

National Market Development Forum

The Future Social Care Market Discussion Paper 1

The National Market Development Forum (NMDF) involves leaders from local authorities, voluntary organisations, private service providers and national umbrella bodies. The NMDF has been funded through the Putting People First (PPF) Consortium as part of the PPF Delivery Programme.

Acknowledgment

The National Market Development Forum (NMDF), established in 2010 and resourced by the Putting People First Consortium, involves around fifty key individuals from a range of independent sector social care and housing providers and national umbrella bodies, as well as representatives from councils, government and CQC. Its purpose is to explore some of the challenges of market development in adult social care in the context of personalisation, and to propose practical ways in which partners can work together to address them in the future. The NMDF is supported by the Department of Health, the Association of Directors of Adult Social Services, the Local Government Association, and LGID (formerly IDeA). The Institute of Public Care (IPC) at Oxford Brookes University has acted as a facilitator of the Forum.

This is one in a series of papers developed by IPC for the Forum.

Disclaimer

The papers, prepared by IPC, do not seek to represent the views of any single organisation on the Forum, nor that of the Putting People First Consortium (The Department of Health, ADASS, LGA, and LGID). Equally, they do not represent the views of individual members of the Forum. Rather, they summarise the discussions and conclusions that arose during the course of the Forum's meetings. Where there was no consensus across the Forum about a particular issue, the papers have attempted to present a diverse range of views as objectively as possible.

National Market Development Forum

The Future Social Care Market

Discussion Paper 1

Introduction

What is clear to many in social care is that assumptions about the social care market are going to change in the coming years. Key trends include greater choice and control over service provision for users and carers, a stronger emphasis on communities / prevention and changes in the basis of funding care.

In the long term, the market for social care is likely to expand (based on the demographic growth of the population combined with a continuing period of morbidity prior to death) with a greater number of self funders of both care and health services (due to a diminution of state funding combined with greater pensioner wealth).

These trends, as the Transforming Social Care circulars¹ and Putting People First² advocate, are likely to involve a changed relationship between local authorities and the social care market. Authorities have already moved from being primary providers of care to roles as commissioners and purchasers. This move from direct involvement in front line care is likely to be further encouraged by local authorities seeing one of their primary tasks as being to facilitate and develop the care market; ensuring an appropriate range of services are available (regardless of whether care is being purchased by self funders, personal budget holders or by the Local Authority on their behalf), without the reliance on direct purchasing power that has been the case in recent times.

However, the care market is not protected from market forces - as financial crises for a range of providers has recently demonstrated.³ If local authorities and service users are to get consistent, viable services that reflect peoples changing expectations then there is a need to carefully consider the balance in relationships between service users, the local authority and the social care market.

This paper looks at some assumptions that might be made about the social care market in the future and the potential issues and problems to be faced.

¹ Transforming Social Care LAC (DH) (2009):1

² Putting People First: A shared vision and commitment to the transformation of Adult Social Care, Department of Health, December 2007

³ For example, the Guardian reported on 11th May 2010 that "Southern Cross's, the largest provider of residential care for the elderly...share price has dived from 538p since it was floated by private equity group Blackstone in 2006 to around 60p today".

Some working assumptions about the future social care market

The following assumptions and the rationale behind them have been discussed by participants in the National Market Development Forum between March and July 2010. They range from the almost inevitable (such as the growth in the numbers of older people) through to the highly speculative (migration patterns of older people). However, they are all assumptions which providers and local authorities will at least need to consider when planning future priorities.

