

The proposed scheme

4. The proposed compensation scheme for care workers affected by the staff movement regulations will be a new, ringfenced fund for care home providers. We estimate the cost of the scheme would be £30m per month in compensation payments.
5. This is based on an estimate that we will be losing 678,000 hours per week in total from residential care (of which, 42,000 hours are nurses). This is equivalent to 18,000 full-time staff (of which, 1,100 full-time nurses), and represents c. 3.3% of staff capacity in care homes. However, we are not able to say how many of these workers have already stopped moving already, nor how many will be covered by the exemption – so the impact on staffing capacity could be significantly smaller. Providers will be concerned about workforce availability, particularly as staff absence rates and positivity rates are increasing. We would therefore expect the exemption to be used more frequently as providers manage safe staffing risks. We are nonetheless basing the quantum for compensation on this upper estimate.
6. We also propose contingency funding of £12m, with half to be distributed to local authorities in advance to facilitate the stable, rapid payment of claims and the rest to be held centrally. Unused compensation and contingency funding will be subject to a clawback mechanism once the scheme ends.
7. The additional costs to providers of paying to backfill absences created by workers not attending their care homes jobs will be paid from existing ICF2 allocations.
8. The new scheme will be administered by Local Authorities. It will fund 100% of salary contributions for workers who are not attending care home jobs in order that providers can comply with the staff movement regulation. Providers will be expected to continue to pay any employee on costs such as National Insurance Contributions and pension contributions. This keeps the scheme simple and acknowledges some shared responsibility given the legal obligation on the employer to restrict staff movement.
9. Local authorities will allocate funding to providers in their local area on a home by home basis. This will therefore not affect individuals or care home providers who work or operate across multiple local authorities
10. Given the administration of the scheme will create a new burden on local authorities, we have proposed additional funding of £9m for the lifetime of the scheme to support them to meet the costs associated with administering the fund.
11. As HMT has not yet agreed to these costings and we expect they may offer a lower sum once they have advised their Ministers. In particular we expect the contingency sum to be negotiated down; this may be acceptable provided it comes with an agreement that DHSC and HMT will review ongoing costs and provide further funding if it is needed.

Eligibility

12. The scheme will not make retrospective payments for staff who have already stopped working for a care home provider as a result of that provider complying with existing guidance on restricting staff movement. However, those workers will