

These are extracts from October 2016's Cordis Briefing. Full versions of the slides are available for subscribers by emailing [lucyasquith@cordisbright.co.uk](mailto:lucyasquith@cordisbright.co.uk). Please contact Lucy if you would like to receive further information about subscribing.

# Cordis Briefing

## October 2016

*Excerpts*

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# Today's Briefing

- Brexit
- Business Rate Retention Update
- Adult Social Care Survey
- Local Authority Ombudsman
- The state of health and adult social care in England 2015/16
- The Care Market and Market Shaping
- The state of adult social care finances – an update
- Better Care Fund

# The state of health and adult social care in England 2015/16



# Context

- Annual publication of CQC
- Used to be all about social care but as CQC it is now about health and social care 'state of children's services'

**If CQC planned to visit every service once a year they would need to be visiting 59 services per day seven days per week**

- The CQC will provide a status update for parliament on how the adult care system is working in England.
- The data is accurate up to July 2016

# The headlines

- Adult social care may be at a 'tipping point' in terms quality and availability.
- Quality generally is 'good' but there is a consistent pattern to weaknesses and service quality which is proving resistant to change

# The tipping point

- CQC cite key pieces of evidence:
  - Nearly a quarter of homes re-inspected after being rated as inadequate did not improve
  - Half the services rated as requiring improvement (1,850) did not improve their rating on re-inspection and 8% (153) got worse and were rated inadequate
  - The year on year growth in nursing care beds had come to a stop
  - They have seen the profit margins of the largest providers (covered by their oversight team) reduce.
  - Providers are handing back homecare contracts (59 councils report) and residential and nursing care contracts (32 councils report)
  - Providers of older people's services don't want council funded clients because he rates are too low
  - Local authorities overspent on social care by £168m

# The tipping point

- In the last year local authorities have reported a 20% reduction in saving money through efficiencies (down from 75% to 55%) and a 21% increase in saving money by reducing services (up from 18% to 39%)
- Local authorities are now pay less for residential and nursing care - from 2010/11 to 2013/14 the rate per week for residential and nursing care fell from £673 to £611 (at 2015/16 prices).
- Care home providers with more than half of their turnover funded by local authorities achieve, on average, 10% less fee income per bed and generate almost 28% less profit per bed, compared with all providers.

# The tipping point - observations

- Nothing surprising except perhaps that the information is presented as if it were surprising.
- Fails to accurately describe the problem which is really about local authority purchased care for older people.
- Essentially the cheapest part of the older persons residential care and nursing home market has more value in its property than its business.
- Larger providers with better quality purpose built services only want small numbers of people who they see as 'under funded'
- Likely to drive more strongly a process of differentiation between the 'state funded offer' and the 'self funded offer' – will define the limits of what the state can provide.
- Domiciliary care really is in trouble and the ultra low rates are simply unsustainable.



## The tipping point - observations

Mears Group profits were £38.7m or 4.4% which would mean 58p an hour in Liverpool and 57p an hour in the Wirral

## The tipping point - observations

- There is no sign of any new money beyond the council tax precept which we know works least well for the poorest councils
- Possibly a bit of money via heath to help with hospital discharge but not enough to make the difference that is called for.
- United Kingdom Homecare Association recommend a rate of £16.70 per hour which would mean an increase of 27% on the Liverpool rate – which would allowing for only the NLW increases would need to be £18.50 per hour by 2020.
- If local authorities can't buy domiciliary care at a rate which is affordable using the current approach then things would need to change.

