To: Chief Officers HSCPs / LA Chief Executives

Update on the Scottish Living Wage commitment for adult social care workers

This is an update on the Scottish Living Wage commitment for adult social care staff following the finalisation of the Scottish Government’s budget for 2018/19. The 2018/19 budget includes a further £66 million to support additional expenditure by local government on social care. In particular, for implementation of the Carers Act, extending our joint commitment to the Living Wage, including sleepovers, and an increase in Free Personal and Nursing Care payments.

As set out in Derek MacKay’s letter of December 2017, the Scottish Government is looking to Local Authorities and Health Board partners through Integration Authorities to continue to prioritise their financial support for social care.

There is an expectation that adult social care workers will be paid the Living Wage regardless of whether they work for the public, private or voluntary sectors. This letter seeks to provide clarity on the Living Wage in commissioned services. Local Government pay rates and terms and conditions are handled separately and will be communicated when COSLA and the Trade Unions have agreed the 2018/19 Scottish Joint Council pay settlement.

Although we are aware that when this letter is received, the majority of local budgets and contracts with providers will have been set, we hope this letter offers clarity to the sector on the Living Wage rate, timings for implementation and on sleepovers.

Living Wage rate

The new Living Wage rate of £8.75 was announced on 1 November 2017 by the Living Wage Foundation. The Scottish Government is providing funding in the 2018/19 budget for this uplift to allow this to be passed on to providers to pay their staff. In line with the Living Wage Foundation’s recommendation, the expectation is that this should be paid to all adult social care workers by 1 May 2018. Full guidance on implementing the Living Wage in the context of this commitment can be found here.¹ The guidance sets out points to consider in relation to commissioning and procurement practice. It also includes further detail around the additional costs associated with uplifts, such as pensions and other ‘on costs’.

Sleepovers
In October 2017 the Cabinet Secretary for Health and Sport announced that the Scottish Living Wage commitment will be extended to sleepover hours to be implemented over the course of 2018/19, providing time for implementation to take place in a planned way.

Funding has been provided to Local Authorities to support the delivery of this commitment during 2018/19 within a commissioned services context. It is recommended that adult social care workers should be paid the Living Wage for sleepovers as soon as is practical during 2018/19. It is of course a matter for local commissioners and providers to reach agreement around the timescales for implementation taking account of prior planning. However in determining timescales, it is important to note that providers may deliver services for more than one local authority while honouring corporate commitments to their staff. To accommodate for this, a collaborative approach between commissioners and providers is encouraged. These conversations may involve multiple commissioners.

In the interim, it should be noted that from 1st April 2018, the National Living Wage (or the ‘minimum wage’) will rise by 33p per hour to £7.83. This will mean an increase in pay for care workers performing sleepover shifts, and additional costs for employers as above, in instances where those shifts are not yet paid at Living Wage rates.

Implementation
The Living Wage in Care Implementation Group which comprises Scottish Government, Coalition of Care and support Providers in Scotland (CCPS), Scottish Care, STUC and COSLA, has been established to support the implementation of the joint commitment.

This group jointly developed the guidance referred to above to support implementation. The importance of a fair, transparent and collaborative funding process, which achieves ‘buy-in’ from providers, was emphasised in the guidance. Having a shared understanding of the full cost of this commitment is an important part of this process and a tool\(^2\) was developed to support local partners to establish an affordable and sustainable rate for packages of care. Such an approach can help to identify the components of an hourly rate for care and support which would also include on-costs and can be used to facilitate local negotiations on establishing an hourly rate. We would encourage this tool to be deployed routinely and particularly in any circumstance where voluntary agreement cannot be reached without it.

In recent years, Scottish Government budgets have been set on an annual basis. As it stands, no budget has been set beyond 2018/19. This is always challenging in a commissioning context, but we would encourage those commissioning services to continue to support our joint ambition to support Fair Work practices including the Living Wage for those delivering adult social care services.

Significant progress has been made in delivering the Living Wage commitment which has been achieved through the efforts, commitment and partnership working

between Health and Social Care Partnerships and providers. We know that this was a difficult task to progress in tight timescales and the Living Wage in Care Implementation Group is committed to supporting providers and partnerships to continue to improve the implementation process in 2018/19.

If you have any questions please do not hesitate to contact Fiona Hodgkiss in the Adult Social Care Policy Team in Scottish Government fiona.hodgkiss@gov.scot

Scottish Government, COSLA, CCPS, Scottish Care, STUC