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Title of meeting:	Housing and Social Care Scrutiny Panel
Subject:	Understanding the challenges faced by the independent care sector (domiciliary and residential) and how PCC can support
Date of meeting:	1 October 2024
Report by:	Andy Biddle, Director of Adult Social Services
Cabinet Member:	Councillor Matthew Winnington
Wards affected:	All

1. Requested by Housing and Social Care Scrutiny Panel

2. Purpose

To support the panel to understand the structure of and challenges faced by the independent adult social care sector in Portsmouth as part of the panel's work for the 2024/2025 municipal year.

3. Background Information

This paper provides a briefing about care providers in Portsmouth. The information set out applies to providers registered with the Care Quality Commission, (CQC¹) to provide domiciliary care or care and support in a care home. For the purposes of the scrutiny panel, this provision applies to Portsmouth residents over 65 years of age, who require nursing or personal care support due to physical disability and/or mental health needs with the aim of providing context for the scrutiny panel.

4. National Context

4.1. Funding

In 2022/23, local authorities in England spent £20.5 billion on adult social care (net current expenditure). This represents the biggest area of council spending after education. However, the Government has not updated the adult social care relative

¹ [About us - Care Quality Commission \(cqc.org.uk\)](https://www.cqc.org.uk/about-us)

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needs formula, which it uses as part of its overall funding formula for the local government finance settlement, since 2013/14.

Several factors contribute to funding pressures on adult social care services, including²:

- Local government finances: the National Audit Office has highlighted that “local authority finances are under significant pressure” and “this pressure impacts on the funding available for adult social care.”
- Demographic pressures: the number of older people (the group most likely to need social care) is rising faster than the population as a whole. There is also increased demand for care from working age adults.
- Increases in the National Living Wage: Association of Directors of Adult Social Services (ADASS) estimated the increase in the National Living Wage from April 2023 would cost councils around £1.8 billion in direct and indirect costs related to adult social care.
- Increasing costs of care: the unit cost of care packages to support people with increasing complexity of care needs has been ranked as the main area of concern by Directors of Adult Social Services in each of the last three years.

All of these factors mean that the Local Authority has to manage increasing demand for support within a limited budget, impacting on the price it can pay for services.

Additionally, unlike NHS services, social care is not 'free' at the point of access. Where an individual has been assessed as having eligible needs, they are assessed to understand their financial position. The outcome can either be care and support fully funded by the Local Authority, part funded by the Local Authority and the resident or funded completely by the individual based on the amount of money and/or assets they have.

4.2. Care Providers

Registered care providers are mainly private, voluntary and independent organisations, with some Local Authorities providing a small proportion of care. These services are regulated by an independent regulatory body, the Care Quality Commission who have the responsibility for registration and regulation oversight.

Care is commissioned from the care market with local authorities being the single biggest purchaser, with the NHS and people funding their own care purchasing the balance. This makes for a complex set of relationships, with local authorities having a responsibility for shaping the local market in terms of diversity and quality, with other commissioners and an independent regulator. The main lever available to the

² Context taken from February 2024 report Funding for adult social care in England, House of Commons Library:<https://commonslibrary.parliament.uk/research-briefings/cbp-7903/#:~:text=The%20funding%20will%20be%20split,ringsfenced%20for%20adult%20social%20care.>

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local authority is through its contracts with providers and its safeguarding duties. However, there is no right of entry to care providers' premises and, (in extreme circumstances) de-registration is a CQC responsibility/power. This makes the partnership between a Local Authority and providers in its area key in ensuring services are of the right quality.

4.3. Workforce

The total number of posts³ in the adult social care sector in 2023/24 was 1.84 million (an increase of 2.6% from 2022/23). Of these posts, 1.705m were currently filled by a person (filled posts) and 131,000 were posts that employers were actively seeking to recruit somebody to (vacant posts). The increase in filled posts in 2023/24 compared with 2022/3 was the largest seen since Skills for Care's records began in 2012/13, with a 4.2 % increase (70,000); a contrast to a reduction in filled posts, for the first time on record, of 60,000 posts in 2021/2.

