

## **Institute of Public Care**

### **Meeting urgent demand with new models of care and individual service funds**

#### **Discussion Paper**

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# Institute of Public Care

## Meeting urgent demand with new models of care and individual service funds

### Discussion Paper

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## 1 Introduction

There has been an explosion over the past few years in new types of locally based care, support and training delivered by personal assistants (both employed and self-employed), micro enterprises and umbrella organisations (who often act as matching and coordination agents for a fee).

These innovations have been driven by community spirit, entrepreneurialism, individual creativity and a desire to do things differently. To date they have been reliant upon the flexibilities of self-funding or direct payment arrangements and are still relatively small scale in comparison to other more developed elements of the market providing only limited capacity.

This paper explores how these new models of care could be grown by local commissioners to meet additional demand using individual service funds.

## 2 What are the issues with capacity the social care workforce?

The already overstretched independent social care workforce, which was running at an estimated 110,000 vacancies (Skills for Care, 2019), is in many areas now under unprecedented pressure to maintain services continuity whilst also providing flexible, responsive and person centred support to a range of vulnerable adults living in communities.

In order to meet current and future demand for care and support the government has recently initiated its national '[Care for Others. Make a Difference](#)' recruitment campaign which aims to support care providers with filling their existing vacancies and with the overall effort to ensure the sector wide impact of Covid-19 is kept to a minimum.

Whilst this campaign is welcome (and many in the sector would say long overdue) some of the past structural issues with recruitment and retention have also centred around the sectors generally low pay rates (driven by the previous need to continuously reduce council's overall expenditure year on year thereby holding down the hourly rate of care) and societies wider label that care work is a form of 'unskilled' labour.

The recruitment campaign may well raise public awareness of the essential and complimentary nature of care in relation to the NHS but it does not solve the wider issue of the hourly rates paid to providers in some areas and subsequent low pay offer.

## 3 Could increasing the number of personal assistants help?

Presently, in most areas of England, health or social care direct payments are still the only vehicle available to people wishing to enjoy the additional flexibility and control of their support that is offered by employing personal assistants.

According to Skills for Care's report on [Individual employers and the personal assistant workforce](#) (2020) there are now 70,00 direct payment users who directly employ their own staff resulting in an estimated PA workforce of around 135,000 people.

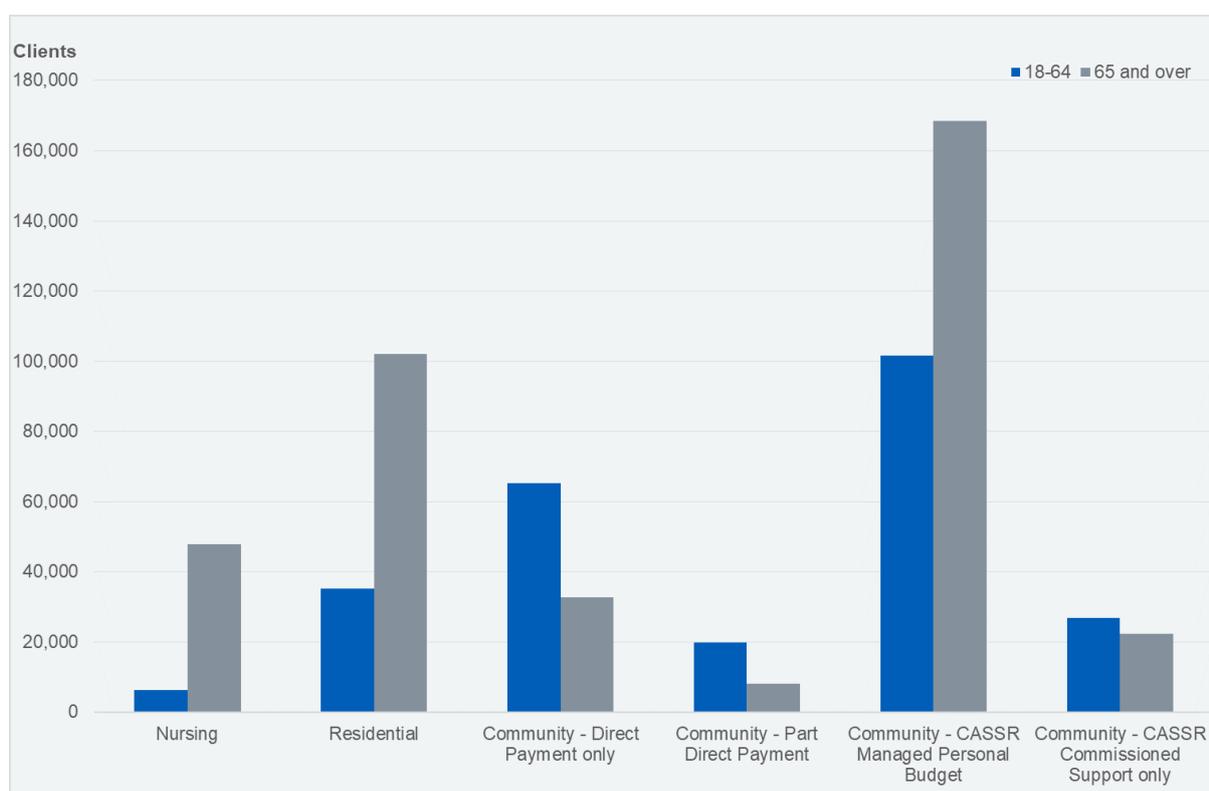
Alongside this workforce data the report also highlighted that PA's:

