

rmp

**Risk control**  
The viability of  
care homes



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# The viability of care homes

## Overview

In its most recent annual assessment, The Care Quality Commission's (CQC) observation was that most of the care in England that it had seen pre pandemic was of good quality but there was little evidence of any improvement over the latest period<sup>1</sup>.

Access to care and staffing issues are continuing to create challenges across all care settings, with geographic disparities resulting in a differing quality of experience of care depending on where the service user lives; and that these experiences are often determined by how well different parts of local systems work together.

In adult social care specifically, CQC Market Oversight study of February 2021<sup>2</sup> stated that funding and workforce issues continue to contribute to the fragility of the sector with providers continuing to exit the market.

The Government announced in September 2021<sup>3</sup> that it has committed to investing £5.4 billion in health and social care, this includes £500 million across three years to support the adult social care workforce.

Despite the ongoing heroic resilience of social care workers throughout the COVID-19 pandemic it seems almost inevitable that there will be an increase in staff turnover with all the associated costs and quality issues that will likely bring.

## Comment

The major care-home providers compose about a fifth of the market. Meanwhile, spending on social care by austerity-hit local authorities has fallen in real terms, while costs have risen. Pressures on recruitment and retention, potential restrictions on immigration numbers, inflation and increased operating costs are increasing the costs of social care and care homes provision. Staffing levels (and hence overall costs) and skill sets vary depending on types of care home, the dependency or disability of residents, and funding or payment mechanisms. These pressures must inevitably force some providers to exit the marketplace.

## Key Recommendations

There are a number of critical activities that the local authority must undertake, to fulfil their duty of care. These include:

- oversight of the financial viability of care home providers

- financial oversight arrangements are augmented by working with other local authorities to annually monitor the financial viability of the service providers
- independent monitoring of the standard of care
- care home managers ensure staff are sufficiently trained to provide appropriate levels of care
- care home providers produce timely information and bills to residents
- owners and operators demonstrate a drive for continued improvements in care standards

## Conclusion

The Care Act Statutory Guidance<sup>4</sup> places a duty on the local authority in arranging and funding of social care in the authority's area, irrespective of contracts or not with that provider.

Local authority risk managers should be developing plans that will prevent or mitigate potential for disruptions to social care provision, and hence enable the Council to effectively respond to service loss.

## References

- 1 State of Care 2020/21, Care Quality Commission, 21 October 2021  
<https://www.cqc.org.uk/publications/major-report/state-care>
- 2 Market Oversight of 'difficult to replace' providers of adult social care, Care Quality Commission, February 2021  
<https://www.cqc.org.uk/guidance-providers/adult-social-care/market-oversight-difficult-replace-providers-adult-social-care>
- 3 Health and Social Care Levy to raise billions for NHS and social care, Department for Health and Social Care, 6 April 2022  
<https://www.gov.uk/government/news/health-and-social-care-levy-to-raise-billions-for-nhs-and-social-care>
- 4 Care Act Statutory Guidance, Department of Health and Social Care, January 2022  
<https://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance>

## Further information

For access to further RMP Resources you may find helpful in reducing your organisation's cost of risk, please access the RMP Resources or RMP Articles pages on our website. To join the debate follow us on our LinkedIn page.

## Get in touch

For more information, please contact your broker, RMP risk control consultant or account director.

[contact@mpartners.co.uk](mailto:contact@mpartners.co.uk)



### **Risk Management Partners**

The Walbrook Building  
25 Walbrook  
London EC4N 8AW

020 7204 1800  
[mpartners.co.uk](http://mpartners.co.uk)

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