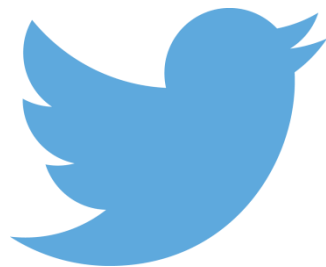


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# Mo Baines

Models of Care Delivery: What does the future hold?

- Has the marketization model failed in social care?
- How do we de-risk contractor / provider failures?
- Is there a case for insourcing care contracts?
- How do we get more integrated services so all council services support independent living?

# Current Care Home Provision

- 1984 residential care places in local authority-run accommodation for older and physically disabled people was 57% of all places
- But private sector places started to double
- By 2017 the number of private sector places reached 76%
- Local authority places were just 8% of all places – just under half the number of voluntary sector places
- Nursing care homes 86% of all places in the private sector

# Market share – who runs care homes?

- The largest 25 providers only have a 31% share of care beds
- Of which the biggest namely BUPA Care Homes, Four Seasons Health Care, Barchester Healthcare and HC-One Ltd ,– provided only 15% of all beds (and 17% of for-profit beds).
- 70% of the market is composed of providers with a portfolio of three or less care homes (0.4%)

Accordingly to Laing Buisson *“there is no industrial logic to support any general move towards a handful of mega-providers”, noting that “economies of scale are limited and there are significant diseconomies of scale”. This, they argue, will mean that the care home sector is “likely to remain, as it is now, a relatively fragmented part of the British service economy”.*

# Is there a crisis in care places?

- CQC reports suggest overall occupancy of care homes lower at 85% rather the 90% previously thought
- CQC suggests 'latent provision' in care homes – we should look at ways to bring that back into use
- But..... that may take funding?

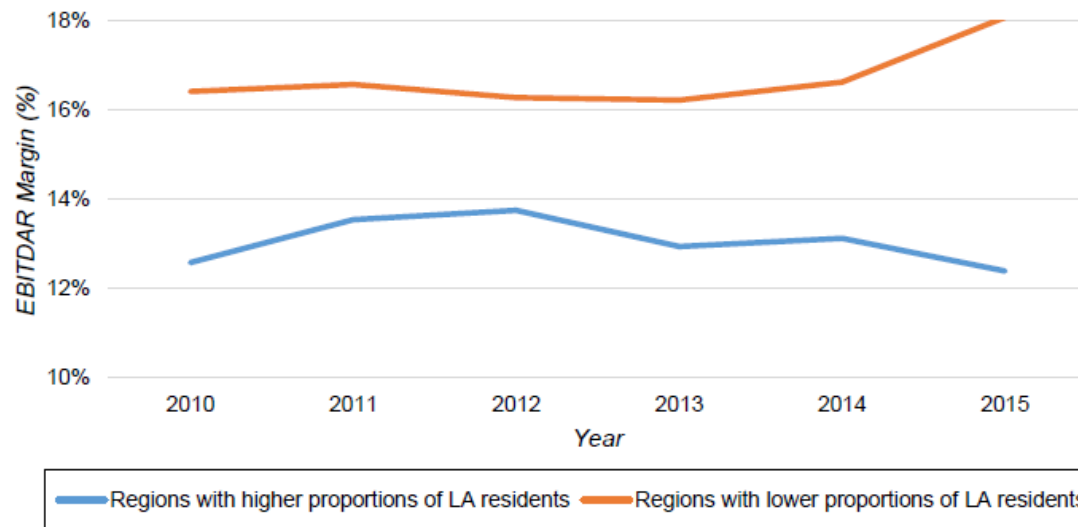
# Charges and mix of clientele in care homes

- 46% of beds are run by private equity firms
- Debt overhangs a major issue
- High-profile failure arising from sale and leaseback - Southern Cross in 2011
- More than half of the beds in affluent areas are self-funders
- Poorer areas 75% are local authority funders



# Impact of cross-subsidisation on financial viability of providers

Figure 3: EBITDAR margin for regions with higher and lower proportions of local authority funded residents, 2010–2015



Source: CMA analysis of P&L information of the Companies House financial dataset.

# Cross-subsidisation

- Still an issue!
- Geographic impact – not an equitable system
- CMA report – did not suggest the practice should be outlawed

# Funding

- 2005/06 to 2007/08 Personal Social Service spending annual rate of 4%-plus in real terms (NHS Digital)
- 2007 CSR – dropped to 1%
- -1.5% 2010-2016
- Extra funding (precept) 2016-2018
- But... Still a funding gap of over £2 Billion

# Financial state of the market?

- Earnings before interest, taxes, depreciation, amortization, and restructuring or rent costs (**EBITDAR**)
- Margins between 2010 and 2015 lower, averaging 13%, for providers in regions with higher proportions of local authority funded residents. Compares to an average of 17% for providers in regions with lower proportions of local authority funded residents.
- More money made in Nursing care since 2013

# What about Home Care?

- Decrease of 20% in local authority domiciliary care receivers
- Delivery hours decreased by 6.8%.
- Restrictions in provision as budgets squeezed
- Number of providers increasing - March 2016 there were 10,176 regulated providers of domiciliary care operating in the UK. 3.6% increase compared to March 2015 (UKHCA)
- 4% decrease in local authority expenditure

# The big issues

- Care is provided at home each year to more than 350,000 older people and
- 6,300 young people with disabilities
- Workforce retention a major problem
- Skills, pensions and pay rates

# Geographic differentials

- Recruiting and retaining home care staff remains the biggest challenge
- Some rural and prosperous areas particularly struggling
- Competition from retail and other sectors – unsocial hours

# Delivery models

- Home care commissioned on a ‘time and task’ basis
- Should we not concentrate on health and care outcomes?
- Still little evidence of health and care joint commissioning care.
- Poor use of new technologies and new delivery models – little evaluation



# Frustrations

- Procedures over outcomes
- In a fragmented market can outcomes be monitored by different providers?
- Little long-term impact through use of telecare, sensors, ect –Statutory Duties override these advances
- Boundary disputes between health and social care

# Future models?

- Shared lives
- Integrated Community Services
- Transitional housing / lifetime homes
- Insourcing....

# What could insourcing achieve?

- Ending fragmentation
- Greater cohesion between different aspect of services
- Integrating all services which should point towards supporting older / disabled people
- Cost savings?

# Lost opportunity costs?

- Archaic systems
- Workforce optimisation
- Digital technologies
- Paid for services
- End the cliff edge of 'paid' or 'self funding'?
- End external monitoring, contracts and commissioning costs

# Thank you

*Over to you!*

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