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- Have a lower turnover rate than care workers in the independent sector (16.7 % vs 40.6%)
- Have a greater level of care sector experience (9.6yrs vs 6.3yrs)
- Take less sick leave than independent sector workers over a 12 month period (1.7 days vs 5 days)
- Are paid at a higher mean hourly rate than the independent sector (£9.53 vs £8.78)
- Hold almost identical levels of relevant social care qualifications (46% vs 47%)

Yet despite the obvious benefits to direct payment holders, in terms of stability of workforce and longer staff retention levels, according to the latest [Adult Social Care Activity and Finance Report, England - 2018-19](#) the uptake of direct payments remains low overall relative to commissioned services.

**Figure 1- Number of clients accessing long term support at the end of the year, by support setting and age group, 2018-19**



Some of the factors behind this may include:

- Requirements for person to have mental capacity or to have access to a suitable person to manage their payment (excluding people who do not have capacity or access to a suitable person).
- The complexity of paperwork, employment legislation and auditing processes for the end user and care management teams alike.
- Information advice and guidance is variable.
- Rates used in personal budget calculations set too low to attract workers.
- Overly prescriptive approaches– fettering the discretion of the end user.

- A lack of independent support brokerage in some areas.
- Austerity driven need to control price of domiciliary care through commissioning and market management.
- Low priority focus on personalisation.
- Reticence (based on fear of tax avoidance issues) to allow self-employed personal assistants to provide support.

Many of these issues are effectively embedded in systems, policies and practice and will require time and ongoing effort to fully resolve – making the rapid expansion of the personal assistant workforce less viable in some areas at present.

## 4 What about alternative models of care?

Recently the CQC has been working via the [Regulators' Pioneer Fund](#) on a 'sandbox' project to explore the development of regulatory standards for personal assistants, micro enterprises and umbrella organisations (or bodies).

In particular its focus is upon 'if and how' to regulate umbrella organisations that:

- recruit people who want to work as paid carers.
- assess applicants' knowledge, skills and suitability.
- match care and support workers with people who want care at home.
- support these workers to gain new skills and knowledge as needed.
- support workers to develop agreements on how care and support will be provided with the people they care for.
- monitor the quality and safety of the service being provided.

These organisations have been developing organically in a number of areas around the country and have been creating a new type of self-employed workforce that is rooted in local community connections and that are based upon long term relationships between the person and their supporters. They also tend to use self-managed teams' principles and methods and have a strong interest in community networking, and asset and strengths-based approaches to support.

It is the authors understanding that the sandbox work undertaken to date has been positive and is likely to yield a formal status for these organisations that will involve the adoption of a set of inspection standards becoming a validated part of the regulatory framework.

