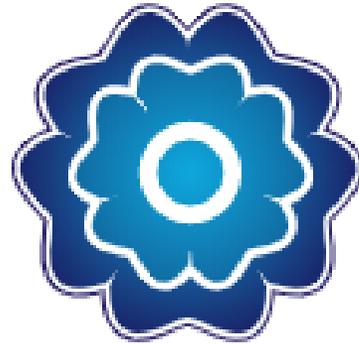


Financial Impact of Covid-19



Hampshire Care
Association

An analysis of the impact on
Hampshire's social care
providers

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1 The Hampshire Care Association (Introduction)



Hampshire Care
Association



The Hampshire Care Association

The Hampshire Care Association (HCA) represents 298 adult social care providers across the county (272 residential and nursing care homes and 26 domiciliary care providers).

HCA providers work across all sectors: the elderly (including nursing care), those with mental health needs and those with learning disabilities - in residential settings and in the community.

Our members are proud of their dedicated and highly skilled workforce who work tirelessly to provide compassionate and fantastic care every day.



2 Research Context & Objectives



Research context

Prior to the Covid-19 pandemic, the adult social care sector was under severe financial duress with calls for urgent funds to prevent the sector from collapse.

Nearly £8bn has been cut from council adult social care budgets since 2010. Local authorities have been left with no option but to cut services (an estimated 1.4 million people who need care are denied it as a result of cuts), and reduce what they pay for care.

At the same time, the regulatory environment for social care has kept pace with rising demand and needs. Providers and local authorities have been asked to provide a lot more for a lot less.

The government's long-awaited Social Care Green Paper, originally due to be published in April 2017, has now been delayed five times with intensity on the sector growing considerably in the meantime.

Adult social care providers and their staff have been working tirelessly during this pandemic. The professionalism, sense of community and highly skilled work from all involved has provided the protective ring that has been so absent from central government.

Within this context of crisis, the Hampshire Care Association wanted to understand the financial impact that Covid-19 has had on providers, and their assessment of what this means for the future of the services they provide.



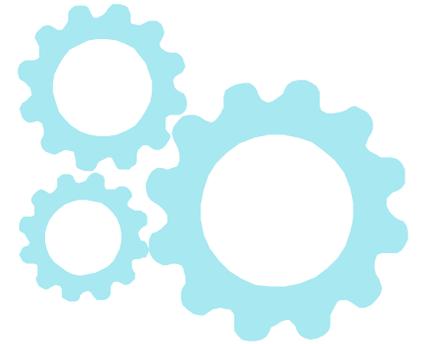
Research objectives

The HCA wanted to understand:

1. **Where** providers have incurred **additional costs** as a result of **Covid-19**
2. **How much** costs have increased overall, and by individual cost areas
3. Whether the current financial support on offer is a) **reaching the front line** and b) is **sufficient to cover costs**
4. Whether the Covid-19 crisis could pose a **threat to market stability** going forward.



3 Sample and Methodology



Sample and Methodology

Over the course of 2 weeks, (18th – 31st May 2020), we collected data via an online survey sent to every adult social care provider across Hampshire – including the 298 members of the HCA.

Overall, we received 137 responses. Not all providers responded to every question therefore there are varying sample sizes throughout. We have indicated some of these variations.

In this report, we refer to ‘total costs.’ This is our proxy based on the sum of six major cost elements: staff, agency staff, SSP, holiday pay, infection control and admin/IT. It should be noted that for some providers other cost elements may have had an impact.

Methodology



A short survey, scripted online, formatted for response on all electronic devices; 5-10 mins length



We focused on costs from Feb, March and April, using February as a pre-Covid-19 baseline



Sent to all Hampshire Care Providers – HCA members and non-members



4 Topline findings



Overall, costs have increased by **18%** since February.

99% of providers report seeing **increased costs** as a result of the covid-19 pandemic.

Staff costs and **infection control costs** are contributing most to the increased costs.

Current financial support is **not enough**

59% of providers say that current support on offer will not cover their increase in costs.

Covid-19 is negatively impacting market stability

60% of providers report below average occupancy levels.

58% of providers are concerned the current crisis could put them in a high risk position with their lender.