For independent sector care homes with nursing, the number of filled posts increased by 5.3% in 2023/24 (15,000 posts) and by 2.4% in care homes without nursing (7,000 posts). In independent sector domiciliary care services, the number of filled posts increased by 7.9% (43,000 posts). the adult social care sector is under significant pressure with a vacancy rate higher than the NHS, the economy as a whole and many other sectors.

In 2023/24, the turnover rate in the independent sector decreased from 30% to 26%. Evidence from Adult Social Care Workforce Dataset (ASC-WDS) data collected between 2023 and 2024 suggests that international recruitment may have played a part in this decrease

In August 2024, Skills for Care launched its [15-year strategy for the future of the adult social care workforce](#), developed with leaders from across the sector. A Workforce and Career Structure (in lieu of a promised DHSC workforce strategy), a first for adult social care.

The report highlights the reduction in capacity in the sector from February 2022, when care providers were enabled to recruit staff from abroad on skilled work visas. However, following the government decision to bar families and dependants of workers, (March 2024) there has been a significant drop in healthcare visas issued from an average of 26,000 per quarter to 3,300 in Q1 of 24-5. This will mean a reduction in recruitment, which will compromise the ability for the sector to grow in 2024/2025.

³ Source: [The size and structure of the adult social care sector and workforce in England Workforce supply and demands trends 2023/24](#)

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4.4. National Living Wage

As the majority of social care (delivery) costs are related to labour (60-70%) the impact of increases to the national living wage, (NLW) has a significant impact on care providers operating costs, and consequently the costs that social care commissioners pay. Maintaining differential pay for workers paid in supervisory roles, above the NLW creates additional cost pressure.

4.5. The Care Quality Commission (CQC)

CQC are the regulator, responsible for inspecting the quality of registered social care provision (care homes, care homes with nursing and domiciliary care). Services in the main are currently inspected on an intelligence and risk basis, rather than on a planned frequency (providers pay annual registration fees to CQC). This can mean that published ratings for some services were awarded several years ago.

An independent report⁴ by Dr Penny Dash was published in July, following a review into the operational effectiveness of the Care Quality Commission, in particular the suitability of the new single assessment framework methodology for inspections and ratings. A final report is anticipated early autumn. Care England, a leading representative body for social care in England had highlighted issues such as inconsistent inspections and ratings; lack of clarity and transparency; communication issues; inspection delays and resource constraints; impact of increasing regulatory charges creating a financial burden on smaller providers, impact of negative ratings, particularly when unfair or inconsistent, which can affect reputation and financial stability of care providers and lack of trust from service users and their families. With the sector highlighting the need for reforms and a more effective, agile, transparent and supportive environment.

5. Local Context

5.1. Care homes

In Portsmouth, (PO1> PO6) there were 31 registered care homes and care homes with nursing in operation as at July 2024. This is made up of 9 care homes with nursing care, (466 registered beds and 10 vacancies) and 22 care homes, (490 beds, 33 vacancies). 26 homes are rated Good and 5 Requires Improvement. Most of the homes are converted housing with beds well below the optimal number required for return on investment (60 to 70 beds)⁵ which can affect the viability of the business. The size of the home drives the amount the provider needs to charge to cover their operating costs. It is of note that, as people are living at home with care for longer,

⁴ [Review into the operational effectiveness of the Care Quality Commission: interim report](#)
Published 26 July 2024

⁵ [Laing & Buisson Fair Cost of Care Analysis Report Sep 2023. Table A56 Return on Capital, by home size.](#)

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the complexity of care needs in the community increases, which impacts on the needs of those admitted to a care home. Additionally, care that would have been seen as within the purview of the NHS is increasingly expected to be provided through social care. All of these factors have significantly increased the weekly fee paid to some care homes.

