Adult Social Care Market Stability Survey Autumn 2023

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

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Hampshire Care Association

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The Hampshire Care Association

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The Hampshire Care Association (HCA) represents 494 adult social care providers across the county (298 residential and nursing care homes and 196 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.

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Research Objectives

Research objectives

The survey aimed to understand:

1. The situation regarding the **workforce**: recruitment, retention and impact on services
2. Whether **costs** are increasing across key cost drivers and whether **income** is stable
3. How providers have found efforts to increase **international recruitment**
4. Whether providers are concerned about **future viability** of services
5. What the sector's **priorities** would be for the **future**

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Sample and Methodology

Sample and Methodology

In the Autumn of 2023, the South East Social Care Alliance (SESCA) commissioned a regional survey of providers to be carried out. Response rates across the region were not high enough for SESCA to present data at a regional level. However, the response rate in Hampshire (identified as those providers selecting Hampshire as where they are based) was good and allows us to present it here as a representative sample of this county.

Overall, we received 56 responses from Hampshire providers – representing 88 services. 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 two mental health providers.

The survey was carried out over the course of 6 weeks, (25th September to 6th November 2023). Data was collected via an online survey sent to every adult social care provider across Hampshire – including the 494 members of the HCA.

Methodology

A survey, scripted online, formatted for response on all electronic devices; 20-30 mins length

Focused on workforce, income and stability metrics, asking for comparison with the previous year.

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

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Topline findings

Topline findings

Workforce
- Pressures on the workforce continue: 55% of providers report the situation is worse than it was a year ago
- 25% of those leaving their role are exiting the Adult Social Care sector
- Moving to another role in the sector and burnout are the top two reasons staff are giving for leaving their roles. Competition from other sectors (non NHS) is the third most chosen reason for staff leaving their roles
- 51% report that they have been able to recruit to replace all the staff they've lost although 55% report that recruitment is harder than it was a year ago

International recruitment
- Nearly half (43%) of providers have recruited internationally – primarily for care worker / homecare worker roles.
- 21% of providers have claimed money to assist them with the cost of recruiting internationally – via the Government's scheme, managed by SESCA, although 87% said this had not covered the cost.

Impact on services
- Workforce pressures continue to restrict the amount of care being delivered.
- 16 domiciliary care providers (53%) reported that staffing pressures had led them to either hand back packages of care, or not take them on in the past year.
- On the residential side 6 providers, (19%) report having to either close beds or serve notice on individuals due to staffing pressures.

Topline findings

Costs and income

- Providers are anticipating costs to rise by an average of 16.2% in the coming year (see deck for more information)
- Cost increases are anticipated across the full range of cost drivers with workforce, energy, food and insurance costs topping the list.
- The annual increased commissioned rates from LAs / NHS have not kept pace with actual cost increases - 100% of residential providers said it had not kept pace and 64% of domiciliary providers said this was the case.

<u>Residential</u>

- A third of residential providers report their occupancy being below average
- 83% of residential providers say they feel their occupancy will either stay the same or increase in the coming year with 17% noting they are expecting it to decrease.
- Of those providers reporting their occupancy being below average - decreased private and LA / NHS referrals top the list of reasons.

<u>Domiciliary</u>

- 68% of domiciliary providers report their income to be below average and there is low confidence this will improve; 57% anticipating their package levels to decrease (24%) or stay the same (33%) in the coming year.
- Increased local competition leading to decreased referrals from LAs / NHS is the primary driver of lower than average package levels

Topline findings

Future viability

- Concerns around future viability show signs of increasing
- 76% of providers are concerned that the future viability of their service is at risk (while the equivalent number in 2022 was 69%).
- 46% of providers say they have considered exiting the market. In the 2022 data, this number was 41%.
- Fees not meeting the real cost of care, lower referrals and workforce pressures are the biggest contributors to fears over future viability

Bank / lenders

- Of those providers who have a relationship with a bank / lender – 53% are concerned they could be in a high risk position with them.
- A further 28% report that their bank / lender has been in touch with them to raise concerns and a further 17% of these providers stated their bank / lender had imposed adverse conditions on their business.

Future priorities

- When asked what is needed to help the sector deliver excellent care within a sustainable business model, three themes emerged: **Better funding, better communications, better commissioning**

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Our respondents:
Key characteristics

56 responses to our survey

Some were groups of homes – so our survey represents **88 services** across Hampshire

We received responses from 32 small providers (1-10 beds), 22 medium providers (11-49 beds), and 4 large providers (50+ beds), and 30 domiciliary care services

33,168 = the number of hours of care per week our respondents are delivering

Our respondents cover **all areas of adult social care**: residential care (17), residential care with nursing (17), domiciliary care (30), learning disability providers (22) and mental health providers (2)

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Workforce: recruitment, retention & impact on services

Pressures on the workforce continue: 55% of providers report the situation is worse than it was a year ago

55% of providers report that workforce pressures are worse than they were a year ago, with 35% noting they are the same.

