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# Cordis Briefing

## July 2023

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# Today's Briefing

- Introduction
- National Care Service
- Fair Cost of Care Update
- The Social Care Workforce

## BREAK

- ADASS Budget Report
- Benchmarking Not for Profit Organisations

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# Profiling the not-for-profit sector

Ross Murray





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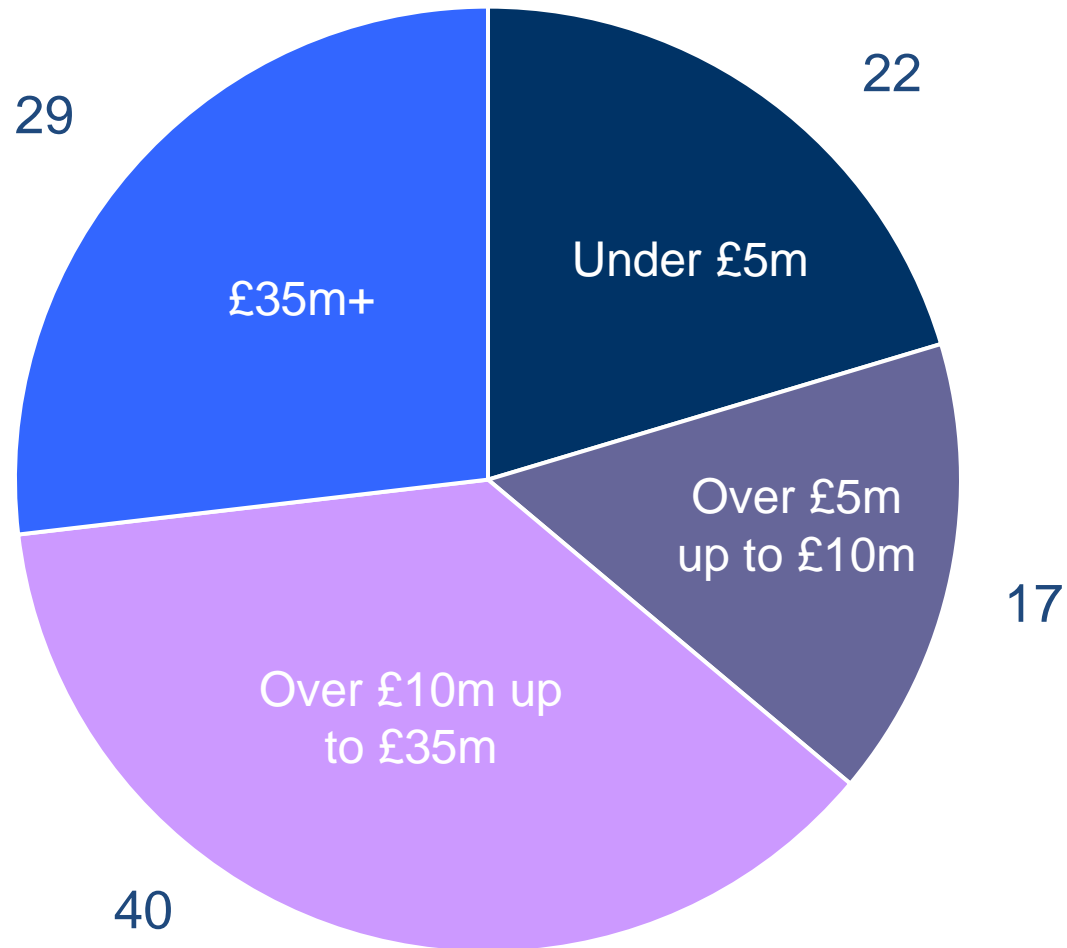
# Research approach

- Longitudinal analysis, starting in 2012
- Exploring profitability and growth
- Based on year end results submitted to charity commission
- This time we looked at 108 charities delivering adult social care
- Categorised them (as far as possible) by main client group
- A combined turnover of more than £3.0bn in 2022



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# Research approach



# Boundaries

Category	Definition
<b><i>Profit</i></b>	
Struggling	<1%
Doing OK	1-3%
Outperforming	>3%
<b><i>Growth</i></b>	
Shrinking	Less than inflation in that year.
Doing OK	Inflation to 5%
Growing rapidly	>5%

# Recap on where we were



## What happened around this period?

- 26<sup>th</sup> March 2020: First lockdown started
- 23<sup>rd</sup> June 2020: relaxation of some restrictions
- 4<sup>th</sup> July 2020: local lockdowns introduced
- 5<sup>th</sup> November 2020 second lockdown started
- 6<sup>th</sup> January 2021 third lockdown started
- 17<sup>th</sup> May 2021: 'rule of six' or two households indoors introduced
- 19<sup>th</sup> July 2021: most legal limits on social contact removed
- 8<sup>th</sup> December 2021: move to 'Plan B'
- 24<sup>th</sup> February 2022: 'Living with COVID' guidance published

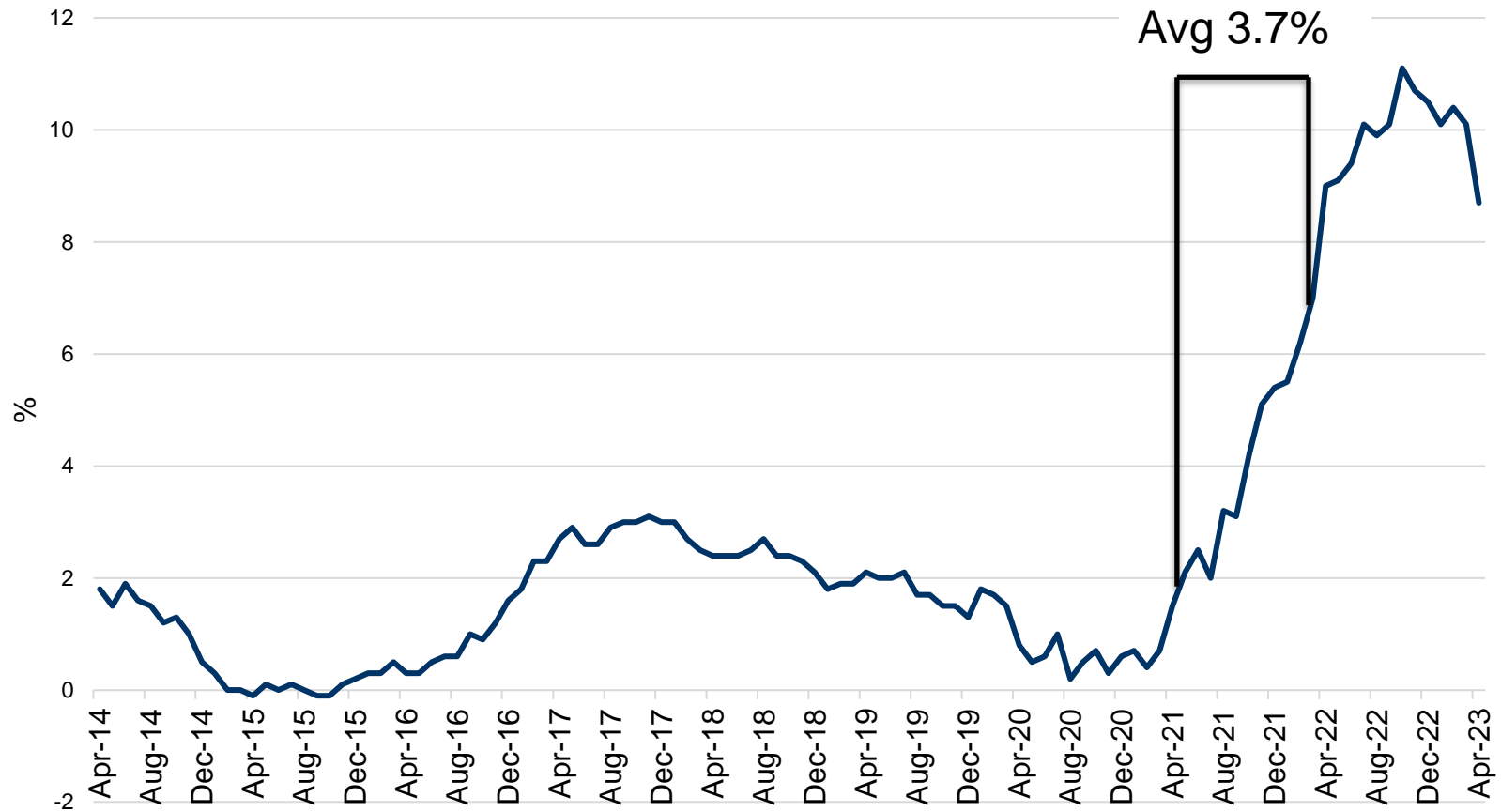
**Between May 2020 and March 2022, an additional £1.35bn was made available for ASC.**

**For a number of not-for-profits this was during a time where there were limits on what could be delivered (e.g. certain care activities / capital investment) and therefore less being spent.**



