

Domiciliary care agency responses to increased user choice

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In December 2007 the Government announced the introduction of personal budgets for everyone eligible for publicly-funded adult social care in England. Personal budgets aim to allow users to exercise more choice and control over the support they receive. Currently, most local authority (LA) funded home care in England is provided by independent sector agencies through a variety of contractual arrangements. The capacity of home care agencies to adapt from providing predominantly LA-commissioned services to purchasing of services by individual personal budget holders is not well researched. This study explored the potential impacts on home care agencies and the wider implications for the home care market of these changes.

Key findings

- LAs in the study had recently introduced contracts with independent home care agencies based on geographical zones. With agencies concentrating staff and activities in one locality, personal budget holders' opportunities for choice of agency could be restricted.
- Agency managers anticipated that, as smaller agencies had more personal contact with their clients, they were better prepared for negotiating care arrangements directly with personal budget holders. Larger agencies were expected to be better protected against new financial risks arising from personal budgets, including non-payment of bills.
- Other risks anticipated by home care agency managers included personal budgets being set too low to allow users to purchase agency care, leading to reduced demand for services and the loss of workers to private employment.
- Personal budgets also offered new opportunities for agencies, including opening up new markets and demands for new types of support, such as help with shopping and social activities.
- Agency managers did not have clear strategies for advertising their services to potential personal budget holders.
- Agencies used a range of incentives and controls in both care worker and client contracts to discourage workers from leaving to work privately for a personal budget holder. These may have implications for user choice.

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Background

Since 1993, local authorities have been encouraged to purchase care services from the independent sector. A decade later, over two-thirds of LA-funded home care in England is purchased from independent agencies. Since 1997, service users have had the option of receiving their social care in cash direct payments rather than services. However take-up has been low. Other methods of giving disabled and older people greater choice and control have since been introduced.

In December 2007, the Government announced the introduction of personal budgets for everyone eligible for publicly-funded adult social care in England. This will have impacts on the providers and commissioners of services.

The aim of this study was to examine the perceived threats and opportunities among existing independent home care agencies for responding to increases in user choice through personal budgets.

Findings

Agencies had seen little impact from direct payments to date and were therefore unprepared for the expansion of personal budgets.

LA purchasing contexts

The LAs in the study all experienced financial pressures on the funding of home care services and concerns about the supply of care workers. All had recently moved to locality or zone-based contracts with home care provider agencies. Because travel out of a zone to support individual clients was not considered cost-effective, choice of home care agency was likely to be restricted to the zone provider for personal budget holders.

Delivering flexible support

Home care agency managers thought that LA contracts and care management purchasing had become less flexible, with care limited only to those essential tasks set out in care plans. Agencies providing supported living services to help people with, for example, visual or learning disabilities to live independently, were able to exercise greater flexibility of tasks within overall contracted hours. All agencies found it easier to deliver flexible support to privately paying clients, without the need to negotiate changes with a LA care manager. However, flexibility for both LA and privately paying clients was restricted by agencies' staffing constraints.

Perceived risks from more personal budget holders

Agencies had experienced problems with late or non-payment by direct payment holders. Agencies planned to overcome any similar problems with personal budget holders by requiring direct debits to be set up. Other financial risks were anticipated from people using services intermittently; some agencies were considering introducing holding fees for personal budget holders while in hospital or respite care so they could regain access to services at their regular hours once discharged.

Agency managers anticipated serious risks to their current client base. Because of their overheads, agencies charged more than self-employed care workers, but LA direct payments were sometimes too low to allow users to purchase agency care. Both factors were expected to encourage personal budget holders to employ carers privately rather than through agencies.

Opportunities for care workers to earn more per hour by working privately for personal budget holders were also anticipated. However, some agency managers believed that other benefits of being employed by an agency – including management support, free uniforms and Criminal



Box 1

Perceived opportunities for agencies

- To benefit from 'top-up' payments from clients
- To expand the client-base
- To offer new types of services

Perceived risks for agencies

- Financial risks
- Loss of clients
- Loss of care workers

Records Bureau checks – rather than working privately for an individual personal budget holder would deter staff from leaving.

Personal budget users were also expected to want help with a wider range of activities than the personal care currently purchased by LA care managers. This could require retraining existing staff and/or recruiting new staff.

Perceived opportunities of more personal budget holders

Overall, agency managers perceived fewer opportunities than risks. Some thought personal budgets would offer more opportunities for families to 'top up' a LA payment and purchase more services. Some agencies anticipated supporting individual clients outside their current LA contracted zones; others saw opportunities to offer new types of services, such as re-ablement (helping restore people's abilities to live independently), rapid response and 24 hour live-in support. Proactive support from LAs in developing new services was considered desirable.

