

## **Care Home Closures**

### **Purpose of Report**

1. This report provides an update on the recent care home closures in adult social care.

### **Background**

2. A Care Home Closure Risk Policy Paper was written in 2021, which outlined the impact of the COVID-19 pandemic on adults residential and nursing care homes in Wiltshire.
3. A paper was presented to Adult Social Care Performance and Outcome Board in February 2022.

### **Main Considerations for the Council**

4. The COVID-19 pandemic has altered demand for adult social care services significantly for residential care homes across England. Prior to the pandemic forecasted take up of residential care placements showed a steadily declining trend over a period of 5 years.
5. Demand modelling undertaken by Public Health, Business Intelligence and Commissioning officers during 2020 showed that the downward trend for residential care placements has rapidly accelerated to take place over a period of 12 months rather than the anticipated 5 years.

Such rapid acceleration can be attributed to 4 key areas:

- a) The negative and extensive media coverage of care homes and COVID-19 during 2020 has meant that families are choosing not to place their loved ones in a home and there has been a decline in the number of self-funders choosing to reside in homes
- b) Higher mortality rates within care homes because of the COVID-19 pandemic
- c) Discharge pathway changes during 2020
- d) The council has become more effective in enabling people to stay in their own homes

6. Occupation of care homes during the pandemic has seen 63 older adults care homes drop below 90% occupancy, with 16 homes having less than 69% over an extended period. Whole Life Commissioning providers have held static vacancies in various care homes for the last 2 years.
7. A Business Failure Policy has recently been developed. The Policy is triggered when any of the following criteria are met:
- Wiltshire Council is notified of the imminent business failure of a regulated care provider in Wiltshire.
  - Wiltshire Council is advised of the immediate deregistration and closure of a regulated care provider by the CQC, for example, on the grounds of health and safety or assessed risk to service users.
  - Wiltshire Council is notified of a major and immediate unplanned business interruption e.g., a significant fire or flood, *and* where the care providers' own business continuity plan is unable or has failed to satisfactorily mitigate the impact on the service.

### Current position

8. The following data, confirms the current care market in relation to recent care home closures in the last 12 months:

#### Adults Commissioning – Older People

Provider/Service	Status	Reason for closure	No. of beds
Hillcrest House Care Home	Closed – April 2021	Financial and staffing issues	34
Laurieston	Closed – November 2021	Financial and staffing issues	12
Leonora	Closed – August 2021	Financial and staffing issues	20
Studley Bethesda	Closed – October 2021	Opened new home and moved all residents to new home	13
The Old Vicarage	Closed – November 2021	Financial and staffing issues - building/ environment not fit for purpose (no lift). Planning application progressing for development and increased capacity for current dementia home on the same plot.	21
The Haven	Closed - April 2022	Financial and staffing issues	12

#### Whole Life Commissioning – LD/MH/Autism

Provider/Service	Status	Reason for closure	No. of beds
Allied Care Ltd - Ashgables House (GLA)	High Risk	CQC report Inadequate, issued NoP & NoD. Stay of NoD as some recent improvements	26

Home Farm Trust – Rowde (Spot)	High Risk	CQC report Inadequate, issued NoP & NoD. Stay of NoD as some recent improvements. <b>Working on transfer to another provider</b>	37
OLPA - 67a St George's Road (GLA)	Closed – Dec 2021	Staffing shortages, financially unviable	3
Rethink - 44 Wilton Road (GLA)	Medium Risk	Low occupancy, MH team lost confidence, no new referrals being sent	8
White Horse Care Trust – Tullyboy (GLA)	In progress	Provider business decision - planned closure, viability of service, overheads too high	5
White Horse Care Trust - 5 Elcot Close (GLA)	In progress	Provider business decision - planned closure, viability of service, not fit for purpose, overheads to high. *	5
White Horse Care Trust – Pavenhill (GLA)	In progress	Provider business decision - planned closure, viability of service, not fit for purpose, overheads to high. *	2

\*Provider purchasing an appropriate home in Swindon to support residents from 2 care homes that are closing (Elcot & Pavenhill)

## 9. Increased insurance costs

Working closely with the Wiltshire Care Partnership, officers are aware of the significant cost pressures faced by providers, e.g., insurers are reluctant to insure inadequate care provision. The headline for 2020/21 was insurers leaving the care market, whereas the headline for 2021/22 so far is a marked increase in premium rates as a result of last year's loss of capacity.