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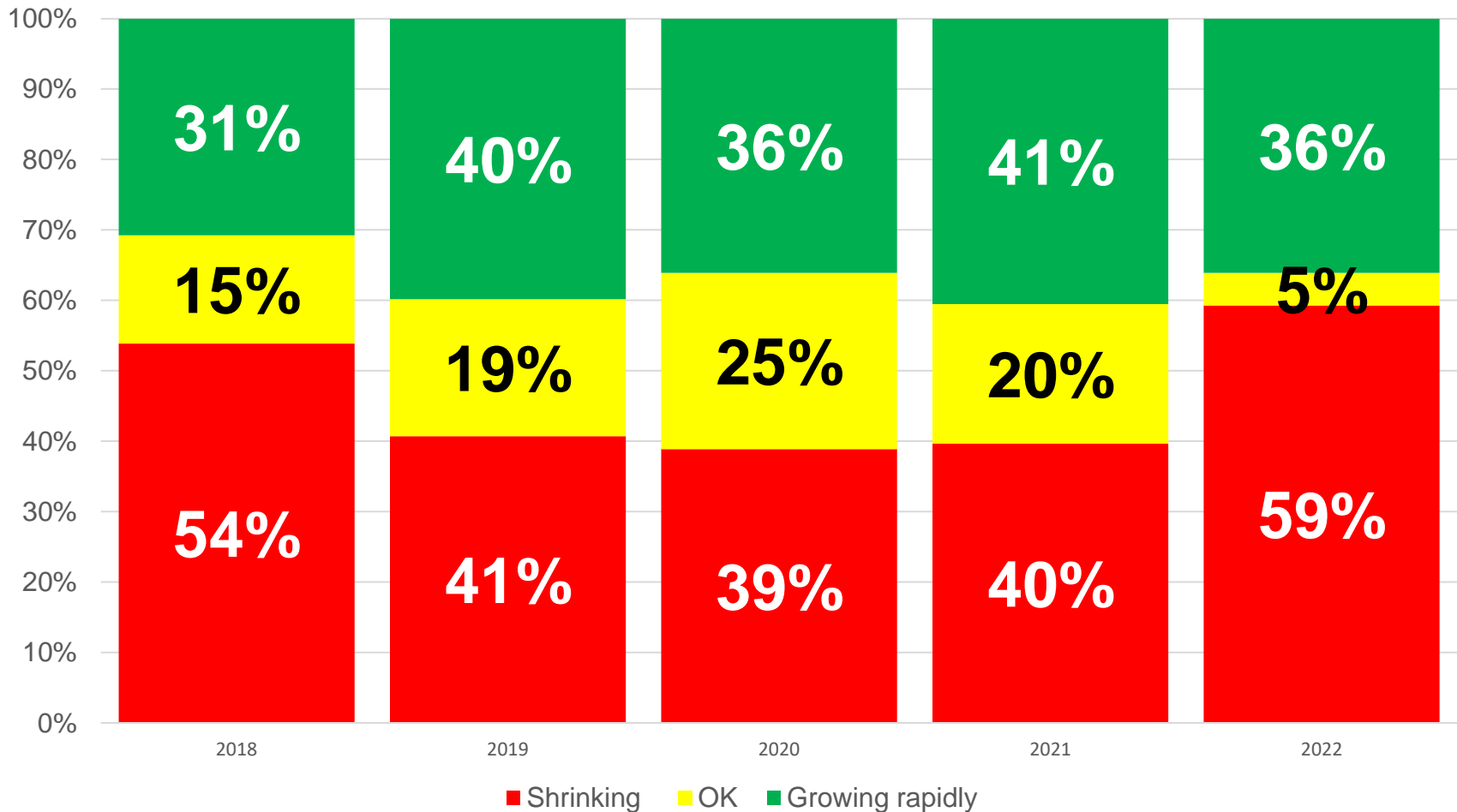
# The rate of CPI inflation





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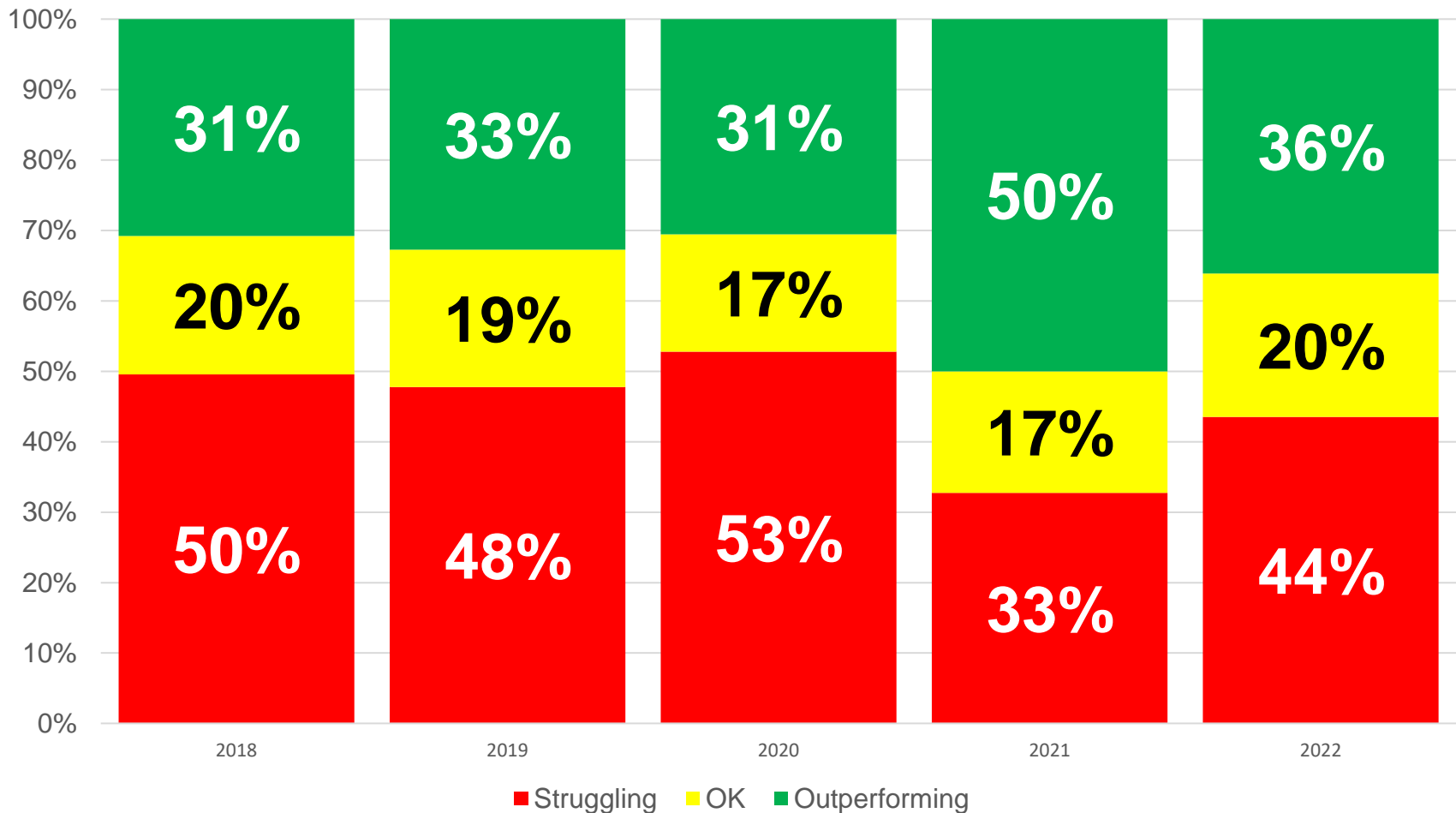
# All growth





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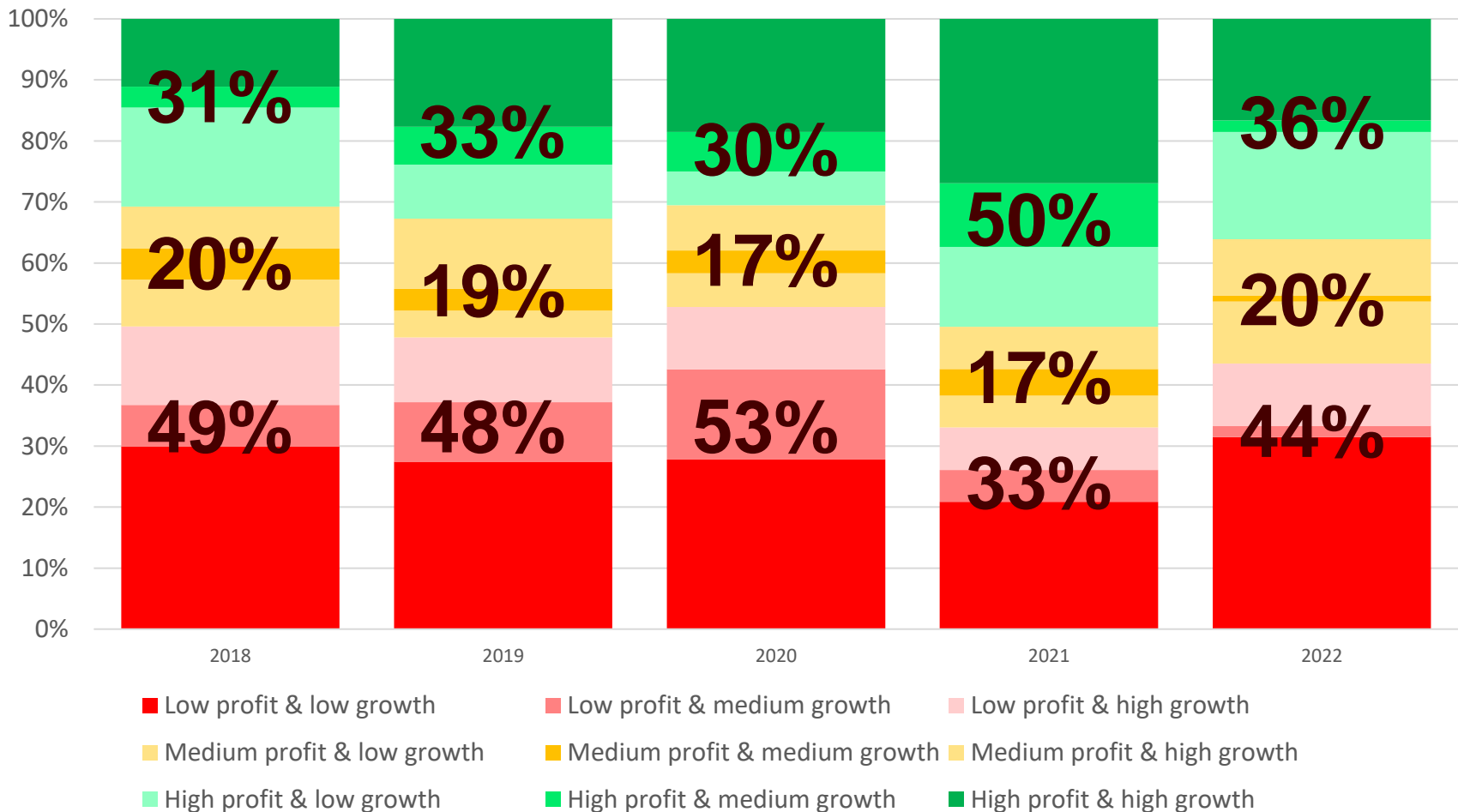
# All profitability