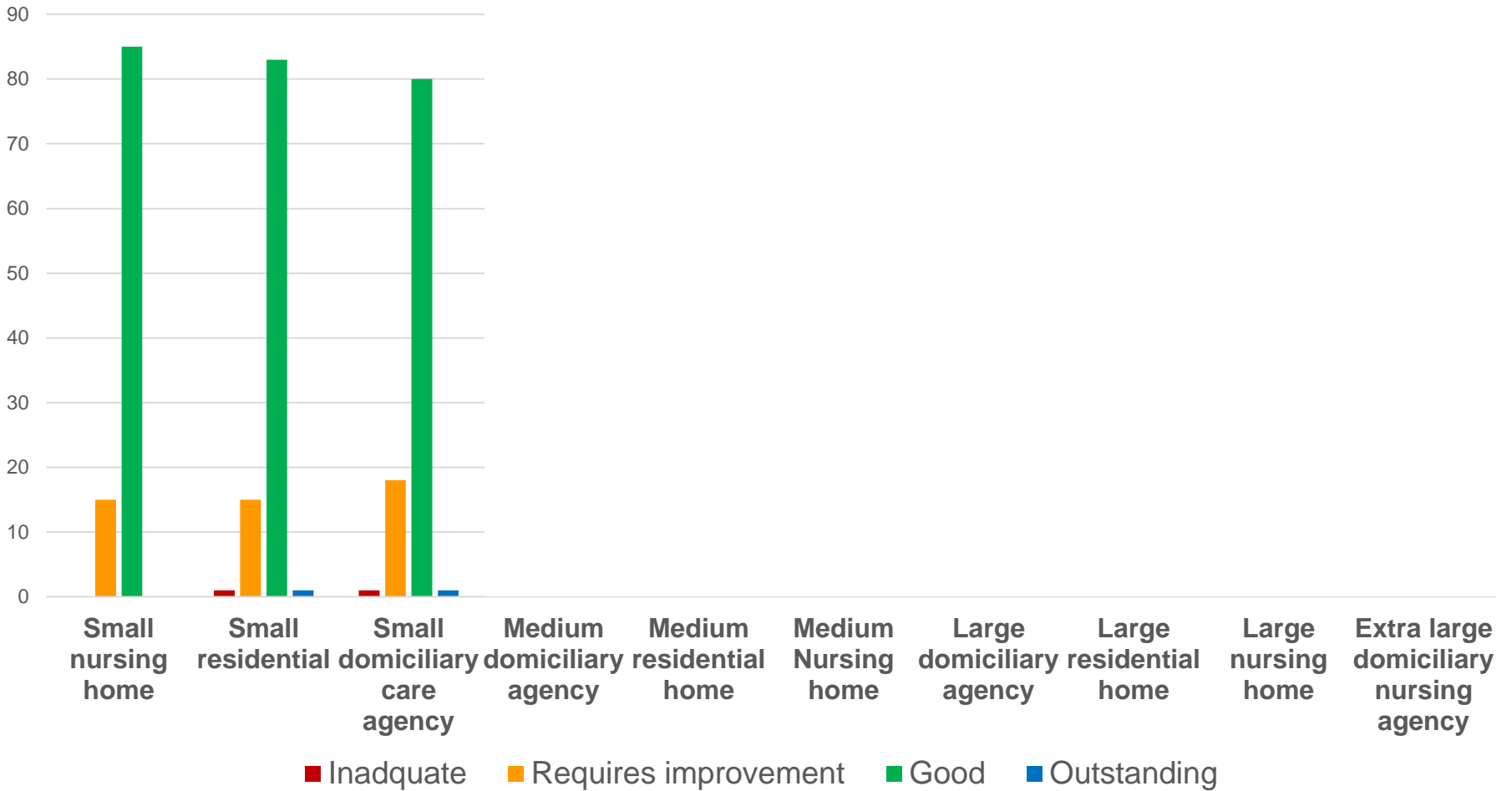
# The tipping point - observations

- Reduce significantly the number of people who get a domiciliary care service – probably by at least 25%
- Cost shunt to health
- Strongly promote extra care sheltered
- Substantially reduce residential care purchases (currently people live on average around 12 months after moving in) - unclear now how much this would save
- Cut the costs of services for working age people with a learning disability, mental health issue and physical disabilities.