- **Growth in the numbers of older people will drive a change in attitudes and services towards older people.** There will be an increased development of older people-friendly housing and also shops and community facilities being made more accessible to older people. These initiatives are likely to be driven by greater numbers of older people combined with higher levels of disposable income and property amongst the over 65 population. This will vary across the country but in some areas the changes are likely to be very striking - for example, by 2030 it is projected that a third of the population of Herefordshire will be aged over 65 (compared to just over 20% now) and a third of that population will be over 80.
- **A greater number of older people will control their care funding.** In some ways this is inevitable if there is a growth in population and a growth in wealth and equity amongst the older person's population. This will also occur through a greater emphasis on the use of personal budgets by central and local government together with a retraction in local authority expenditure. What is less clear is the financial impact of people with a learning disability outliving their parents and what happens to the disposal of those people's estates.
- **There will be changes in the home care market as more diverse roles are expected from home care providers.** The home care market is still very diverse with a large number of small providers. This is likely to continue as long as the home care function remains relatively discreet and with low entry barriers. However, if greater expectations are placed on home care services to deliver more complex interventions at the health and social care interface then this may result in changes including higher entry barriers. This may lead to changes in business models, including perhaps the consolidation of some providers, and increased specialisation by others. Diversification and increased demand due to population growth may also bring new players into this sector. All home care providers may be squeezed by greater use of unregulated support including personal assistants.
- **The care home market will continue to consolidate and care homes will get larger.** The care home market is still the sector most likely to attract large scale providers. There is an impression that the average size of care homes is continuing to increase (mainly driven by economies of scale). Competition between large care providers is likely to increase as the number of potential customers, grows. More direct marketing to service users is likely to be a feature.
- **There will be a continuing reduction in the role of local authorities as direct providers of care.** Despite the move from the 1980's onwards for local authorities to divest themselves of in-house provision, in some areas they are still significant providers. All indications are that local authorities will continue to reduce this commitment in the future. For example residential care home places in council run

homes fell by over 7,000 between 2004 and 2008⁴ with an equivalent rise in private sector homes. However, the overall size of the market remained relatively static.

- **The next generation of older people is likely to take a wider view of where they spend their final years.** This current generation of older people is far more used to, and accepting of, overseas travel and hence prepared to seek cheaper retirement accommodation outside the UK. Such a trend has been encouraged in recent years both by an increasing supply of care and retirement accommodation in Europe, particularly Spain. Continuance of this trend may depend on price v location combined with older people still being able to access UK benefits whilst living abroad.

Whether these particular assumptions all turn out to be true, commissioners and providers need to plan ahead for how their local social care market might operate with a shared desire of avoiding unintended consequences. All parties to the market will make assumptions about the future. At the very least highlighting and discussing these assumptions may lead to a more effective and efficient market.

Some potential challenges and issues facing the social care market

The Forum members have also identified some of the key challenges that the social care market is likely to pose for commissioners and providers in the future:

- **The impact of public funding cuts may lead to a reduction in personal budgets.** There may be a greater expectation on wealthier people to contribute in part or fully to the cost of their care and support needs. This may lead to a smaller proportion overall of people receiving (publicly funded) personal budgets.
- **Delivering equity across authorities and services.** In the past much attention has focused on 'post code lotteries' as a short-hand phrase to criticise differences between volumes of provision, eligibility criteria and funding from one local authority to another. Such disparities have led to much discussion over whether there should be a national care system. However, disparities about the relationship between need, cost and services is only one form of difference. For example, there are potential inequities if an older person has a mental health condition. Dementia is far more likely to lead to a care home based response than if you are a frail older person. For example, the Alzheimer's Society has already identified that people with dementia who have physiological conditions are likely to remain in hospital longer than other older people and are more likely to be given anti psychotic drugs to control behavior.⁵ There are clearly huge cultural challenges to be overcome to ensure that the principles of choice and control are embedded across services for all people with support needs, regardless of their age or condition.
- **Delivering effective learning disability provision.** Whilst most attention has focused on the rise in the older people's population there is a smaller but

⁴ The State of Social Care in England 2007-08, CSCI 2009

⁵ 'Counting the Cost' Alzheimer's Society 2009

nonetheless significant rise in the population of people with a learning disability.⁶ There are two particular pressure points within the system. First, there is a growth in the numbers of children born who survive with profound and multiple disabilities. Secondly, there is increased longevity amongst the learning disability population which means greater pressure on care services, and some new care needs to meet – for example the increasing number of people with down’s syndrome who survive to get early onset dementia. There are also some concerns about the disparity in funding between different client groups, and questions about the extent to which people with learning disabilities might be supported more extensively than older people with similar care needs.

- **Cost shunting.** With demographic growth will come increasing pressure on all public care organisations, particularly the NHS. While recognising the continuing health care responsibilities of the NHS, potentially this could drive a greater use of residential care as a mechanism to move people out of hospital which in turn could drive up demand for care beds. The fundamental difficulty here is managing demand when some services are universal and others selective, and when some will be financially protected whilst others will not. For example, diminishing capital expenditure on housing may have a kick-on effect into health and care provision if more older people live in properties into which it is not possible to deliver health and care services leading to an increase in hospital and care home admissions. Similar effects may also prove true in the balance between education services and adult care in respect of learning disability. Transfer of responsibility between agencies is quite feasible of course, but needs to be accompanied by equivalent transfer of resources.

