Although this would cost the LA less than moving to the ASC rate of £11.30 it will exacerbate the significant difficulties, we are currently experiencing around recruiting PAs. We will not be keeping pace with ASC; we are not keeping pace with health & we are not keeping pace with neighbouring LA's. This option was therefore ruled out.
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- Making greater use of the private sector with ISW's instead of PAs. We are aware the private market is also struggling with staffing capacity. However, where we have commissioned care from private providers the cost to the Council is significantly more per hour ranging from £39 to £61 an hour, with some agencies charging a minimum of four hours per session. This is an expensive option and does not always fully meet need. It also should be noted that often the carer providing the support will be getting similar pay to our DP rates, or even minimum wage.

b) How will success be measured?

- More children will be receiving the support they have been assessed as needing.
- There will be increased employment within the city.
- Families will be less likely to suffer burn out; with children being able to be cared for within their own homes for longer.
- Parents will feel adequately supported to fully meet the complex needs of their children.
- Children and families will be supported more effectively under Early Help Plans, resulting in less children needing to be supported under Child In Need Plans.
- The LA clawback following audit will reduce, evidencing more packages being put in place to support assessed and identified needs.
- We will be able to appoint more PAs on the edges of the city where we are currently not competitive with other Local Authority DP rates.
- Less young people at transitions will need increased and very expensive packages of care once they transition to ASC.

c) What is the timetable for implementation?

6 Immediate

Appendices

7 EDCI

Background papers

8 None