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UK CARE SECTOR ON BRINK OF FAILURE DUE TO SLEEP-IN PAY CRISIS, NEW SURVEY REVEALS TODAY

A new survey released today, 8 May 2018, reveals that the viability of nearly 70% of the care sector is threatened by the sleep-in pay crisis.

The independent survey, conducted by Agenda Consulting and Towers & Hamblins LLP, assessed the impact of “sleep-in” pay on the future of the care sector. It highlighted the potential rate of collapse in care services - finding that 30% of people are likely to have their services disrupted in the next year as providers are forced to hand back contracts.

The survey also shows:

- The care sector is drastically underfunded.
- Only half of commissioners of care services are paying the National Minimum Wage (NMW) for care workers on sleep-in shifts.
- The sleep-in back pay bill will make the majority of care providers unviable.
- An overwhelming majority of care providers have not budgeted for the back pay bill.
- Some providers will be forced to sell homes which provide care for disabled people, while others will be forced to end services in some regions.

Reacting to the survey results, Rhidian Hughes, Chief Executive of the Voluntary Organisations Disability Group (VODG), said:

“This research confirms what many of our members have been saying for the past two years. This should not only worry the Government, but also the hundreds of local authorities, Clinical Commissioning Groups and community NHS services that rely on these providers to deliver such vital services for vulnerable people.

“The social care sector is facing an existential threat caused by sleep-in pay which is entirely due to unclear and changing Government guidance. Being hit with an unexpected liability for back pay is unfair to the people who rely on care, but also care workers, local authorities and providers of these crucial community services.

“The solution is simple: Government must fund all care work, including sleep-in shifts, at the National Minimum Wage and pay the back pay owed to care workers for the past six years.

“Government rightly funds care services for our most vulnerable citizens - and over the last six years has not funded them at the NMW. Now, they must rectify their mistake. The care sector should not be forced to pay for a Government error - particularly when the future of the sector is in jeopardy.

“Social care has been underfunded and undervalued for years. Now with the sleep-in pay crisis coming to a head, this may well be the final straw which forces disruption to care services throughout the UK if not outright collapse.

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"If Government cannot find a solution by September, we are worried that negative effects to care services will increase dramatically."

Mr Gary Bourlet said:

"I am worried that the problem with sleep-ins will lead to more cuts in support services. Things are already difficult for many people with learning disabilities because budgets have been cut; some people are getting fewer hours, and some people are getting no service at all. Services mean that people can live a better life, and enjoy some of the things that most people take for granted. For example, living in their own home with the freedoms that brings, as opposed to living in a more institutionalised setting.

"I have to pay for my own support and I get help with running my home. Without this support, I wouldn't be on top of things and would get into a muddle. This would be stressful for me and would make my anxiety worse. I get emotional support from my carer too - sometimes the less formal work of carers is at least as important as the work of helping to keep things tidy."

Tracy Hammond from Learning Disability England said:

"Care services allow people to live their lives. Any cuts or funding gaps will undoubtedly affect the people they serve.

"Those who depend on care services are already marginalised and this survey proves that the sleep-in pay crisis will result in vulnerable people having less choice and less control over their care - unless a solution is found quickly.

"We urge the Government to fund the back pay liability and ensure proper funding for the care sector moving forward."

Already the sleep-in pay crisis is affecting care services. According to the survey, providers have decided not to bid or negotiate for 273 new contracts because of their financial situation directly related to sleep-in back pay.

Worryingly, nearly half (46%) of providers who responded to the survey would have to make redundancies, with 19.7% of staff facing redundancy. Those hit hardest by any redundancies would be those occupying front line delivery posts.

This effect on front line staff will undoubtedly hit those cared for.

As one survey respondent stated:

"All I ever wanted to do was make a positive difference and its heart breaking to think what changes may lay ahead for [the people we support]."

Key findings in detail

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- **The care sector is drastically underfunded:** 67% of those who responded expect to have a budget shortfall in the coming financial period, with 62% planning to fund the shortfall through reserves. Out of those considering different approaches to address the potential shortfall in funding, 70% are considering a renegotiation of contracts with commissioners, and 56% are considering handing services back.
- **Only half of commissioners of care services are paying NMW for care workers on sleep-in shifts:** The results of this survey show that there has been a significant rise in the number of services the commissioners have agreed to fund at the NMW in the last year from 14% to 49%. However, only 7% have agreed to fund sleep-ins at the NMW together with all on-costs.
- **The sleep-in back pay bill will make the majority of care providers unviable:** 34% of those surveyed said that there would be a threat to the viability of their organisation if there's a requirement from HMRC to back date payments to staff for 2 years, with this figure rising to 68% if the requirement is to back date for 6 years (as is required by current government guidance).
- **Providers have not budgeted for the sleep-in back pay:** Only 6% of providers have budgeted for back pay liability.
- **Due to the sleep-in pay crisis providers will be forced to sell properties which previously housed disabled people requiring care:** 22% of those surveyed said that they would have to sell properties to cover the shortfall.
- **Due to the sleep-in pay crisis providers will be forced to end services in some areas:** Providers have decided not to bid or negotiate for 273 new contracts because of their financial situation.

ENDS

Notes to Editors

1. The full survey can be found here: https://www.trowers.com/uploads/Files/Sleep-ins_Report_Final.pdf
2. Based on a tribunal ruling, recent changes to Government guidance mean that sleep-in staff who previously earned around £30 per shift must be paid minimum wage, with providers liable for six years' worth of back pay for such shifts. Government typically provides funding for care services through local authorities who then often contract with providers. However, over the past six years contracts between providers and local authorities have not been based on needing to pay NMW/NLW for sleep-in shifts, nor has Government provided that money to local authorities nor to providers - meaning that providers are now liable to pay out money which they have never received. The unexpected bill has been estimated at around £400m for

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the sector, though may be much higher based on results from this survey, and comes amid an existing financial crisis in social care.

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