5.2. Domiciliary care

Portsmouth hosts 33 operational services registered with CQC (one is in the process of registering). Given the geography of Portsmouth and historical issues securing sufficient capacity to meet demand, the Council operate a framework, with 62 providers (a mix of Portsmouth and out of city 'local' providers). Under the framework 47 providers supply packages of care, with 38 of those being 'active bidders'. Over the last 12 months supply has exceeded demand, leaving some Portsmouth providers with 'gaps' in rotas. This may be a risk to the viability of some domiciliary care providers.

5.3. Working with care providers

Up to August 2024, Quality improvement activity with providers has been managed through Portsmouth City Council, (PCC) and the Hampshire & Isle of Wight Integrated Care Board, (ICB) with a joint funded Quality Improvement Team. This function has led regular meetings with care providers focussed on governance and works both proactively with providers and reactively in response to identified concerns, with a view to support quality improvement. The ICB reduced this from 2 Full Time Equivalent, (FTE) posts to 1FTE in Q4 of 2023/24. From November 24, due to transformation of the ICB and change to the delivery model, there will no longer be a joint funded team with the Council.

Provider fora

The City Council facilitates a number of regular meetings⁶ with care providers:

- A domiciliary care provider meeting and a care homes provider meeting, co-chaired by the Hampshire Care Association⁷ and PCC.
The meetings facilitate a two-way conversation to share and explore challenges, consider solutions and invite guest speakers to share knowledge and updates, for example the police on modern slavery; fire and rescue to share information and best practice on safe storage of emollients, the importance of personal emergency evacuation plans etc.
- The joint funded quality improvement resource facilitates a regular governance meeting for care providers

⁶ Note there are meetings with providers supporting people with learning disabilities, however these services are outside the scope of the brief for scrutiny.

⁷ [Home - Hampshire Care Association](#)

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- A registered managers meeting, led by Skills for Care, hosted by Portsmouth City Council in the Civic Offices.
- A quarterly strategic meeting with representatives of the market to discuss risks and challenges for the market and the council including issues such as fee levels, annual increases paid to providers, recruitment and emerging risks.

Other meetings

- Monthly Social Care Sector Operational Group brings representatives from PCC's operational, safeguarding and contracts together with NHS HIOW, Solent Healthcare Trust, Healthwatch and CQC. The focus is on soft intelligence to support proactive working and prioritisation of support, with nominated leads to liaise with providers in the city. This enables a coordinated response with the right professional or clinical support.
- Strategic Commissioning and Market Intelligence Group, a bi-monthly meeting that brings together commissioning, contracts, finance and operational leads with the PCC Adult Social Care, (ASC) Senior Leadership Team to capture a profile of providers and project any areas of risks; understand associated risks caused by unplanned exits and the impact of an changes, including changes to regulation, monitor activity for actively supporting homes who may be at risk of failing and develop strategy to mitigate risks around potential reduction in capacity of beds across the city

5.4. Recruitment

With challenges to recruit enough local people to meet the care needs of the local population some providers have placed increasing reliance on international recruitment. Based on information shared by providers we know that a number of domiciliary care providers have over half of their workforce as international recruits.

Continuing compliance with UKVI⁸ sponsorship can be a challenge and there have been a number of suspensions to licences in Portsmouth. To date, no provider has had their licence revoked in Portsmouth; however, there is still a burden and stress placed on the provider and council in terms of contingency planning.

5.5. Monitoring of commissioned services

The Council's ASC Contracts team took responsibility for contract monitoring of care homes in Q3 of 23/4. Since that time the team have visited each of the homes in the city, reviewing commissioned care against our expectations, also following up on any action plans they may submit to CQC as the regulator.

Similarly, the team meet with domiciliary care providers and review delivery against the framework contract.

⁸ [UK Visas and Immigration - GOV.UK \(www.gov.uk\)](https://www.gov.uk)



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Where a provider is not meeting contract requirements, or there are serious safeguarding or quality issues, or the regulator has judged the service provision to be inadequate, a discussion on relative risk will involve key stakeholders from the Council and members of the Social Care Sector Operational group on how risk can be mitigated. To minimise the risk of further compounding issues and allow opportunity for 'turn around' there is an option to suspend new referrals under the contract or advise purchasing with caution.

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Signed by (Director)

Appendices:

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location