## 5 Why might these micro enterprises be helpful now?

This shift from micro enterprises being seen as creative, but essentially fringe operators, to becoming accredited, mainstreamed and regulated bodies has already significantly improved the routes available for people to choose how they are supported.

At present there are an ever increasing number of micro enterprises offering a wide range of types of support to people living independently in the community via direct payments (there is a national directory accessible [here](#)), services include:

- community volunteering (social care focussed).
- Homecare.
- sessional community-based activities (i.e. exercise classes) that meet assessed outcomes.
- alternative day activities (either sessional or community buildings based) and community connecting approaches.
- short breaks for carers (provided in the persons home or in community setting/their own home).
- cleaning and domestic support.

Expanding the umbrella body model by pro-actively approaching local individuals and organisations to become sole traders or to become micro enterprises would provide additional capacity for new referrals coming into the system but also a swathe of the current population that had previously been averse to using direct payments for reasons outlined previously.

## **6 Why would people want to become self-employed personal assistants (sole traders)?**

From a financial perspective Skills for Care's research (2017) indicates that personal assistants enjoy a slightly higher rate of pay than the independent care sector average and those coordinated underneath micro enterprises can potentially achieve a higher rate again. For example, an umbrella organisation in Somerset charges the direct payment holder £17.10ph with £13.68ph going directly to the worker, which before tax and NI equates to an annual salary of £26,265 pro rata.

It is important to note, for fairness, that this doesn't include some of the benefits of being an employee, such as annual leave or a pensions contribution, and in some areas where local authorities are already paying higher overall hourly rates to traditional domiciliary care providers the pay differential may be significantly less.

What is also interesting about this model from a commissioning perspective is that overall hourly costs can be broadly comparable with homecare agencies (potentially even less) but with more of the total hourly rate going directly to the worker. Micro enterprises and umbrella bodies tend to be smaller and have far lower operating and management overhead costs than bigger organisations, the neighbourhood basis of care delivery significantly reduces travel between customers and associated expenses too.

The neighbourhood basis of micro enterprises means that people are matched with workers who are geographically close to them, (generally within a handful of miles) this reduces commuting time and associated costs and may make it a more attractive option for people who want to work part time offering smaller slivers of their time around other commitments.

It is also likely that in most cases a higher percentage of the money spent on personal assistants and micro enterprises will be retained in the local economy. In larger organisations there is often a flow of money out to other areas for overhead costs such

as head offices and centralised back office functions situated in other areas of the country. The micro enterprise approach fits well with the principles of the '[Keep It Local](#)' campaign of which several local authorities are now signatories.

It is not envisaged by the author that micro enterprises will take the place all of the other types of care and support that are currently being delivered - it is likely there will always be a place for a wide range of different organisational forms to maximise service availability and individual choice and control. It is possible that these approaches can be used to augment existing arrangements and increase the range of creative support that is available. There is potential though, that in some harder to supply areas the neighbourhood basis of micro enterprises may offer the possibility of better continuity of care.

