

Market Stability Survey

A look at key market stability
drivers for Hampshire's
residential and domiciliary care
providers

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Hampshire Care
Association

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1 The Hampshire Care Association



Hampshire Care
Association



The Hampshire Care Association

The Hampshire Care Association (HCA) represents 268 adult social care providers across Hampshire county – covering Hampshire County Council, Portsmouth City Council and Southampton City Council. We represent 230 residential and nursing care homes and 38 domiciliary care providers.

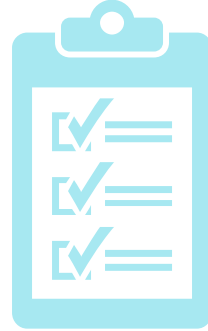
HCA providers work across all sectors: the elderly (including nursing care), those with mental health needs and those with learning disabilities - in residential settings and in the community.

Our goal is to ensure that care provision in Hampshire is of the highest standard and quality and that those requiring care receive it with dignity and compassion.

Our members are proud of their dedicated and highly skilled workforce who work tirelessly to provide care to thousands of vulnerable adults every day.



2 Research context



Context

Up and down the country, there are countless adult social care settings filled with laughter, joy and a dedicated and highly skilled workforce providing amazing care every day. This is achieved despite the multitude of intense challenges that providers and staff in the sector are now facing.

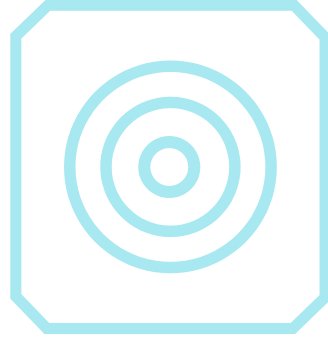
Providers are reporting that these challenges have never felt bigger or more onerous. While the majority of the population looks to move on from Covid-19 and carry on with life as usual, the care and health sectors are still working in the midst of a pandemic whilst bracing for the coming autumn/winter.

Since the start of the pandemic, the Hampshire Care Association has carried out three surveys, each looking at the impact of the crisis on providers. This latest one was designed to be a short, sharp look at some of the key market stability drivers within the sector now. We looked at income, financial viability concerns, the role of banks / lenders in the sector now, insurance, and the impact of the implementation of rules around mandatory vaccination.

The Hampshire Care Association is keen to work with all stakeholders to ensure the views and experience of those working on the front line are heard. We will continue to collect and collate data in order understand how the sector is faring and ensure we are being the best possible advocates for them and, fundamentally, for those who receive care.



3 Objectives



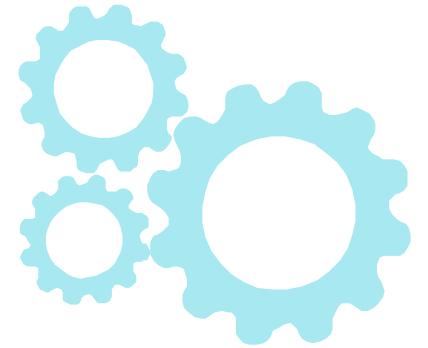
Research objectives

The HCA wanted to understand:

1. Whether the current crisis is posing a **threat to the financial sustainability** of services.
2. Whether providers feel the current crisis could place them in a **high risk position with their bank** or lender.
3. Whether **insurance premiums have increased** and whether insurers have removed cover for Covid-19 and other infectious diseases.
4. The proportion of **staff expected to leave** due to the rules around mandatory vaccination.



4 Sample and methodology



Sample and methodology

Over the course of three weeks, (11th August – 1st September 2021), the HCA collected data via an online survey sent to every adult social care provider across Hampshire – including the 268 members of the HCA.

This survey follows two others conducted in 2020, the results of which can be found here: <https://hampshirecare.org/financial-impact-and-market-stability-covid-19-impact-on-care-providers-in-hampshire-a-follow-up-survey/>.

This survey was designed to be shorter than previous ones with a specific focus on current trends with respect to financial stability including the role of banks / lenders, income, the impact of the mandatory vaccination rules and changes to insurance cover in the sector.

