

Meltdown?

A report into the meltdown in the Care
System for Older People

By Paul Burstow MP



Introduction

The “crisis in the care home system” has been widening and deepening over the last 4 years. All parties involved in social services, except Government, predicted this outcome years ago. The care home sector is reaching a critical juncture. Without long term planning and investment the sector could face a meltdown in the next 5 years. This report summarises the situation and puts forward recommendations the Government must initiate to stop the crisis turning into a meltdown.

Signs of meltdown

- Evidence in the Wanless report shows that the overall number of social care places has fallen in the last 4 years by 9.1%¹.
- The Joseph Rowntree report ‘*Calculating a fair price for care*’ published June 2002 showed a £1billion black hole in care home funding. Social Services across the country also report a £1billion funding gap
- Over the last three years some 35,000 beds have been lost in the care home sector.
- Over the last five years across the public and private sectors 50,000 long-term care beds have been lost. This loss of capacity has been unplanned and its consequences can be seen in increasing rates of delayed discharge or ‘bed blocking’ in the NHS.
- Emergency readmissions to hospital within 28 days of being discharged have increased by 18% over the last 2 years.
- The reality of the policy on intermediate care set out by the Government has failed to live up to the rhetoric. As an example, old hospital wards were simply reopened and renamed “intermediate care beds”. Much of the promised £900million has failed to reach its intended recipients.
- Charities are having to top up state funded placements in care homes to the tune of £185million a year
- There is a massive gap in fee levels in care homes. The so-called ‘free’ nursing care scheme is nothing of the sort. As care home owners struggle to stay afloat they are forced into increasing the fees of residents in such away that the contribution by Government for nursing care never reaches the resident. Over 200 MPs have written to Ministers in the Department of Health to protest against this.
- Delayed discharge from hospital continues to blight the NHS with up over 147,000 bed days in hospital being lost in each quarter, with emergency readmissions within 28 days of leaving hospital having increased by 18% in 2 years

¹ The Wanless Report was released by the Treasury on 17th April 2002 and states on page 107 para 6.43: “The number of social care places has been falling. Between 1998 and 2001, the number of private nursing beds⁹ fell by 9.1 per cent (almost 19,000 beds) and residential care places¹⁰ fell by 1.9 per cent (6,700 places). This is shown in Chart 6.1. Councils and care home owners are arguing for higher fees. Appropriate financial incentives are required to sustain a viable nursing and social care home market. The need for regulation and improved standards must be balanced with stable financing to support the quality of care.”

Research

Research by Paul Burstow MP Liberal Democrat Frontbench Spokesman on Older People into the care home crisis has produced a number of striking results:

- **1 in 6 general nursing homes have closed in England in the last 4 years, according to an analysis of figures issued by the Department of Health. (See Appendix A)**
- The figures show there has been no slowdown in the number of care home owners selling up and moving out of the sector. **The worst areas are the North West and Northern & Yorkshire regions where 1 in 5 homes have closed in the last 4 years.**
- A survey of almost 150 care homes across England, carried out by Paul Burstow MP, shows that 7 out of 10 care home owners have considered refusing local authority funded residents, and over half have considered closing down completely in the last year².

Why is there a crisis?

Government failure for five years to recognise the growing black hole in social services spending and inaction in the face of care home closures, has led to a care crisis.

In March, Paul Burstow highlighted that within the next 5 years, demand would outstrip supply in the number of care home places across England.

Paul Burstow MP has outlined 6 factors that are causing the care homes to close: -

1. Inadequate fee income and cost pressures;
2. Staff shortages;
3. Property prices;
4. National minimum standards that came into effect from April 2002;
5. Retiring care homeowners.
6. The commissioning and regulatory environment

1. Care Home Fees

In the latest report by the Government think tank, the Personal Social Services Research Unit (PSSRU), care home owners cited an average 22% increase in fees

² A 4-page questionnaire sent out between February and March 2002 to selected care homes across England. The survey set out to determine the pressures care home owners are facing across the country. Out of 143 responses, 100 said they had considered refusing state funded placements, with 73 saying they had considered closing their doors in the last year. The questionnaire was distributed by selected English Liberal Democrat Members of Parliament to care homes in their constituency. Questionnaires were received from all regions of England.

would prevent their homes being closed. In reality, fees have risen on average by 2% for state funded placements and 5% for self-funders.