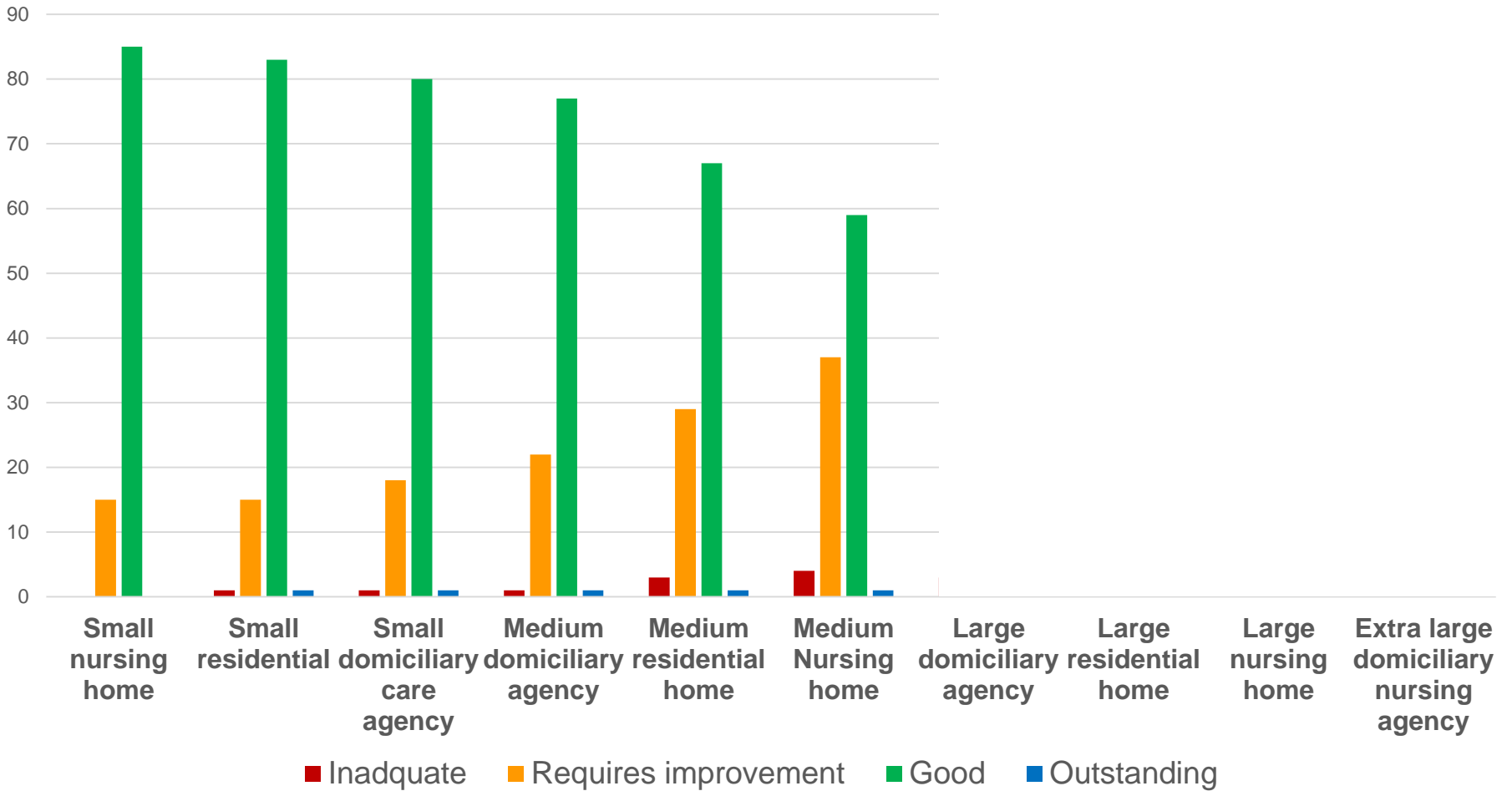
# Quality

- Overall quality is pretty good with 72% of social care services rated good or outstanding.
- Some evidence of the impact of service scale on service quality

