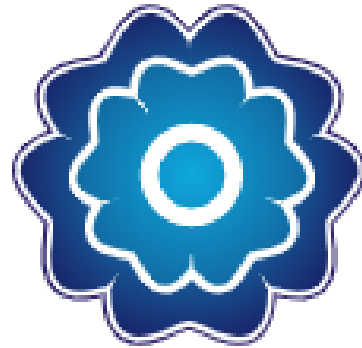


# Adult Social Care Market Stability Survey January 2022

An analysis of the key financial  
stability drivers for adult social  
care in Hampshire

Published February 2022



**Hampshire Care**  
Association

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# 1 The Hampshire Care Association (Introduction)



**Hampshire Care**  
Association



# The Hampshire Care Association

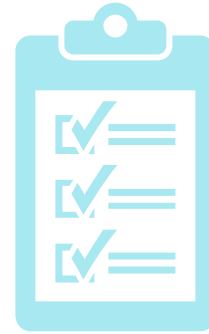
The Hampshire Care Association (HCA) represents 259 adult social care providers across the county (221 residential and nursing care homes and 38 domiciliary care providers).

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

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



# 2 Research Context & Objectives



# Research context

While the HCA welcomes the focus and funding which the new Health and Social Care Levy will bring to the sector, we do not believe this policy will address the key issues.

The Association of Directors of Adult Social Care (ADASS) estimates an additional £10bn is needed annually just to stabilise the social care system. However, the lion's share of the levy has, initially at least, been earmarked for investment into the NHS with only £1.7bn being allocated to social care. Without extra funding to improve the rates councils are able to pay for care, it remains to be seen how the sector will be able to address the significant and well documented challenges it faces, improve rates of pay for the workforce, and deliver the world class service those receiving care deserve.

At the same time, the adult social care workforce is acutely impacted by the cost of living crisis. Squeezing incomes further, especially as the sector is seeing an unparalleled workforce crisis, could have a devastating impact.

Thanks to HCA members responding to our three previous surveys, we have been able to provide an up to date picture for all stakeholders within the county. We have also identified issues of potential national significance (the role of banks / lenders). Ahead of the crucial local authority rate-setting exercise this year, the HCA wanted to understand how providers within Hampshire are faring now in this increasingly challenging environment.

Finally, we'd like to pay tribute to the thousands of people working tirelessly within the adult social care sector – here and across the country – who are providing love, laughter and amazing care in thousands of homes every day.



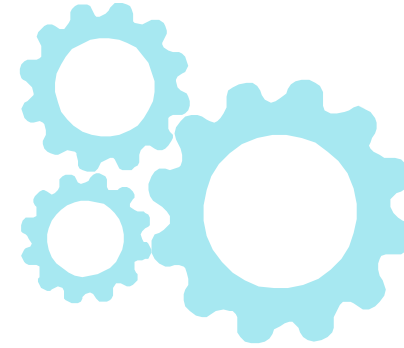
# Research objectives

The HCA wanted to understand:

1. The situation regarding the **workforce** within Hampshire: recruitment, retention and impact on services
2. Whether **costs** are increasing across key cost drivers
3. Whether providers are concerned about **future viability** of services
4. Whether **income** continues to be hit for providers



# 3 Sample and Methodology





# Sample and Methodology

Over the course of 2 weeks, (10<sup>th</sup> – 24<sup>th</sup> January 2022), we collected data via an online survey sent to every adult social care provider across Hampshire – including the 259 members of the HCA.

Overall, we received 58 responses. Not all providers responded to every question therefore there are varying sample sizes throughout. We have indicated some of these variations where appropriate.

The types of providers represented here are: residential homes, residential homes with nursing, domiciliary care providers, learning disability providers and a mental health provider.

## Methodology



A survey, scripted online, formatted for response on all electronic devices; 15-20 mins length



Focused on key costs, income and stability metrics – with cost increases looked at as a comparison with the previous tax year



Sent to all Hampshire providers – HCA members and non-members



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# Topline findings



# Topline findings

## Workforce

- The **workforce crisis is leading to a reduction in adult social care services in Hampshire**: 86% of domiciliary care respondents said that staffing pressures had led them to not be able to take on packages of care. Nearly a third (27%) of residential providers said they had had to close beds due to the workforce crisis.
- 92% of providers say the situation in relation to **workforce pressures are worse than they've ever been** with 64% saying the number of staff leaving their service is either 'far above average' or 'above average'.
- Our providers report losing a total of 945 staff over the previous 12 month period. **Competition from other sectors and burnout** are the two biggest reasons staff are giving for leaving.
- 68% say they have **not been able to recruit** to replace the staff they have lost with 91% reporting that recruiting is more difficult than usual.



# Topline findings cont...

## Costs

- Our results show **significant year on year increases** across all cost drivers – with further increases anticipated for 2022/23.
- Annual **increments to commissioned rates have fallen short** of the actual cost increases reported by our respondents.
- **Staff costs** make up a significant proportion of providers' total costs and are **rising dramatically**.

## Income

- **Income continues to be hit** for many providers: 53% of providers report their occupancy / capacity levels are either 'below' or 'far below' average with 40% reporting average levels.
- **Lack of staff**, an **inability to recruit**, and a **drop in private referrals** are the primary reasons for providers' drop in client / occupancy levels.