Overall, we received 67 responses. Not all providers responded to every question therefore there are varying sample sizes throughout – we have indicated this where appropriate.

This survey was sent to all HCA members and other providers in Hampshire but it will not be the exact same sample of providers who responded to this survey as to the others.

The types of providers represented here are: care homes with nursing, care homes without nursing, domiciliary care providers, and learning disability providers.

Methodology



A survey, scripted online, formatted for response on all electronic devices; 7 mins average time to complete



Sent to all Hampshire Care Providers – HCA members and non-members



5 Topline findings



Topline Findings

Multiple factors are leading to providers being concerned about the future viability of their service

66% are concerned that the current crisis could put the future viability of their service at risk.

Banks / lenders have contacted providers directly to raise concerns, have imposed adverse conditions in some cases, and are expressing a declining, or lack of, interest in adult social care

45% of providers report that the current crisis could put them in a high risk position with their bank or lender.
20% reported that their bank / lender had contacted them directly to raise concerns

Income continues to be hit for many providers

55% of providers report their occupancy / client levels are either 'below' or 'far below' average with many providers citing an inability to recruit and retain staff as one of the key drivers.



Topline Findings

Insurance premiums have increased and insurers have removed public liability cover for Covid-19 and other infectious diseases

Insurance premiums have increased by an average of 54%.

72% of providers reported that their insurance no longer covers Covid-19 public liability and 40% are not covered for any infectious diseases.

60% of providers are expecting to lose staff due to rules around mandatory vaccination

On average they reported expecting 7.2% of staff to leave as a result of the new legal requirements



6 Future viability concerns



Multiple factors are leading to a high degree of concern about future sustainability

66% of providers are concerned that the current crisis could put the future sustainability of their service at risk

Providers reported multiple factors contributing to this concern including:

Financial concerns – income has been hit due to reduced income (occupancy or client levels). **Costs have increased** e.g. insurance price hikes and increasing staff costs.

Workforce concerns – recruitment and retention are key concerns - burnout, high levels of stress and low morale are at high levels, individuals are leaving the sector, and providers report being unable to recruit.

“The care workforce is stressed with no respite in view”

“As a small company our finances have been hit hard”

Provider quotes



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The role of banks / lenders



Banks / lenders have contacted providers directly to raise concerns

45% of providers reported that they were concerned the current crisis could put them in a high risk position with their bank / lender.

20% reported that their bank / lender had been in touch with them to raise these concerns directly.

Concerns raised by banks / lenders include: long term viability, covenant breaches (for example, some report concerns raised over wages as a percentage of turnover), higher levels of risk in the sector.

It should be noted that some providers reported their bank / lender was working hard to support them at this time.

**“Pressure from our bank;
threatening letters”**

Provider quote

**“They have requested information on
historical wage levels as a percentage of
turnover, stating they were too high.”**

Provider quote



Banks / lenders have imposed adverse conditions on some providers

Some providers are reporting that their bank / lender has imposed adverse conditions on them during the covid-19 crisis.

Examples include:

- Further lending restrictions
- Interest rate rises
- Requiring significant performance monitoring i.e. more regular financial information to keep tabs on the performance of the business
- Refusing to engage with specific requests e.g. requests for overdraft / deposit accounts / other facilities have been denied.



“Banks have built in minimum return on capital from a business in their lending covenant. This is being breeched and brings high risk of closure with it”

Provider quote



Banks / lenders have expressed a lack of, or a declining, interest in adult social care

Several providers reported that their bank has stated they have no appetite, or a declining interest in, adult social care:

“[We were] told the bank does not have an appetite for the care industry”

“[They raised] concerns re longevity of care homes as a viable business”

“Concerns about long term viability and covenant breaches have been raised by our lender”

“Our previous lender...indicated a declining interest in adult social care”

“[They said they have] no appetite for the care industry”

“Stated they have no appetite to support ASC (adult social care) operators at present”

