

rmp

**Risk control**  
The viability of  
care homes



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# The viability of care homes

## Overview

The Care Quality Commission's (CQC) annual assessment of the quality of health and social care in England shows that overall, quality has been largely maintained. (Ref 1)

An individual's experience of care varies depending on where they live; and that these experiences are often determined by how well different parts of local systems work together.

CQC's review cites Which? data, predicting that almost nine out of 10 council areas in England could see a shortfall in care home places by 2022 unless urgent action is taken.

## Comment

The major care-home providers compose about a fifth of the market. According to a University of Manchester study, the financial models for nearly all the larger private equity-owned care home chains carry significant external debt and interest repayments (Ref 2). 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 post-Brexit, inflationary 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 (Ref 3). 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 (Ref 4). 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 of August 2017 (Ref 5) 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 Ref 1 [https://www.cqc.org.uk/sites/default/files/20171011\\_stateofcare1718\\_report.pdf](https://www.cqc.org.uk/sites/default/files/20171011_stateofcare1718_report.pdf)
- 2 Ref 2 <http://hummedia.manchester.ac.uk/institutes/cresc/research/WDTMG%20FINAL%20-01-3-2016.pdf>
- 3 Ref 3 <https://publications.parliament.uk/pa/cm201617/cmselect/cmcomloc/1103/110309.htm>
- 4 Ref 4 <http://modern.gov.southwark.gov.uk/mgConvert2PDF.aspx?ID=29416>
- 5 Ref 5 <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 RMP risk control consultant or account director.

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