# Topline findings cont...

## Future viability

- **Concerns** around future viability **remain high.**
- 71% of providers are concerned that the future viability of their **service is at risk.**
- 50% of providers are concerned the current crisis could put them in a **high risk position with their bank / lender.**
- 21% have been **contacted by their bank / lender to raise concerns.**



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# Our respondents: Key characteristics



**58** responses to our survey

**2,100** = the number of beds our respondents represent

**19,475** = the number of hours of care per week our respondents are delivering

We received responses from across Hampshire, including from Southampton and Portsmouth. Our respondents are commissioning care from every commissioning authority in Hampshire: **Hampshire County Council, Hampshire CCG, Southampton City Council, Southampton CCG, Portsmouth City Council, Portsmouth CCG**. 34% were also commissioning from other areas.

Our respondents cover **all areas of adult social care**: residential care, residential care with nursing, domiciliary care, learning disability providers and mental health providers (although we received only one response from a mental health provider and three from learning disability providers).



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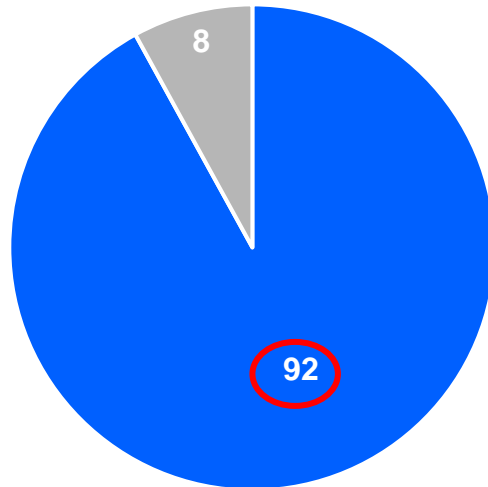
Workforce: recruitment,  
retention & impact on  
services





# 92% of providers say the situation in relation to workforce pressures is worse than it's ever been

How would you describe the situation re:  
workforce pressures?



■ Worse than it's ever been    ■ The same as it's always been

*“Never known the landscape to be this challenging, I've worked in the industry for almost 40 years”*

*“I have never experienced such a fundamental crisis - staff are worn down and burnout”*

*“Not only is it the pay that doesn't interest people into care but its the responsibility that is now being placed on them. Care staff are being asked [to do] more and more”*

*Provider quotes*



## Retention

64% of our respondents say the number of **staff leaving** their service is either **‘far above average’** or **‘above average’**

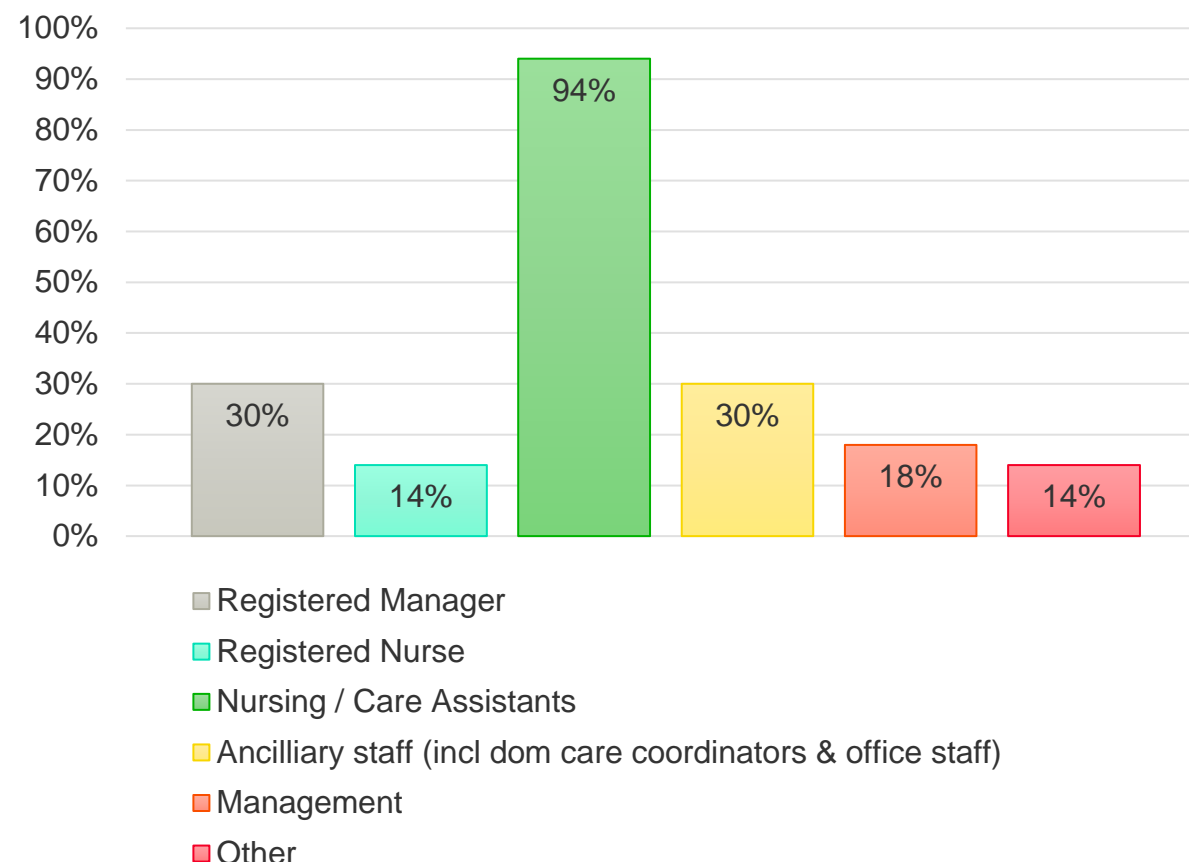
945 staff have left services in the past 12 months.