Hampshire-specific data from the 2022 SESCA survey reported that 92% of providers said the situation regarding workforce was either the worse they'd ever seen it, or somewhat worse than in the past (with a similar sample size).

As such, the 35% this year who report that things are "the same" are likely to be facing significant pressures.

ANSWER CHOICES	RESPONSES	
Worse than it was a year ago	37.50%	15
Somewhat worse than it was a year ago	17.50%	7
The same as a year ago	35.00%	14
Somewhat better than a year ago	7.50%	3
Better than a year ago	2.50%	1
TOTAL		40

"People don't want to work in social care"

Provider quote

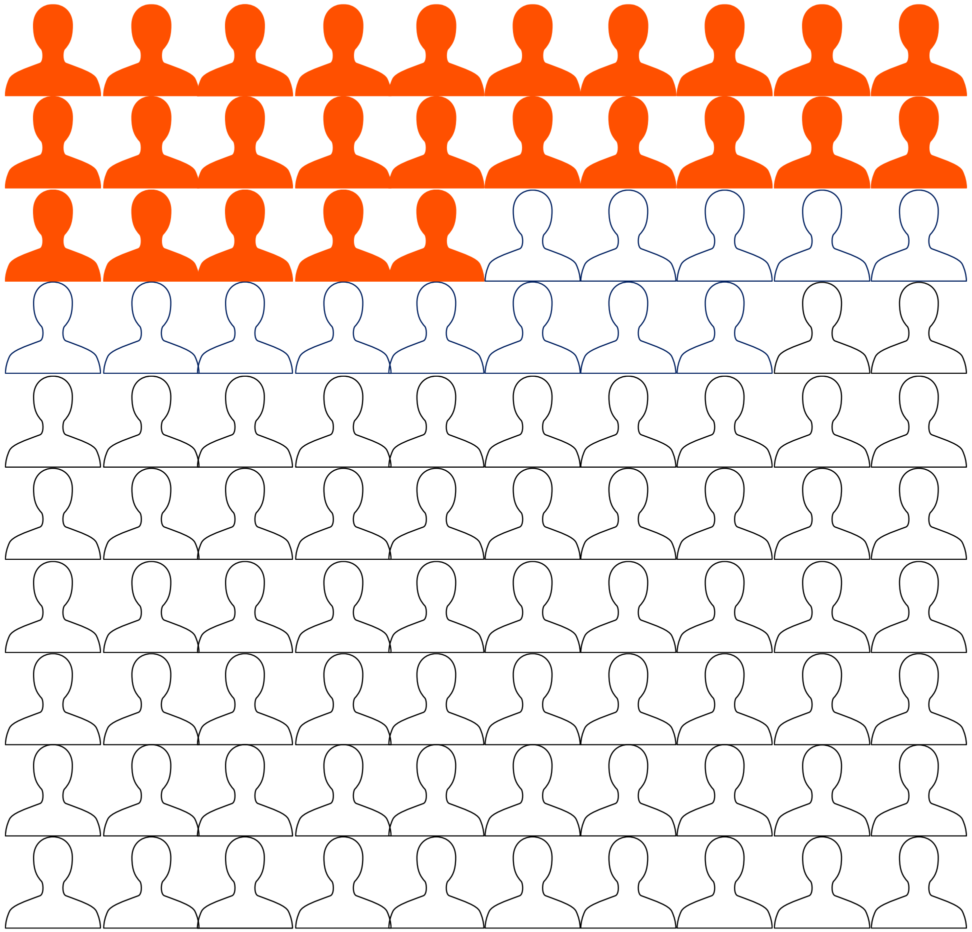
25% of those leaving their role are exiting the Adult Social Care sector

Providers report that **670 people have left** their services within the past 12 months, with 167 of these having left the care sector all together (25%) – the same proportion as last year.

50% of providers say that the number of people leaving their service is about the same as the previous year (our 2022 survey found that the majority of providers reported having higher than average leaving rates), with 32% noting it is more than the previous year.