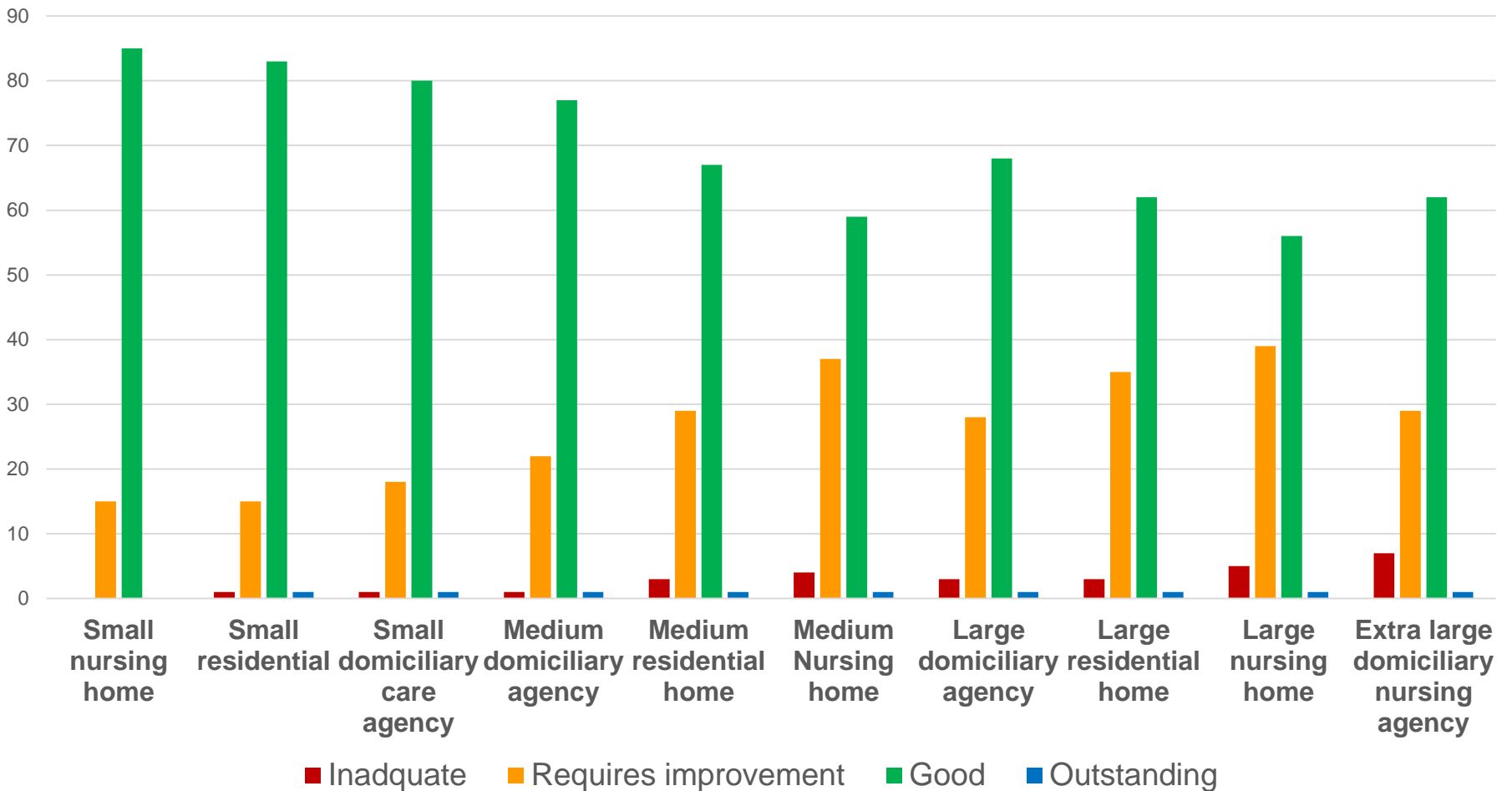
# Quality



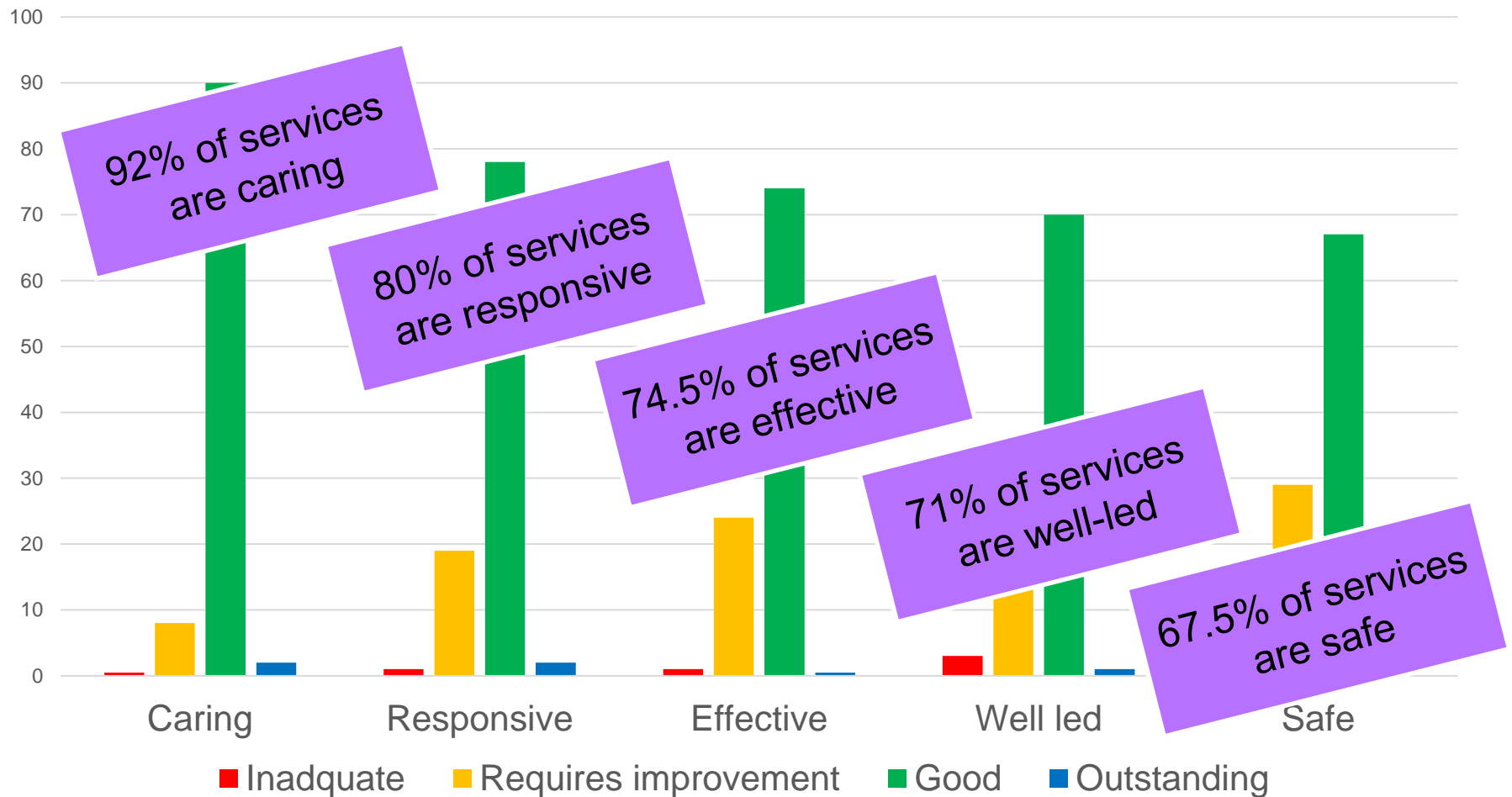
# Quality



# Quality

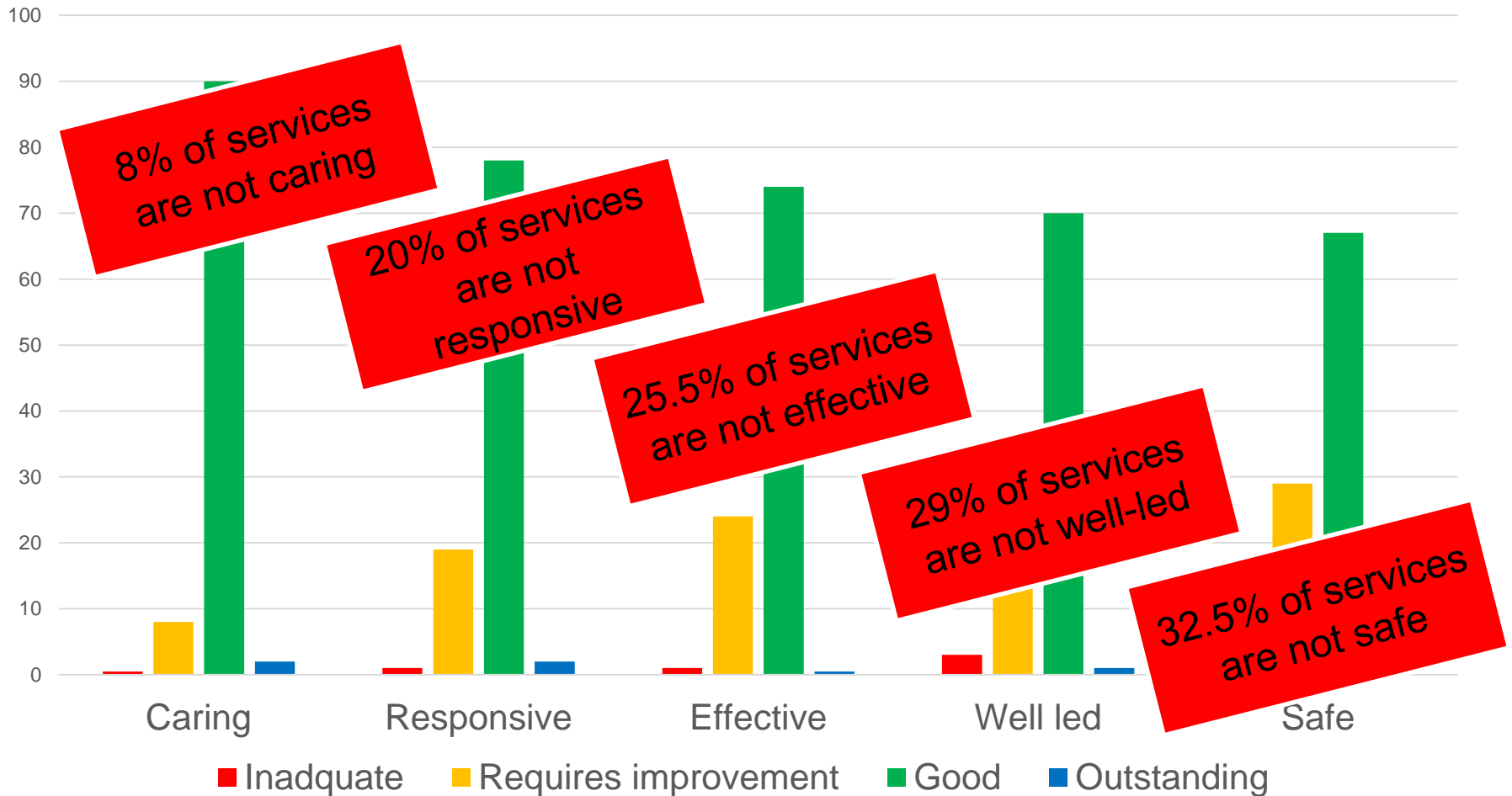


# Where services struggle

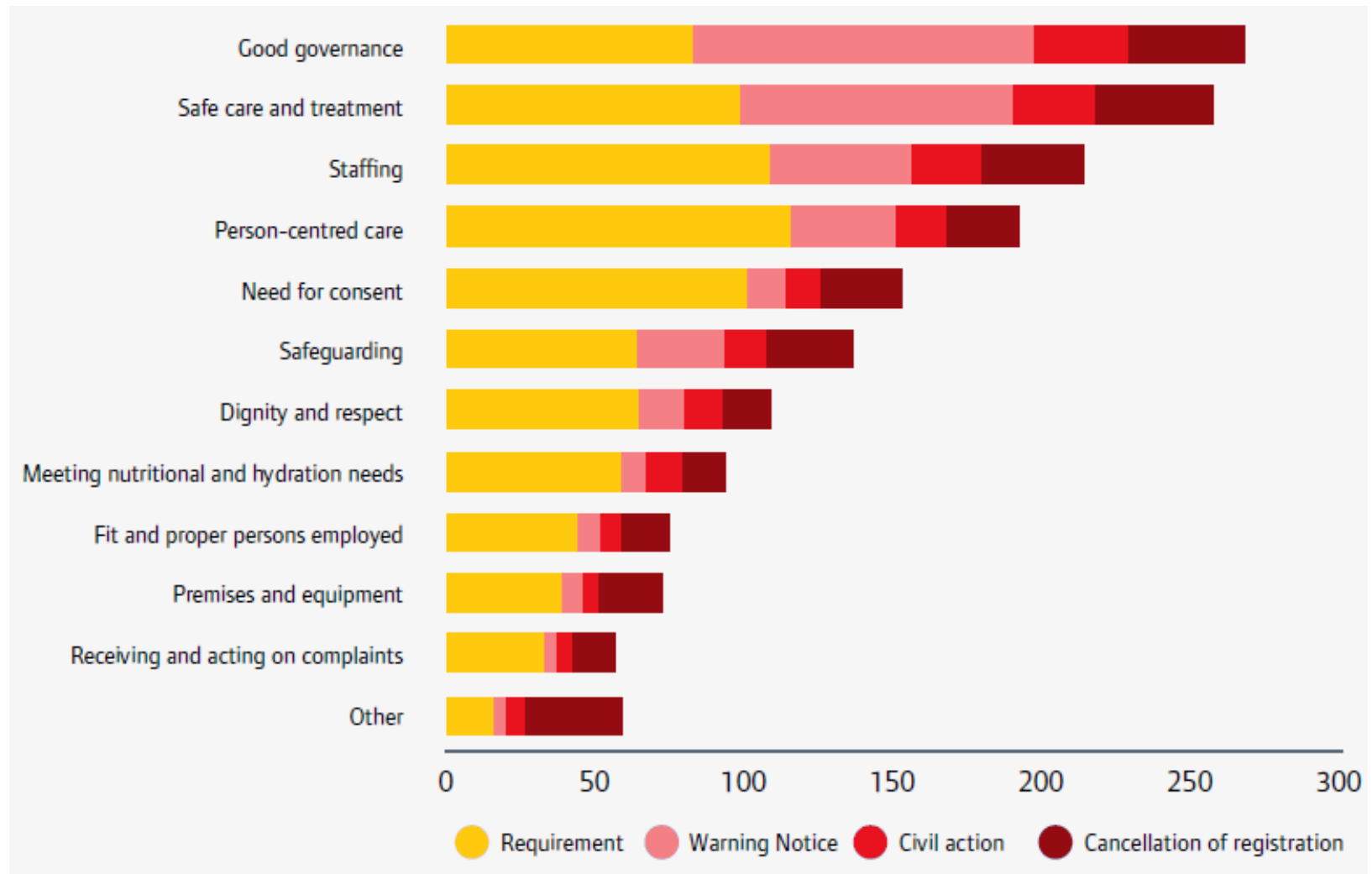




# Where services struggle



# Where services struggle



# What makes services improve?

- Good leadership – services that improve tend to have leaders who are visible and accountable to staff, promote an open and positive organisational culture, and engage effectively with partners.
- Leadership teams have good oversight of what is going on and understand how services are delivered.
- Good leadership is supported by strong systems and processes that drive improvement:
  - help plan staffing and train staff effectively
  - manage essential functions such as safeguarding, safety alerts and care plans
  - strengthen governance and help to ensure transparency so that services can learn and improve when things go wrong.

# What makes services improve?

- A positive organisational culture
  - A clear vision of what the organisation is trying to achieve for the people it supports
  - Open to challenge and change
  - Leaders that are willing to challenge and change organisational culture
  - Effective collaboration with partners

# State of social care - summary

- The status quo is unsustainable
- Local authorities are failing to secure residential, nursing and domiciliary care for older people which is affordable to them under current terms
- Collapsing state funded social care for older people risks dragging down parts of the NHS with it
- Beyond limiting services for older people there is an option to 'level down' across social care client groups
- There is a problem about leadership at all levels but particularly first line management
- Organisational culture needs some attention in many providers
- There is a weakness in technical capability when it comes to care

# The state of adult social care finances – an update

Tipping point or turning point?