Provider quotes



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Income: Occupancy /
client levels



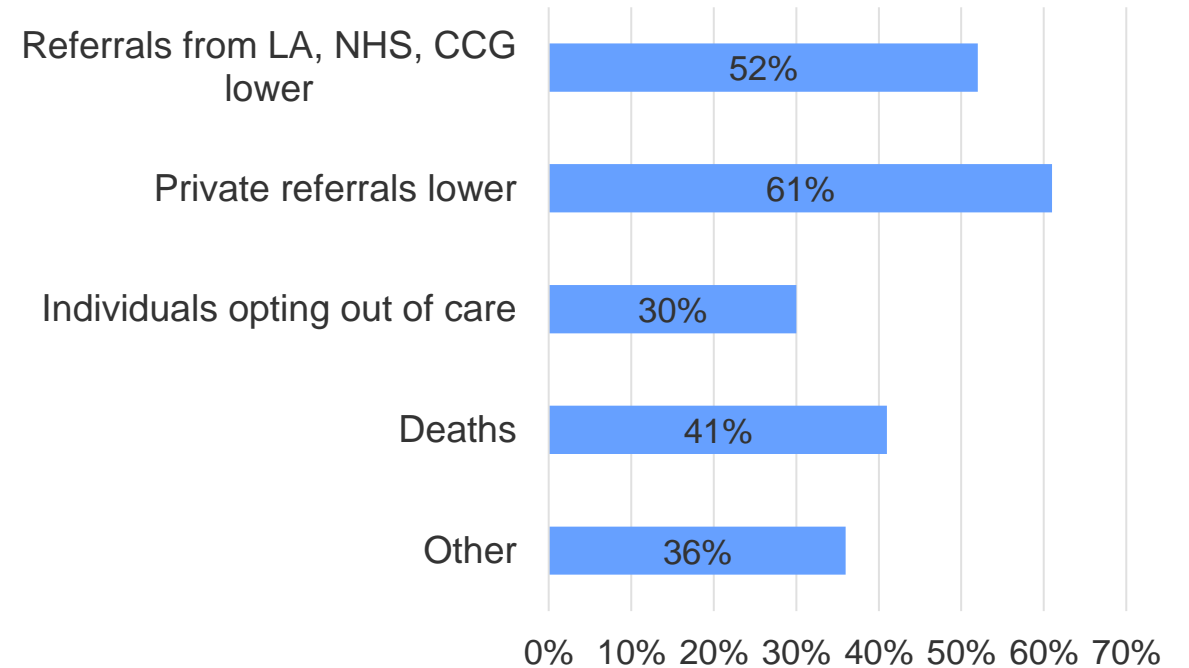
Income continues to be hit for many providers

55% of providers report their occupancy / client levels are either 'below' or 'far below' average

Some of the reasons given for this are detailed in the table opposite.

As the next slide illustrates, a workforce crisis is also directly impacting on the amount of care providers can undertake.

Reasons for lower occupancy



Staffing shortages are reducing providers' ability to take in residents or take on packages of care

Many providers reported staff shortages or recruitment concerns leading to an inability to take in residents or take on new packages of care



“Recruitment is a huge problem and therefore as packages come to a natural end we are not in a position to increase our capacity”

“Declined new residents due to staff shortages”

“Recruiting in the caring industry seems to be at an all time low”

Provider quotes



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Mandatory vaccination & staffing



60% of providers are expecting to lose staff due to mandatory vaccination

30 providers gave data on the percentage of staff they are expecting to leave their service as a result of the mandatory vaccine rules coming into force.

On average they reported expecting **7.2% of staff to leave as a result of the new legal requirements**

“ Quite an amount for us to cover”

Provider quote



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Insurance



Insurance premiums have increased and policies cover less

On average, providers reported an **increase of 54%** on insurance premiums.

45 providers reported on these insurance costs.

At the same time, insurers are often not providing public liability cover for Covid-19 or other infectious diseases

72% of providers reported that their insurance no longer covers Covid-19 public liability

40% reported that they are not covered for any infectious diseases.