"We have used up all of our goodwill, people find it easier and less stressful to work in retail where they get more money"

Provider quote



Moving to a different job in the care sector and burnout are the top two reasons staff are giving for leaving

Competition from other sectors (non NHS) is the third most chosen reason for staff leaving their roles

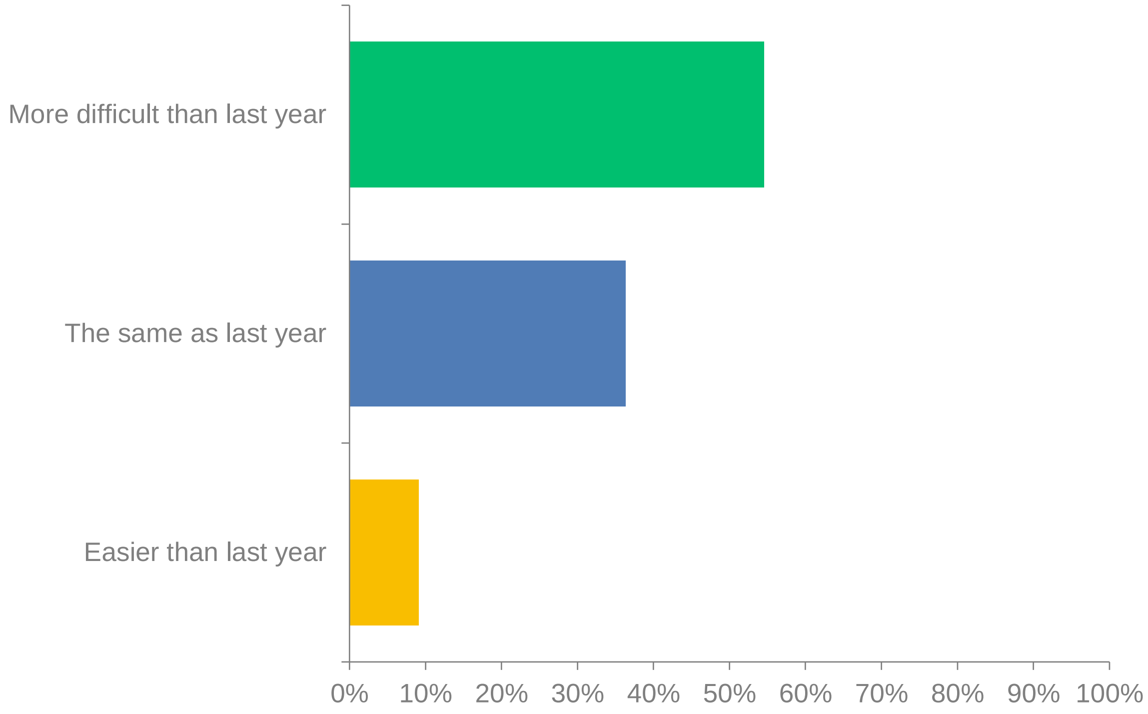
"Pressure on current staff"

Provider quote

ANSWER CHOICES	RESPONSES	
Want to move to a different job / provider but remain in the care sector	58.54%	24
Moving to the NHS	24.39%	10
Competition from other sectors (non NHS)	34.15%	14
Burn out / mental health reasons / demoralised	51.22%	21
Retirement	29.27%	12
Other (please specify)	21.95%	9
TOTAL		90

Recruitment

How was the process of recruiting to replace staff?



51% report that they have been able to recruit to replace all the staff they've lost

55% report that recruitment is harder than it was a year ago

"Sector not attractive"

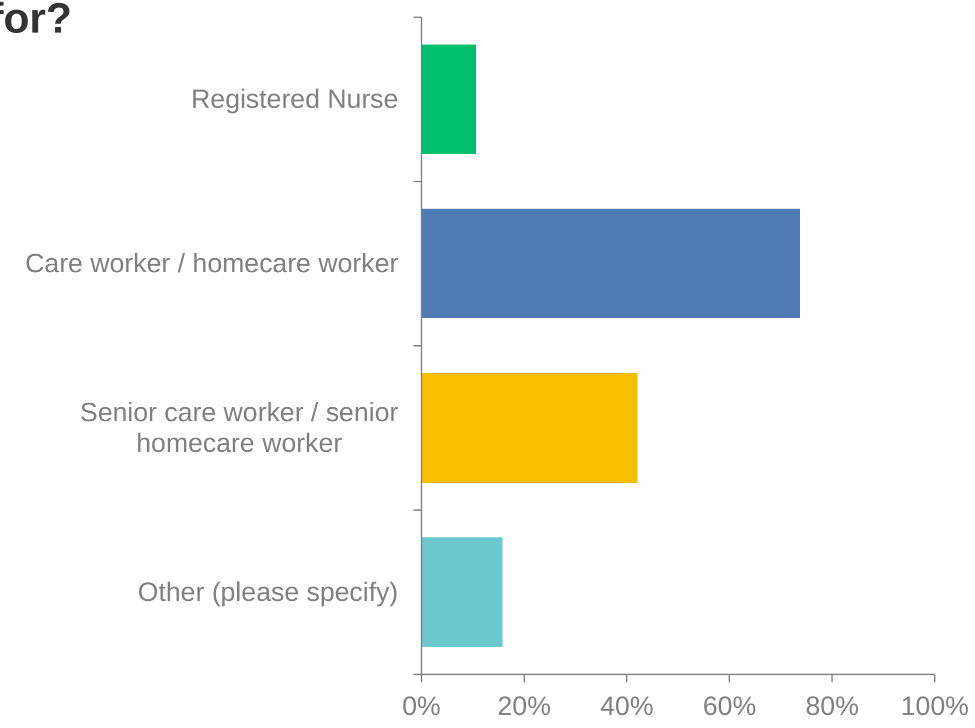
"Pay rates are not competitive with other sectors"

