CARE SECTOR UPDATE

SUSTAINABILITY - GETTING YOUR CARE BUSINESS FIT FOR THE FUTURE

According to a Skills for Care board briefing in June 2016 State funded adult social care has reduced by '£4.6 billion representing 31% in real terms on net budgets.' In 2016/17 it is expected that adult social care budgets will continue to be eroded, one impact being the National Living Wage (NLW).

The 2% Precept announced in the Autumn Statement in 2015 has been implemented in most Council rates announcements for 2016/17, which is being used to contribute towards the Local authority rates from April 2016. However, Council budgets continue to be stretched with little room for manoeuvre.

Fewer people are receiving services and it is feared that further cutbacks will impact on quality, which contravenes The Care Act. Funds are focussed on those with the greatest and most immediate need, hence the public will have to draw upon busy family members and the community to support an ageing population and more complex packages of care.

Care providers themselves will increasingly be seen to go above and beyond as they seek excellence in the provision of care, whether this is in the form of a care home, domiciliary, supported living or outreach services, and it is expected that they will have to absorb escalations in costs such as staff training, pensions, environment and wages.

CARE MODELS

Providers will have to revisit their model of care

- Is it a private offering?
- Private and social services?
- Not for profit, social enterprise?
- Social services?

The care at home model, supported living and outreach services will increasingly have to re-visit the package of care.

The 15 – 30 minute care packages will be eroded in an offering towards minimum hourly packages.

In recent months an increasing number of care providers are closing their doors to local authority funded clients.

Nursing Homes, if they do not have sufficient staff, are reducing their offering to ensure that all obligations under the Care Act are followed through, and residential homes are moving towards a 100% private model of care.

Some Providers of Nursing Homes are reassessing the ongoing viability of the offering with some reverting to the Residential model due to the difficulty in sourcing nurses.

Some smaller residential units are looking at alternative use and converting or selling out.

Supported living and domiciliary providers are starting to see new entrants to the sector. Local Authority (LA) contracts if accepted by providers have to be able to meet the National Living Wage and Auto enrolment requirements as well as ensuring that a business model is viable. It is not unusual for packages of care to cease and be returned to the bidding process, with increasingly complex packages being re-negotiated as Spot contracts in the nursing arena. It is no longer sustainable to offer a nursing place for £650 per week when compared to costs of £2,000 per week upwards in a hospital setting.

CARE HOME EXPANSION

Providers are looking at their existing offering and considering whether additional rooms can be made available.

This can take the form of better use of existing room space, for example relocation of an office and conversion to an additional service user room, together with new planning applications to increase the number of rooms available subject to occupancy demand.

SHARED LIVES

An additional model of care, Shared Lives, is not a new idea, but it is receiving a £1.75m investment from NHS England. Someone with support needs either visits their shared lives carer regularly or moves in with them for a period of time. CCGs are being asked to match fund.

IMPACT OF THE NATIONAL LIVING WAGE (NLW)

Current studies have shown that the Care Sector to date has seemingly coped well with absorbing the new rates. The NLW has had a positive impact upon the workforce with no evidence of hours being shortened to fund the cost. Studies have reported that the 'overall pay bill has risen by 6.9%.' In some provisioning carers under the age of 25 are also being paid the NLW of £7.20 in a bid to improve retention. However, it is not yet known how this will effect career progression.

Some providers are experiencing a 'bunching' effect with carers being brought up to the same level of pay. Other providers have maintained the differential by increasing pay scales for other staff.

The affordability of the NLW continues to be assessed in monthly management information. Studies have shown that staff costs, on average, represent some 60% of the costs base, thus the NLW will inevitably impact on profitability. The 2% precept and Local Authority increased in many councils has helped, but inevitably there will be a shrinkage of profits if growth in fees is limited to Local Authority contracts. Further operational efficiencies will be considered alongside the funding strategy of the care model.

It is also being seen as an opportunity to review recruitment strategies with staff retention increasing in importance both for the provider and the service user.

With the onset of the NLW the sector's self image is seeking to improve itself to encourage 'employer of choice' and to be an acceptable career choice for school and collage leavers.

Business plans will need increased emphasis on getting the staffing right to grow the business and to assess affordability with the gearing up of the NLW to £9 per hour by 2020.

Staff investment has to be funded, hence an increasing need for real time, monthly information combined with rolling outlooks.

THE IMPACT OF CURRENT AND FUTURE DEMOGRAPHICS

With increased pressure on the NHS and Social Services the current system is not workable. Delayed hospital discharges and the catastrophic cost on the NHS with the expected increase in an elderly population by over 20% in the next ten years, will bring the current system to breaking point.

By 31 December 2015 for the first time in many years we saw an undersupply of care home beds and rising demand with increased comorbidity. Taken together with the polarisation towards the private self funder, County authorities are finding it more difficult to find affordable social care placements resulting in delayed hospital discharges. The disparity between Health and what is free at the point of delivery and Social Service cost of care continues.

Subsequent to the EU referendum there appears to be even greater uncertainty, but the needs of people has not stopped and indeed continue to increase.

Thus pressure will continue to be exerted on the provision of social care, with a move towards integration of health and social care inevitable with resulting combined budgets.

LEARNING DISABILITY (LD)

The LD sector is reporting growth in the independent arena as councils devolve their in-house service offering. Local authority contracts are being negotiated in addition to spot contracts. When negotiating the longer term contracts all options should be taken into account, including the challenges of looking after individuals who may require 2 or 3 to 1 care when they move towards independent living.