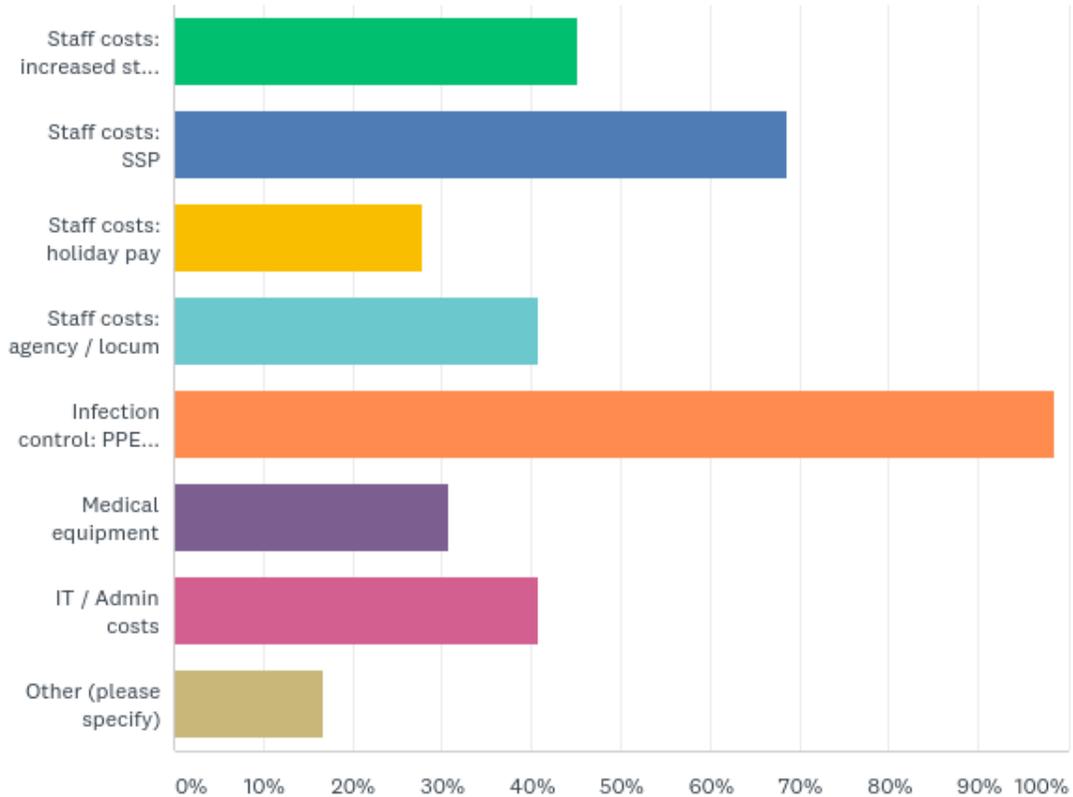
65% of providers state this crisis puts the future viability of their service at risk



