

Briefing September 2021



FICCH

Financial Impact of Covid on Care Homes Implications for business and the workforce

Existing evidence and new research

Summary

The financial impacts of Covid-19 on care home staff in the UK have varied according to contract type and other factors. There are some reports that pay and conditions are stagnating or deteriorating where employers are experiencing financial difficulties caused by the pandemic. Efforts to improve sick pay need to be sustained. New research will investigate changes in earnings, impacts on staff wellbeing of any financial problems due to working in social care, and the efficacy of government support.

The pandemic has increased workloads in care. Financial constraints have been one factor in care homes' capacity to deal with this. Excessive workloads can be detrimental for the quality of care, staff wellbeing and retention. In turn, these affect care providers' organisational and financial performance. Support and recognition from colleagues, managers and other sources has been uneven but can make a significant difference. New research will generate data on experiences of changing workloads, impacts on care services and staff, and the best ways to support staff.

Care homes are highly diverse. There is some evidence that larger, for-profit providers have seen worse coronavirus outcomes because of staffing rates and other factors. However, larger employers also report more capacity to support staff. New research will investigate how the financial impacts of Covid-19 vary according to care homes' geographical location and characteristics, and how staff experiences compare across types of homes. Implications for care home funding, regulation and management will be identified.

Introduction

There was significant financial vulnerability among English care homes even before Covid-19.¹ Covid-19 has exacerbated financial weaknesses, because of reduced occupancy, high job vacancies and the costs of dealing with coronavirus – despite some additional debt financing and public funding.² The pandemic followed a 12% fall in spending per person on adult social care from 2010/11 to 2018/19 in England.³ In addition, some care companies' high debt costs and rents have been diverting funds from services and staff.⁴ Overall, financial pressures can put the quality of care and availability of services at risk.⁵ This leads to unmet care needs, greater demands on unpaid carers, and more pressure on the NHS.

The aim of this briefing is to review evidence from England and beyond on the following questions, in order to outline an agenda for further research:

- How have the financial impacts of Covid-19 on care homes affected staff?
- How have staff, unions, employers and government dealt with financial impacts?
- Which responses have been most effective in terms of supporting and retaining staff?

These issues are critical for care home staff, HR professionals and managers, commissioners and policymakers, and all those concerned with the future of care and work.

Relevant Areas of Research Interest (Parliamentary Office of Science & Technology, 2020)

- Future sustainability of the NHS and social care system
- Economic recovery and growth; Changes to viability and functioning of businesses; Supply chains and shortages of goods and labour; Changes to availability of work, working conditions and types of employment; Resilience of the economy to future shocks
- Social, economic and health inequalities

1. How have care home staff been affected financially by Covid-19?

Even before the pandemic, care workers faced significant financial risks because of low wages and limited savings, especially in areas with higher living costs.⁶ Low pay has contributed to higher staff turnover.⁷ During the pandemic, rates of sickness absence rose sharply, but statutory sick pay is low in the UK compared to international standards and many care staff are ineligible.⁸ This is not only to the detriment of affected staff, but also increases residents' risk of exposure to infectious diseases.⁹ Rights to occupational sick pay in social care tend to be far inferior to the NHS, particularly in the private sector.¹⁰ To attract and retain staff, appropriate reward and sick pay are critical. Sufficient, safe staffing is also essential to giving residents confidence in care homes.

Impacts & responses

Care staff have not faced the same risk of job insecurity as those in many other sectors: demand for care staff has remained high, although some have been furloughed for health or operational reasons, such as reduced occupancy.¹¹ However, perceptions of job security have varied, with 18% saying that it had decreased, in one survey.¹² Some care workers have reported losing their jobs when they did not attend because of health concerns. Staff on zero-hours contracts have experienced sharp fluctuations in their hours depending on the availability of contracted staff.¹³

In various places, care workers have received bonuses or hazard pay to recognise their extraordinary efforts. For example, social care staff in Wales, Scotland and Northern Ireland received a £500 bonus.¹⁴ There has been no equivalent scheme in England, although some employers have offered emergency grants.¹⁵ In a survey of managers, the top priority for staff was seen as a pay rise or bonus, along with public acknowledgement of their work.¹⁶

However, unions report that some employers' financial concerns have been leading to pay freezes or cuts to terms and conditions, although their extent is unclear.¹⁷

The adequacy and security of income have implications for staff wellbeing and the quality of care. Where staff have received full pay when sick or self-isolating, coronavirus outbreaks were reduced.¹⁸ Most employers have reported that they were offering full sick pay during self-isolation.¹⁹ Government interventions have aimed to support these costs, although some providers found them insufficient.²⁰ Moreover, for at least some periods of the pandemic, a significant proportion of staff received reduced pay during absence, which may undermine compliance with isolation policies.²¹ Zero hours staff and those without the right to use NHS services have been particularly vulnerable.²² Some staff reported fears that they would face reprisals for taking sick leave.²³ The future of full sick pay is uncertain, with some providers reviewing it as the vaccination programme proceeds.²⁴

2. How well have employers and government been able to mitigate impacts on staff workloads?

The pandemic has increased workloads in care, while reducing staff availability through sickness, shielding and isolation. Financial constraints have been one factor in care homes' capacity to deal with this imbalance – for example, by hiring additional staff. Excessive workloads can lead to stress, loss of work-life balance and 'moral distress' – when staff are unable to offer the quality of care that they would wish. These experiences can contribute to higher staff turnover and undermine care providers' organisational and financial performance.²⁵