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# All providers growth and profitability

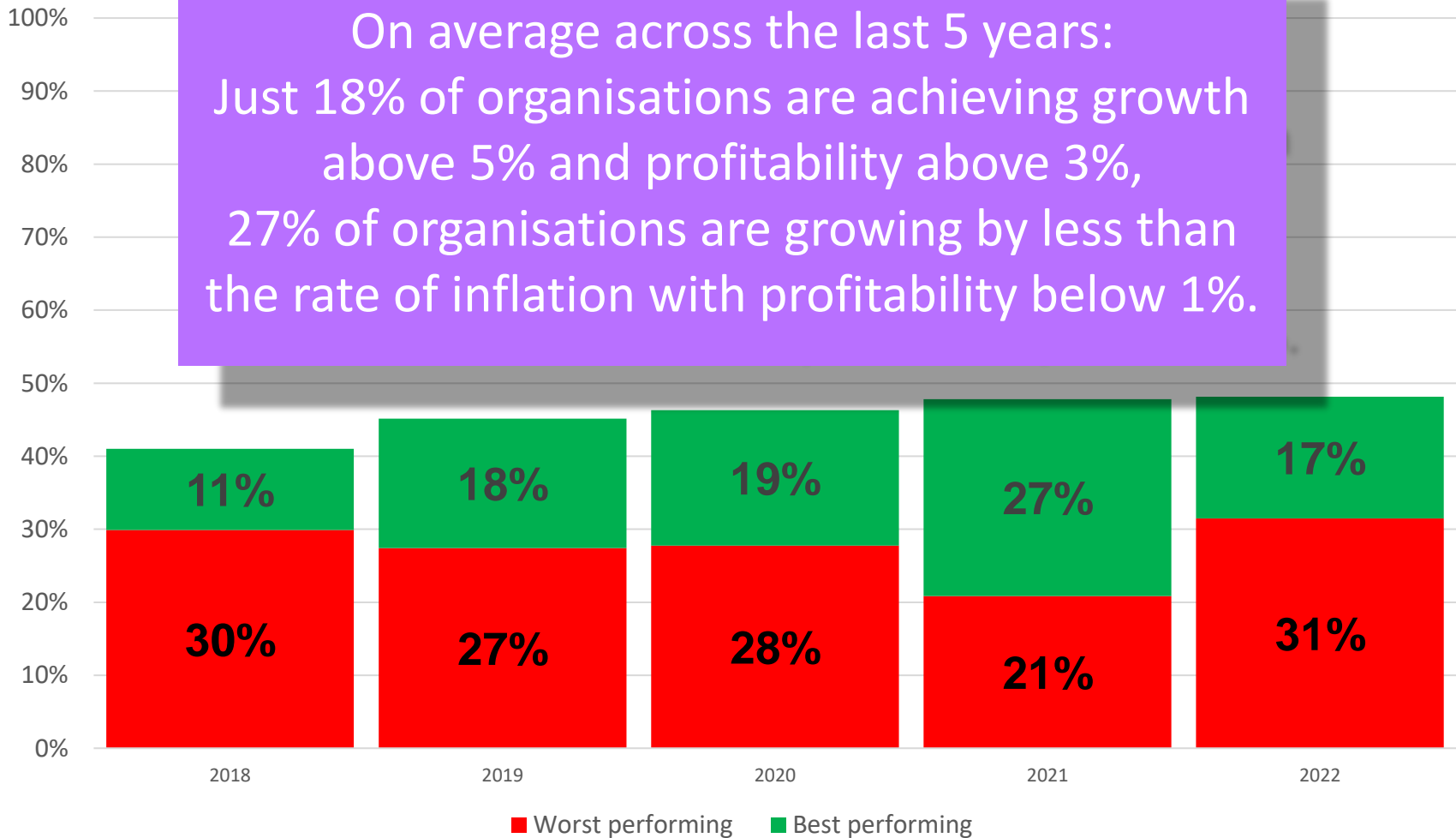




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# All providers growth and profitability

On average across the last 5 years:  
Just 18% of organisations are achieving growth above 5% and profitability above 3%,  
27% of organisations are growing by less than the rate of inflation with profitability below 1%.



## Big messages

- This is the worst year in the period in terms of growth with 59% of services shrinking.
- Following a big jump in profitability in 2021 as a result of the increased funding received during the Covid-19 pandemic, it looks like things are returning to pre-pandemic levels, though this is still a good year with 56% outperforming or doing okay.



Where are we going next?



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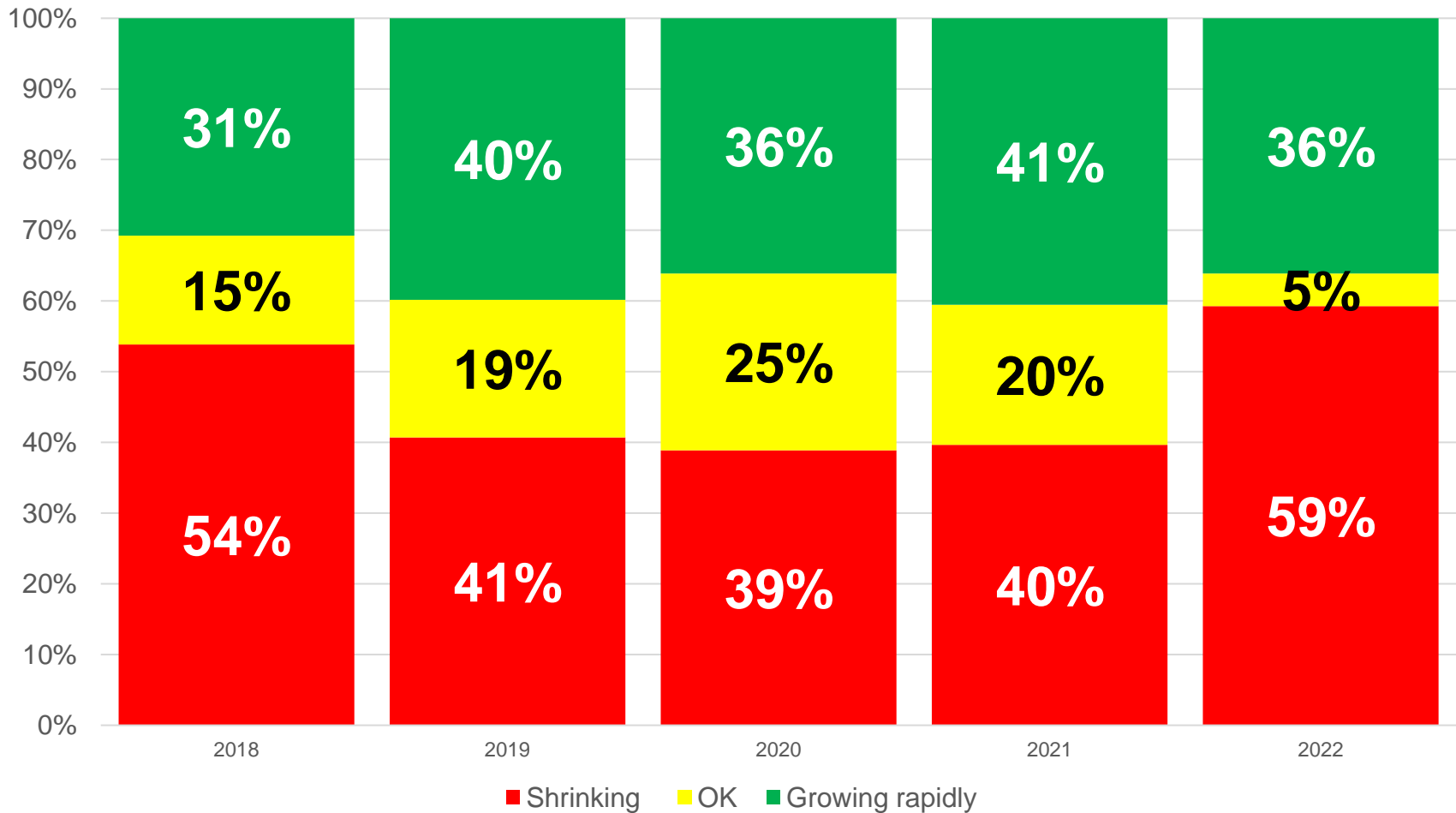
## Small providers

- We have often commented on the surprising “hardiness” of small providers in this analysis.
- Between 2018 and 2022, the percentage of small providers in the “best performers” and “worst performers” groups has remained almost unchanged.



