Workforce Development Group| 18 April 2024 | 13:00-14:00

Actions from last meeting	Actions from this meeting
• No actions from March meeting	• Care England to respond to the LPC consultation to inform the 2025/26 rate.

Welcome & Introduction

George Appleton (**GA**), Head of Policy at Care England, welcomed attendees to the meeting.

Supporting this meeting:

- Joesph Wilkinson (**JW**), Head of Policy, Low Pay Commission (LPC)
- Matthew Fell (**MF**), Low Pay Commissioner, LPC
- Dr Patricia Rice (**PR**), Low Pay Commissioner, LPC
- Matthew Wort (**MW**), Senior Partner, Anthony Collins Solicitors
- Ioan Bishop (**IB**), Policy, Parliamentary and Projects Officer at Care England

Meeting Notes

An introduction to the LPC

- **JW** summarised the previous consultation outcome and the LPC ambition of NLW reaching a rate of two-thirds of median earnings. More information can be viewed here.
- **JW** explained that, now that the two-thirds rate had been met, the LPC's remit from Government is to maintain the rate of two-thirds of median earnings rather than increase it. The LPC is projecting that the 2025 NLW will be between £11.61-12.18.

Overview of policy context

- **IB** highlighted findings from the Sector Pulse Check 2023 report, produced jointly with Hft, which includes statistics about the impact of the April 2023 NLW uplift. Key points included:
    - Adult social care providers face severe financial challenges, with 40% being in a deficit last year. This is despite the £7.5bn funding boost at the 2022 Autumn Statement.
    - Workforce costs were highlighted as a key cost pressure by 4-in-5 care providers. 87% noted NLW increases as a particular challenge within those workforce-related costs.
    - 79% of care providers reported that local authority (LA) fee uplifts did not cover the rising cost of the NLW in 2023.
    - The lower end of the pay scale has been squeezed due to underfunded increases in the NMW, leading to a reduction in pay progression for care workers. Skills for Care reported that care workers with five years' experience earn just 6p per hour more than new starters.
    - Financial pressures led 40% of providers considering exiting the market, 43% closing a part of their organisation or handing back contracts, and over half increasing agency use.
    - Despite this, care providers reported that increasing pay is vital in order to address workforce recruitment and retention issues.

Discussion

- **Member** noted that they pay their staff the London Living Wage (LLW) but have not seen uplifts from LAs that reflect the increase in NMW or LLW. This is despite the LA they work with aligning themselves to the LLW.
- **Member** noted that increasing pay felt like "running to stand still". Many other providers in the local area pay similar rates, paying the LLW has just allowed them to keep up. For these reasons, they have seen little benefit in offering increased wages, as staffing shortages persist.
- **Member** noted a similar experience. Highlighted the further competition from other sectors that are able to pay higher wages.
- **GA** noted that, nationally, LA uplifts are on average between 5-8% in 2024, based on current information.
- **Member** expressed similarities and highlighted that their LA uplifts tend to be based upon increases in fees rather than increases in staff costings. Felt LAs need to recognise that 80% of costs to a provider are workforce-related.
- **Member** explained that differences in uplifts between LAs is challenging.
- **Member** shared that despite an agreement with the council to pay the Real Living Wage (RLW), the LA only covers the bare minimum. Noted that locally, other sectors are able to pay higher wages, which is causing further staffing shortages.
- **Member** explained that their experience with LAs has been similar; they have started to say that they will only partially cover increases in NLW.
- **Member** noted further frustration with the timing of uplifts and their experience of conversations around uplifts being dragged out, further increasing the pressure stemming from increasing wages.

Member asked the LPC if they could envision a separate minimum wage for the care workforce.

- **PR** explained that the current funding model for social care is a big limitation. It needs to be addressed before a different minimum wage for care workers can be truly considered.
- **GA** highlighted the differences in pay and terms and conditions between NHS and social care that need to be addressed.

MF asked for members to share their thoughts on the future and upcoming year.

- **Member** noted that although it looks like inflation is dropping, mortgage and interest rates remain high, as do rental and housing prices, especially in London. Further, cost of living pressures continue to persist for staff, with many of them requesting to work overtime.

PR asked members about their funding streams and the proportion of service users that are publicly and privately funded.

- **Member** noted that although they are mostly privately funded, there are people who run out of funds. They are starting to have to give notice to these residents, which they never had to do in the past.
- **Member** shared that they are almost entirely public funded, with a large amount of funding coming from NHS Integrated Care Boards, particularly those with mental health-related care needs. However, they are very difficult to get uplifts from and in many cases, the NHS will be part of the funding. In some cases, authorities push the responsibility onto the provider to collect the money from the individuals, which has put them in a difficult position.
- **Member** explained the issues associated with NHS-Funded Nursing Care (FNC) including LAs refusing to pay the FNC rate from the date of admission to the nursing home, meaning that weeks and months pass without the individual being properly funded.
- **Member** explained Continuing Health Care involves an assessment of an individual's needs, which typically takes months to be carried out. It involves a serious amount of hours to be committed from the care home and a low acceptance rate of application (1-in-30 or 1-in-40 is approved in this member's experience).

GA asked for members to share any details relating to the effects of NLW increase on international recruitment.

- **Member** noted that they are starting to see difficulties stemming from the recent change banning care workers from bringing dependants to the UK.

- **Member** explained that their organisation stopped international recruitment due to the cost of living crisis, as the NLW does not cover all of those increases, and it can be hard to bring someone from another country in order to give them a good deal in light of those issues.

MF thanked members for their feedback. They recognise the large funding constraints and will be very cautious of this when deliberating what the NLW should be in 2025. They share the same frustrations with the funding environment and appreciate it doesn't go along with the wage increases and cost of living crisis currently occurring.

Care England will be responding to the LPC consultation shortly and would encourage members to engage with any information requests received.

End of meeting.