5 Cost analysis



Increased costs are being felt by providers across the full range of areas

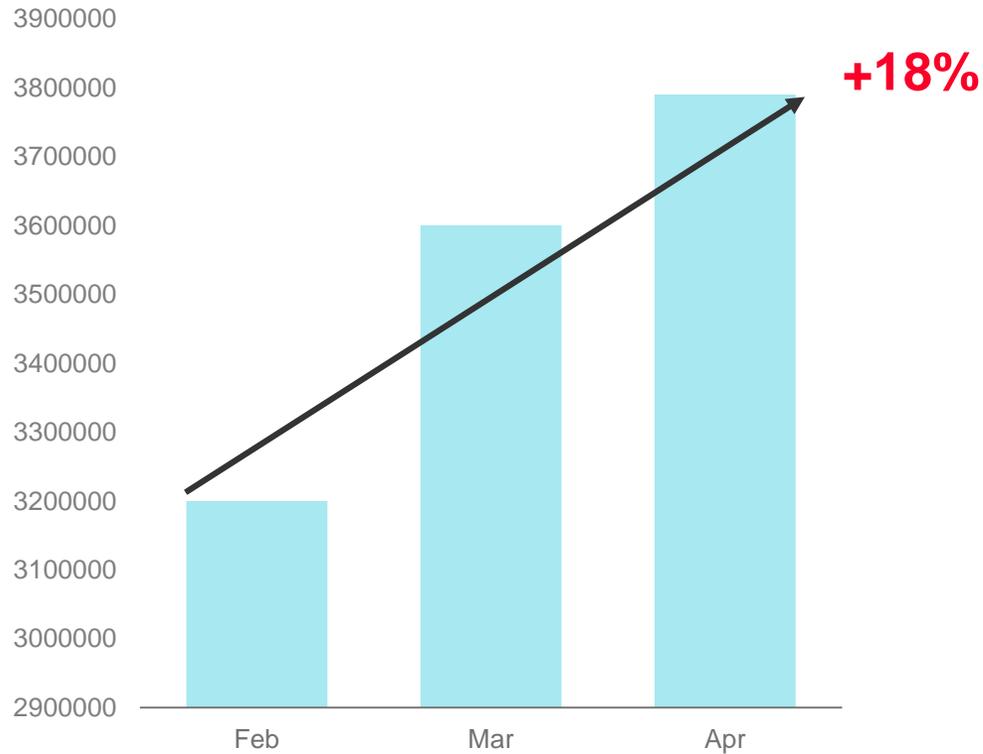


ANSWER CHOICES	RESPONSES	
Staff costs: increased staff to resident / client ratios	45.26%	62
Staff costs: SSP	68.61%	94
Staff costs: holiday pay	27.74%	38
Staff costs: agency / locum	40.88%	56
Infection control: PPE, clinical waste etc...	98.54%	135
Medical equipment	30.66%	42
IT / Admin costs	40.88%	56
Other (please specify)	16.79%	23
Total Respondents: 137		



At an overall level, costs have increased by 18% since February

Total costs across all providers



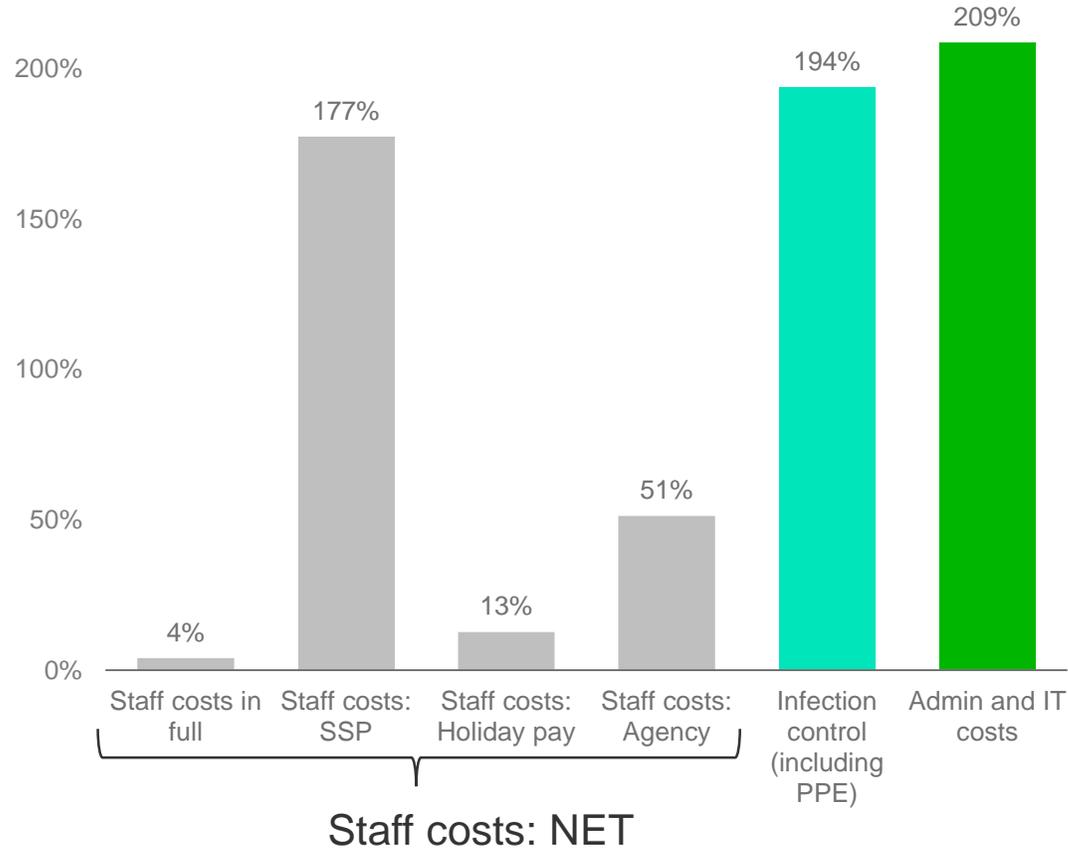
- In **March**, costs increased by **12%**
- Then in **April**, by a further **6%**
- Bringing the total 2 month increase to **18%**