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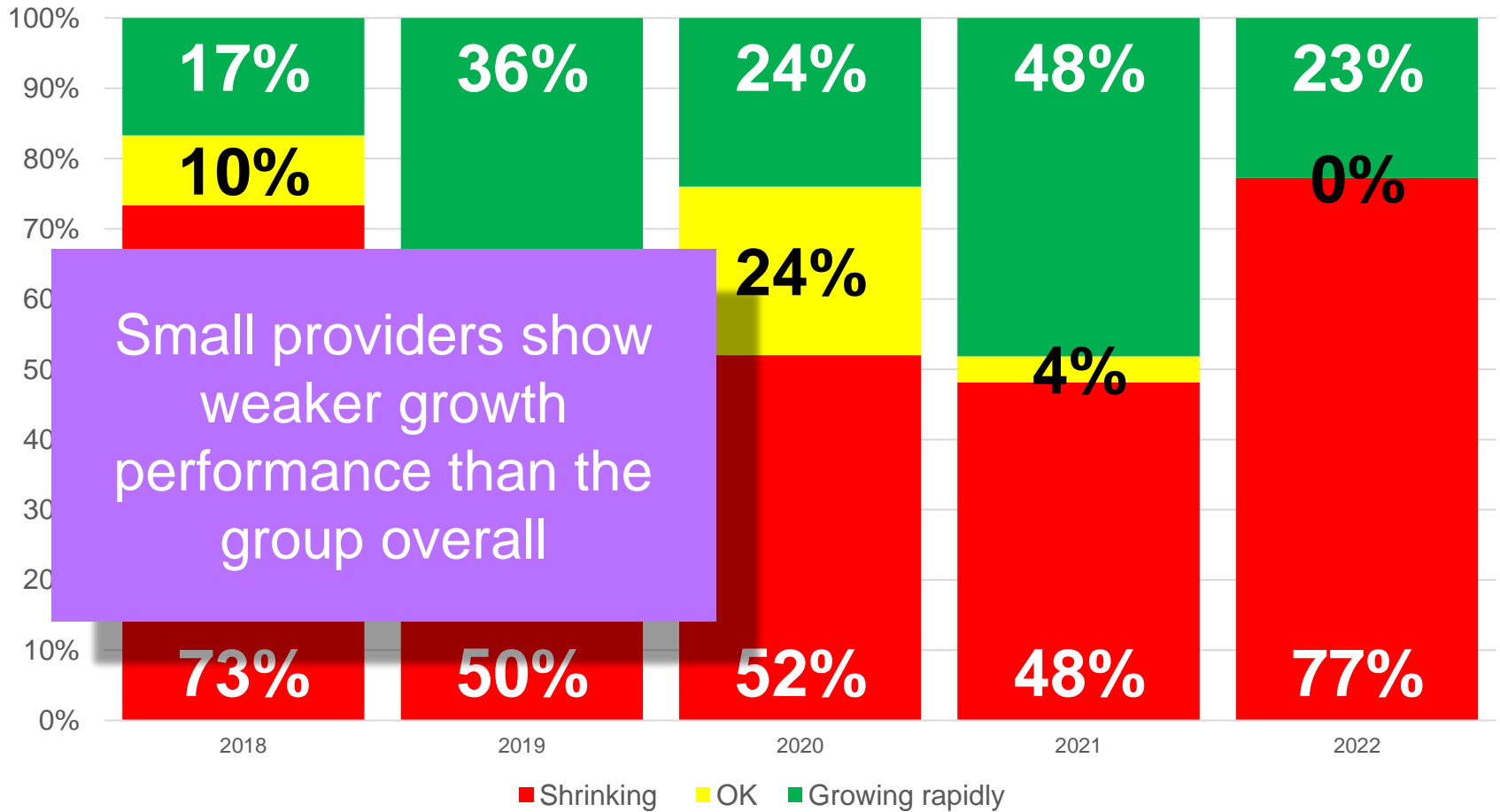
# All growth





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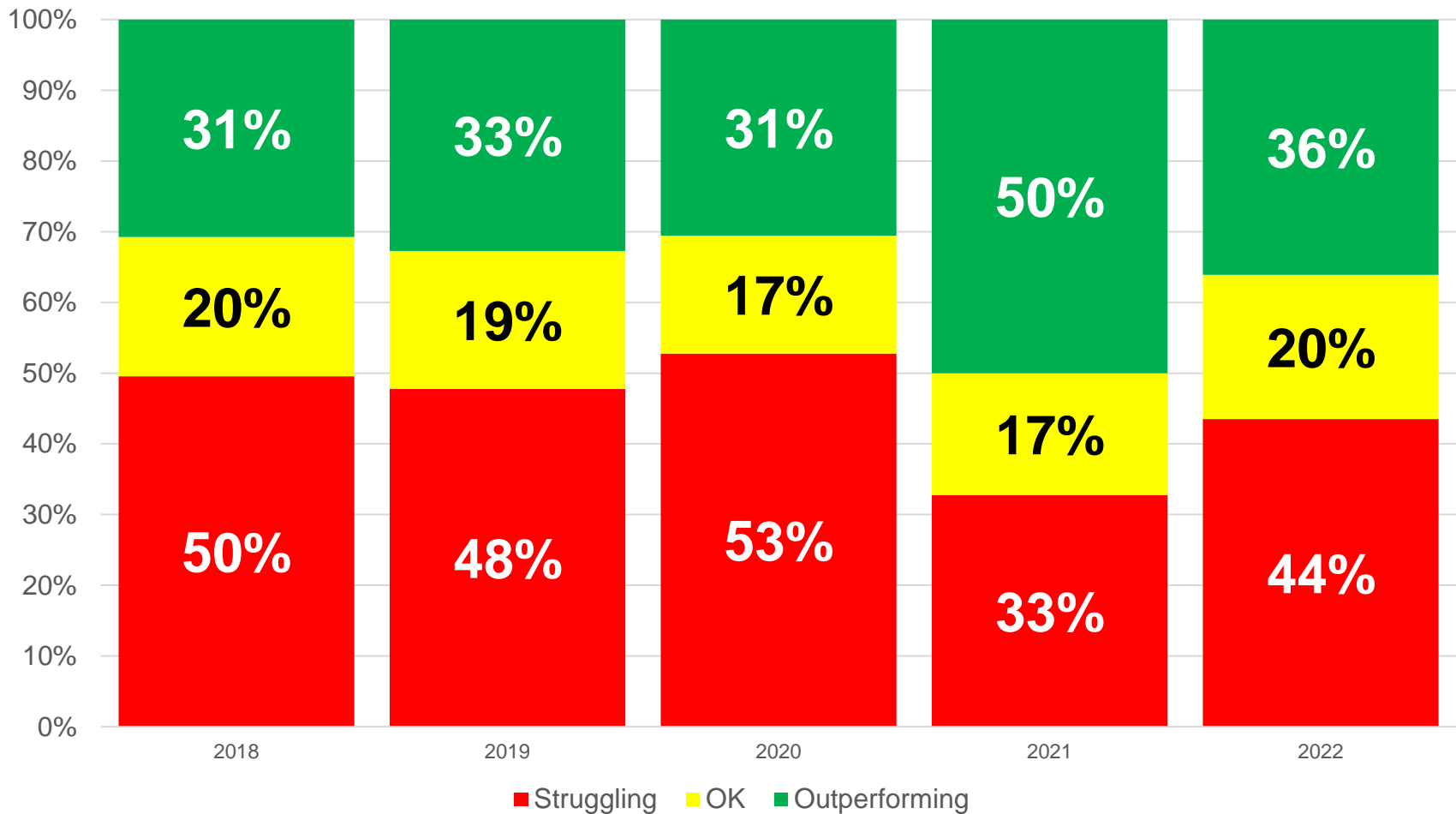
# Smaller providers growth





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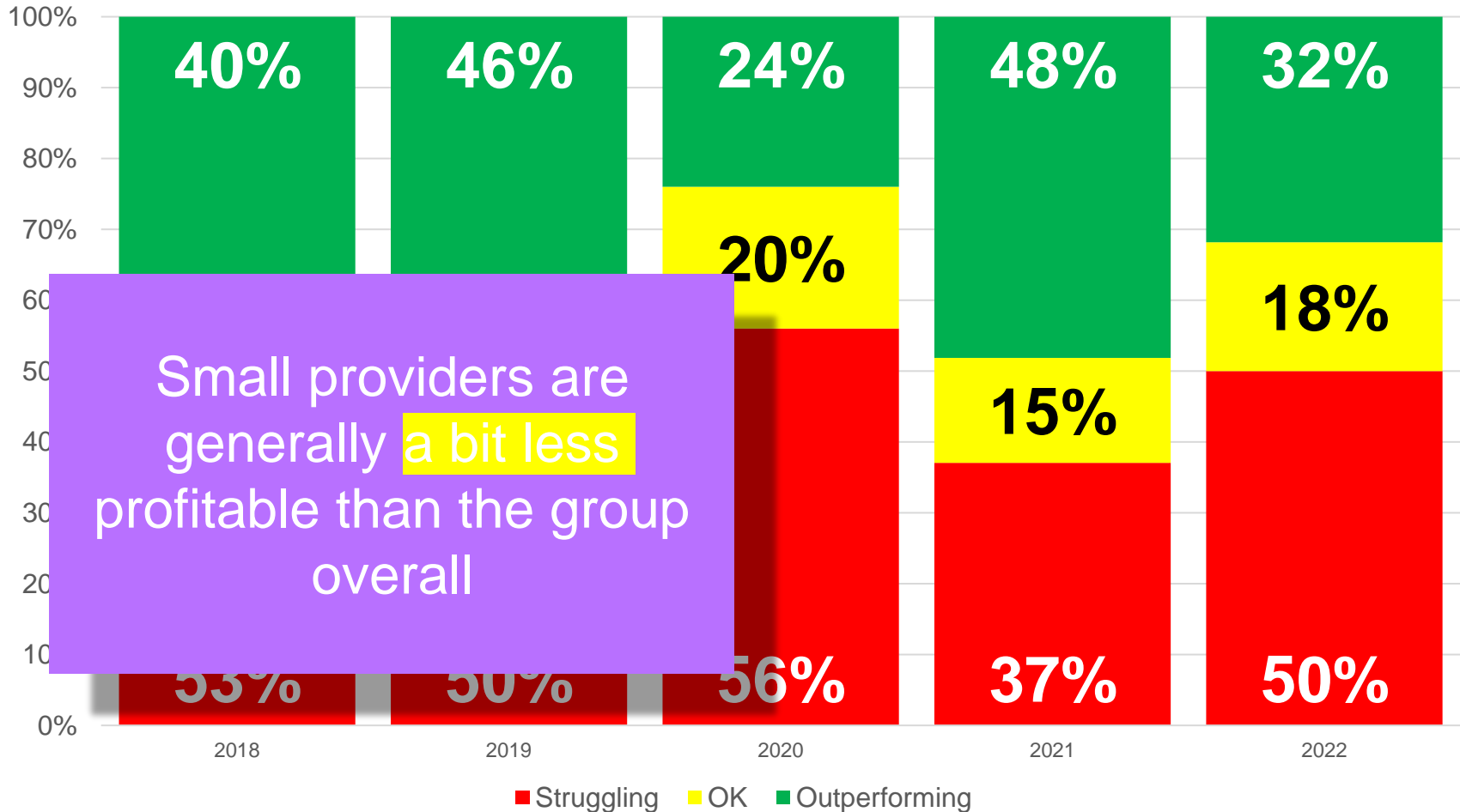
# All profitability





