



**Health and Social Care Committee  
Inquiry into residential care for older people**

**RC30 – UK Home Care Association**

Mark Drakeford AM  
Chair of Health and Social Care Committee  
National Assembly for Wales  
Cardiff Bay  
CF99 1NA

20 August 2015

Dear Mark Drakeford

**Inquiry into residential care for older people**

UKHCA welcomes this opportunity to respond to the Health and Social Care Committee's inquiry into residential care for older people.

UKHCA is the professional association of homecare providers from the independent, voluntary, not-for-profit and statutory sectors. The Association represents over 1,900 member organisations across the United Kingdom, including 81 in Wales. Our aim is to support our members to provide high quality, sustainable homecare to allow people to live at home in their community for as long as they choose.

We understand the primary focus of the inquiry is into residential care for older people. However, we believe the Committee may also wish to examine the domiciliary care sector in Wales, in particular the capacity of the sector to meet the demand from increasing numbers of older people, and any additional demand arising from the Welsh Assembly Government's policy to help older people remain in their own communities.

In our response, we have tried to follow the Committee's terms of reference, but have taken the liberty of adding specific information about domiciliary care. We have therefore not provided evidence on the process by which older people enter residential care or the balance of public and independent sector provision in residential care, or alternative funding, management and ownership models in residential care, as this is not our primary focus.

### **Capacity of the homecare sector to meet demand**

Homecare is an important service for a significant number of people living in Wales. In one sample week in September 2010, there were 17,205 older people and 4,603 younger adults in receipt of publicly funded domiciliary care, totalling 21,800 people.<sup>1</sup>

Overall, 11.2 million hours of care were delivered in Wales by both the independent and statutory sector in 2010-11. 68% of state-funded homecare was provided under contract by the independent sector, with the sector providing 7.6 million hours of publicly funded homecare in 2010-11.<sup>2</sup> The pattern is one of increasing use of the independent sector by local authorities, mirroring each of the other three UK administrations.

There were 354 domiciliary care agencies registered with the Care and Social Services Inspectorate Wales (CSSIW) on 31 March 2009. 87% of these were run by the independent sector. Recently there has been an increase in the number of agencies exceeding 200 hours of provision a week, these larger agencies make up 76 per cent of all provision according to CSSIW.<sup>3</sup>

#### *A sector under stress*

Despite the Welsh Government's policy of helping older people remain in their own homes as long as possible, independent homecare providers face significant challenges. Providers' experience locally is one of local authority

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<sup>1</sup> Statistical Directorate, Welsh Assembly Government, 2008. First Release – Assessments and Social Services for Adults 2010-2011. Table 7. Published September 2011. <http://wales.gov.uk/docs/statistics/2011/110908sdr1552011en.pdf>

<sup>2</sup> Statistical Directorate, Welsh Assembly Government, 2011. First Release – Assessments and Social Services for Adults 2010-2011. Table 6. Published September 2011.

<sup>3</sup> Care and Social Services Inspectorate Wales. Domiciliary Care Agencies. 2008-2009. CSSIW (2009). p. 2 and 3. <http://wales.gov.uk/docs/cssiw/report/091202domcareen.pdf>

commissioners exercised by efficiency savings reducing costs of services. The failure to reflect the true costs of care, including regulatory costs, severely impacts on the sector's ability to invest in its workforce and frontline services.

UKHCA is concerned that in the current economic environment councils will attempt to offset their funding problems with a further squeeze, or even cut, on the prices paid to independent sector providers. There is evidence that this is already happening.

#### *UKHCA's commissioning survey*

In autumn 2011, we undertook a study of the commissioning practices of local authorities to understand the impact of commissioning decisions in the context of stringent public spending cuts.<sup>4</sup> The survey was an online exercise completed by member organisations of UKHCA, including 21 in Wales.<sup>5</sup> Nothing in our findings suggest divergence in the experience of providers in Wales from the national picture. Findings show that the dignity, quality and safety of elderly and disabled service users could be placed at risk sector from the cut backs that councils are making:

- 82% of councils and health and social care trusts were reducing how much care they would pay for, and reducing the number of homecare visits people receive.
- 58% have cut the price they pay independent and voluntary sector providers for homecare.
- 76% were reducing the number of visits that people receive by careworkers. The average visit length (calculated from 50 case studies in the survey) was reduced by around 10 minutes, from 48 to 38 minutes.

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<sup>4</sup> United Kingdom Homecare Association Commissioning Survey 2011.

<sup>5</sup> In total, 158 providers responded to the survey, supplying 206 individual reports about 111 different councils or trusts.