They are leaving a wide variety of roles as the table opposite shows.

***“Our potential to recovery following C19 is limited by the lack of staff”***

*Provider quote*

Which roles are people leaving?



## Retention

**Competition** from other sectors and **burnout** are the two biggest reasons staff are giving for leaving

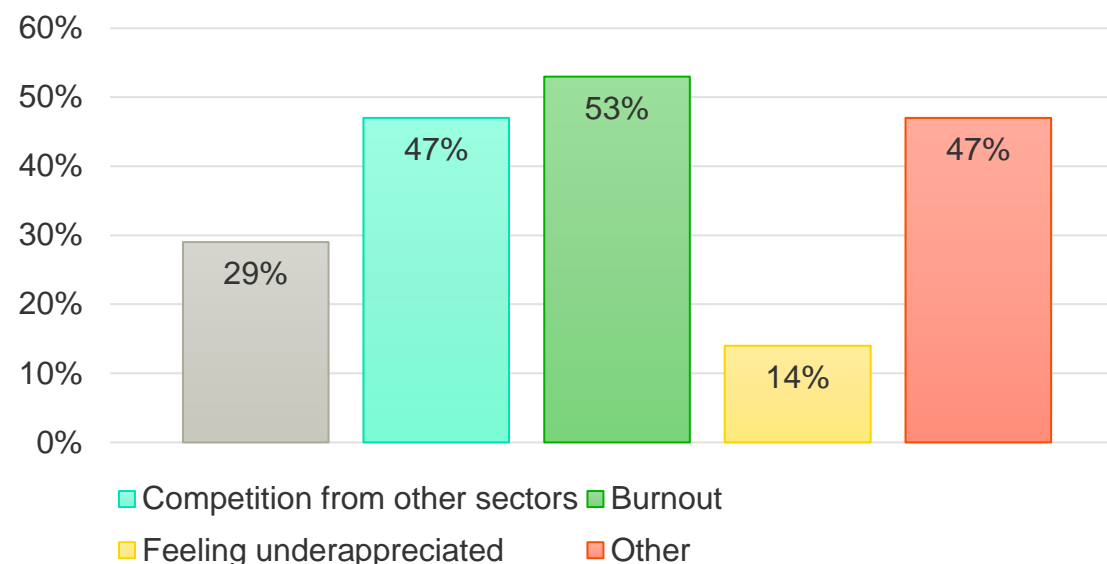
*“Get better pay elsewhere for less responsibility”*

*“Our staff feel completely undervalued by the government... this is completely unsustainable and I envisage more care staff leaving over the coming months due to burnout”*

*“We have always had good staff retention, but the last year has seen many good staff move to different sectors”*

*Provider quotes*

Reasons for people leaving?



Those who stated 'Other' reasons for people leaving reported a range of reasons including: career progression within another setting, moving out of area, back to work in other sectors as they re-opened, retirement, personal reasons.



## Recruitment

**68% say they have not been able to recruit to replace the staff they have lost.**

**91% say that recruiting to replace staff is more difficult than usual.**

***“We have never had to spend so much and it is still barely maintaining current levels”***

***“Vacancy levels are going up rather than down”***

***“We have had to spend more on recruitment to trial different ways to get staff. As a company we are not able to maintain this level of spending”***