Fee increases have been small for the last five or six years mainly because of pressures on social services budgets. This means that self-funders and care homeowners are subsidising state-funded residents, because local authorities cannot afford to put their fees up at a sensible rate.

There is also a wide variation of fees paid across the country. For example, in Islington, fees are £856 pr week but in Kent, homes receive only £333 per week. Kent has lost $\frac{1}{4}$ of its residential care beds in the last year alone and is consequently exploring the possibility of sending older people to care homes in France or Belgium, where it is cheaper and there is excess supply.

The difference in fee levels between neighbouring local authorities has also resulted in the poaching of care home places. So, again in Kent, London social services departments who pay considerably more, are purchasing a large number of care home beds in the north of the county. This problem may get worse with the payment of a special grant to social services to tackle bed blocking, as those social services department who receive the grant use the money to increase their fee rates.

2. Staff Shortages

There are serious shortages of care home staff across the country. Care homes are in direct competition with local supermarkets for staff, and lower fees have led to poor pay for care home workers. Some nursing homes now have to use agency nurses, which inevitably costs more.

3. Property Prices

This is a particular problem in London and the south-east. For care home owners struggling to balance the books it is becoming increasingly attractive to opt to close the home and sell the property for redevelopment.

4. National minimum standards

The Care Standards Act 2000 introduced a new scheme for minimum standards for both nursing and residential care homes under a single system of inspection and registration. The inspection body, the National Care Standards Commission (NCSC) started work in April 2002.

All political parties support minimum standards in care homes. They are causing concern, however, because of a fear that care homes cannot afford the necessary changes, and that the standards have not been properly costed, so that fees to care homes will not be enough to cover the cost of compliance.

Although the staffing standard will not apply until 2005, and the room size standard will not come into effect until 2006. This is the final straw for many care home owners. For example, care homes will need to have lifts installed and comply with minimum room sizes. Some very good care homes are set in Grade II listed buildings and will have to either move properties or undergo vast structural changes to the property in order for it to comply with standards.

There are three problems:

- ◆ The Government is not putting any money aside to meet the compliance costs of these new standards.
- ◆ To pay for the necessary adaptations, the owner has to be able to make money from fees for individual patients, but the remodelling will result in less rooms and consequently reduced income from fees. Bank managers are unlikely to finance such investment.
- ◆ It is almost impossible to get planning permission to make the alterations in some homes.

5. Retiring care homeowners

During the mid 1980s the Conservative Government deregulated, and in effect, privatised, the industry. As a result, the supply of long-term care beds has been unplanned leading to an excess of supply in some areas and a growing deficit in others. Over the next few years, many of these care home owners are set to retire. They can either sell on their business (which would be difficult in the current crisis) or sell up and realise the development value of their property and landholding.

6. The commissioning and regulatory environment

Local authority arrangements for negotiating and passing on care home fees have led to many home closures. Problems include delays in passing on payment of fees, delays from assessment to admission and delays taken to assess clients. If local authorities are not passing money on quickly and effectively then small operators experience severe cash flow problems.

Free Nursing Care

The introduction of the so-called ‘free’ nursing home scheme has caused widespread problems. The introduction has meant that people who pay their own fees because they have more than £19,000 in the bank are assessed to a particular banding level of either £35, £70 or £110 a week, and the Government then pays the care home that amount of money to pay for the nursing element of their care. What has been happening across the country is that nursing homes have simply been getting this money and then charging ‘self funders’ an extra amount corresponding to the amount they have been given in nursing care contribution. By 22nd May 2002, over 200 letters from Members of Parliament had been submitted to the Department of Health complaining of such instances.

Intermediate Care

A report entitled “Indeterminate Care – The reality behind Intermediate Care” by Paul Burstow MP has examined this area and highlighted serious concerns in the introduction of intermediate care in England. Intermediate care has been defined as “a short period of rehabilitation and therapy to promote independence³”. The Government claims it will improve care for older people and reduce waiting time targets. However, intermediate care without therapists or active rehabilitation

³ Department of Health Guidance: HSC 2001/01 : LAC (2001)1; Issue Date: 19 January 2001. See Appendix B for details.

becomes little more than a cheaper form of delayed discharge, warehousing older people. The report found that the money announced for intermediate care is impossible to track down.