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# Smaller providers profitability

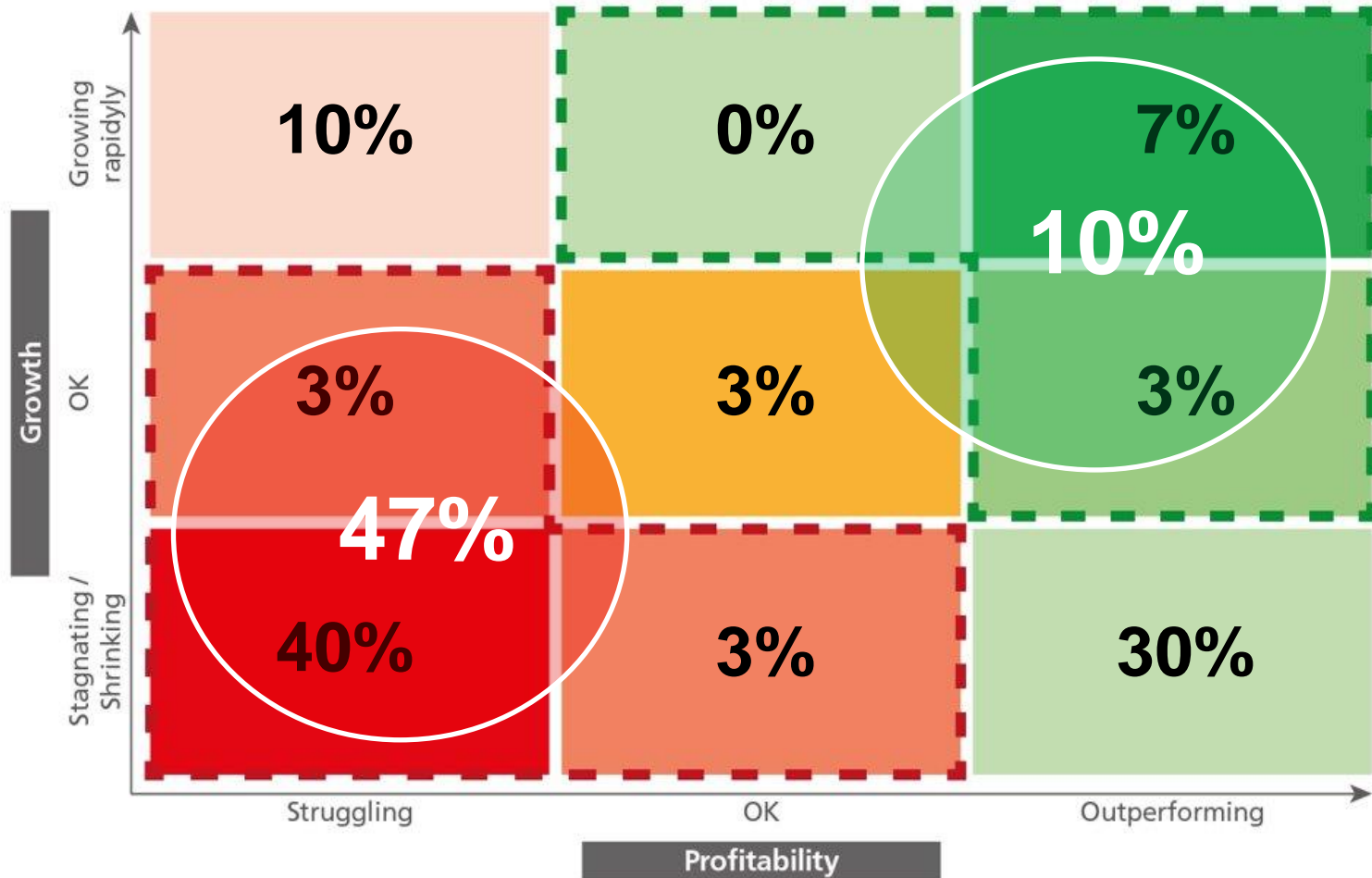




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Suppliers (30)

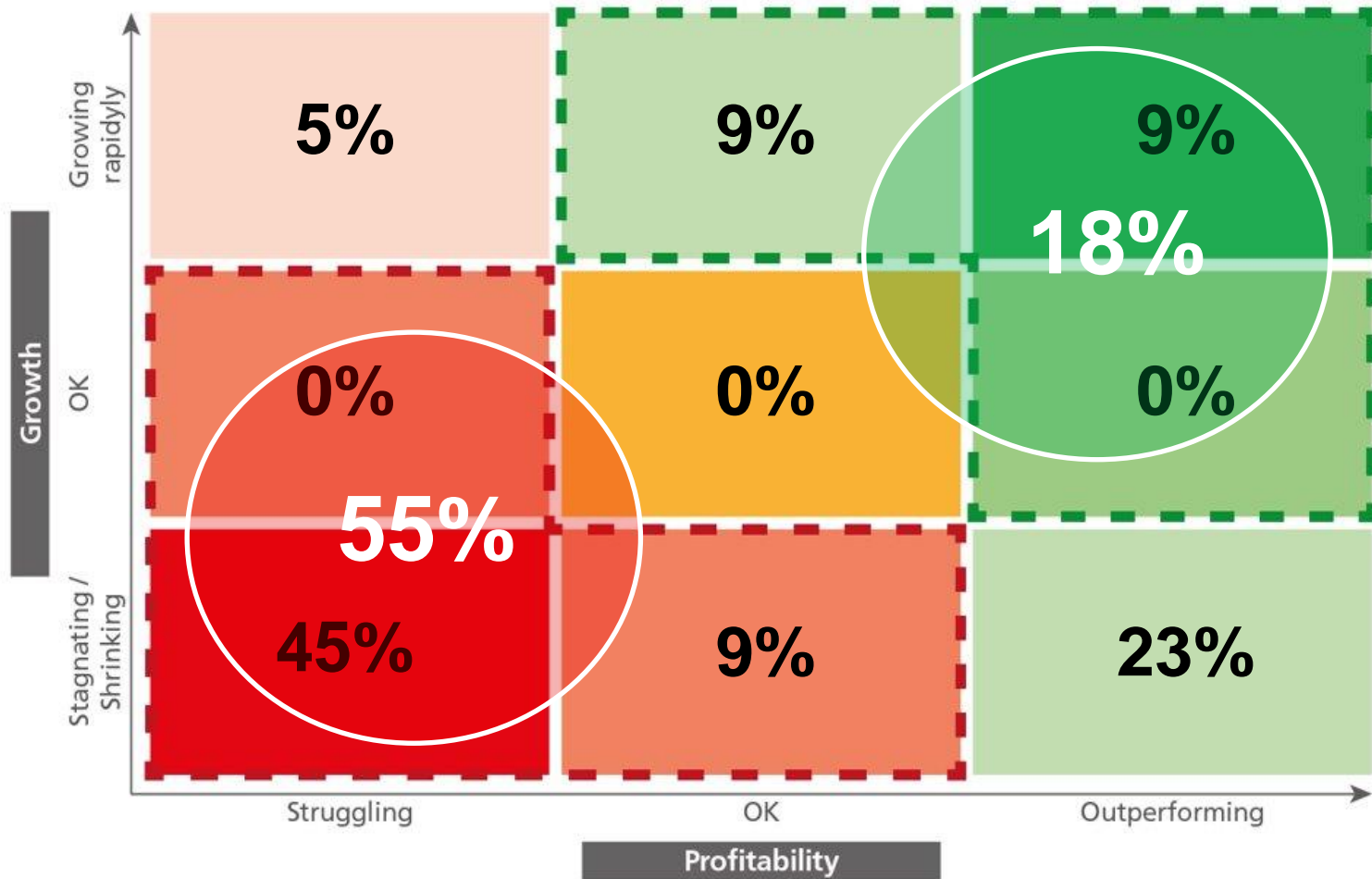
# Growth and profitability: 2018 snapshot



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Small providers (22)

# Growth and profitability: 2022 snapshot





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## Small providers

- If it's tough for the group overall, it is tougher still for smaller providers.
- Small providers have done particularly badly in terms of growth – 77% are shrinking.
- Profitability looks okay and appears to be returning to pre-pandemic levels.



