The care home sector got £2.1 billion in government COVID aid, but care workers themselves got little support

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The coronavirus public inquiry has made public all manner of decisions taken by the UK government, during the pandemic, that have shocked the nation.

In particular, Jenny Harries, current head of the UK Health Security Agency, has been accused of failing to protect care home residents, when it emerged that, as England's deputy chief medical officer, she suggested in March 2020 that COVID-infected patients be discharged from hospital to care homes if the NHS were to be overwhelmed.

Such findings resound in a sector that is in deep trouble. In England, the vacancy rate in the adult social care workforce for 2022-2023 was 9.9%. That's 152,000 vacancies currently unfilled.

Experts underline that staffing and financing were problems in the care sector well before COVID arrived in March 2020. The pandemic exacerbated this crisis, despite the extra £2.1 billion in emergency government support, provided during the first year.

My colleagues and I published a report earlier this year focusing specifically on the financial impact the pandemic has had on care homes for older people in the UK. Very little of that financial support actually went into supporting staff. Of the care workers we spoke to, 42% are in financial distress related to having worked in care homes during the pandemic.

Care homes themselves aren't faring much better. Six in ten of the UK's care home beds are operated by companies that could go bankrupt should they experience even a mild economic shock.

Care workers in dire straits

Between October 2021 and April 2022, in collaboration with the Centre for Health and the Public Interest and colleagues at Warwick Business School and University College London, we surveyed 605 care home staff across the UK. We conducted in-depth qualitative interviews with 43 care home staff, including workers and managers.

We found that most of the £2.1 billion in government aid went to covering care homes' loss of revenue resulting from decreasing occupancy.

Before the pandemic, the occupancy rate was 87% on average with any drop below 80%, putting providers at risk of default. Between March 2020 and April 2021, COVID saw occupancy in the care home sector in the UK decline by eight percentage points to an average of 79%—the lowest rates recorded since 2006.

Much of this is due to the high attrition rate among residents. Over 42,000 care home residents died from COVID-19 between March 2020 and April 2021. One survey respondent put it bluntly:

"I worked for two solid weeks with just a nurse on a dementia [unit]. All 24 residents had COVID, and half of them passed away within the two weeks."

The workforce also suffered higher attrition rates. In the first two years of the pandemic, 1,290 care workers (including those working in domiciliary settings) died as a result of COVID-19.

Severe staff shortages and community health teams suspending their care home visits meant remaining staff had to undertake tasks beyond their remit, for which they were sometimes unqualified. Half of those we interviewed thought their ability to meet residents' needs was reduced.

Within residential elderly care homes specifically, in the UK, staff vacancy rates in January 2022 reached 11%, a five percentage point increase from April 2021. Combined with staff illness and additional responsibilities, this led to workloads increasing to levels our interviewees described as "intolerable".

Of the care workers we surveyed, 80% reported working more hours during the pandemic, typically doing 12-hour shifts, as opposed to the seven to eight-hour norm.

Despite these traumatic working conditions, staff reported getting little support. That same care worker told us they had "no cover, zero support from management or anyone else".

Staff pay remained largely unchanged, except for a one-off bonus of £500, paid out for some workers. There were limited changes to sick pay. And overtime was paid at the regular rate. Taking on extra hours actually put some workers at a financial disadvantage because it reduced their eligibility for in-work benefits.

A defective funding model

A 2019 report the Centre for Health and the Public Interest thinktank cited the care home sector being "almost entirely provided by independent companies" as a root cause of its structural problems. It highlighted the demise, since 2011, of two major providers, Southern Cross and Four Seasons, which housed 45,000 elderly people between them.

Our findings confirm that the complex funding model on which the care home sector is based is unsustainable. A financial analysis we conducted immediately before the pandemic (March 2020) showed that tight profit margins meant that even a relatively small 5% decrease in revenue—or equivalent increase in costs—would have put those providers operating over 60% of all UK care home beds into serious financial difficulties.

We examined all publicly available financial data accounts of 4,013 care home companies across the UK, providing 377,856 beds for people aged 65 and over, operating on for-profit and not-for-profit bases.

In total, the government allocated £2.1 billion to the care home sector. The vast majority of this amount went to ensuring its financial viability.

However, we found that while receiving this government support, 122 (27%) of the 460 companies we analyzed paid out a total of £120m in dividends despite increased costs (for infection control, staffing, and PPE) and decreased income (due to lower occupancy rates).

This represents an 11% (£11.7m) increase on the previous year. It shows an extraction of profit, especially by some large private providers, in the form of shareholder dividends, from a sector in distress.

For the most part, however, two things kept care homes afloat in the first year of the pandemic. The financial support from the government and care workers working harder and for longer hours.

Government support was terminated in March 2022. The care home financial crisis continues, exacerbated by inflation

One finance director of a small non-profit care home told us their annual spend on agency staff has gone from £400,000 a year to over £3.2 million in 2022. A senior manager in another non-profit concurred:

"Our vacancy rates are much higher than they've ever been. Our [staff] turnover rate has gone up to about 33%, and we had it down at about 18% before the pandemic."

Care workers cite exhaustion, disillusionment, illness and more as reasons for quitting. Care homes have been chronically understaffed for two years, asking more of their remaining staff than they should.

The consequences for the wider population are dire. As one manager told us, the struggle to fill nursing posts—despite what he deemed a "good" starting hourly fee of £21—means that his small for-profit care home would probably cease offering nursing care. When care homes are at risk of collapse or unable to fulfill their key tasks, elderly people will not receive the services that they urgently need.

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