



Item No. 11

Meeting Date Wednesday 25th October 2023

**Glasgow City
Integration Joint Board
Finance, Audit and Scrutiny Committee**

Report By: Sharon Wearing, Chief Officer, Finance and Resources

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Older People Purchased Care Home Capacity & Sustainability

Purpose of Report:	This report outlines the current capacity within the purchased older people care home sector within Glasgow City, the key aspects influencing sustainability of the sector and measures in place to monitor the sustainability of the sector within Glasgow City.
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Background/Engagement:	IJB Finance, Audit and Scrutiny Committee received a presentation on Older People, Carers and Unscheduled Care performance on 19th April 2023 . During the discussion it was highlighted that further information on capacity and sustainability of the older people care home sector would be considered at a future meeting.
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Governance Route:	The matters contained within this paper have been previously considered by the following group(s) as part of its development. HSCP Senior Management Team <input type="checkbox"/> Council Corporate Management Team <input type="checkbox"/> Health Board Corporate Management Team <input type="checkbox"/> Council Committee <input type="checkbox"/> Update requested by IJB <input checked="" type="checkbox"/> Other <input type="checkbox"/> Not Applicable <input type="checkbox"/>
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Recommendations:	The IJB Finance, Audit and Scrutiny Committee is asked to: a) note the content of this report.
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Relevance to Integration Joint Board Strategic Plan:

These services are integral to the IJB's strategy for delivering high quality care and effective outcomes for the city's most vulnerable older people and understanding the issues related sustainability of the care home market contributes to meeting the strategic priority of building a sustainable future.

Implications for Health and Social Care Partnership:

Reference to National Health & Wellbeing Outcome:	N/A
Personnel:	N/A
Carers:	N/A
Provider Organisations:	N/A
Equalities:	N/A
Fairer Scotland Compliance:	N/A
Financial:	N/A
Legal:	N/A
Economic Impact:	N/A
Sustainability:	N/A
Sustainable Procurement and Article 19:	N/A
Risk Implications:	The work outlined in this report will assist the HSCP in monitoring the risk of purchased care home failure within the City.
Implications for Glasgow City Council:	N/A
Implications for NHS Greater Glasgow & Clyde:	N/A

1. Purpose

- 1.1. This report outlines the current capacity within the purchased older people care home sector with Glasgow City, the key aspects influencing sustainability of the sector and measures in place to monitor the sustainability of the sector within Glasgow City.

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2. Background

- 2.1. Care home provision supports both unscheduled care and those moving directly from community-based living (often from their own homes/tenancies into a care home setting). The ongoing availability of care home placements for older people requiring 24hr care is therefore essential in ensuring real choice of care delivery models in the city.
- 2.2. Within the current context of unprecedented economic pressures impacting the social care sector including the care home market (inflation, utilities, fuel/transport costs and rising wages), Glasgow City HSCP began work to identify risk factors associated with care home closures as we had experienced 6 older people care home closures over the previous 2-year period.
- 2.3. This has led us to consider current care home capacity within the city, key aspects that influence sustainability of care homes and how best we can monitor sustainability of the care homes operating within the city.
- 2.4. Although this paper focusses on care home provision within Glasgow City it should be noted that as a result of personal preference of service users and their families, a significant level of care home placements are also purchased by Glasgow City that are outwith our geographical boundary (currently 585 placements with an annual budget spend of £14.8m).

3. Current Capacity

- 3.1 Key statistics, gathered as a 'snapshot' of activity in the summer period of 2023, of the current independent (purchased) older people care home market in Glasgow City are shown below:

Snapshot Data

- 56 Independent Older People Care Homes
- 32 provider organisations
- 3383 beds registered with the Care Inspectorate
- 225 reported vacancies
- 1675 (49.5%) current placements funded by Glasgow City
- 306 (9%) current placements funded by other HSCP's
- 475 (14%) current placements self-funded.