*Provider quotes*



## Impact on services

### The workforce crisis is leading to a reduction in adult social care services in Hampshire

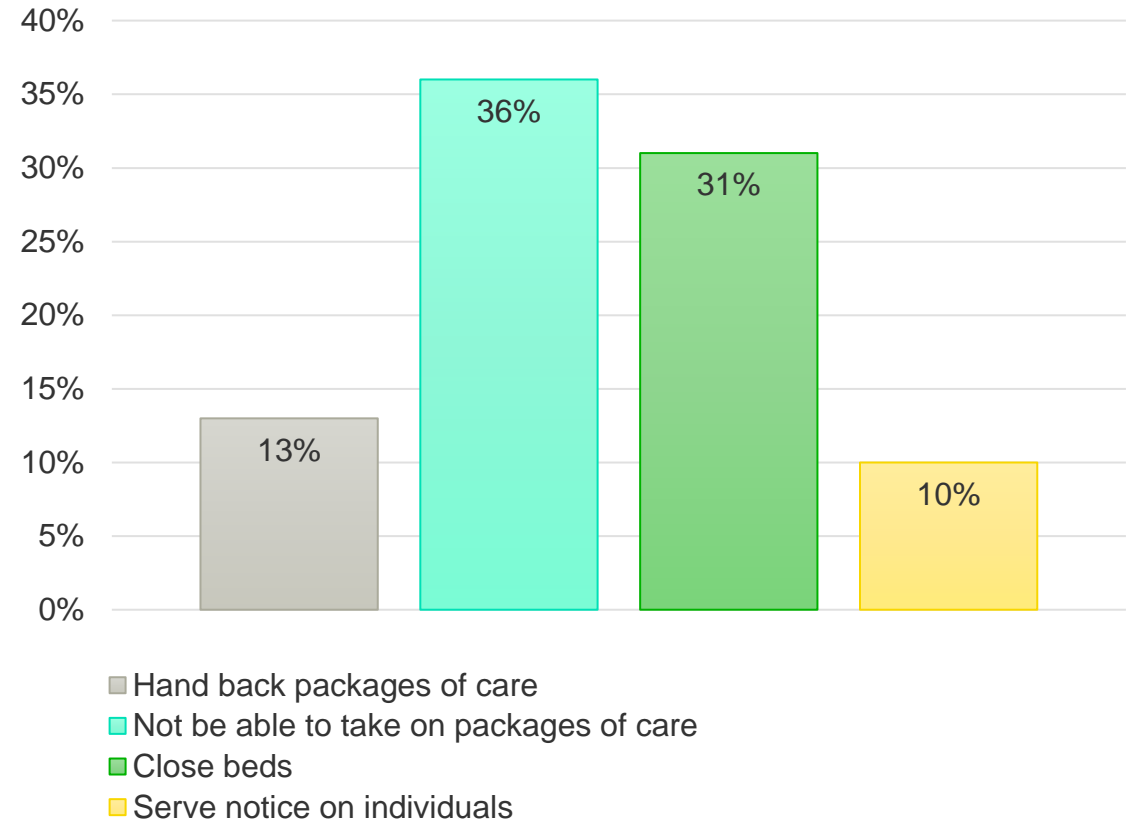
86% of domiciliary care respondents\* said that staffing pressures had led them to not be able to take on packages of care. 36% of domiciliary care providers said they'd had to hand back packages of care.

Nearly a third (27%) of residential providers\*\* said they had had to close beds due to the workforce crisis. 5% of residential providers said they'd had to serve notice on an individual

*\*Domiciliary care providers represent a subset of the total sample (14).*

*\*\*Residential care providers include residential with nursing, residential without nursing, LD and MH homes and are a subset of the total sample (44).*

Have staffing pressures led your service to do any of the following?



## Impact on services

Despite the pressures, 61% of providers report that staffing pressures are not negatively impacting on the quality of care they are able to provide.

However, this seems to come either at a cost of increased risk of staff burnout, reducing the number of people the service supports, or curtailing some elements of the services they provide.

*“Staff working far more than they would like, could lead to burnout”*

*“We support complex people with learning disabilities who need consistency and stability. The current workforce market is making this incredibly challenging”*

*“We have been able to maintain the service but to a reduced number of clients”*

*“Strong stable teams will deliver better care to residents”*

*“The residents don't get as much time with carers and so the level of care does suffer.”*

*“The quality of the care remains the same but the extra touches are difficult to sustain”*