Provider quotes

Nearly half of providers have recruited internationally

43% of providers have recruited internationally – primarily for care worker / homecare worker roles. Providers in our sample had recruited 166 people via this route.

What roles have your recruited internationally for?



21% of providers have claimed money to assist them with the cost of recruiting internationally – via the Government's scheme, managed by SESCA.

However, 87% noted that this did not cover the cost with shortfalls ranging from £1,000 to £6,000.

Some providers noted they welcomed the contribution to the costs, with others noting there remained a large shortfall.

"Contribution to costs made more recruitment viable"

"Simply just does not cover costs. Large shortfall"

Provider quotes

Impact on services: continued restrictions on the amount of care being delivered

Workforce pressures continue to restrict the amount of care being delivered.

16 domiciliary care providers (53%) reported that staffing pressures had led them to either hand back packages of care, or not take them on in the past year.

On the residential side, 6 providers (19%) report having to either close beds or serve notice on individuals due to staffing pressures.

"We now focus on private care as Local Authorities are focusing on low price and our users [are] at risk for rushed visits"

"We closed beds and reduced occupancy to 75%"

Provider quotes

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Costs and income

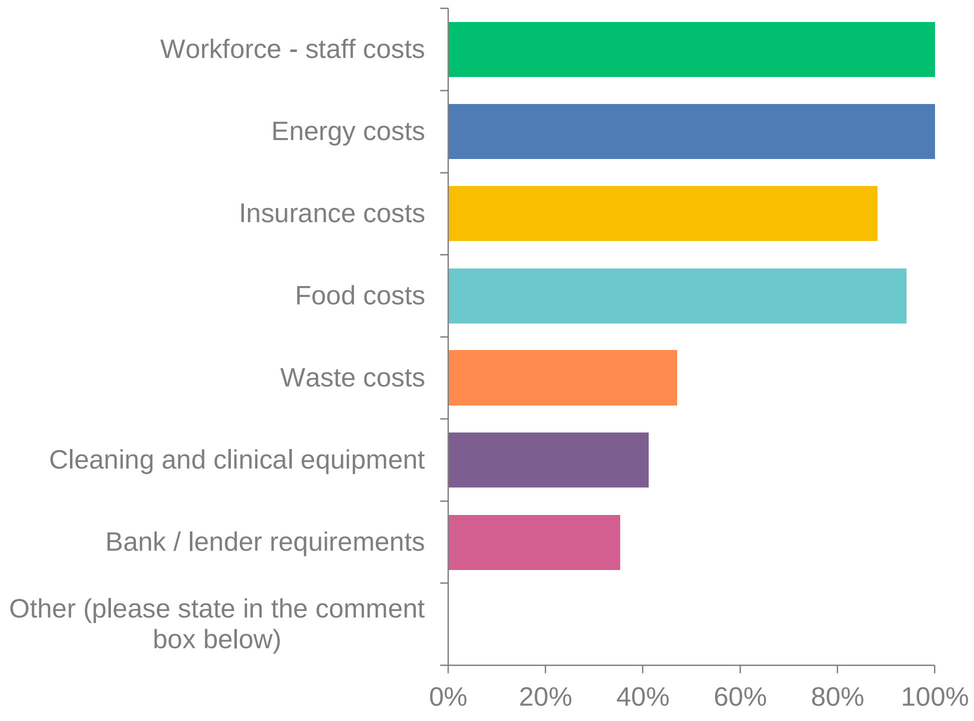
Providers are anticipating costs to rise by an average of 16.2% in the coming year*

Cost increases are anticipated across the full range of cost drivers with workforce, energy, food and insurance costs topping the list.

