



## **Theme 4: Competition between care homes**

Care Forum Wales is a not-for-profit organisation with more than 450 members across Wales. It was set up on March 1, 1993 to give health and social care providers a collective voice in the debate about how to provide the best outcomes for those who need social care. Our members are predominantly in the private sector, which is reflective of the market in Wales, but also include those from the not-for-profit sector.

In this response we focus on the operation of the market from the provider perspective. We are happy for our response to be published.

### **Context**

Care home providers in Wales are predominantly dependent on public funding. Outside Cardiff and Monmouthshire there are few care homes that are entirely dependent on private funders. This leaves local authorities as monopsony purchasers in many areas, who effectively set the going rate for care in that area.

The rural nature of much of Wales means that if you want to stay within easy visiting distance of your previous home choice is limited to which home which can cater for your needs has a vacancy at the time.

### **Theme 1: Consumer protection issues in the care home sector**

In relation to issues raised in the scoping document we would particularly like to address the issue of notification of changes to private fees or third party top ups. Where care homes are (as the majority in Wales are) dependent on public sector fees for the vast majority of their income it is difficult to set other fees until those are known. Care homes in Wales are required to report themselves to the regulator (CSSIW) if they are not financially viable. Local authorities and Health Boards generally set fee rates to take effect for their financial year from April. However, they frequently don't take decisions and notify care homes until close to (or sometimes after) the start of their financial year. This makes it harder for providers to set their fees and give the contractually required notice and can mean they miss out on an increase as the private increase trails the public one. Many providers set fees at or as close as possible to be viable to the local authority fee therefore this is information they need before they can set their fees going forward.

Similarly costs during an absence are raised. If a care home room is being held open for an individual then any income lost from that bed cannot be replaced. It is also unlikely that staffing can be reduced unless a significant number of beds are all vacant at the same time or the individual was receiving significant amounts of on-to-one care. Therefore the vast bulk of costs remain: staffing typically represents 60-70% of a care homes costs. One issue with recruiting and retaining staff in the care home sector is the low pay, external respect and terms and conditions:



further casualising the workforce by laying people off during absences would not be possible or helpful. There are also differing practices across local authorities in how long they pay care homes after a resident dies. This means in some areas local authority practices put care homes under pressure to clear rooms without regard to the dignity of the deceased and family.

## **Theme 2: Older people's decision making on care homes**

Deciding to admit an older person to a care home is a two way process: the individual must decide the care home would suit them and the provider must be satisfied that they can meet their needs and fit in with their existing clientele. There may be delays in assessing the older person's needs by both health and social services and deciding at what level their care will be funded and therefore commissioned. The care home provider must then be happy that their assessment of the person's needs fits with that and can be met under the criteria which it is being commissioned. There can be delays in allowing access to medical records etc and sometimes care homes are pressurised to take people without appropriate assessment to assist with discharge: this is not in the interests of either the individual or the care home. We are also seeing the growth of on-line bidding systems which have at times restricted choice to the homes that the LA feels is more affordable. The knock on effect can be on people who chose a more expensive home when they are able to fund their own placement, but are forced to move after many years in the home when their capital limit falls because the LA won't meet the cost.

## **Theme 3: Regulation of care homes**

Regulation of care homes in Wales is currently against minimum standards. As has already been mentioned in many areas public bodies set fees and some have been explicit to us that they will not pay for more than these. We do sometimes find that there is a mismatch between what the regulator wants and what the commissioner will pay for. In particular there have been instances where the regulator wants to require more staffing but the provider is already providing more staff than are allowed for in the fees. In these circumstances my experience is that the regulator says in its report that the provider should consider whether its staffing is sufficient and the commissioner is not willing to pay for more staffing. Sometimes commissioners will demand training or standards over and above the national minimum in their own contracts but then will not increase fees to pay for them.

We would like to see a value for money indicator included in inspection reports as it is for schools. This would make clear whether any enhanced fees were leading to an increase in quality while ensuring value for public money where it could be increased without an effect on quality.



We also find that there is a great deal of overlap between the work of the regulator, CSSIW, and commissioners with similar, but not identical paperwork being demanded and what can sometimes feel like a continual flow of inspectors and assessors into the care home. This all takes time away from the actual frontline care. The worst situations are when regulators and commissioners disagree e.g. the regulator wants more person-centred care plans but the commissioning health board wants more medicalised ones; or an external regulator calls for doors to reduce fire risk but CSSIW says they are dangerous for the clientele. Sometimes commissioners will make onerous demands above and beyond the regulators e.g. in one case details of staffs arrangements for getting to the care home and car insurance details where appropriate.

We have not seen any significant effect from market shaping yet.

However, uncertainty about physical standards required going forward under the Regulation & Inspection Act and the inability of the regulator to advise on plans before build are all deterrent effects on entering or extending in the current market with lenders being particularly risk averse.

#### **Theme 4: Competition between care homes**

In rural areas, in particular, there is insufficient supply for there to be strong competition between care homes. Places are predominantly publicly funded and the local authority and health board tend to set the lowest fees they feel they can get away with and act as a monopsony purchaser. Even where individuals or families are willing and able to contribute they are rarely able to pay for significantly enhanced quality of service.

The key pressures are costs of providing the service and in particular of staffing with the UK Government increases to the minimum wage affecting the sector significantly with little thought as to how it would be paid for.

Staff recruitment can also be a significant issue. Where fees are set by the monopsony purchaser based on care staff being paid at or near the minimum wage it is easy in the current climate for supermarkets, for example, to provide more attractive terms and conditions or for the local health board to offer bank staff work at higher rates than they are willing to pay care providers. In rural areas the availability of staff within the local commuting area and their ability to get to work to cover shifts 24/7 can also be an issue. There is also a shortage of qualified nurses in both the NHS and care homes. The uncertainty of some over immigration status post-brexit is adding to this. We are seeing the nursing shortage exploited by agencies who in some situations appear to be using unfair or anti-competitive practices to drive prices up. We also have a shortage of qualified managers: there are not enough qualified managers looking for work in Wales at the moment to cover all existing vacancies.

Significant investment is a barrier to entry into the market with increasing emphasis on physical standards such as en suites and single rooms even some existing provision requires long term investment to be a long-term proposition.



There is particular lack of capacity in more rural areas and for more complex care as the size of home and the potential clientele is not viable on current fees. Anecdotally from our members significant number of smaller, rural care homes only continue to operate as the capital cost has been paid off but when key personnel retire they are unlikely to be able to continue as a growing concern. We have recently seen a spate of nursing home closures in north Wales for example.

Providers are also concerned that local authorities often fund their own care homes to a greater degree than independent homes ensuring they have more staff with better terms and conditions and thus undermining the operation of the market.

*Mary Wimbury*  
*Senior Policy Adviser*  
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