*Provider quotes*



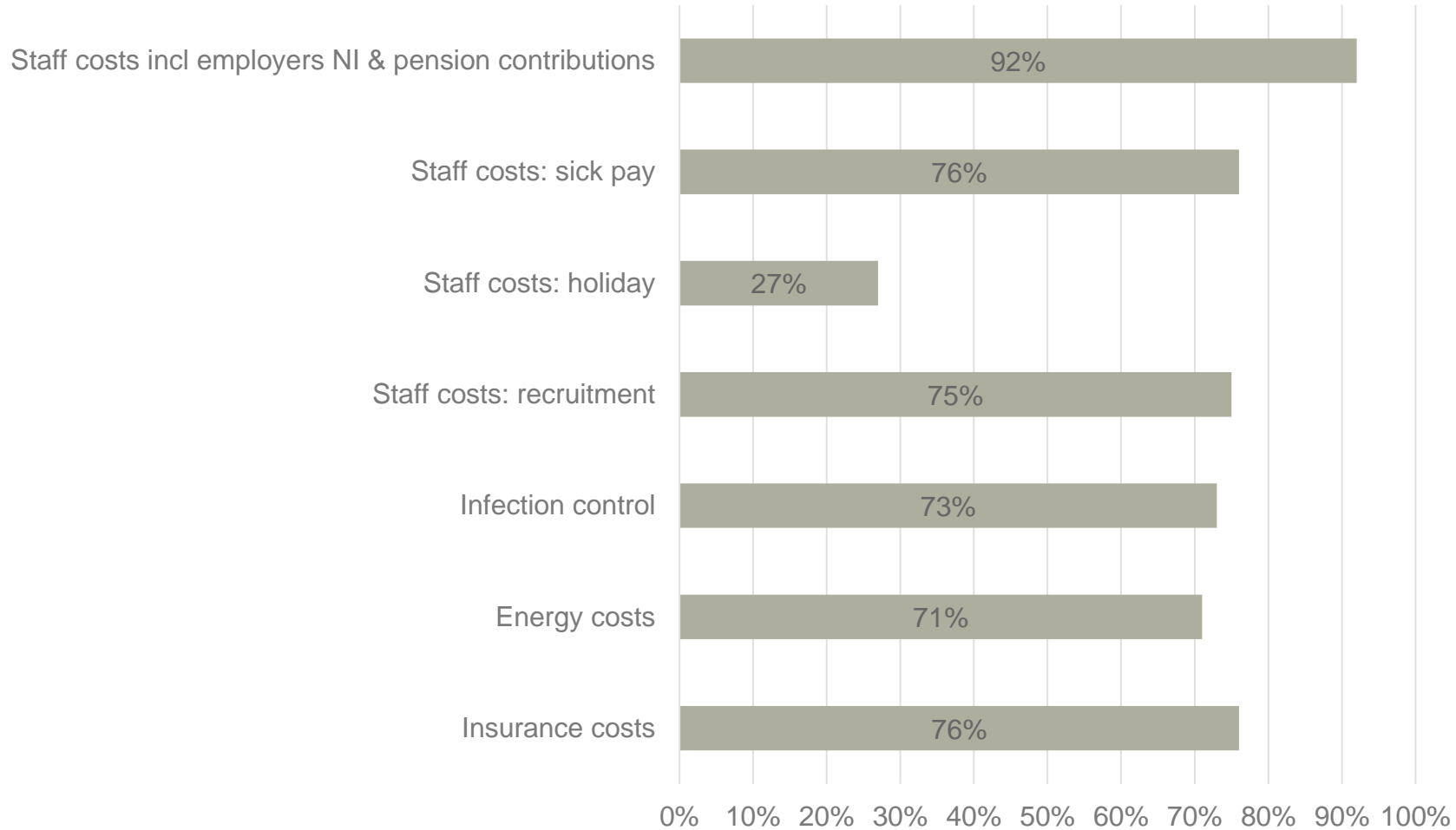
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# Cost analysis



# Increased costs are being felt by providers across the full range of areas

Since the start of the pandemic have any of the following costs increased?



*We also asked all respondents whether any costs had decreased over the period. 11% of providers reported infection control costs decreasing – this was due to the free provision of PPE via the portal and / or infection control monies allocated from central government. However, many noted that this support may come to an end. One provider reported insurance costs decreasing.*





## Our results show significant year on year increases across all cost drivers – with further increases anticipated for 2022/23

	% increase between 2020/21 tax year vs 2021/22 tax year	Anticipated increase in 2022/23 tax year	Total two year increase (estimated)
<b>Staff costs: wages, employer NI &amp; pension contributions</b>	11% ss: 36	9% ss: 33	<b>20%</b>
<b>Staff costs: sick pay</b>	41% ss: 20	8% ss: 12	<b>49%</b>
<b>Staff costs: holiday</b>	17% ss: 20	7% ss: 15	<b>24%</b>
<b>Staff costs: recruitment</b>	39% ss: 28	43% ss: 20	<b>82%</b>
<b>Infection control</b>	25% ss: 19	18% ss: 12	<b>43%</b>
<b>Energy costs</b>	33% ss: 25	39% ss: 17	<b>72%</b>
<b>Insurance costs</b>	48% ss: 31	11% ss: 17	<b>59%</b>

ss: = Sample size

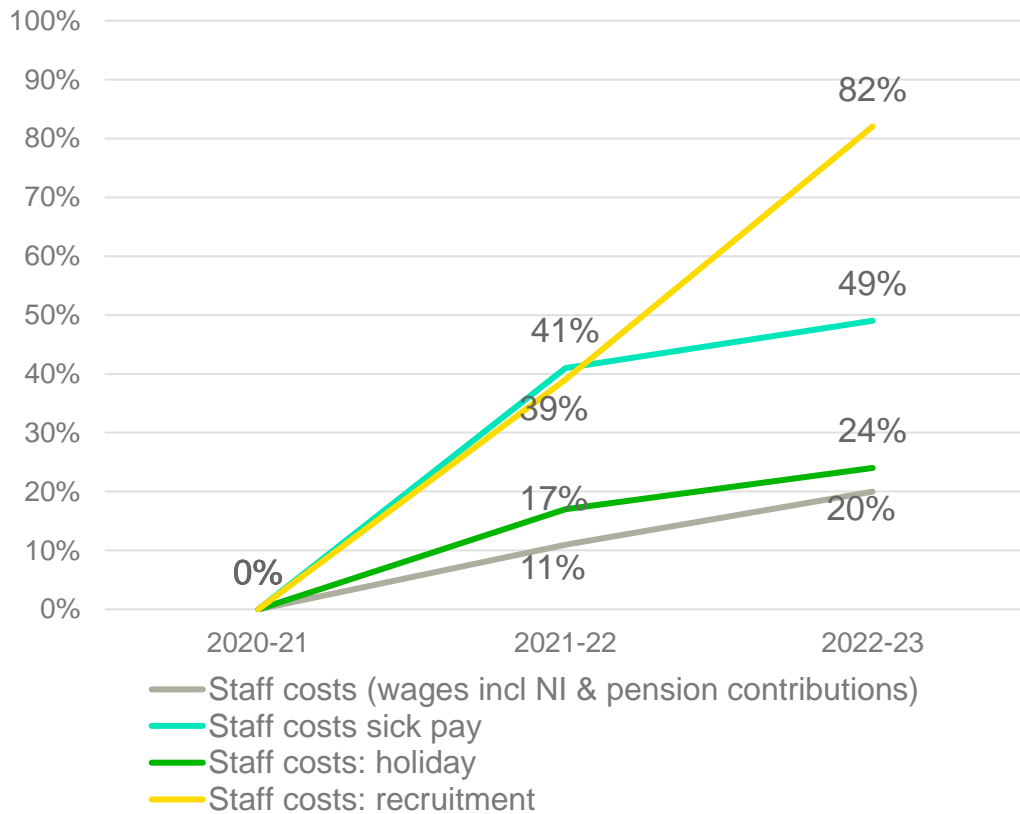
There could have been respondents who gave compounded percentages in answer to our rate increase questions. It's not possible to identify what proportion of the sample may have done this. We expect this to be the minority and so, to be consistent, have summed the estimated first year and second year cost increases to calculate a total two year increase