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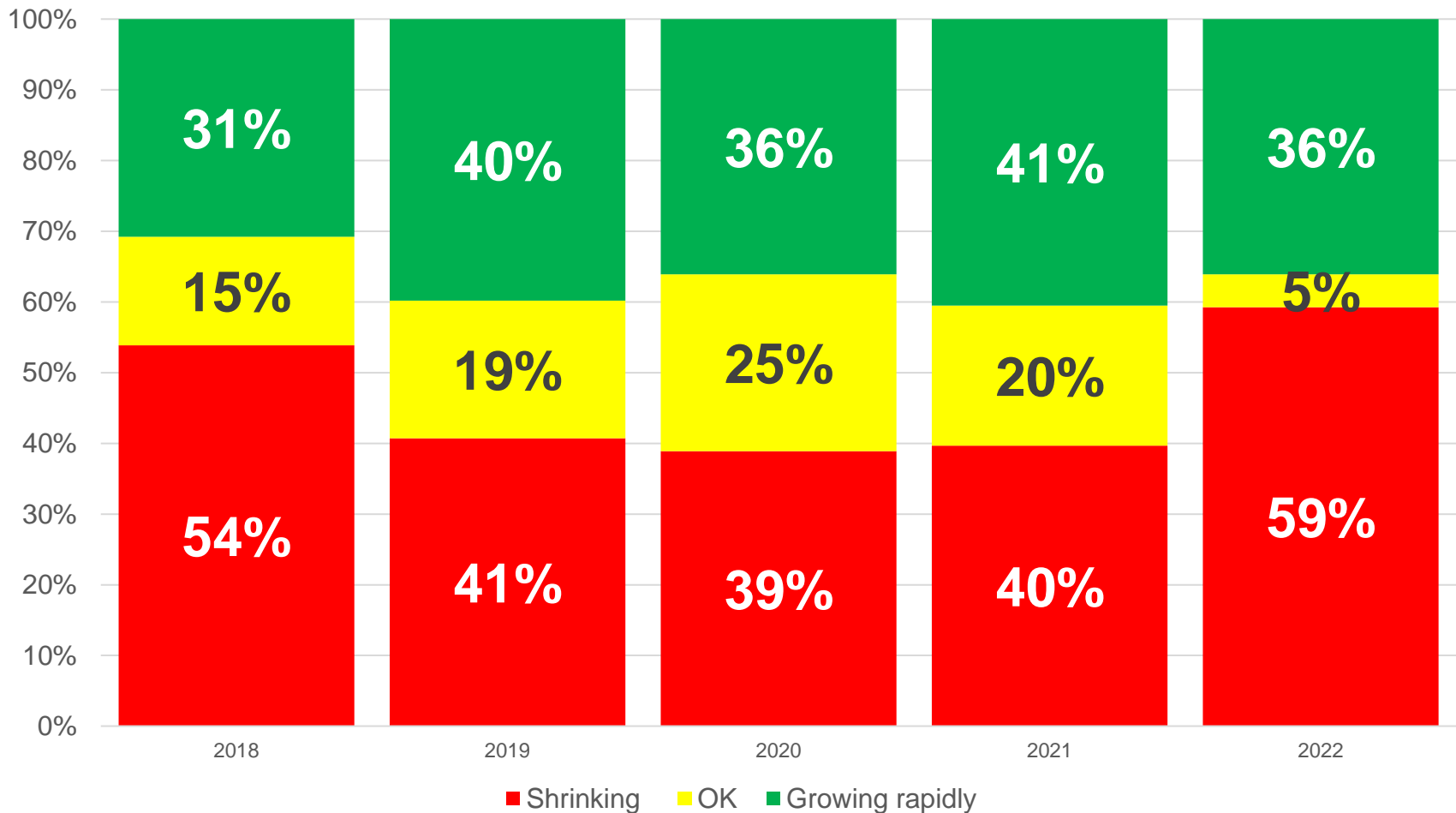
# Learning disability providers

- Decline in the proportion growing and outperforming.
- Previously we have said that learning disability providers are getting better at growing but worse at making a profit, but the recent figures show some divergence from this.



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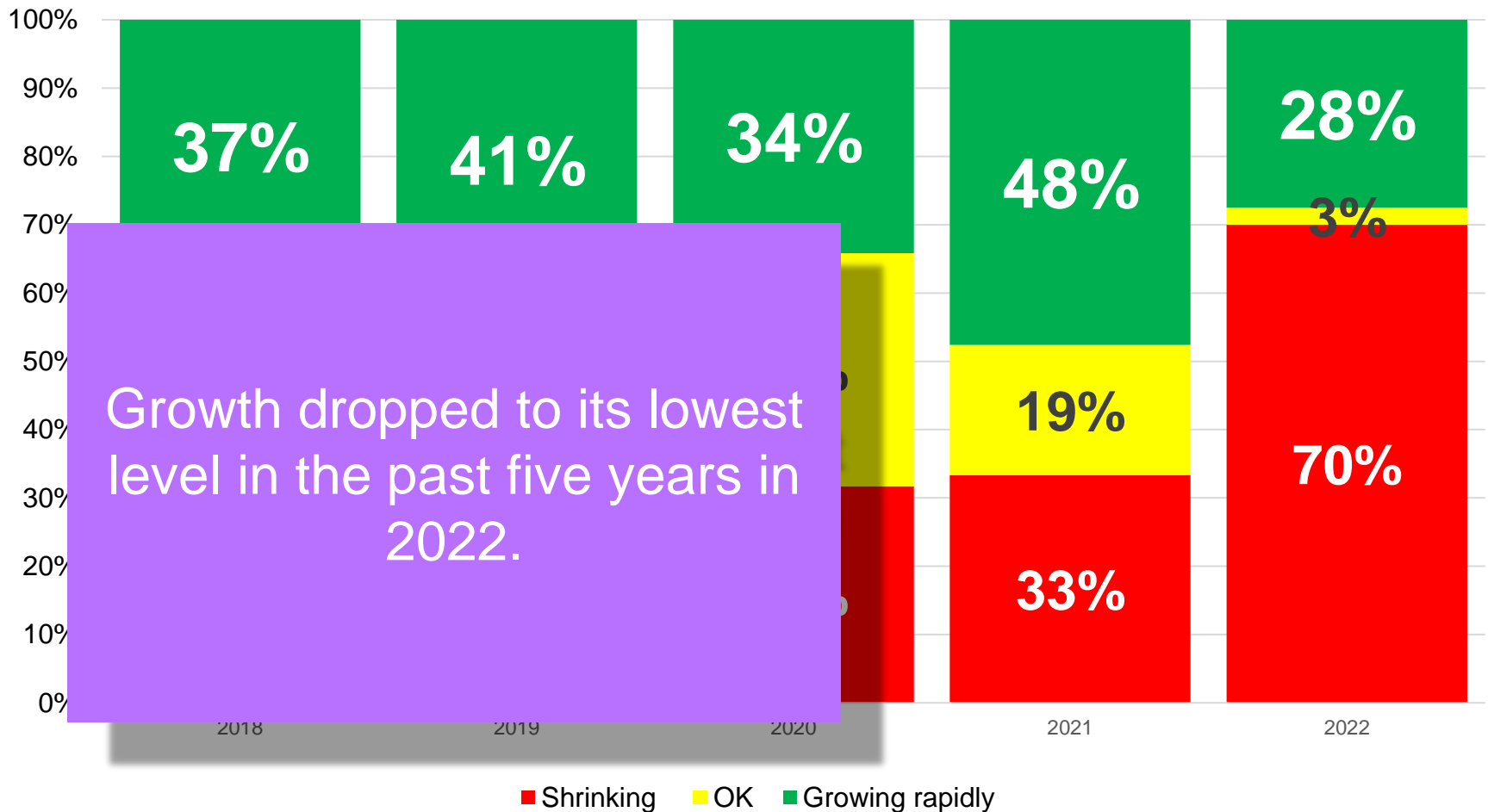
# All growth





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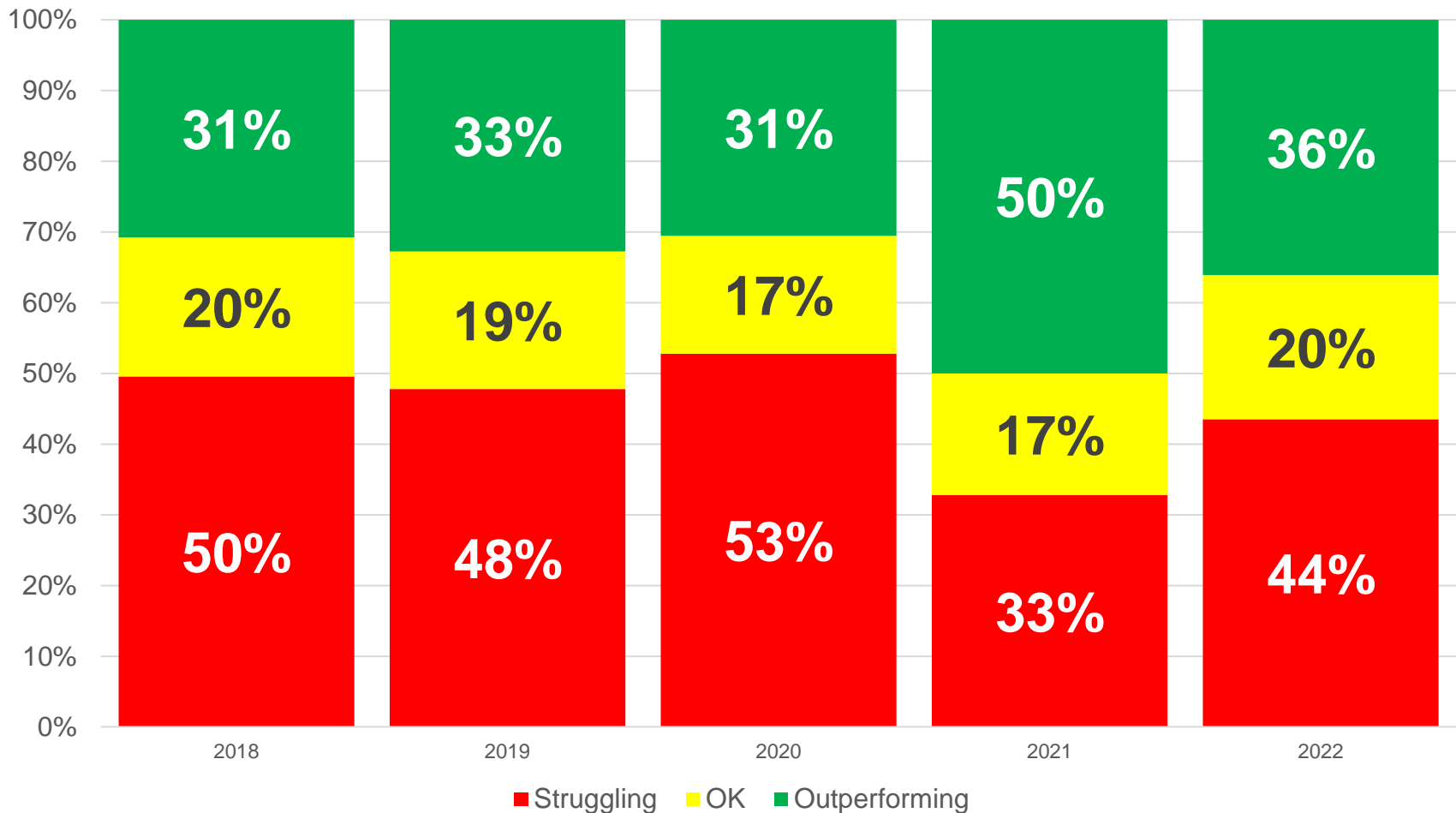
# Learning disability providers growth