Key features of an ‘ideal’ market

With these assumptions and challenges in mind, the following represent some of the potential responses that will help to create an ‘ideal’ social care market:

- Each local authority or group of authorities (alongside their GP and other NHS partners) will have a wider view of the care market other than just the service users they fund, and will have the capacity to conduct market research and provide initiatives that can stimulate the market, in areas where there is a service shortfall.
- Mechanisms will be in place that enable people with care and support needs, their carers and families, to contribute to the direction for local commissioning and service development and communicate their aspirations and priorities to the market (*Working together for change* is one possible approach).
- All services will be person-centred, offering choice and control in all service settings and designed to respond to people’s individual needs and aspirations rather than the generic customer.
- Each area will have a market position statement which lays out; predictions of future demand, a quantitative and qualitative picture of the current state of supply, the areas where services need to develop, identified models of practice that the LA would support, good information regarding preferred/reasonable price, and

⁶ See Projecting Adult Needs and Services Information (PANSI) Department of Health

identification of those areas where the LA is less likely to purchase or provide or to encourage service users to purchase.

- Service users and carers will have good unbiased access to quantitative and qualitative information about the kinds of support that are available to them and, at what price and which they in turn can comment upon. They should also have information that illustrates the kinds of choices that other people have made and the outcomes they have experienced.
- There will be less use of 'traditional' residential care but what is provided will be more personalised, with better trained, better paid staff, and with a higher health focused component than at present. There will be a wider range of 'extra-care' and supportive living environments as part of the alternatives to traditional care home arrangements.
- There will be an expansion in the number of people using personal assistants and agencies will have developed or diversified their role to incorporate services that support people to find personal assistants and manage their employment.
- Both the way that services are commissioned and delivered will take account of people's social capital and will seek to build these reserves where they are not available;
- Local Authorities, working with national regulators and workforce bodies will develop an agreed programme designed to drive up standards and quality of care, across the sector.
- There will be a greater focus on payment for care by the outcomes it delivers rather than by cost and volume. There will be clearer expectations about what outcomes residential care will deliver for all care groups who use that form of accommodation.
- There will be fewer council commissioned block contracts for most services – while the Local Authority will maintain aggregate investments in some types of provision, the expansion of people with control over their own budgets, alongside self-funders, and an increase in individual purchasing will see new models of contracting develop.
- There will be a set of standard national contracts that people and local authorities may choose to use for the purchase of basic care and support services. Simpler tendering and contracting arrangements will actively engage people with care and support needs throughout and increasingly view providers as partners.
- There will be a far more diverse property market of accommodation suitable for older people and into which health and care services can be delivered.
- There will be a much greater emphasis on combined preventative health and social care with more holistic care provision delivered by multi disciplined organisations capable of tackling a range of health and care issues.
- There will be less fragmentation into professional disciplines (physiotherapy, occupational therapy, nursing, care staff, etc) or into individual services (assistive technology, home care, care and repair, etc). There will be an emphasis on multi tasking professionals committed to a 'do what it takes approach'.

Conclusion

The new coalition government is keen to resolve the future funding of long term care and has established a commission to report within a year.⁷ This and the other proposals outlined by the coalition will undoubtedly have an impact on the overall social care market. However, in general the move towards greater choice and control by service users, with the local authority performing a more facilitative, rather than interventionist role in adult social care, looks likely to continue.

Over and above the funding debate, the vision for the ideal social care market as outlined above describes a number of potential components for the future. Some, for example, such as changing the focus of measurement from the quantity of care supplied to the outcomes it delivers still looks to be no more than a distant prospect. Key to the future will be the provision of accommodation into which care and health services can be delivered within the community, together with a combined preventative approach from health and social care. In the case of the former much will depend on the capacity of the local authority to stimulate demand, to which the private sector can respond, and also on the government to incentivise suitable responses. The latter will call for a rethink by health and social care services of what exactly it is they are trying to prevent and what approaches might best deliver the best outcomes.

⁷ The Coalition: Our Programme for Government, HM Government, 2010.