**36 providers gave responses that were at least partially complete and have been used here*



Costs have increased by up to 209% in some areas

Cost increases across different cost drivers

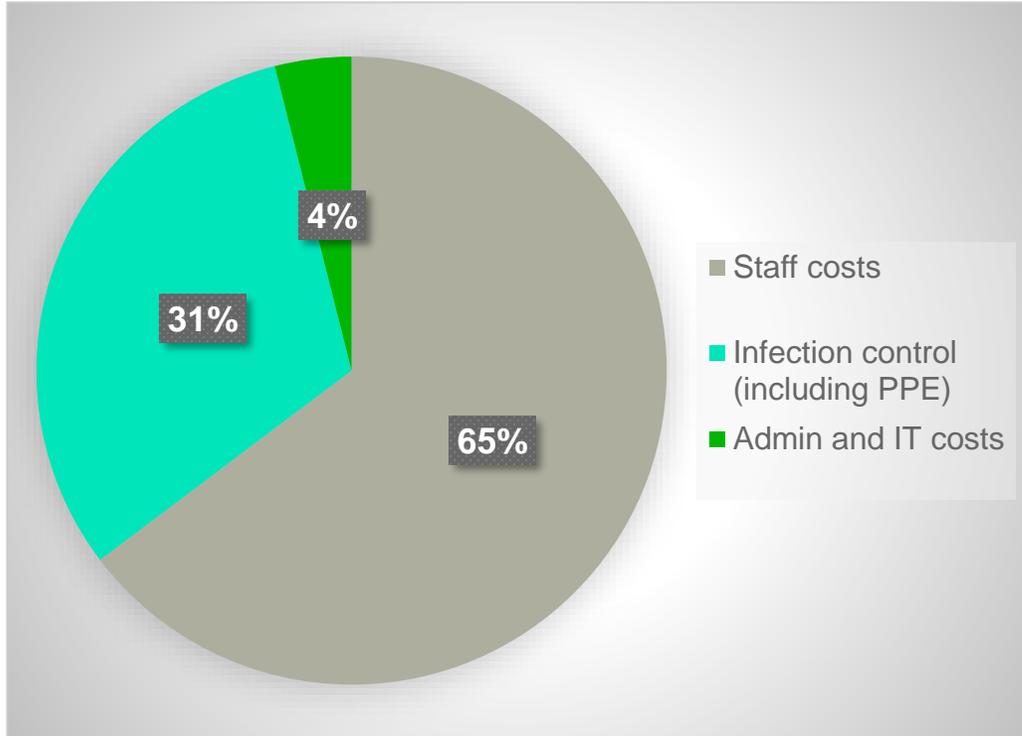


- Staff costs have increased considerably across **all areas**
- **Agency pay** is the biggest individual cost driver (due to its large starting value AND large % increase)

**37 providers gave responses that were at least partially complete and have been used here*



When we factor in the total costs we see a more accurate picture of the real drivers of increased costs



- **Staff costs** and **infection control** costs account for **96%** of the total increase in costs

Note: depending on a provider's business model and size, increased costs in other areas may also have had a large impact e.g. IT & admin costs rising by 209%, in their own right

**37 providers gave responses that were at least partially complete and have been used here*



5 Current financial support



Current financial support is not sufficient and can be difficult to access

59% of providers* said current levels of additional funding **do not cover costs**

Some providers have **not yet received funds** from commissioning bodies (see next slide)

Providers report **missing out on financial support** from local authorities because the criteria don't fit with their business model e.g. providers with high levels of self-funded care, in areas where support has been tied to local authority commissioned care

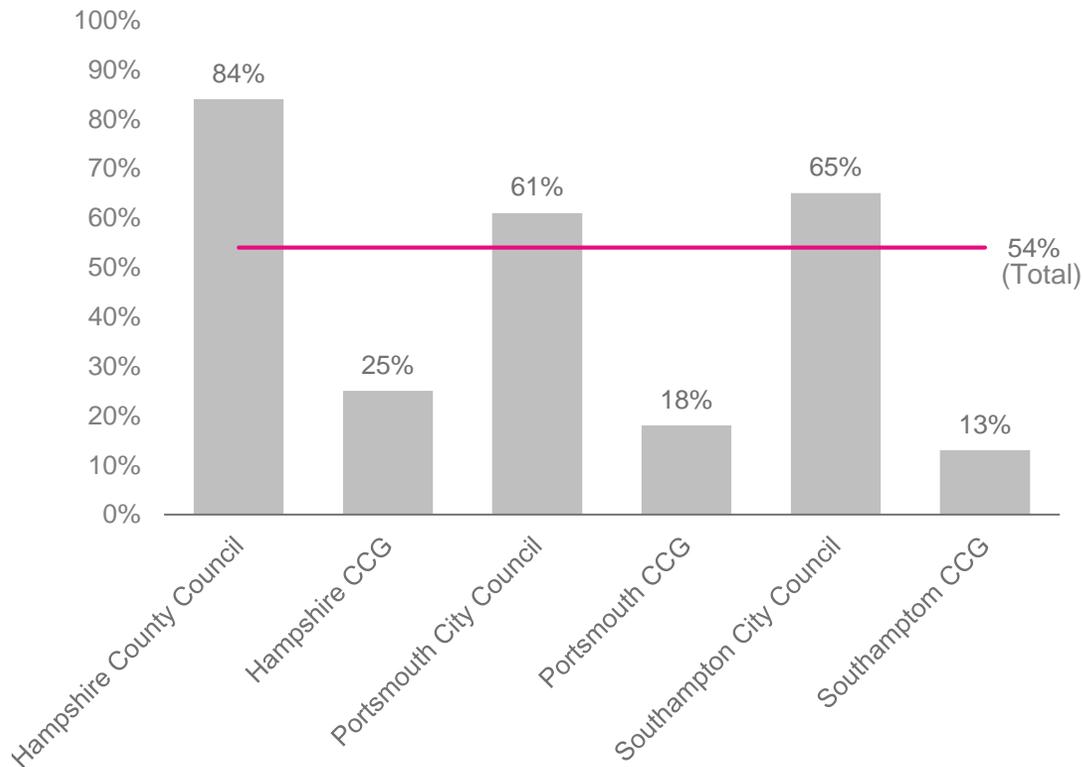
Several providers report **needing help** to apply for the financial support on offer due to **needing clarity** of what's on offer, what they are eligible for and **how to apply**