"Continued inflation and NMW pressure making staffing costs a significant concern"

Provider quote

What are the primary drivers of increased costs?



*this is based on a sample size of 27 respondents. This includes data from two domiciliary care respondents who anticipate their costs to increase by 50%. If these two were excluded, then the overall number would decrease to an anticipated cost rise in the coming year of 13.5%

A third of residential providers report their occupancy being below average*

33% of residential providers report their occupancy as being below average.

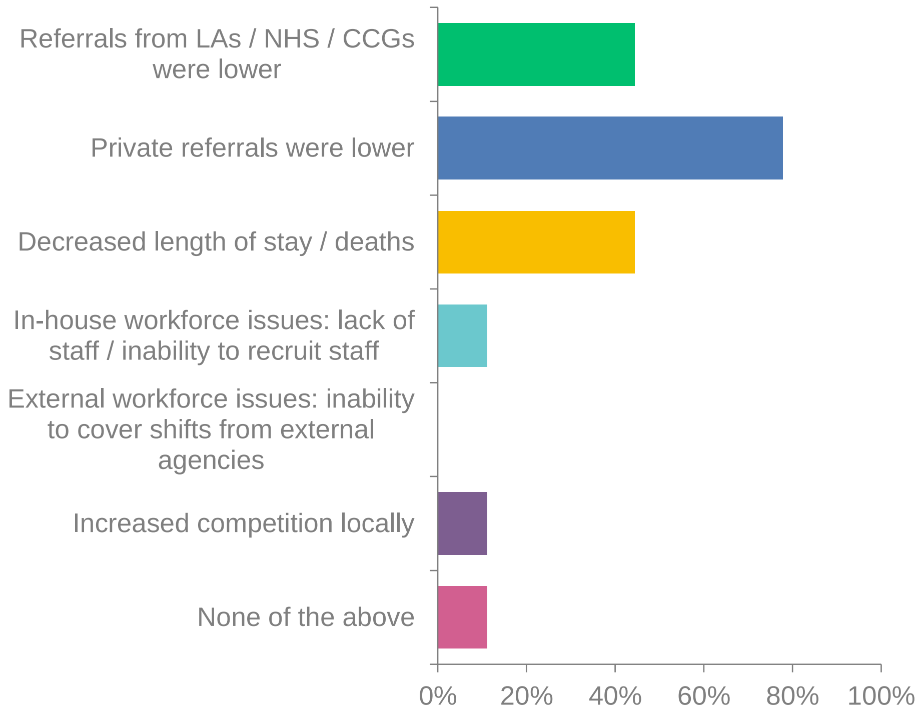
39% report their occupancy as average and 28% report it to be above average.

83% of residential providers say they feel their occupancy will either stay the same or increase in the coming year with 17% noting they are expecting it to decrease.

For those providers reporting their occupancy being below average - the reasons for this are stated in the table opposite. Decreased private and LA / NHS referrals tops the list of reasons.

*this is based on a sample size of 18 respondents

If your occupancy levels are below average, what factors accounted for that?



68% of domiciliary providers report their income to be below average and there is low confidence this will improve

The majority (68%) of domiciliary care providers report that the number of packages of care they have been commissioned for in the past year has been below average. 27% report their levels to be average.

57% of the sector are anticipating their package levels to decrease (24%) or stay the same (33%) in the coming year.

43% expect the number of packages / hours of care they deliver to increase in the coming year.

"We would like them to increase but do not see this happening"

"Local authorities have an uplift and then choose the cheapest providers"

Provider quotes

Domiciliary care: Increased local competition leading to decreased referrals from LAs / NHS is the primary driver of lower than average package levels

