

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 that it had seen was of good quality and, overall, the quality is improving slightly<sup>1</sup>.

However, 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 state that funding and workforce issues continue to contribute to the fragility of the sector. 2018/19 saw providers continuing to exit the market. On two occasions in 2018 it was forced to exercise its legal duty to notify local authorities that there was a credible risk of service disruption because of provider business failure.

The reduction in numbers of care providers is creating concern that the UK is running out of care home places and soon there will not be enough to look after the growing number of vulnerable older people needing specialist care<sup>2</sup>.

## 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<sup>3</sup>. 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 [https://www.cqc.org.uk/sites/default/files/20191015b\\_stat\\_eofcare1819\\_fullreport.pdf](https://www.cqc.org.uk/sites/default/files/20191015b_stat_eofcare1819_fullreport.pdf)
- 2 <https://www.theguardian.com/society/2019/jun/06/uk-running-out-of-care-home-places-says-geriatrics-society-chief>
- 3 <http://moderngov.southwark.gov.uk/mqCommitteeDetails.aspx?ID=129>
- 4 <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.

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