**48 providers answered this question. These providers represent 1366 beds and 5323 weekly visits*



Commissioning authorities are not reaching all providers with financial support

Authorities that have provided financial support to providers they commission:



- Overall, providers are receiving support from the authority that has commissioned them **54%** of the time
- There is a **wide variation** in success between different authorities for this metric
- Sample sizes are relatively low, so these results are *indicative* only:

Commissioning authority	Sample size
Hampshire County Council	44
Hampshire CCG	24
Portsmouth City Council	18
Portsmouth CCG	17
Southampton City Council	17
Southampton CCG	8



7 Market stability



Lower occupancy levels

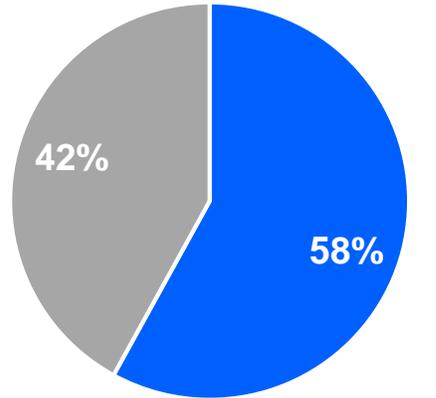
60% of providers report below average occupancy levels

Providers reported many factors contributing to this:

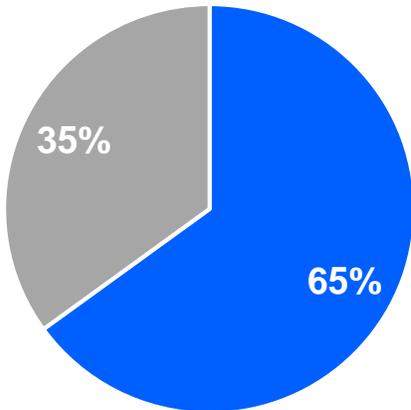
1. Referrals from commissioning bodies have decreased.
2. Lack of confidence in the sector.
3. Fears over safety for current residents, or potential risks of admissions from hospital settings.
4. Deaths within settings.



Concerns around future viability of service and position with lenders are widespread



■ Concerned ■ Not concerned



58% of providers are concerned the current crisis could put them in a **high risk position** with their lender.

65% of providers are concerned that financial strain caused by the **Covid-19** crisis could put the viability of **their service at risk**.



Support from central government is not enough

March 2020:

“Spend what you need to spend and we will reimburse you”

Robert Jenrick MP, Secretary of State for Housing, Communities and Local Government

May 2020:

“We wouldn’t want anyone to labour under the false impression that what they are doing is guaranteed to be funded by central government”

Robert Jenrick MP giving evidence to the Housing, Communities and Local Government Committee

Hampshire County Council alone has reported a **£21.6m shortfall** for the initial three month period of the Covid-19 pandemic. It also anticipates further financial challenges will arise after the initial three month period – “not least from **increased demand for services across adults’ and children’s social care.**”

The shift of government policy to one of “sharing the burden” is of great concern to the HCA. Furthermore, the most vulnerable in our society, and the workers who support them, will suffer the most if we don’t coordinate our efforts to ensure the government provides the right level of support.



8 Recommendations / look to the future

The HCA will publish a detailed set of recommendations after an initial period of discussion with local authorities and commissioning groups