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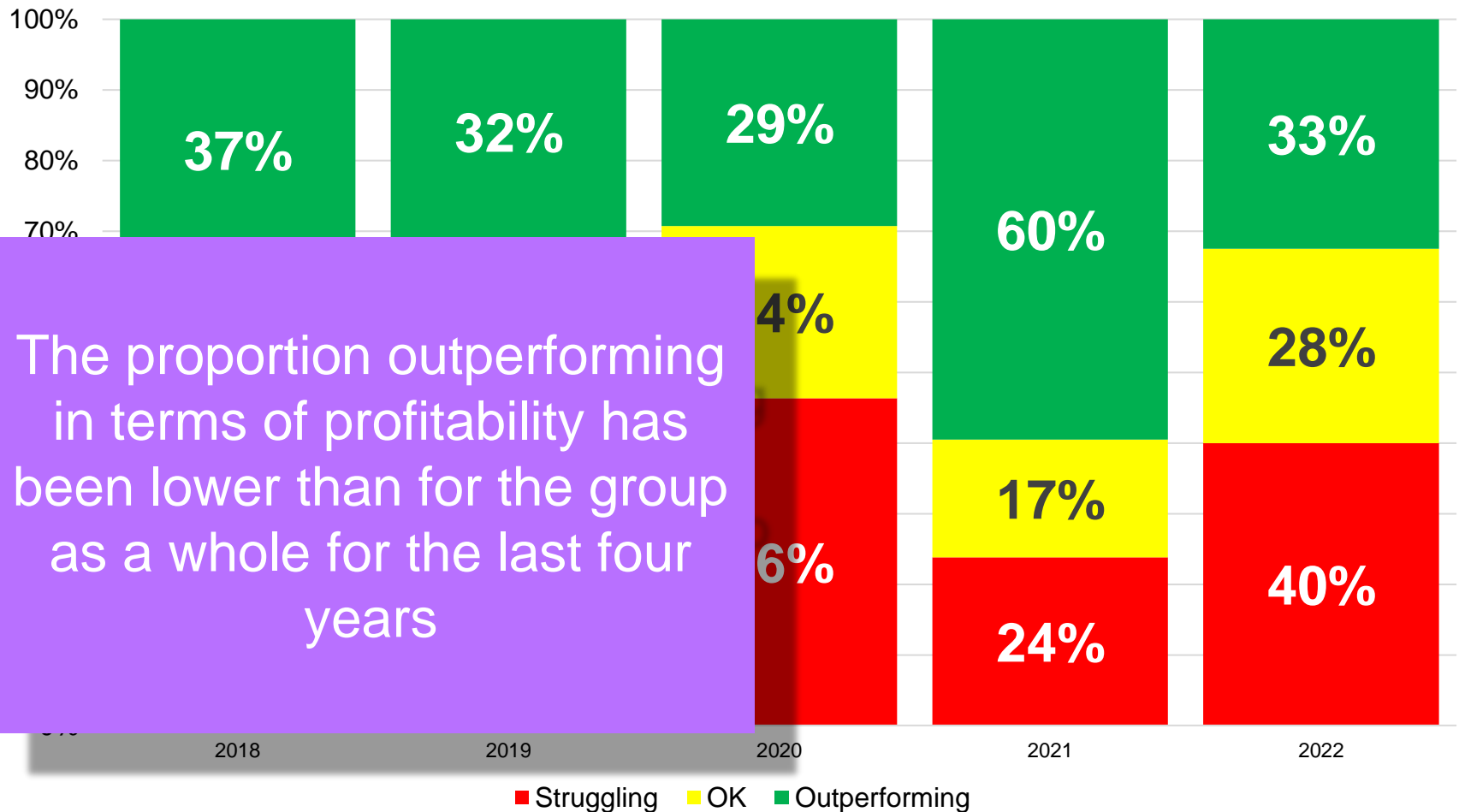
# All profitability





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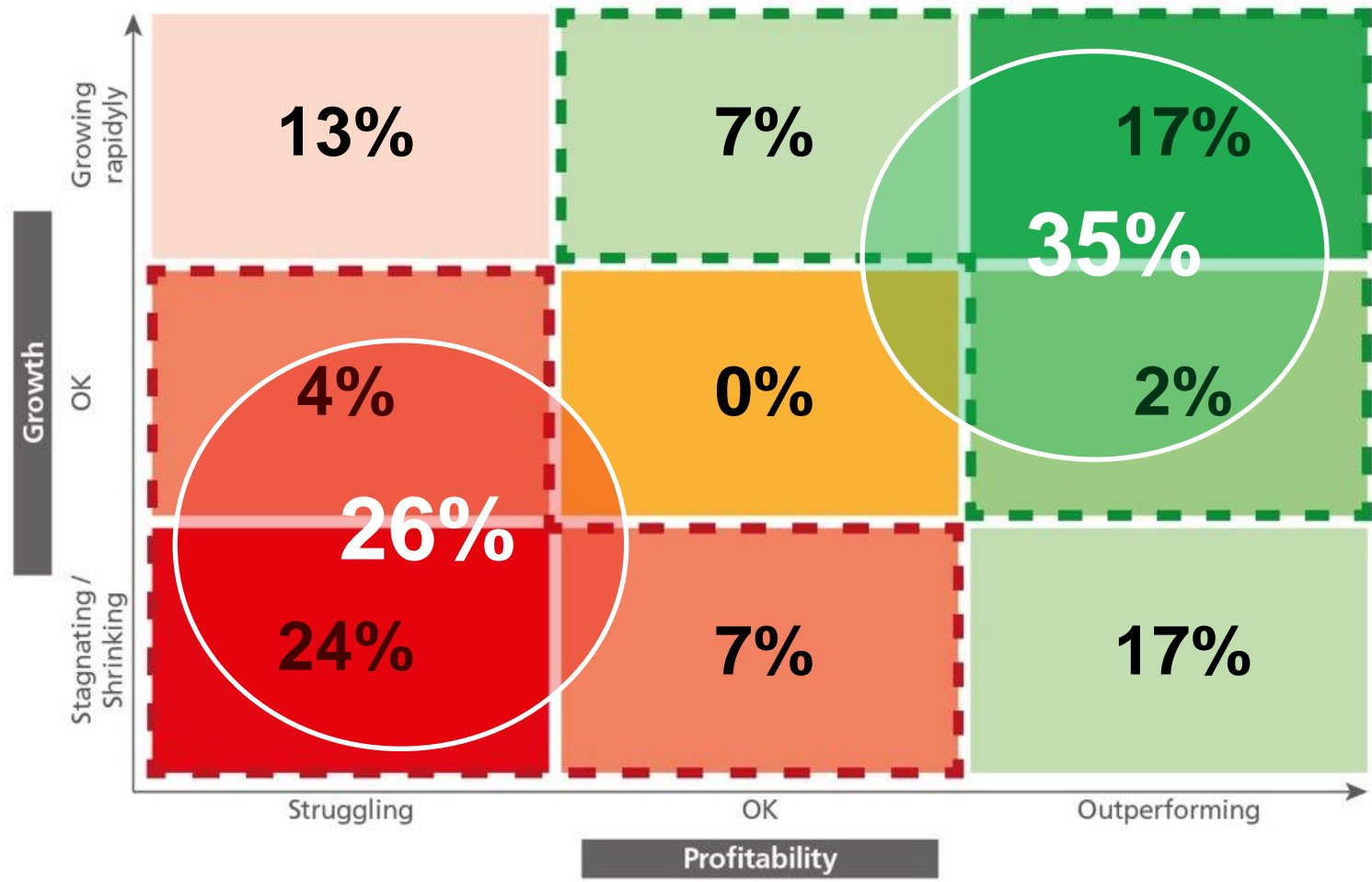
# Learning disability providers profitability



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Learning Disability providers (46)