Impacts & responses

Many staff have worked more hours than usual, with fewer days off and less annual leave, to help keep services running and to train new recruits.²⁶ Workloads have increased for the majority of staff.²⁷ Staff have taken on a wide range of additional responsibilities, including:

- Clinical care, chiropody and supporting distancing and isolation, for example providing meals in residents' individual rooms and ensuring compliance with the requirements
- Social support and physical activity in the absence of visitors, excursions and social activities
- Training staff, reporting data and sourcing equipment.²⁸

While some staff enjoyed learning new skills, they have generally felt overworked and some have reported having to take on roles they felt unqualified for.²⁹ Staff have faced extreme pressure and anxiety, working with colleagues and residents through difficult and unpredictable experiences of isolation, illness and death. These emotional burdens have at times been overwhelming and, for many, have affected job satisfaction and work/life balance.³⁰ Excessive and poorly supported emotional labour can increase care workers' intention to leave their jobs.³¹

In health services, Black, Asian and Minority Ethnic staff have felt more pressure to work with people infected with coronavirus and their requests for PPE were more likely to be refused. Racism and discrimination are associated with higher staff turnover.³²

Various efforts have been made to address increased workloads, such as redeployments, encouraging former staff to return, and the use of volunteers. Reduced occupancy and partial service closures have cut burdens in some homes, and the staff vacancy rate has fallen.³³ However, mandatory vaccination of care home staff from November 2021 is expected to lead to a significant proportion leaving (estimated at 7%).³⁴

Support and recognition from colleagues, supervisors and managers can make a significant difference to job strain, retention and wellbeing:³⁵

- Evidence on support from managers during coronavirus is mixed: in one survey, 40% said support from managers and colleagues increased, but a Scottish study found that the degree to which managers were seen as supportive declined.³⁶

- Staff appreciated open and supportive communication from managers, while peer support also played a critical role.³⁷ There is potential for greater involvement of care workers in decision making and problem solving, including through co-production.³⁸
- Many employers also created or extended mental health schemes, counselling and employee assistance programmes.³⁹

Unions have also played an important role in identifying staff concerns and pressing for changes.⁴⁰

Government provided additional funding to local authorities to help with costs of care home staffing, administrative support, overtime payments and childcare. In England, staff support has also been offered via text, web and phone.⁴¹ However, central government has been criticised for demonstrating a lack of understanding of the fragmented social care system and for failing to make substantial improvements to the wellbeing offer.⁴² There has also been widespread concern about the reach and adequacy of these resources, as well as budgets beyond the short-term.⁴³

3. Have certain types of care homes been more effective than others at dealing with financial impacts of Covid-19 on their staff?

Care homes are highly diverse in terms of their facility size and design, company size and ownership models, location and funding mix. These differences may have influenced the financial impacts of Covid-19 and how care homes have dealt with them. Policymakers, commissioners and care providers need to understand which types of care homes may need more support and which are likely to prove most sustainable in the future.

Impacts & responses

Research has focused on how differences between care homes have contributed to rates of coronavirus infections, outbreaks, and mortality among residents. These may also pose a risk to staff and may reflect how effectively staff are able to carry out their work. High rates of illness and deaths among residents can affect staff wellbeing and retention.⁴⁴

In the UK and internationally, there is some evidence that larger, for-profit providers have seen worse coronavirus outcomes because of:

- lower staffing levels
- staff working across multiple homes in a chain
- greater use of agency staff
- poorer access to PPE
- older facilities
- larger homes.⁴⁵

On the other hand, some larger companies with more self-funded residents have reported that they have more capacity to support staff – for example by disseminating policy guidelines and scaling up wellbeing strategies – compared to smaller, less profitable providers that have been preoccupied with ‘firefighting’.⁴⁶ In Scotland, larger providers and those in the public sector had more capacity to offer mental health support in-house than smaller, private sector care companies.⁴⁷

Research gaps

Financial impacts on staff

- How have earnings changed for care staff?
- Has government support contributed effectively to maintaining or improving pay for care staff?
- Have care staff experienced financial problems as a result of working in social care, and if so, how has that affected their wellbeing?

Workloads

- How have workloads changed and how has that affected staff and the quality of care?
- How effective have efforts been to mitigate changes and support staff to deal with them?
- What other forms of support would staff like to be available?

Differences across types of care homes

- How have the experiences of staff varied geographically and across different types of care homes, in the context of efforts by employers and policymakers to support safe staffing and provision of equipment?
- How has this influenced the quality of care that staff feel able to provide and their intention to remain in or leave their jobs?
- What are the implications for care home funding, regulation and management?

To address the research priorities identified here, the FICCH project will:

- Identify concentrations of financial vulnerability across UK care homes for people aged 65 and over, through analysis of care home accounts.
- Explore if staff have experienced any financial pressures and which responses to these have been most effective, through a survey and interviews with care staff and managers in England.
- Generate a holistic understanding linking policy, employer practices, union activity and staff actions in the workplace with their experiences of financial pressures and unpaid care beyond work.

The team comprises researchers at Warwick Business School, University College London and the Centre for Health and the Public Interest, an independent think-tank. The study is in partnership with the National Care Forum, which represents non-profit care homes, and the trade union UNISON. Views expressed here are those of the research team. The research is funded by the Economic and Social Research Council.

For more information, see www.ficch.org.uk

Dr Amy Horton. September 2021

Endnotes

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