



SESCA Market Stability Report Executive Summary

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A full and detailed version of this report can be found at:

<https://sesca.org.uk/nearly-half-of-se-providers-consider-exiting-the-market/>

SESCA is the south east arm of the Care Association Alliance



Executive Summary

Over the course of two months (May and June), providers within the South East region were invited to complete an online survey sent to them by SESCA via county-level care associations. SESCA was keen to look at key market stability drivers in the South East: workforce, costs and income, future viability and priorities moving forward.

The findings of this survey present a stark and worrying picture of the Adult Social Care sector across the South East, with a funding and workforce crisis driving high levels of concern over the future viability of services.

Our results show that the sector's most valued asset (its staff) are underpaid, undervalued and exhausted. They are now leaving their roles faster than providers can replace them. In 38% of cases, staff are leaving the sector altogether.

This is leading to unprecedented levels of concern over the stability of the workforce. And these difficulties are directly reducing the amount of care available in the South East - as providers have been forced to close beds, carry voids, or hand back packages of care due to a lack of staffing.

This crisis is driving high levels of concern over future viability – as income is reducing at a time of rising costs. 64% of providers are concerned about the future viability of their service. Nearly half (45%) have considered exiting the market in the past 12 months.

There is also an indication that around half of providers who have a relationship with a bank / lender are concerned that the current climate could put them in a high risk position with them (although this is based on a relatively small sample size and needs further exploration).

Providers continue to do all they can to boost recruitment and retention and thereby stabilise services. But the majority of providers report experiencing a significant financial squeeze as funding increases for local authority / NHS-funded clients have not kept pace with actual cost increases.

Without funding to plug this gap, providers are simply not able to pay staff more and improve their terms and conditions – and so a solution to the recruitment and retention crisis, and the related reduction in services and concerns over future stability remains out of reach.

Providers' expectations of how this picture may change in the coming year is not encouraging: residential providers (nursing, non-nursing, mental health and learning disability) anticipate a stalling of provision, with less than half expecting their occupancy levels to increase. Worryingly, nearly half of domiciliary care providers (42%) anticipate a reduction in the amount of care they will be able to provide.

Top-line findings:

Workforce:

Workforce pressures are the worst most providers have ever seen them with staff leaving services faster than providers can replace them

- 90% of providers report the situation regarding workforce is either worse than it's ever been, or somewhat worse
- 64% of providers say the number of people leaving their service is more than average
- The majority of providers (70%) have not been able to replace all the staff they have lost
- 83% say that recruiting to replace staff is more difficult than usual
- Increasing staff pay was the issue providers mentioned most when asked what more they would like to do to improve recruitment and retention

Impact on services:

The workforce crisis is leading to a reduction in the amount of care available in the South East

- 18% of residential providers (nursing, non-nursing, Mental Health (MH) & Learning Disability (LD)) reported having to either close beds or carry voids due to staffing pressures
- 25% of domiciliary care providers report having to hand back packages of care. 60% said they have been unable to take on new packages of care within the past 12 months

The care sector is losing valuable staff to other industries

- 38% of those leaving their roles are exiting the adult social care sector

Costs and income

Costs are increasing significantly while income is falling for the majority of providers in the South East

- Providers are anticipating costs to rise by up to 25% in the current tax year

Occupancy and capacity levels are below average (compared with prior years) in the South East with less than half expecting this situation to improve in the next year:

- 58% of residential providers (nursing, non-nursing, MH & LD) report their occupancy being below average; 72% of domiciliary providers report their capacity levels being below average – with 100% of these citing workforce issues as a driver of this
- Worryingly, nearly half (42%) of domiciliary care providers are anticipating their capacity levels to decrease this year

Funding increases for Local Authority / NHS-funded clients have not kept pace with actual cost increases

- The average shortfall for residential care (nursing, non-nursing, MH & LD) was 17% in 2021, and 20% in 2022
- The average shortfall for domiciliary care was 12% in 2021, and 15% in 2022

Future viability

Concerns over future viability are high

- Nearly half (45%) of providers have considered exiting the market in the past 12 months.
- 64% of providers are concerned that the future viability of their service is at risk

- There is an indication that around half of providers with a relationship with a bank / lender are concerned that the current crisis could put them in a high risk position (this is based on a relatively small sample size)

Conclusion and priorities

We asked our respondents what SESCA should prioritise in its efforts to push for the best quality care, while promoting a sustainable business model. Overwhelmingly, their priorities were:

- 1. Pushing for fees that reflect the true cost of care, and**
- 2. Improving pay and working conditions for staff**

But so far, government proposals do not add up to a solution in these areas. While additional funding has been announced, the lion's share of this has been allocated, in the short term at least, to the NHS, leaving many to criticise the proportion allocated to Adult Social Care, the speed at which funding will reach the front line, and noting that far more money is needed to avert disaster.

The £500m over three years announced for Adult Social Care Sector so far has been earmarked for workforce development. If allocated to pay – which our providers overwhelmingly told us is the route out of this crisis - it would equate to a pay rise of £111.11 per staff member per annum (or £0.06p per hour) – not nearly enough to allow providers to compete and pay staff a fair wage for the hugely important work they do.

The ongoing Fair Cost of Care exercise, and related work on Market Sustainability Plans, have the potential to address this crisis – by addressing providers' top two priorities: the amount they are paid to deliver care, and the amount they are therefore able to pay their staff to deliver that care. In order to succeed, this exercise must significantly increase the amount paid to providers to care for those in receipt of Adult Social Care services.

SESCA policy asks

Funding / workforce

- Social care to receive a larger share from the Health and Social Care Levy now, or equivalent investment to plug the funding gap
- Meaningful engagement with the sector in relation to the Fair Cost of Care exercise, and related development of Market Sustainability Plans
- An overhaul of the way in which social care is planned and funded – to include a sustainable funding settlement for local authorities which obliges them to pay a fair price for care and which funds them to do it – ensuring they are able to support the necessary uplifts required by providers
- Fund the required improvement in terms and conditions for Adult Social Care staff – benchmarking to other sectors, and matching NHS T&Cs. LAs must be able to pay providers a rate which allows them to offer reasonable and appropriate contractual terms and conditions – including sickness pay (covering staff to self-isolate as required by the Covid-19 guidance)
- Action to establish an identified career path and professional recognition for people working in care – in line with the NHS and local authority social care structures

Parity with the NHS / understanding & engagement with the sector

- The DHSC must truly represent Health and Social Care; genuine engagement with the whole sector on all local and national work to ensure the voice of care providers is heard and included in all future policy initiatives, alongside the NHS
- This must include Adult Social Care providers being formally represented on ICS Partnership Boards as equal status partners
- Ensuring appropriate regional responses, cross-government solutions and better joint working between DHSC and MLUHC e.g. social care workers should be treated as keyworkers for affordable housing options

The South East faces specific acute challenges. We need urgent action to address these:

- Give social care staff “key worker” status, regardless of who they are directly employed by so they have access to affordable social housing for rent
- Convene a cross-government taskforce to develop an affordable accommodation strategy for key workers in the South East. This will mean closer working between DHSC and MLUHC and the upper and lower tiers of local government (as responsibilities for adult social care and housing & planning are split)
- Ensure the Fair Cost of Care accurately reflects higher travel costs in rural and semi-rural areas – where limited public transport is geared towards supporting commuter journeys to London
- London and London-fringe weightings for the NHS and LA workforces must be factored into the Fair Cost of Care exercise to enable independent providers in the South East to recruit and retain staff on a level playing field

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