*Note: the majority of respondents who indicated that costs had increased in any particular area also noted that they anticipated these costs to increase further from April 2022. Not every respondent provided data / useable data in all areas – hence we have shown different sample sizes throughout. We have taken out an outlier from the data given on increased recruitment costs, and one for energy costs.*

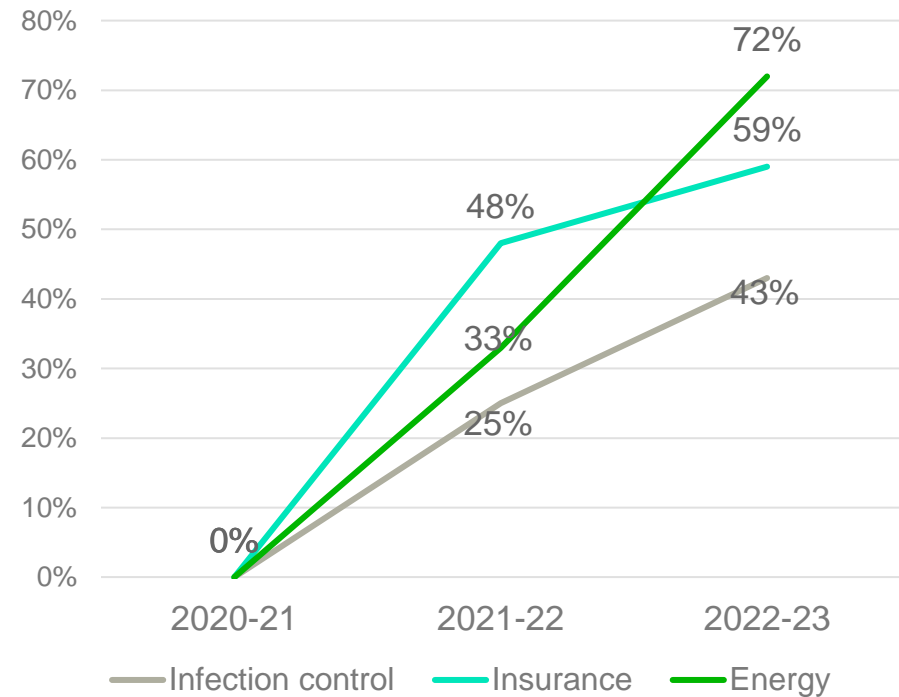


# Staff costs and other key costs consistently increased in 2021/22 and this is expected to repeat again in 2022/23

Cumulative increase in **staff costs** year on year



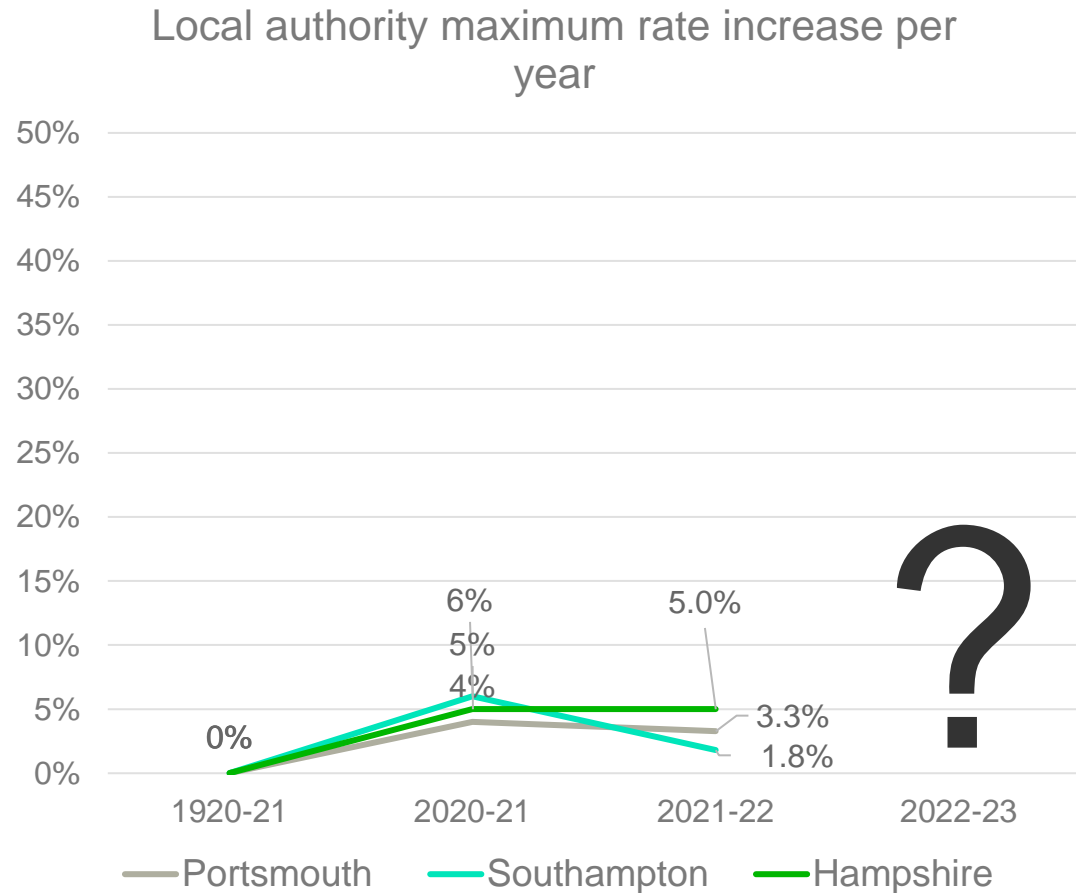
Cumulative increase in **other key cost drivers**, year on year



\*Please see note on Slide 26 regarding two year total rate increase calculations



# Annual increments to commissioned rates have fallen short of the actual cost increases reported by our respondents



➔ For illustrative purposes, the yearly increases shown display the maximum rate increase of any range, where applicable

Range of rate increases by local authority, per year\*

	2020/21 increase	2021/22 increase
Hampshire County Council	3 – 5%	3 – 5%
Southampton City Council	1.7 – 6%	1.5 – 1.8%