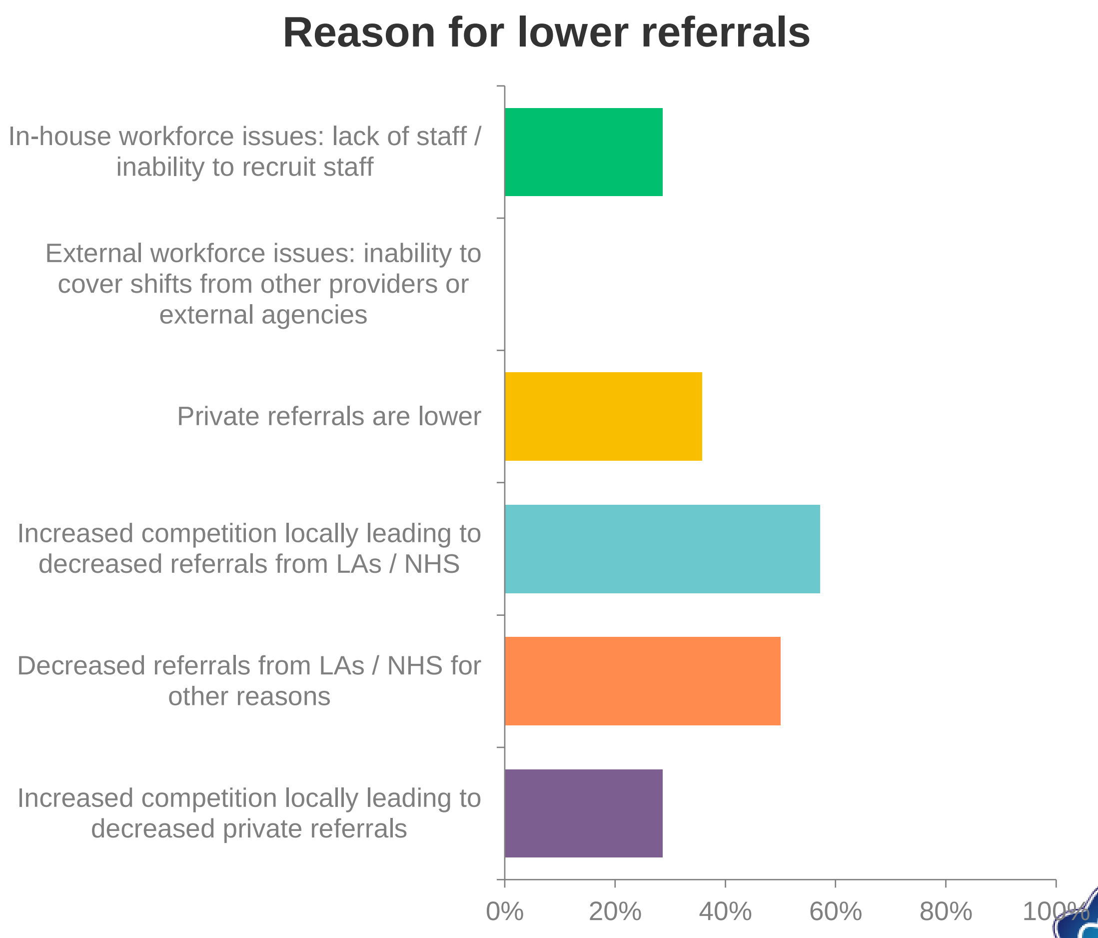
57% of domiciliary providers cited increased competition locally leading to a reduction in the number of referrals from the LA / NHS as the cause of a reduction in the number of packages of care they had been commissioned for.

"Market becoming too unstable"

"PCC and HCC are only posting between 2 to 10 jobs a day and that's open tender to 100's of agencies"

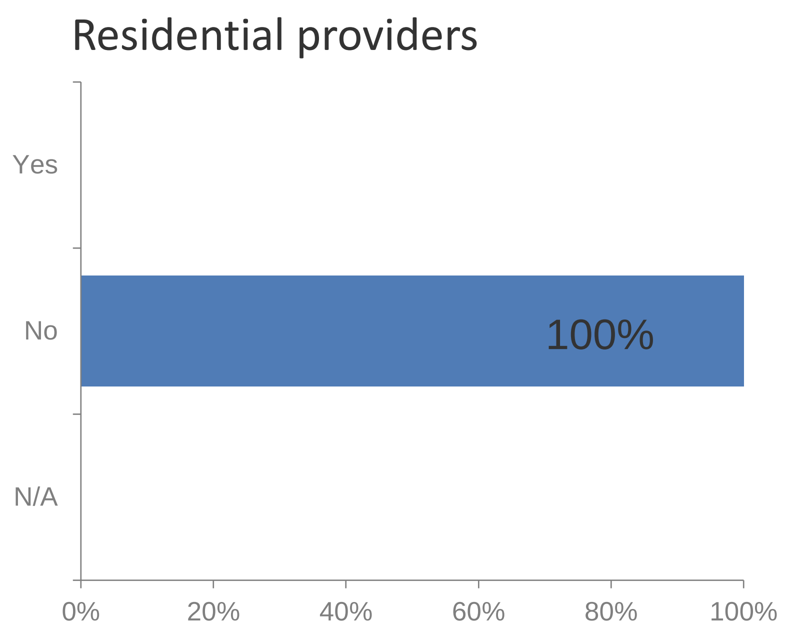
"Lack of work from LA means not enough hours for existing employees"