The report included the findings of a survey of primary care trusts:

- The focus was too much on delayed discharges. Some old hospital wards were simply reopened and renamed “intermediate care beds”.
- There were difficulties in implementing government guidance. More than 7 out of 10 of respondents felt the time limit was inflexible or too short.
- Many social services departments were charging for some parts of intermediate care, despite guidance to say it should be free at the point of delivery.
- A national shortage of therapists.

Recommendations

- Liberal Democrats have called for an **independent review of care home capacity** and the development of a national strategy and local action plans to secure an adequate supply of beds. The review needs to look at fee levels, local labour market constraints and the costs associated with complying with the national minimum standards. The Liberal Democrats are proposing that this report be along the same lines as the Wanless Report for the National Health Service.
- As proposed in the Wanless report, there must be a **whole systems approach to health and social care**.
- The Liberal Democrats have called for the **introduction of free personal care**, which was successfully introduced in Scotland on 1 July 2002.
- **More clarity is needed over the issue of charging for intermediate care**. The Government guidance states that it should be free at the point of delivery, but there is no control over local authorities to stop them charging for services.
- **The black hole in social services funding needs to be tackled**. In the year to March 2002, Councils expect to overspend their budgets by £218m. Children’s services account for two-thirds of the overspend. This is on top of the planned expenditure of £1bn in excess of what the Government thinks Council’s should be spending on social care. Funding allocations as set out by the Liberal Democrats can be seen in the table below: -

| | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
|---------------------------|---------|---------|---------|---------|
| | 1 | 2 | 3 | 4 |
| | (£,000) | | | |
| Personal care | 0 | 769 | 788 | 808 |
| Social care funding gap | 725 | 725 | 725 | 725 |
| Children leaving care | 30 | 155 | 155 | 155 |
| Remuneration social care | 300 | 300 | 300 | 300 |
| Adoption | | 25 | 25 | 25 |
| Fostering | 70 | 140 | 140 | 140 |
| Little Bit of Help Scheme | 100 | 250 | 250 | 250 |
| Care homes | 280 | 280 | 280 | 280 |

| | | | | | |
|---|--|----|-----|-----|-----|
| Most vulnerable | | 25 | 50 | 50 | 50 |
| Cold weather payments for wind chill factor | | 8 | 8 | 8 | 8 |
| Severe disabled fuel payments | | | 205 | 205 | 205 |

Appendix A: Nursing Home Closures

Figures analysed from Department of Health figures: -

<http://www.doh.gov.uk/public/sb0209/sb0209.xls>

| General nursing homes in England 1998/2001 | | | | | |
|---|--------------|--------------|--------------|--------------|----------------------|
| | 1998 | 1999 | 2000 | 2001 | %age decrease |
| England | 4,822 | 4,702 | 4,368 | 4,172 | 15.6 |
| Northern and Yorkshire | 700 | 672 | 610 | 578 | 21.1 |
| Trent | 584 | 582 | 532 | 506 | 15.4 |
| Anglia and Oxford | 390 | 371 | 351 | 346 | 12.7 |
| North Thames | 325 | 359 | 325 | 292 | 11.4 |
| South Thames | 699 | 674 | 656 | 627 | 11.4 |
| South and West | 877 | 841 | 767 | 750 | 16.9 |
| West Midlands | 469 | 480 | 453 | 434 | 8.1 |
| North West | 778 | 723 | 674 | 639 | 21.8 |

Appendix B: Extract from Department of Health Guidance: HSC 2001/01 : LAC (2001)1

The Department of Health intends to adopt the following standard definition of intermediate care. Intermediate care should be regarded as describing services that meet all the following criteria:

- a. are targeted at people who would otherwise face unnecessarily prolonged hospital stays or inappropriate admission to acute in-patient care, long-term residential care, or continuing NHS in-patient care;
- b. are provided on the basis of a comprehensive assessment, resulting in a structured individual care plan that involves active therapy, treatment or opportunity for recovery;
- c. have a planned outcome of maximising independence and typically enabling patient/users to resume living at home;
- d. are time-limited, normally no longer than six weeks and frequently as little as 1-2 weeks or less; and
- e. involve cross-professional working, with a single assessment framework, single professional records and shared protocols.