Provider Vacancy Levels

- 8 provider organisations (25%) reported 0 vacancies
- 9 provider organisations (28%) reported 1 to 5% of available beds vacant
- 11 providers (34%) reported 5 to 10% of available beds vacant
- 1 provider (3%) reported 10 to 15% of available beds vacant
- 0 providers reported 15 to 20% of available beds vacant
- 1 provider (3%) reported 20 to 25% of available beds vacant
- 2 providers (6%) reported 25 to 30% of available beds vacant

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Care Home Vacancy Levels

- 11 care homes (19.6%) reported 0 vacancies
- 20 care homes (35.7%) reported 1 to 5% of available beds vacant
- 17 homes (30.4%) reported 5 to 10% of available beds vacant
- 1 home (1.8%) reported 10 to 15% of available beds vacant
- 2 homes (3.6%) reported 15 to 20% of available beds vacant
- 3 homes (5.4%) reported 20 to 25% of available beds vacant
- 1 home (1.8%) reported 25 to 30% of available beds vacant
- 0 homes reported 30 to 35% of available beds vacant
- 1 home (1.8%) reported 35 to 40% of available beds vacant

4. Key Risk Factors

4.1 Notwithstanding general sector-wide cost pressures, the following key risk factors have been identified as possible causative indicators in care home failure. While not listed in a formal hierarchy of risks they have been shown in order of perceived/anecdotal impact as follows:

- **Occupancy**

Occupancy is important in any economic situation as core funding budgets are normally based on a significant occupancy rate (often 90% and above). Thus, if a prolonged period of low occupancy is experienced this can lead to cashflow difficulties and closure. The current generic economic pressures significantly exacerbate this dynamic.

- **Size of organisation / Debt burden**

Organisations in all sectors must achieve a balance (or gearing) between borrowing (and associated costs) and ability to service the costs of borrowing. As base interest rates rise the costs of borrowing will also rise. Small organisations (one or two care homes) with large debt commitments (usually as a result of new build or significant refurbishment costs) may be most vulnerable as they do not have the same opportunity to spread the burden across the income streams of multiple sites. Large organisations may also be susceptible to debt burden, but this may be less visible to local commissioners and best assessed via analysis of company accounts – although it must be noted that these are retrospective and often opaque in nature.

- **Agency costs**

Recruitment and retention pressures are well recognised across the care home sector. This has led to increased use of agency staff which has placed a significant financial burden on care home providers. There are signs that some providers are embracing opportunities to stabilise their workforce via overseas recruitment, but agency usage remains a significant risk. Paradoxically where there have been care home closures this has enabled other care home providers to recruit experienced staff at all levels.

- **Leadership Failure**

A noticeable dynamic in some care home closures has been that the organisations' leadership have chosen not to advise the HSCP of the criticality of their organisation's financial position. The HSCP might only have been advised of the decision to close after the organisation has

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decided on this course of action or reached a point where they have no other option. Whilst this is a complex area it could be attributed to a failure of leadership decision making or indeed a conscious decision to exit the care home market.

- **Combination of above factors**

While any one of the above noted factors may be catastrophic and lead to care home closure it is more likely that a combination of some or all of the above noted factors will be at play in any care home failure.

5. Monitoring

- 5.1 The current Care Home Provider Risk Assessment (RAG) rating tool (which is a component part of CMF) will be reviewed to ensure alignment with the above noted risk factors.
- 5.2 Commissioning Officers of Glasgow City have established and will continue to link with colleagues in other partnerships in NHS GG&C, Scotland Excel (SXL) and Social Work Scotland re understanding and influencing (where possible) the risk factors associated with care home failure.
- 5.3 The Chief Officer, Finance and Resources has established a small national group of key officers from finance, commissioning, SXL and COSLA to consider this area and to maximise existing intelligence to inform further monitoring and early identification of difficulties.

6. Recommendations

- 6.1. The IJB Finance, Audit and Scrutiny is asked to:
 - a) note the content of this report.