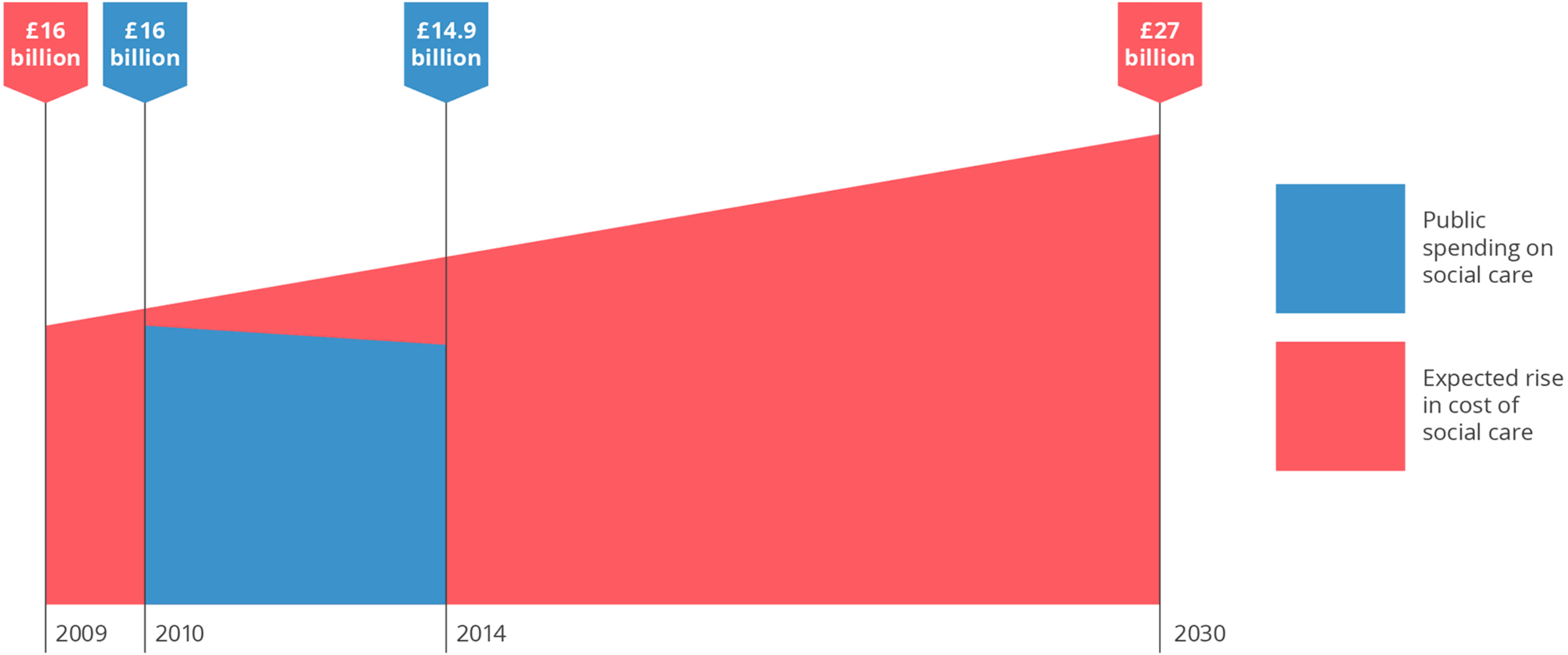
GPAC
The Adult Social Care Market

06th December 2018

Agenda Item 5

The National Picture



The National Picture

- Current funding gap estimated to be £2.5billion
- Demand increasing. By 2035 an additional 20% of over 85's will require round the clock care = to 446,000
- Chronic shortage of care worker staff. Estimates 350,000 by 2026
- Quality of care falling. Guardian article speaks of 44 inadequate care homes run by companies making £113m profit

https://www.theguardian.com/society/2018/nov/23/revealed-companies-running-inadequate-uk-care-homes-make-113m-profit

- The focus on delayed transfers of care in the NHS has increased the burden on social care with 85% of packages now originating from an acute stay.
- Market failure now a common event (see Allied/Nestor next slide)

Nestor/Allied (a case study)

- Nestor were a large national home care company with about 10,000 service users nationwide.
- Turnover £100m+
- Will cease to trade December 12th
- Lambeth Merton and Sutton have 10-15% (aprox 500 residents) provided by allied and Islington have 25% (450 residents)
- Croydon exposure very low 12 residents , already transitioned but will effect workforce supply sub regionally.
- Allied blamed rising employee costs due to living wage and lack of funding increases from local authority

The Croydon Picture

- Largest social care market in London
- 130 care homes 3,500 beds
- 60+ domiciliary care agencies in borough
- LBC provides 1.4million hours of home care annually
- LLW payer for home care. However LLW has risen over 20% since 2014 . % increase in rates paid by Croydon since 2014 7%
- Our unit costs for older people care homes have been benchmarked as lower the average, but we pay some of the highest fees for under 65's

Increased Market Fragility

- Croydon have had 17 companies go into provider concerns since November 2016.
- This year we have had 3 care home and 3 domiciliary providers exit the market.
- At present we have 7 companies in provider concerns. On average 5% of the market is in concerns at any one time.
- We have ongoing CQC enforcement activity in 2 homes both of which could lead to closure (over 100 beds)
- Croydon quality assurance services are well regarded Pan London but we have a tiny resource compared to the size of our market

Risks

- Capacity and failure of supply – Particularly NH beds and dom care in the south
- Delays in discharge leading to difficulties in Alliance commitments
- The UK Home Care association has argued that a minimum price for LLW home care should be £23.02 pence. Currently our average is £16.50. An increase to this rate would cost over £9m pa.
- Similarly a rise to benchmarked care home payment rates would cost £3-4m in over 65's
- The increase in market fragility is placing severe burdens on our quality assurance leading to slower delivery of BAU

Mitigation

- A focus on prevention – Alliance LIFE ICN services have made a difference. An expansion of scope to all age will help this across all our residents.
- KPMG cost of care exercise – to be completed in December… Will give a rationale for a new pricing strategy for care
- Intelligent Joint Commissioning – Through the vehicle of the Alliance a integrated dynamic purchasing system will be in place end of 2019 leading to better value and quality.
- Personalisation – Through the emarket more main stream services will be available for purchase by direct payment relieving pressure.

Mitigation

- Market intervention – The Alliance has a care home chapter in phase 2 being implemented now. Specific support for care homes should see a rise in the standards including workforce
- Alternative models – Looking at insourcing, different trading relationships, different provider status, quality payments etc.
- Work force development – Using the resource of the Alliance to link health and social care work force development

Even with all this the market issues will not be resolved until the national underfunding issue is. Hopefully the Green Paper will address this

Questions

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