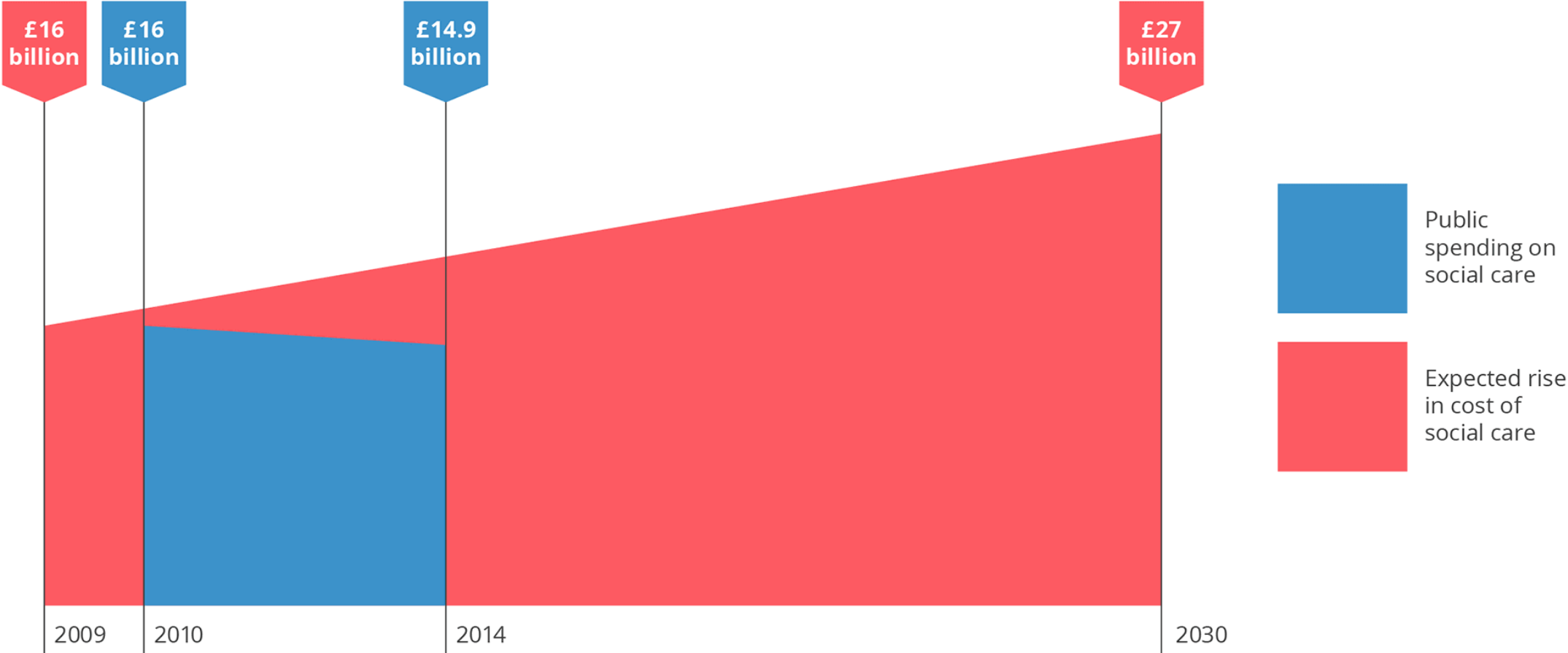


# **GPAC**

# **The Adult Social Care Market**

**06<sup>th</sup> December 2018**

# 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 12<sup>th</sup>
- 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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