Portsmouth City Council	3 – 4%	1.96 – 3.27%

\*There is a range because different types of providers are awarded different increases



# Staff costs make up a significant proportion of providers' total costs and are rising dramatically

We know from our previous research that staff costs make up a large proportion of the total costs for providers\*.

What our 2022 findings show is that staff costs (wages and employer NI and pension contributions) have increased dramatically year on year and are anticipated to increase further from April – totalling a 20% increase over two years

Combined with the increased costs shown across all other key drivers, providers are facing significant upward cost pressures.

***“Staff costs remain the principle concern”***

Provider quotes

\* See link to our June 2020 financial impact survey here: <https://hampshirecare.org/wp-content/uploads/2020/06/HCA-Covid-19-Finance-Survey.pdf>



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Income: Occupancy /  
client levels



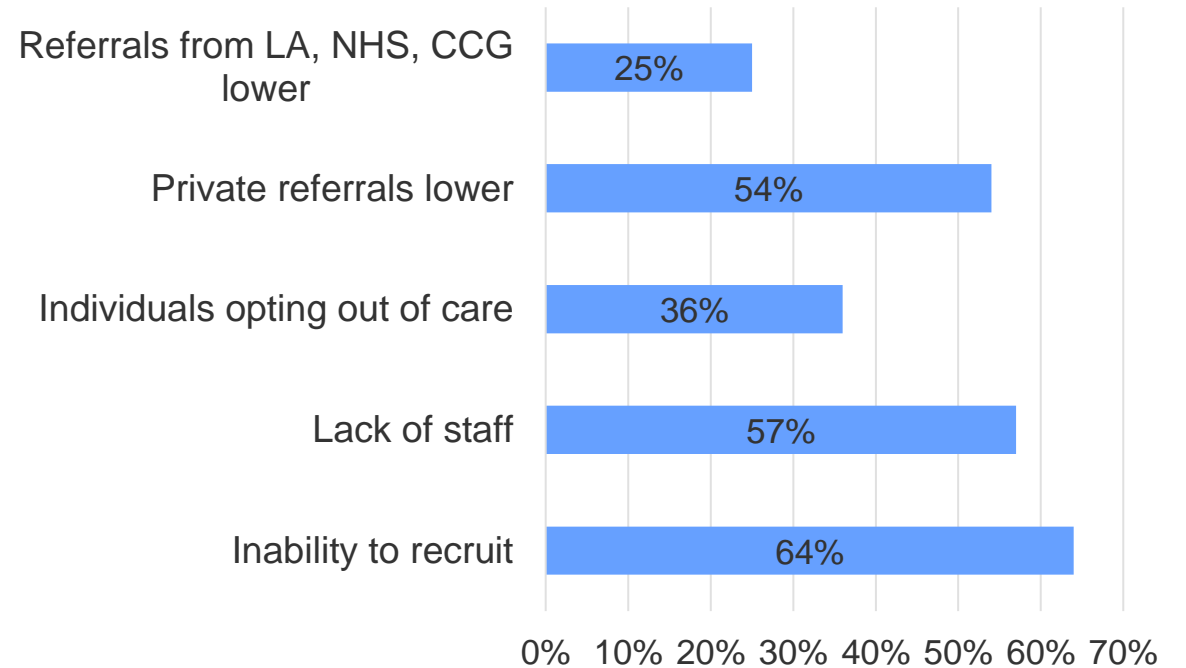
# Income continues to be hit for many providers

**53% of providers report their occupancy / capacity levels are either 'below' or 'far below' average.**

40% report their client / occupancy levels to be average.