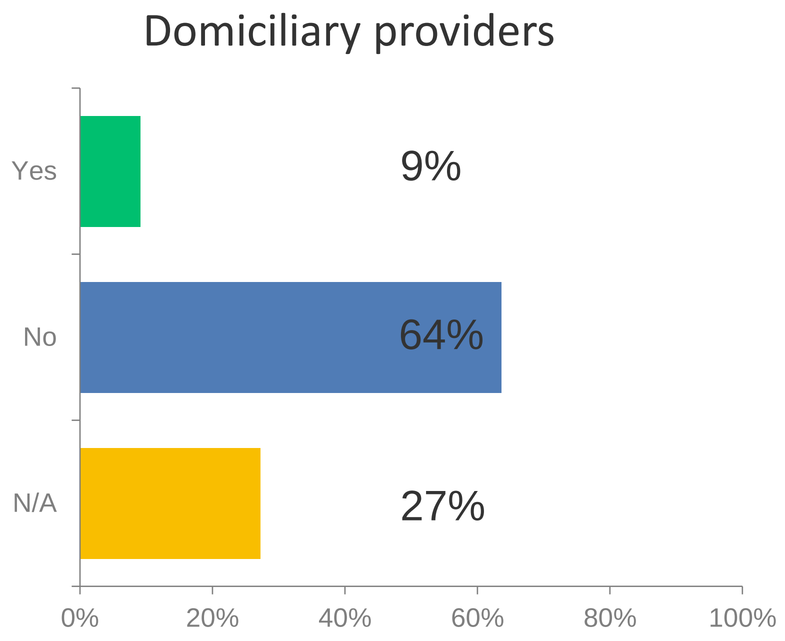
Provider quotes



The annual increased commissioned rates from LAs / NHS have not kept pace with actual cost increases

Did the annual funding increases keep pace with actual cost increases?





"The uplift was fine but because Local Authorities use the cheapest possible providers, it makes no difference. To win packages we would need to price ourselves cheaper than last year!"

"We will most likely no longer offer Adult Services or ICB commissioners our service as they will not pay for an 'Outstanding' care service"

"The uplift this year was appalling. It did not cover the rise in the cost of living"

"NMW up 9% whilst NHS rate up 3%"

Provider quotes

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Future viability

Concerns around future viability show signs of increasing*

76% of providers are concerned that the future viability of their service is at risk

Hampshire data from the 2022 SESCA survey showed this number to be 69%.

46% of providers say they have considered exiting the market. In the 2022 data, this number was 41%.

*based on a sample size of 37 respondents in 2023 and 29 respondents in 2022

"We are not currently considering exiting but a have concerns about the direction of travel and our long term viability"

"Lack of work from LA means not enough hours for existing employees"

"No longer viable to continue with low amount of hours and it not covering the cost of overheads"

"Higher costs for everything, CQC not coming to inspect… ASC fees lower than cost of living increase"

"Our care home is old and requires capital investment but we cannot afford a loan, the repayments would be crippling"

"Market becoming too unstable"