Identifying personal budget holders

Agency managers planned to realise these opportunities by advertising the wide ranging nature of their services but also the potential flexibility of personal budgets for purchasing different forms of support. They anticipated relying on word of mouth, networking and emphasising their established reputation. LA assistance in identifying personal budget holders would be helpful. However, agencies currently used the same publicity material for all potential clients. This raised concerns about confusion and unrealistic expectations as some services that might be purchased by personal budget holders (for example, support with shopping or social activities) could not currently be purchased by care managers for their clients.

Incentives and controls to retain care workers

A third of agencies had experienced staff leaving to work privately for direct payment users; however, care workers had often returned to agency employment at a later date.

To discourage staff from leaving to work privately for personal budget holders, agencies commonly included a clause in clients' contracts requiring payment of a 'finder's fee' if they poached staff. Though probably not legally enforceable, such clauses were regarded as effective deterrents.

Care worker contracts also required staff to repay induction and training costs if they left an agency within a year of joining. Other incentives to retain staff included mentoring and supervision programmes, guaranteed hours of work and opportunities for varied work with different clients. In particular, agency managers considered that total earnings and regular guaranteed earnings were more important to care workers than the possibility of higher hourly rates for fewer, and less secure, hours working privately for an individual client. A minority of agencies offered financial bonuses for long service.

Similar incentives were used to recruit new staff to agency employment. However, it was believed that increased training requirements were a barrier to recruiting new staff, especially to part-time employment. Some agencies had started recruiting abroad for senior carers.

The anticipated impact of personal budgets on the overall home care market

Agency managers thought that larger agencies would be better able to manage financial threats and invest in new services for personal budget holders, while smaller agencies were more likely to have experience of dealing directly with service users.

The potential impact of personal budgets on the costs of delivering home care services was not clear. On the one hand, greater exposure

to bad debts and increased administration costs were expected to lead to increased costs for agencies; on the other, greater competition between agencies for individual clients and less exposure to LA contracting regulations could reduce overall costs.

Agency managers had serious concerns about the quality of home care provision with a growth in personal budgets, especially the increased employment of unqualified carers when the home care market as a whole was increasingly subject to regulations designed to protect staff and clients.

Implications for policy and practice

Many features of the independent home care agency market have been shaped by LAs' roles as the main purchasers of services. Some of these features are likely to present barriers to agencies wishing to offer flexible individualised services to personal budget holders; for example, the recent introduction of zone-based contracts may restrict users' choice of agency. On the other hand, the stability offered by large LA contracts has allowed agencies to invest in training and career opportunities for an otherwise low paid and low status workforce. Local authorities will need to consider carefully how the potential barriers created by their current monopoly purchasing position can be reduced, while at the same time retaining the benefits.

Choice for personal budget holders may be restricted if agencies are unable to advertise to them or advertise only the limited range of services currently purchased by LA care managers. These constraints could be overcome if local authorities actively offer information about the range of local agencies and the services they can provide.

The combined effects of training requirements for agency care workers and the high cost of agency care relative to some direct payment levels could mean that agencies find staff recruitment and retention even harder than at present. However, staffing problems could be alleviated if new people wishing to undertake more general social support and companion work rather than personal care could be attracted to join the existing pool of care workers. Relaxing some of the training requirements for those providing domestic help or companionship might ease these problems.

Given agencies' lack of experience of direct payments to date, local authorities will need to engage in dialogue with providers about personal budgets and the changing nature of the market for home care services. There is an argument for some form of LA transitional support to help agencies to act quickly and develop new forms of support when needed.

Methods

The fieldwork was undertaken in 2007 in four local authorities in England. We selected local authorities with a diverse range of characteristics, including take-up rate of direct payments and geography. A commissioning manager from each LA was interviewed about the local context for commissioning and home care services. We then interviewed managers of 32 home care agencies based in these four local authorities. These semi-structured interviews comprised questions on: the background of the agency and local issues of importance; the impact so far of personal budgets; the perceived threats and opportunities from any future expansion of personal budgets; strategies for marketing services to personal budget holders; workforce recruitment and retention issues; flexibility of services for LA and private clients; and issues affecting the wider home care market. Transcripts of the interviews were coded under these themes and subsequent analysis paid attention to any differences or similarities in relation to the characteristics of the agencies.

Further information

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