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

### Reasons for lower occupancy



## **Lack of staff, an inability to recruit, and a drop in private referrals are the primary reasons for providers' drop in client / occupancy levels**

An inability to recruit was cited by 64% of those providers who report lower than average occupancy / client levels. A lack of staff was next, cited by 57%.

98% of providers report taking self-funded clients with more than half (52%) noting that private referrals have decreased compared with pre pandemic levels.

12% of providers noted that private referrals had increased for them.

***“We could increase capacity if we were able to recruit more staff”***

***“We have had to keep beds vacant due to staff shortages as we did not want to compromise on standard of care”***

***“Potential residents are staying at home for as long as possible or moving in with family”***

***“There has been a significant shift away from self funded towards [LA] funded residents. The private market is currently almost non existent”***

*Provider quotes*



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Future viability concerns:  
the role of banks /  
lenders





## Concerns around future viability remain high

71% of providers are concerned that the future viability of their service is at risk

50% of providers are concerned the current crisis could put them in a high risk position with their bank / lender.

21% report that their bank / lender has been in touch with them to raise concerns.

***“Constant pressure...means we feel as though we are constantly fighting. There is never a lull, to allow us to catch our breath.”***

*Provider quote*



# Our September 2021 survey revealed similar levels of concern around future viability and bank / lender confidence

In September 2021, our survey revealed that some banks **had expressed a lack of, or a declining, interest in adult social care, and that they had imposed adverse conditions in some cases.**

Examples included:

- 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.

Our survey this time reveals similar levels of concern across our key questions here. While some providers report their bank / lender being supportive (*“Our bank has relaxed some of our covenants to support us during the pandemic”*), other providers report concerns continuing to be raised about future viability.

”

***“They remain very supportive but have expressed concerns regarding the impact of C19 on the long term financial viability.”***

*Provider quotes*

***“Care homes are no longer on our radar and we no longer wish to finance this sector.”***  
*(Provider reported statement from their bank / lender)*



# 11 Conclusions



# Conclusion

Our latest survey reveals a very challenging environment for Hampshire's care providers. Income continues to be hit with more than half of providers reporting that their occupancy / capacity levels are below or far below average.

At the same time, costs are increasing across the full range of areas. Stark increases in staff wage costs are of particular concern given previous surveys have revealed they make up a considerable proportion of providers' overall costs. Our survey shows providers are anticipating a 20% rise in two years.

Concerns over workforce are now acute and are directly leading to a reduction in the amount of adult social care provision in Hampshire. 86% of domiciliary care respondents said that staffing pressures had led them to not be able to take on packages of care. Nearly a third (27%) of residential providers said they had had to close beds due to the workforce crisis.

Concerns around future viability remain high. 71% of providers are concerned that the future viability of their service is at risk. And 50% of providers are concerned the current crisis could put them in a high risk position with their bank / lender.

Cont...



# Conclusion

Our survey points to a sector that is still delivering high levels of care despite these significant challenges - with over 60% reporting that the crisis is not negatively impacting the quality of care they deliver. However, this is coming at a cost: decreasing the amount of people they can support, increasing the workload of the sector's dedicated workforce, or focusing on basic levels of care at the expense of the time and extra quality of life work that those receiving care expect and deserve, and which the sector so desperately wants to provide.

The situation facing local authorities directly mirrors the care sector's. Subject to the same austerity over more than a decade, and reeling from the impact of the pandemic, the amount they have been able to pay for care has nowhere near kept pace with increasing costs.

The resilience of the care sector's workforce is being pushed to the limit with no respite in sight.

## **The Hampshire Care Association is calling 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.



# Conclusion

## Workforce

- Linked to the above, adequate funding is needed now to ensure that those working in adult social care are paid significantly higher wages for the vital work they do.
- A national solution to the funding crisis that does not disproportionately impact those on lower incomes.
- A commitment to ensure that both health and social care are prioritised in thinking around how to spend any additional monies raised.
- A commitment that more money will reach the sector now, not from 2023 onwards.
- Action to address workforce shortages via an investment in training, an identified career path and professional recognition for people in 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.



# Conclusion

## 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, alongside the NHS.
- Action to establish parity between health and social care in the healthcare bill currently before parliament, and within any initiatives from the Department for Health and Social Care.
- To ensure adult social care is fairly represented and involved within the set up and functioning of the NHS ICS partnership boards.

## Care Quality Commission

- The Care Quality Commission should ensure it is engaging meaningfully with provider representatives, as well as client groups, to ensure its regulatory approach is transparent, and able to recognise the great work of the sector, as well as ensure safety and high levels of care for all.