- The use of short visits of around 15 minutes or less to undertake personal care appears to be increasing rapidly.
- More than one-fifth of councils or trusts had stopped funding safety check visits, and a further half had reduced them.
- The majority had cut funding for social contact visits, help with washing, bathing, continence issues and managing finances, cleaning, shopping and laundry.
- 10% of providers had turned down work in rural areas or where visit times had become unprofitable or otherwise inadequate.
- 41% of councils were reducing the use of pairs of careworkers in a single visit. These double-ups are generally used for safety reasons during manual handling procedures.
- 18-21% of councils were removing one or more of the payments they had previously made towards careworkers' travel time or travel costs, or premium payments to incentivise work in rural areas, where travel time can be considerable.

#### *Vulnerability to public sector purchasing*

The reason why local authorities can exert downward pressure on independent provider's costs is that they act as a near monopsony (a single buyer) for the purchase of homecare in their local area. In 2010-11, 68% of state-funded homecare in Wales was provided under contract by the independent sector.<sup>6</sup> This purchasing advantage is increased in economically deprived areas of Wales, where the local population have limited means to fund their care through private arrangements.

The trend towards more council outsourcing care services is likely to continue. For example, Wrexham has now contracted out almost all of its

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<sup>6</sup> Assessments and Social Services for Adults, 2010-11, Statistics for Wales, 8 September 2011, p5-6. <http://wales.gov.uk/docs/statistics/2011/110908sdr1552011en.pdf>

services to the independent sector – around 85% of domiciliary care and almost all of its residential care homes.<sup>7</sup>

The major reason councils in Wales are outsourcing their care services is because the cost of council in-house run domiciliary care services is significantly higher than similar quality services run by the independent sector. Taking the case of Carmarthenshire County Council, independent sector domiciliary care is £14.73 per hour (including travelling), whilst in-house domiciliary care is £21.91 per hour.<sup>8</sup>

### *Implications*

The cuts in fees paid to providers are not sustainable and could be disastrous for the sector. Already one in five providers expects to go out of business as a result of council cuts to their fees.<sup>9</sup> This could force some users into more expensive services such as residential care and acute hospitals. It will also lead to job losses. A third of adult social care providers have already cut jobs and most anticipate job losses in 2011-12.<sup>10</sup>

Already, the low levels of fees make it impossible for providers to reward their staff sufficiently for the vital work they do. The result is a workforce which is typically pay sensitive, characterised by an undesirable “churn” as workers change employers for relatively small increases. This is costly in terms of the recruitment and induction costs for care staff, and fails to provide the continuity of care which is so valued by service users. It will also be highly damaging to Welsh Government policies and initiatives for dignity and dementia care.

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<sup>7</sup> Better Support at Lower Cost, SSIA, April 2011, p.58.  
[http://www.ssiacymru.org.uk/media/pdf/2/b/Better\\_Support\\_at\\_Lower\\_Cost.pdf](http://www.ssiacymru.org.uk/media/pdf/2/b/Better_Support_at_Lower_Cost.pdf)

<sup>8</sup> Better Support at Lower Cost, SSIA, April 2011, p.58.  
[http://www.ssiacymru.org.uk/media/pdf/2/b/Better\\_Support\\_at\\_Lower\\_Cost.pdf](http://www.ssiacymru.org.uk/media/pdf/2/b/Better_Support_at_Lower_Cost.pdf)

<sup>9</sup> One-fifth of social care providers expect to close next year, Community Care, 16 February, 2011.  
<http://www.communitycare.co.uk/Articles/2011/02/16/116286/one-fifth-of-social-care-providers-expect-to-close-next-year.htm>

<sup>10</sup> One-fifth of social care providers expect to close next year, Community Care, 16 February, 2011.  
<http://www.communitycare.co.uk/Articles/2011/02/16/116286/one-fifth-of-social-care-providers-expect-to-close-next-year.htm>

There is significant interest in recent judicial reviews in England and Wales among independent providers. UKHCA has found it necessary to write to the Chief Executive Officers, officers and elected members to share these concerns and to ensure that councils responding to judicial reviews from the residential sector also give full consideration to their commissioning of homecare services.