10. The costs of claims are increasing, and legal fees are rising. The industry is seeing an overall increase in claims resulting from challenging behaviour. Interestingly insurers do not necessarily see this as the impact of the pandemic, believing that providers have managed this very well throughout, but as a general societal trend.
11. Other increases are around what the industry views as poor management of staff resulting in an increase in employment disputes resulting in claims against employers. Insurers believe essentially that margins in care are so tight now that employers are failing to get the right kind of HR advice to deal with staffing issues.
12. The insurance industry is concerned by the marked increase in providers saying they are being pushed by the NHS and Local Authorities to do more than they are safely able to manage (due to staffing and other issues) and to accept the care of more, or more complex people than they feel they can cope with. The industry is watchful of this and likely to take action to manage this risk in the future, whether that be hiking the cost of insurance again, or refusing to cover all or parts of a service. The industry only sees this risk as growing year on year

and due to the compression mentioned above, it is not able to accommodate that risk.

13. There is a general trend towards a preference to cover more standard levels of care and a disinclination to cover challenging behaviours. However, insurers are becoming frustrated with more mercenary operators who charge maximum prices while doing the minimum possible regarding staff salaries and training. The industry is coming to a consensus that these operators are destroying the industry and that their practices increase risk by not investing enough in care staff.
14. Typically, policies to deliver standard care have risen by between 7.5% and 15%. However, where there is evidence of claims, the rises are higher. In many cases insurers have declined to offer employment protection cover for all new business to them due to the rising numbers of claims.
15. Across all parts of the sector levels of cover are reducing, with cover for any form of abuse being difficult to come by. Brokers are seeing Local Authorities increasingly asking for cover of £10m in professional indemnity, but that is either almost impossible to come by or financially prohibitive and is seen as an unrealistic expectation by the industry and many policies will be limited to £5m and where it is offered, it is often at a crippling cost.

### **Quality Assurance**

16. Generally, insurers will not offer cover to providers with a CQC rating of 'Inadequate'. Where there is a rating of 'Requires Improvement' they will require increasing and extensive evidence of improvement and plans for improvement and in the long run. CQC's current approach to inspection whereby they have abandoned the practice of routine and timely inspections and are leaning towards self-assessment and risk-triggered face-to-face inspections, are highly likely to impact this. A number of care homes have closed in the last year having been judged RI or Inadequate and finding it difficult to negotiate the inspection system in order to demonstrate improvement, thereby causing their LA commissioner to stop placing and their insurers to withdraw and other insurers to decline to offer cover.

### **Conclusion**

17. Despite the challenges over the last 2 years, the COVID-19 pandemic has seen a change in the communication with providers and an improvement in positive working relationships. Providers are notifying officers of issues with their home, including those at risk of closure, and engagement with commissioning remains positive.

### **Recommendations**

18. Officers have an agreed process to continue to capture data of homes at risk of closure. Commissioners are also working with the Provider Oversight and

Support Team (POST) on the risk log/collaboration database to ensure that concerns are captured and highlighted quicker, and we consider earlier interventions. Officers are reviewing the policy alongside this work, as we know that the main reasons for closure are:

- **Staffing** – turnover and use of agency, incurring high costs
- **Low occupancy** – creating shortfalls in funding
- **Finance** – due to the above factors and a rise in costs

19. We are also monitoring change in ownership as this seems to be increasing, particularly in WLC with investment companies buying care providers and accommodation.
20. The Council is, along with other local authorities in the Southwest, have purchased a market oversight tool, PAMMS (Provider Assessment & Market Management Solution), this will be implemented collaboratively across the sector in 2022.

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**The following unpublished documents have been relied on in the preparation of this report:**

None

**Appendices**

None