“[We were] previously covered for epidemic but they have now included no cover for pandemic or epidemic or any other ‘emic’ where they would have to pay out.”

Provider quote



11 Conclusions



Conclusions: Big talk but no reform

The great quality of care delivered by providers in Hampshire and around the country is too often overlooked. Despite the pressures, 84% of services are rated as either 'good' or 'outstanding' by the Care Quality Commission – and this number has increased over the past five years (up from 68% 2016).

This latest survey reveals a sector continuing to be hit from all sides. Our analysis points to a continued worrying trend of high levels of concern around future viability – with multiple factors contributing to this. More so than in 2020, concerns over workforce – retention and recruitment rates (exacerbated due to Brexit and the rules around mandatory vaccination) - as well as burnout among existing staff are being cited by providers.

In addition, the role of banks / lenders continues to be a cause for concern – our latest survey shows they are expressing a declining or lack of interest in the social care sector, and have in fact imposed adverse terms on some providers.

Many providers still face a drop in income at the same time as having to deal with higher costs. And the lack of support in relation to the introduction of rules around mandatory vaccination have added to the chaos; our survey shows that 60% of providers are expecting to see people leave their service as the new rules come into force



Conclusions: Big talk but no reform

Real and urgent reform is needed. The fact that the funding of social care is at the top of the political agenda is to be applauded. However, the government's announcement on 7th September of £12bn to 'fix' social care in fact does very little to help the sector, and could do it more damage if the right reforms still fail to materialise. In reality, of the £12bn announced by the government only £1.8bn will reach the sector – pocket change after more than a decade of austerity and cuts to local authority budgets.

At the heart of the problem in social care is the woeful state of local authority finances. In the absence of proposals to put local government on a sustainable footing, there is no chance of reform as they will continue to be unable to meet the true costs of providing care. Rates of pay and working conditions will continue to stagnate as a result.

Crucially, the social care sector must be placed on an equal footing with our NHS colleagues - with meaningful engagement of those at the coalface in social care built in to any process of reform. A large proportion of the sector is made up of small and medium sized businesses – 75% of care providers run just one home - and yet their voices are seldom heard and their circumstances and financial models are often poorly understood and criticised as a result.

The detail of how we reform the sector moving forward, including how we best integrate health and social care, is something that will directly impact our members, their staff and those they care for. As the Hampshire Care Association, we are keen to engage with all stakeholders moving forward to ensure the voices of the small and medium sized care providers are heard.

Cont....



Conclusions: Big talk but no reform

The HCA is pushing for the following:

Income:

A sustainable funding settlement for local authorities which obliges them to pay a fair price for care and which funds them to do it – ensuring they are able to support the necessary uplifts required by providers.

A commitment to ensure that both health and social care are prioritised in thinking around how to spend the National Insurance rise and a pledge that money will reach the sector now, not from 2023 onwards. The HCA is very concerned that the social care workforce is unfairly targeted by the increase in insurance tax. This must be redressed to ensure the social care workforce is paid fairly for the highly professional and vital work they do.

Workforce:

Action to address workforce shortages via an investment in training, an identified career path and professional recognition for people coming into the profession. Action is needed now to improve the ability of providers to procure overseas workers to come and contribute to our social care workforce.

Action to increase the number of nursing training placements, and a requirement for them and nurse associates to undertake a placement in social care.



Conclusions: Big talk but no reform

Insurance

Government backing for providers in the form of an extension of the indemnity already granted to the NHS against Covid-19 claims on social care providers.

Banks / lenders

Action needs to be taken to ensure that the adult social care sector is not at risk from moves by banks to foreclose viable businesses; impose adverse/onerous conditions, or withdraw funding.

Parity and inclusion

Genuine engagement with the sector on all local and national work to ensure the voice of care providers is heard and included in future policy initiatives.

Action to establish parity between health and social care in the healthcare bill currently before parliament.

To ensure adult social care is fairly represented and involved within the set up and functioning of the NHS ICS partnership boards.