### *Welsh Government's initiatives*

Credit must be given to the Welsh Government for its efforts to bring relevant parties together and agree a way forward. In February 2009, the Welsh Government brought together the Welsh Local Government Association, ADSS Cymru, Care Forum Wales, the Registered Nursing Home Association and UKHCA to agree a way forward for the care sector in Wales. The five signed a Memorandum of Understanding which set out how they would work together to deliver sustainable services and resolve disputes in a co-operative manner.<sup>11</sup>

Credit must also be given to the Welsh Government for publishing in August 2010 new statutory guidance on commissioning social services, which set out local authorities' responsibilities in this area. The guidance, *Fulfilled Lives Supportive Communities Commissioning Framework and Guidance*, listed thirteen standards against which local authorities are expected to achieve, including setting fees that "take into account the legitimate current and future costs faced by providers as well as the factors that affect those costs."<sup>12</sup>

### *The reality facing providers*

Despite these important initiatives by the Welsh Government to support the independent care sector, the reality is that local authorities are, as we said above, exerting pressure on providers to reduce their costs and make

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<sup>11</sup> WLGA, ADSS Cymru, UKHCA, RNHA, Care Forum Wales. Memorandum of Understanding, Securing Strong Partnerships in Care (2009), paragraph 27. [www.wlga.gov.uk/english/press-releases/securing-strong-partnerships-in-care/](http://www.wlga.gov.uk/english/press-releases/securing-strong-partnerships-in-care/)

<sup>12</sup> Fulfilled Lives, Supportive Communities: Commissioning Framework Guidance and Good Practice, Welsh Assembly Government (2010). <http://wales.gov.uk/docs/dhss/publications/100810commissioningguidanceen.pdf>

efficiency savings while, at the same time, annual contract price reviews barely recognise additional statutory and regulatory costs. Typical actions by councils include

- Reducing the number of providers they contract with.
- Requesting price cuts in existing contracts and when contracts are extended.
- Not offering up-lifts for inflation and increasing regulatory costs.
- Setting very low maximum ceilings in bids for new contract tenders.
- Reducing the time allocated for homecare tasks – many more 15 and 30 minutes calls as opposed to hour long calls.
- Paying a flat rate price without enhancements for weekends or public holidays.
- Not paying an increased rate for more senior, experienced staff.
- Requesting single handled calls when it should be a double handled call because of the complexity of the service users' needs.
- Allocating more complex and difficult cases to homecare.

Another factor undermining the sustainability of the independent homecare sector in Wales is the very low level of direct payments paid to service users. A 2009-10 survey found some local authorities were offering direct payment rates of £7 or £8 per hour. Caerphilly offered just £6.58.<sup>13</sup> These rates would not allow a direct payment user to purchase a regulated homecare agency's service unless they can afford to "top up" their care; ironic given the principle of direct payments is to extend service user choice.

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<sup>13</sup> *Better Support at Lower Cost*, SSIA, April 2011, p.55.  
[http://www.ssiacymru.org.uk/media/pdf/2/b/Better\\_Support\\_at\\_Lower\\_Cost.pdf](http://www.ssiacymru.org.uk/media/pdf/2/b/Better_Support_at_Lower_Cost.pdf)

It is therefore not surprising that the Welsh Government had to step in to save the Memorandum of Understanding following a spate of rows between councils and social care providers over care fees.<sup>14</sup>

## **Quality of care services, effectiveness of regulation and financial viability**

### *Improving care services*

CSSIW has found that there had been significant improvements in the quality of homecare services in Wales and homecare providers are performing well in a number of areas, including care planning, quality assurance and medication.<sup>15</sup> Over 90% of domiciliary care agencies in 2008-09 were found to have appropriate quality assurance systems in place that meet requirements, and there had been improvements in how the views of service users and their relatives are incorporated. Workforce issues have also improved with:

- an increase in the proportion of managers who have achieved the appropriate qualification;
- fewer requirements made relating to staff having the competences to carry out their work; and,
- a significant increase in the level of supervision being overtaken.

### *Financial viability of providers*

The case of Southern Cross Healthcare has raised the question of whether there is a need for an economic regulator to monitor the financial standing of private care providers, in particular the finances of large providers. However, it is important to recognise that the problems of Southern Cross stemmed from unsustainable rent bills, falling bed occupancy rates and a

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<sup>14</sup> Community Care, *Welsh government bids to cool social care fee row*, 22 June 2011. <http://www.communitycare.co.uk/Articles/22/06/2011/117058/Welsh-government-bids-to-cool-social-care-fee-row.htm>

<sup>15</sup> Care and Social Services Inspectorate Wales. *Domiciliary Care Agencies. 2008-2009. CSSIW (2009).* p.1. <http://wales.gov.uk/docs/cssiw/report/091202domcareen.pdf>



drop in revenue from councils. What made Southern Cross a particular problem was the scale and concentration of its care homes, which no single local authority could manage. Southern Cross was also a complex company with complicated models of finance which involved loan financing and equity financing.