# Issues

- Latest intelligence on how local authorities are coping with budget cuts
- How serious is the problem within individual local authorities?
- What do Sustainability & Transformation Plans mean for Adult Social Care?
- Is the Better Care Fund helping? What about the future?

# Resources available to councils: ADASS budget survey

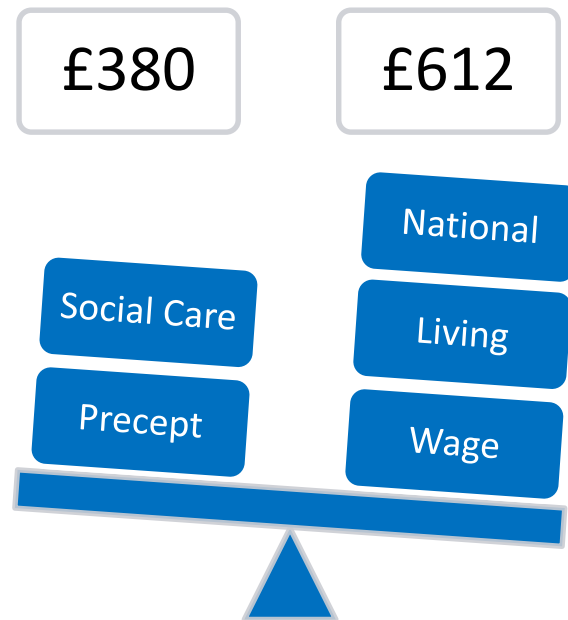
2015/16	
ASC gross budget	£19.6bn
ASC net budget	£13.65bn
ASC net budget outturn	£13.82bn
Variance	£168m overspend

2016/17	
ASC gross budget	£19.7bn
ASC net budget	£13.82bn
% change between 15/16 and 16/17	+1.2%
ASC net budget as % of council net budget	35.6%



## Increasing costs

The total cost of the NLW, (including compliance with the existing National Minimum Wage), is calculated to be over £600m. The precept raises less than two thirds of this



## Key findings from the survey

- Further savings of £941m this year on top of £4.6 billion up to last year – so £5.5 billion annual savings by the end of this year since 2010
- Directors' confidence in making savings is falling: last year 45% of directors were fully confident planned savings would be met. This year it is just 31%. It reduces to 6% for 2017/18
- Nearly all Directors are worried about the state of the adult social care providers in their area
- They are also worried about the state of the NHS

## How much more money is needed?

- ADASS, King's Fund and Nuffield Trust agree there will be a gap between costs, needs and funding between 2016/17 and 2019/20.
- Lower estimate (ADASS) is an average of £1.4 bn per year
- King's Fund predicts a gap of £2.8 bn by 2020

## Are we finally at a tipping point?

- Local authorities are continuing to protect adult social care as a % of total budgets, but cuts mean fewer people are getting support
- Most authorities overspent on adult social care last year
- Evidence available suggests that this is being repeated this year and sums are bigger
- CQC recently used the same “tipping point” description

## There is an impact on quality...

- In spite of the population of older people increasing by 3%, there was no increase in the numbers of older people actually receiving services in 2015/16
- At least 24% of this year's savings will come from cutting services or reducing the personal budgets of people who receive care and support
- The quality of care is compromised: 82% of Directors report that more providers already face quality challenges as a result of the savings being made.

## ...and on the social care market

- 80% of directors said providers in their area were facing financial difficulties
- 82% of councils increased fees for providers in 2016/17
- Over half of councils have seen one or more home care or residential/nursing care provider go out of business
- Around 60% have had providers hand back contracts
- The NLW is one of the principal reasons for provider failure

## Problems at a local level

- Budget survey reveals that almost all Directors are worried about next year – only 9 Directors are fully confident that they can deliver their savings
- Some local authorities recognise that they face particular financial difficulties – approaching the LGA Care and Health Improvement team for support



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