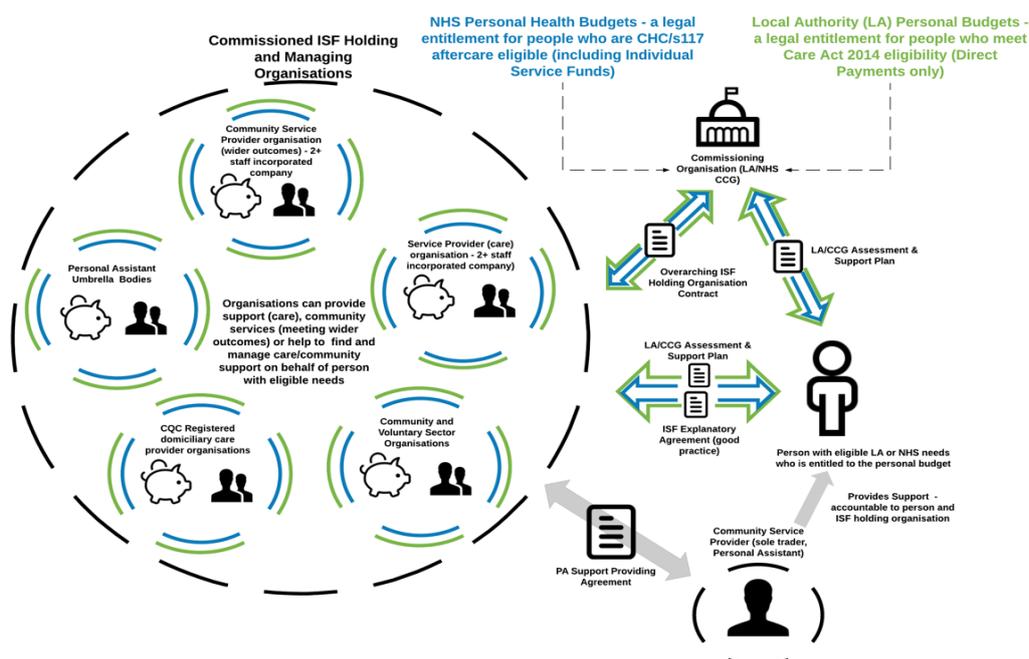
## 7 How can Individual Service Funds help develop this?

[Individual Service Funds](#) are a model of commissioning that allows people to engage with a wide range of different types of provider organisation in order to flexibly meet their assessed outcomes. To date around England ISFs have been used mainly in more traditional forms of delivery such as domiciliary care organisations and day centres.

ISF's offer an opportunity to present almost the same levels of choice and control to the recipient but without the bureaucracy often associated with a direct payment or with becoming an employer. Effectively this contracting model opens up the possibility of commissioners, working directly with a range of micro enterprises and umbrella bodies, in particular existing voluntary and community sector organisations, to expand the numbers of locally based personal assistants that are available to provide community based support and, in future post CQC approval, also regulated personal care.

The diagram below shows how this can work contractually:

**Figure 2. ISF commissioning and contracting arrangements**



## 8 What are the overall benefits of ISFs alongside micro enterprises?

### For Citizens

- The freedom to use allocated social care monies with more speed, flexibility choice and control.
- Increased opportunity to benefit from micro enterprises and a personalised workforce.

### For Communities

- A neighbourhood level, asset-based approach that connects people to their communities and supports the development of a variety of creative solutions, designed to meet locally identified needs.
- Keeping it local – more of council's spend kept locally.
- Increasing economic activity - the flexibilities offered by self-employment can create wider and more flexible opportunities to join the overall social care workforce.
- Existing voluntary and community sector organisations can be used to tap into the breadth of local spirit that is already available, to develop new models of support and generate new income streams both for themselves and for locally based enterprises.

### For Commissioners

- The opportunity to use new models of commissioning to harness additional capacity (particularly existing volunteer networks), meet current demand and build up a wider range of neighbourhood-based support that will be available into the future.

## 9 Considerations

The benefits of a well-paid sole trader workforce trained to set standards and using self-management principles to deliver services at neighbourhood level that are built around individual needs and outcomes seem clear.

The author would suggest that local authorities consider further exploration of the micro enterprise route utilising the flexibilities afforded by individual service funds to commission supports, particularly in areas where supply may already be difficult due to transport or rural accessibility issues.

There is also great potential to be unlocked with existing voluntary and community organisations who are already be actively engaged in providing various forms of support to communities. Local authorities with existing prepaid card systems will already have the infrastructure in place to deliver individual service funds with a few minor variations to contracts and existing business processes.

Support is also available from expert organisations such as [Community Catalysts](#), who have evolved a sophisticated and well proven model of helping develop micro-enterprise capacity in communities around the UK and can be brought in to assist local

authorities on a practical level with developing their infrastructure and approaches around this.

The [Institute of Public Care](#) is also ready and able to provide commissioners with practical helps and advice around this model and how to utilise individual service funds to flexibly contract with these relatively new organisational forms.

## 10 References

Skills for Care 2020, 'Individual employers and the personal assistant workforce', London

Skills for Care 2019, The state of the adult social care sector and workforce in England, London