Provider quotes

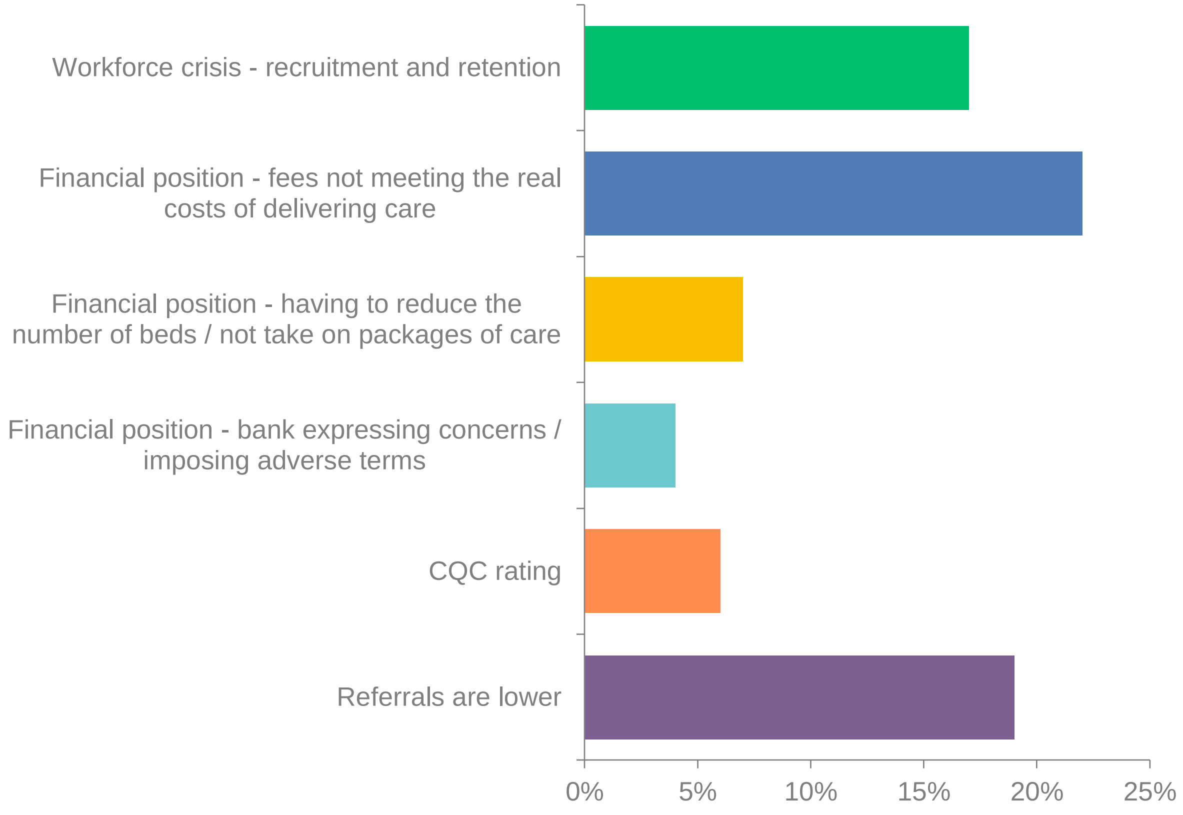
Fees not meeting the cost of care, lower referrals and workforce pressures are the biggest contributors to fears over future viability

"No longer viable to continue with low amount of hours and it not covering the cost of overheads"

"Is it all really worth the hard work, emotional and physical stress, the lack of public and Government recognition"

Provider quotes

Which factors are leading to fears over the long term viability of your business?



Of those providers who have a relationship with a bank / lender – 53% are concerned they could be in a high risk position*

A further 28% report that their bank / lender has been in touch with them to raise concerns (this is taken from a sample size of 18 respondents with five indicating they have been contacted).

A further 17% (or three) of these providers stated their bank / lender had imposed adverse conditions on their business.

"Our bank remain supportive but have reviewed and increased their margin on our commercial loan to reflect their perceived risk"

"Stricter covenants, increased interest rates and margins"

"No lending, poor credit rating"

"Interest rate increases have put significant pressure on cashflow and lending covenants"

Provider quotes

*this is based on a sample size of 19 respondents

Future priorities: Better funding, better communications, better commissioning

When asked what is needed to help the sector deliver excellent care within a sustainable business model, three themes emerged.

Fees / funding that matches the cost of care: this accounted for 27% of responses.

Better communication with the sector: 18% of responses noted the need for better communication with the sector.

Efforts to ensure a stable local market: was the third most talked about suggestion - with 14% of responses noting this.

Interestingly, this was the first time that greener approaches to care was raised by providers. This was raised by only two providers but is noted here given this hasn't been mentioned before.

Quotes relating to the need for better funding and fee rates:

"To receive fees that would allow us to pay fair rate of pay to our staff"

"Residential care requires govt support"

"Ensure LAs are funded correctly to ensure there is a direct link between statutory increases ie NMW and fee increases"

"Bring increases into line with the actual cost, so carers can be paid what they are worth not just minimum wage"

"Funding LAs so they can give pay us for the true cost of care"

"LA & NHS fee structure reflecting the real cost of care"

Future priorities

Quotes relating to better communication with the sector

“More personal approaches”

“Talk to providers”

“Communicate with and support providers”

“More information”

“Stop bombarding us constantly with "helpful" guidance and reporting requirements. IT"S TOO MUCH!!!!!”

“Work collaboratively with providers to acknowledge and reduce the on-going shortfall in fees and the FCOC”

Quotes relating to efforts to promote a stable local market

“LA purchasing not just on price”

“Transparency in terms of awarding packages”

“LA checking quality of care they are purchasing”

“Don’t actions plans which will destabilise the market so providers can focus on the provision of care”

“LA purchasing not just on price”

“Stop/close domiciliary care operators who fall short of CQC requirements. These providers undercut other providers in terms of charges and undermine the financial viability of those who do things properly, safely and within the regulations.”