Step down provision is increasing as people move into the community as well as outreach services alongside transitional services for young adults.

As with other social service sectors there is a call to Government for adequate funding to close the growing funding gap. It is possible that we will see Councils increase the 2% precept in order to make the books have a chance of balancing. Current research does not envisage earlier access to the 'Better Care Fund,' and we will await to see if the Autumn Statement on 23 November 2016 will bring much needed extra funding to the care sector.

Support from the Local Authorities is key to the LD sector in which demand is growing for choice, community inclusion, independence and quality of life.

DEMENTIA

The march of new care home provisioning together with the expansion of existing facilities continues.

A report produced by members of the 'Voluntary Sector Strategic Partnership Programme' has indicated that over 1 million people will have dementia by 2025. It is a stark fact that an increasing number of households are having a family member diagnosed with the condition, and although medical science continues to progess, the numbers are increasing.

Care support in this area continues to be a growth area with an increasing number of new care homes offering residential and/or nursing dementia. Demand for carers for care at home will also continue to escalate as people with the condition live longer and family members are no longer able to cope without external support.

Block beds are tapering off with contracts in the dementia and nursing provisioning becoming an urgent need and spot orientated.

RECRUITMENT RE-VISITED

Recruitment and retention of nurses remains a threat to the nursing provision. To date revalidation appears to be working well although it is a further pressure within the sector where there is little spare capacity.

In recent months agency costs appear to be increasing in the care sector which may mean that the NLW is moving people away from care to, for example, the hospitality sector.

So how can new carers be reached?

- Social media
  - Gumtree
  - Facebook
  - You Tube
  - LinkedIN
- Websites
- Flyers distributed in the community/door drops
- Local newspapers and magazines
- Word of mouth
  - Staff referrals
    - Let staff have a say
    - Keep in touch with leavers
  - Relatives of service users
- Job centres
- Become a second career option
- Care ambassadors outreaching to schools and colleges
- Overseas contacts
- Recruitment evenings

SECTOR INNOVATION

The enhanced care worker role is evolving to act as clinical support to Registered Nurses, but accountability and reporting lines have to be clear. The role is to assist with staffing and allows nurses to cope with the increasing complexities of care.

VOLUNTEER IMPACT

Volunteers can make a large contribution to the care and support sector. The Voluntary Organisations Disability Group (VODG) and the National Care Forum (NCF) have produced a voluntary toolkit which will re-inforce volunteer roles with clarity of purpose.

MANAGEMENT INFORMATION

With Care Quality Commission (CQC) reports having increasing significance for lending risk by financiers, current and new entrants to the care sector should consider the following:

- All Management Information reported in real time monthly
- Monthly monitoring of Key Performance Indicators
- Measure performance against a regularly re-visited Business Plan
- Ensure all costs of employment have been taken into account when reviewing budgets and forecasts
  - National Living Wage
  - National Minimum Wage
  - Auto Enrolment Pension
  - Travel
  - Holidays
  - Sickness
- Monthly monitoring of performance measured against Covenants
- Preparation of rolling 3 year Profit & Loss and cash flow forecasts
- Seek to de-gear as part of the mid to longer term strategy
- Budget for annual staff training and award programmes

- Seek out training and development grants
- Budget for a rolling refurbishment programme
- Monitor the market and react ahead of change
- Strong management well led
- Sufficient staffing levels to cover holidays and sickness
- For one to one care ensure adequate staffing and appropriately financed
- Negotiate with the Local Authority where contracts are open
- Ensure self funders have at least two years equity

Banks are seeking lower gearing levels with emphasis on operating cash flow and debt servicing.

CARE QUALITY COMMISSION (CQC)

The CQC has published its strategy for 2016 – 2021.

The new strategy is intended 'to help services to innovate and collaborate to drive improvement and ensure service users receive good, safe care.

Inspections will be focussed in high risk areas and the length of time between inspections will depend upon the rating of the service.

In summary the inspection timetable will be as follows:

- All newly registered locations – within 12 months
- Inadequate services – every 6 months
- Requires improvement – every year
- Good and outstanding – increasing intervals

CQC statistics todate have reported that 'regulation plays a key part in encouraging providers to improve.'

Key focus remains in the areas of:

- Person centred care for all
- Involving people in decisions about their care
- Investment in staff training
- Staff empowerment
- Welcoming environments
- Activity generation plus innovation
- Encouragement of meaningful lives

The CQC is looking for evidence of consistent practice and sustainability for best care servicing.

The regulator 'will not hesitate to use' its 'powers to put a stop to poor standards of care being provided if necessary.'

BREXIT

The threat of 'any time soon' interest rate rises has receded, but post BREXIT economy measures look set for Government intervention in the future as the wider economy is predicted to slow down. This is turn could affect the ability of self funders to fund their care long term, albeit to date there has been a rebounding in the Stock Market.

Political debate post the parliamentary summer recess has not shed any light on the Government's BREXIT strategy with Article 50 not expected to be triggered until 2017. Thus the future of 'freedom of movement' will continue to feature in many a debate and is yet unknown, and uncertainty continues surrounding how the vote to leave the EU will impact the workplace.

A points based immigration system has been ruled out but an alternative strategy is not yet known.

As far as the care sector is concerned, it is business as usual, nothing has immediately changed.

SOURCES

CQC Business Plan

Guardian

UK Care Guide

Own research from across the South West

MEET THE AUTHOR

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