The homecare sector is fundamentally different from the residential care sector. Care is carried out in a person's own home and not in a care home. Therefore, homecare providers do not own or rent properties, except for their Head Office and, in the case of larger providers, any branches they have. Financial barriers to entry are lower for homecare than for care homes, as capital investment is less. Also, homecare providers operate on more modest operating costs. An analysis of the social care market for older people in London by RSeconsulting found that private sector profit margins in homecare were between 5 and 10%.<sup>16</sup>

Unlike the residential care sector, the homecare sector is mainly made up of small and medium homecare providers, with most having fewer than 100 people using their service.<sup>17</sup> A recent National Audit Office (NAO) report found that the top ten homecare businesses in terms of market share represent only 15% of the market.<sup>18</sup> This is well below the 40% market share which, according to the Office of Fair Trading's criteria, indicates potential dominance.<sup>19</sup>

Given the large differences between the two sectors, UKHCA believes it would be highly disproportionate for the failure of a single large residential care provider to lead to the economic regulation of the homecare sector.

## **New and emerging models of care provision**

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<sup>16</sup> Analysis of the Social Care Market for Older People's Services in London, RSeconsulting, 2008. <http://bit.ly/eYRnuc>

<sup>17</sup> The state of social care in England 2007-08, Commission for Social Care Inspection (2009). [http://www.cqc.org.uk/\\_db/\\_documents/SOSC\\_07-08\\_easyread\\_web.pdf](http://www.cqc.org.uk/_db/_documents/SOSC_07-08_easyread_web.pdf)

<sup>18</sup> Oversight of user choice and provider competition in care markets, National Audit Office, 2011, p28. [http://www.nao.org.uk/publications/1012/oversight\\_of\\_care\\_market.aspx](http://www.nao.org.uk/publications/1012/oversight_of_care_market.aspx)

<sup>19</sup> Oversight of user choice and provider competition in care markets, National Audit Office, 2011, p26. [http://www.nao.org.uk/publications/1012/oversight\\_of\\_care\\_market.aspx](http://www.nao.org.uk/publications/1012/oversight_of_care_market.aspx)

The independent homecare sector is at the forefront of developing new forms of care provision. A large number of domiciliary care providers in Wales are already involved in providing innovative and integrated services that support and enable better outcomes for older people, e.g. palliative care, reablement, dementia care, telecare and telehealth. UKHCA supports the closer integration of health and social care to better meet the needs of individuals and provide an enhanced patient/user experience. We believe that integrated services are necessary to meet the increasing demands of an ageing population, especially in this time of economic austerity.

If local authority fees reflected the true cost of service provision, including recovery of recruitment costs, workforce development and a sustainable pay-rate that retains skilled and qualified domiciliary care workers in the sector, homecare could increase service user independence, prevent early admission to residential care, and reduce the number of emergency re-admissions to hospital following discharge. Working with other local services, homecare can also support people to manage long term conditions in the community and receive high quality palliative care at home. Indeed, there is an argument that the commissioning costs of local authorities could be significantly reduced by the use of Individual Service Funds, with those savings invested into front-line services.

## **Summary**

Despite the Welsh Government's policy of helping older people remain in their own homes as long as possible, independent homecare providers are under stress as never before. Providers' experience locally is one of local authority commissioners exercised by efficiency savings reducing costs of services. Already one in five providers expects to go out of business as a result of council cuts to their fees. This could force some users into more expensive services such as residential care and acute hospitals, and lead to job losses.

There have been significant improvements in the quality of homecare services in Wales. CSSIW has found that homecare providers were performing well in a number of areas, including care planning, quality assurance and medication. CSSIW also found that workforce issues had improved.

The case of Southern Cross Healthcare has raised the question of whether there is a need for an economic regulator to monitor the financial standing of private care providers, in particular the finances of large providers. However, the homecare sector is fundamentally different from the

residential care sector in both its operation and financial structure. Given the large differences between the two sectors, UKHCA believes it would be highly disproportionate for the failure of a single large residential care provider to lead to the economic regulation of the homecare sector.

The independent homecare sector is at the forefront of developing new forms of care provision, with a large number of domiciliary care providers in Wales already involved in providing innovative and integrated services. With local authority fees that reflect the true cost of service provision, homecare can increase service user independence, prevent early admission to residential care, and reduce the number of emergency re-admissions to hospital following discharge.

We trust that this information is helpful to the Committee's inquiry. If the Committee requires any further evidence on the domiciliary care sector in Wales, please do not hesitate to contact us.

Yours sincerely,

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