Care Quality Commission

The Stability of the Adult Social Care Market and Market Oversight in England

- A Summary

February 2014

*You can read the full report **here…***

The Stability of the Care Market and Market Oversight England

Care Quality Commission

Objectives and Approach

The Institute of Public Care (IPC) was asked by the Care Quality Commission (CQC) to produce a report analysing the main factors that affect stability in the adult care market and the relationship of this to the forthcoming market oversight regime (***read more here on market oversight…***).

The report was commissioned by CQC in order to assist in developing our early thinking, and to begin canvassing external perspectives, about market oversight. Overall the report has helped validate some of our internal planning, particularly the importance of quality of care as an indicator, and the need to monitor changes in the wider market to understand the context in which providers operated.

IPC reviewed data about major providers of care and talked with a sample of major providers and others. The report covers the learning disability and older people's elements of the adult social care market. It focuses on large providers of care, but also considers those organisations in the context of the overall shape of the market.

Key sections of the report: *What constitutes a stable market?* **|** *Southern Cross and Castlebeck – market instability or provider failure?* **|** *The Market Oversight Regime* **|** *The size and shape of the social care market* **|** *Organisational Structures* **|** *Factors that may influence organisational and market stability* **|** *Provider and market stability: Some conclusions | Market oversight: Some conclusions* **|** *Suggestions and Recommendations*

You can read the full report ***here…***

The Stability of the Care Market and Market Oversight England

CareQuality Commission

Key Findings

Two issues for market oversight and stability:

- The more internationally diverse the ownership model then the more difficult it is to gain clarity about the overarching financial position.
- Debt, and the management of debt, is a critical issue for some of the large care providers (inc private equity funding, sale and leaseback arrangements and bond issues)

Key factors that affect market stability:

- Recruiting a trained and well paid workforce is a major issue for the future, and the older persons care market continues to be fragile.
- The greatest risk is likely to be the failure of a large care home provider who does not own the properties in which they operate, and where they had a concentration of homes in a limited number of authorities in less affluent areas.
- A rise in property values alongside demands of regulation and lower levels of LA funding may persuade providers to cash in their assets and leave the market.

*You can read the full report **here…***

The Stability of the Care Market and Market Oversight England

Market Oversight - *Some Conclusions*

- The Market Oversight regime fits within the context of the Care Bill and the Government's desire to ensure that there is a diverse market of high quality care and support.
- Assessing the "financial sustainability of the provider's business" may not be straightforward.
- Other factors can have a huge impact on a provider's financial sustainability from one day to the next; it is also necessary to analyse the ongoing situation in the market and the factors that may affect it.
- The link between quality of care and financial sustainability is crucial to the market. As a provider's financial position deteriorates, for whatever reason, the quality of care it provides tends to be reduced and maintenance is also affected. Therefore, the data that CQC receives from its inspections needs to be fed into its intelligence capability in order to inform its Market Oversight function.
- It must be borne in mind that the mere fact of identifying a provider as being at risk may itself weaken their financial position.

*You can read the full report **here…***

The Stability of the Care Market and Market Oversight England

CareQuality Commission

Suggestions and Recommendations

- Large scale provider failure is rare. A light touch and flexibility are better delivered where providers may easily enter and leave the oversight regime.
- Analysis of financial sustainability on an ongoing basis also needs to be as flexible as possible but to take into account the large amounts of debt held by some providers as well as the other risk factors.
- When companies enter the failure part of the regime, CQC needs to look at how it can facilitate the swift transfer of the business, in the interests of continuity.
- The formal market oversight role is at the heart of the process. However, if the wider market intelligence activity is functioning well that should allow for the regime to be better informed and less of a burden on both regulator and market.
- IPC would see the development of the wider market intelligence role as an important precursor to the market oversight regime and as a part of CQC strengthening its role in the care sector.

You can read the full report ***here…***