# Growth and profitability: 2018 snapshot

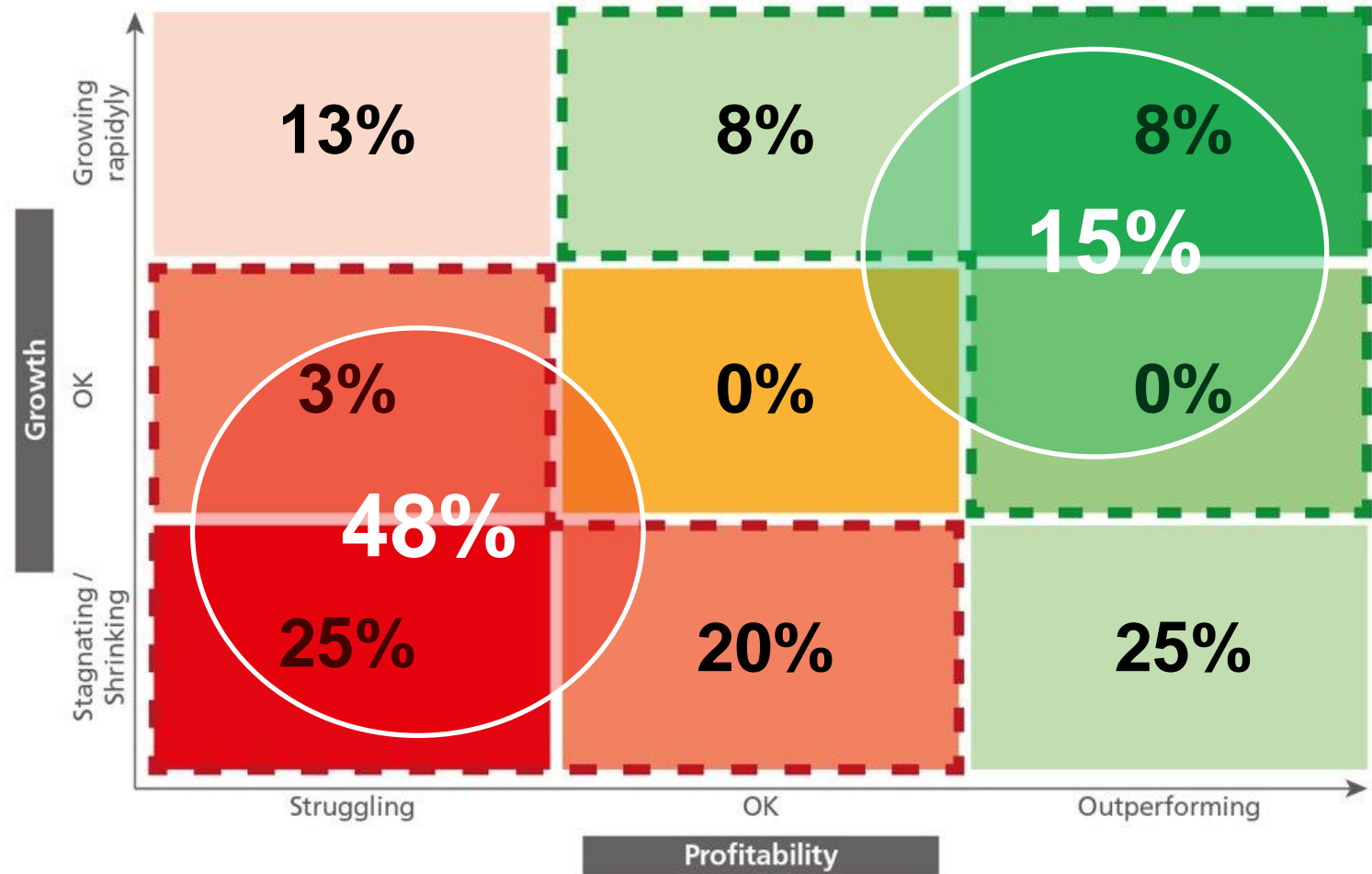




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Learning Disability providers (40)

# Growth and profitability: 2022 snapshot





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# Learning Disability providers

- Growth has taken a sharp dip.
- Profitability is a mixed picture, as worse than the group as a whole but roughly a third outperforming, a third doing okay and a third struggling.
- Over the last 5 years, the weakest performing group has increased quite significantly, whereas the highest performing group has declined. Seeing less polarization and a movement to struggling/stagnating.



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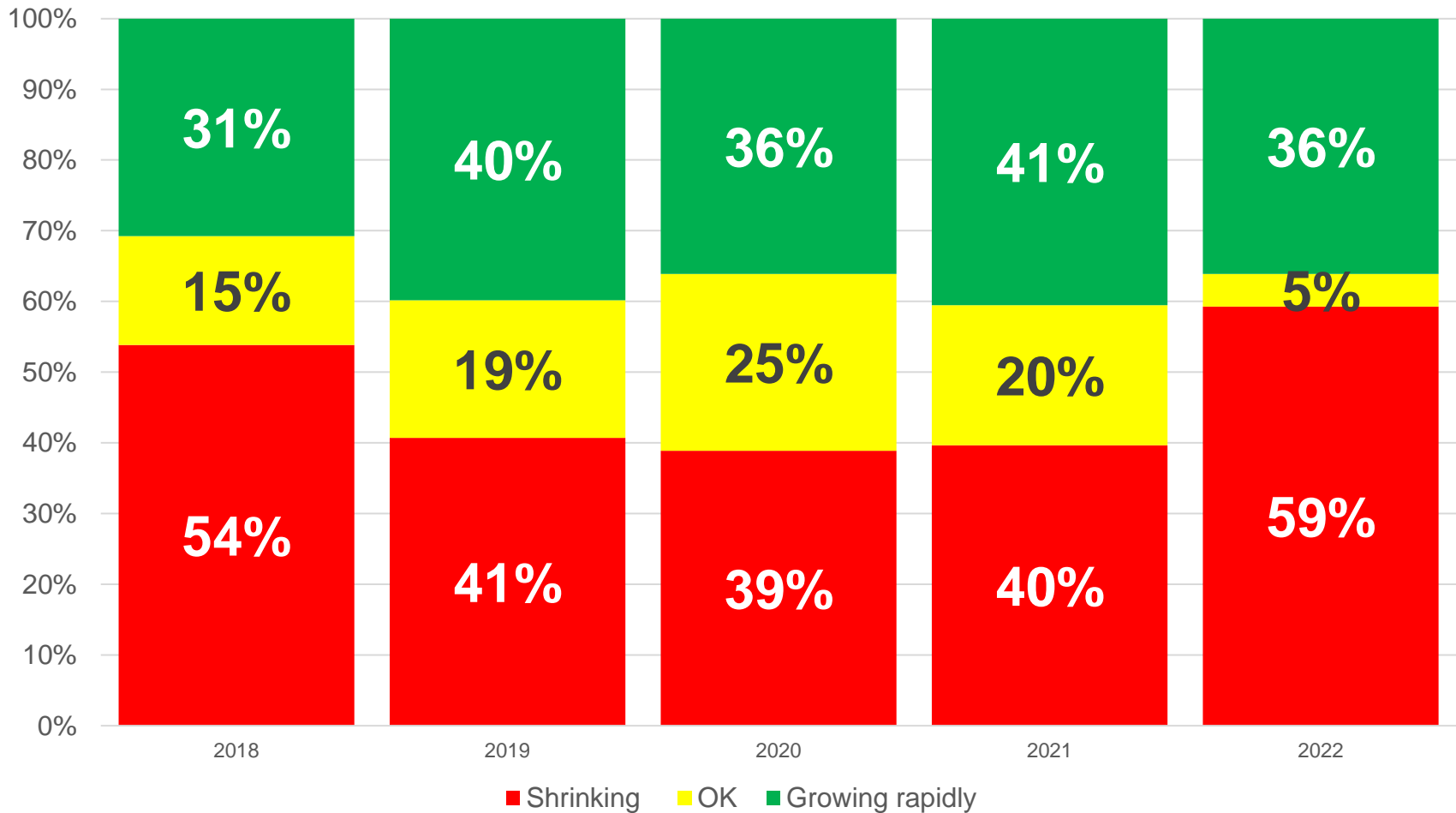
# Autism providers

- Something of a roller-coaster in terms of performance.
- Single most obvious trend is volatility in both growth and profitability.
- Broadly speaking they have got better at growing but are struggling to make a profit.



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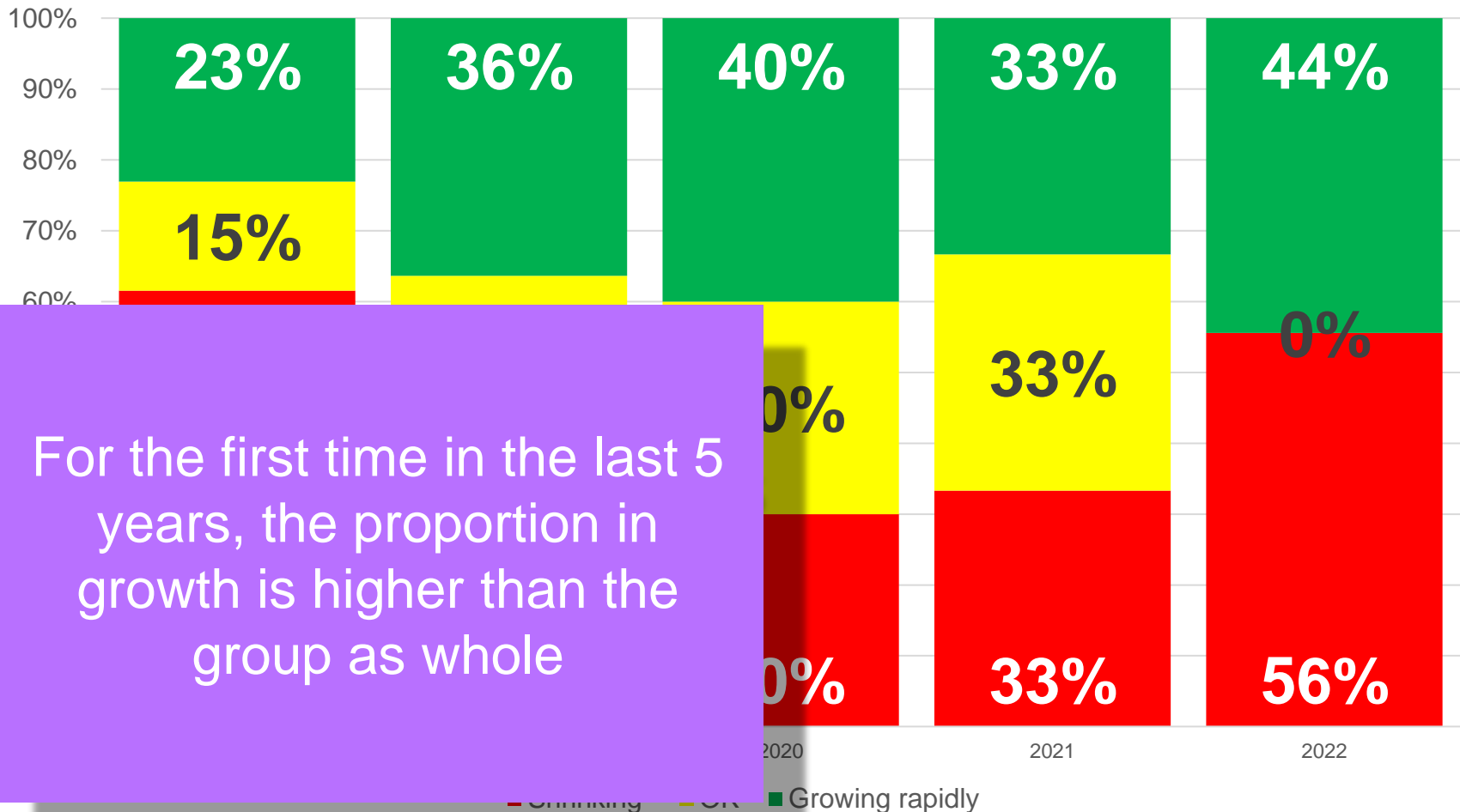
# All growth





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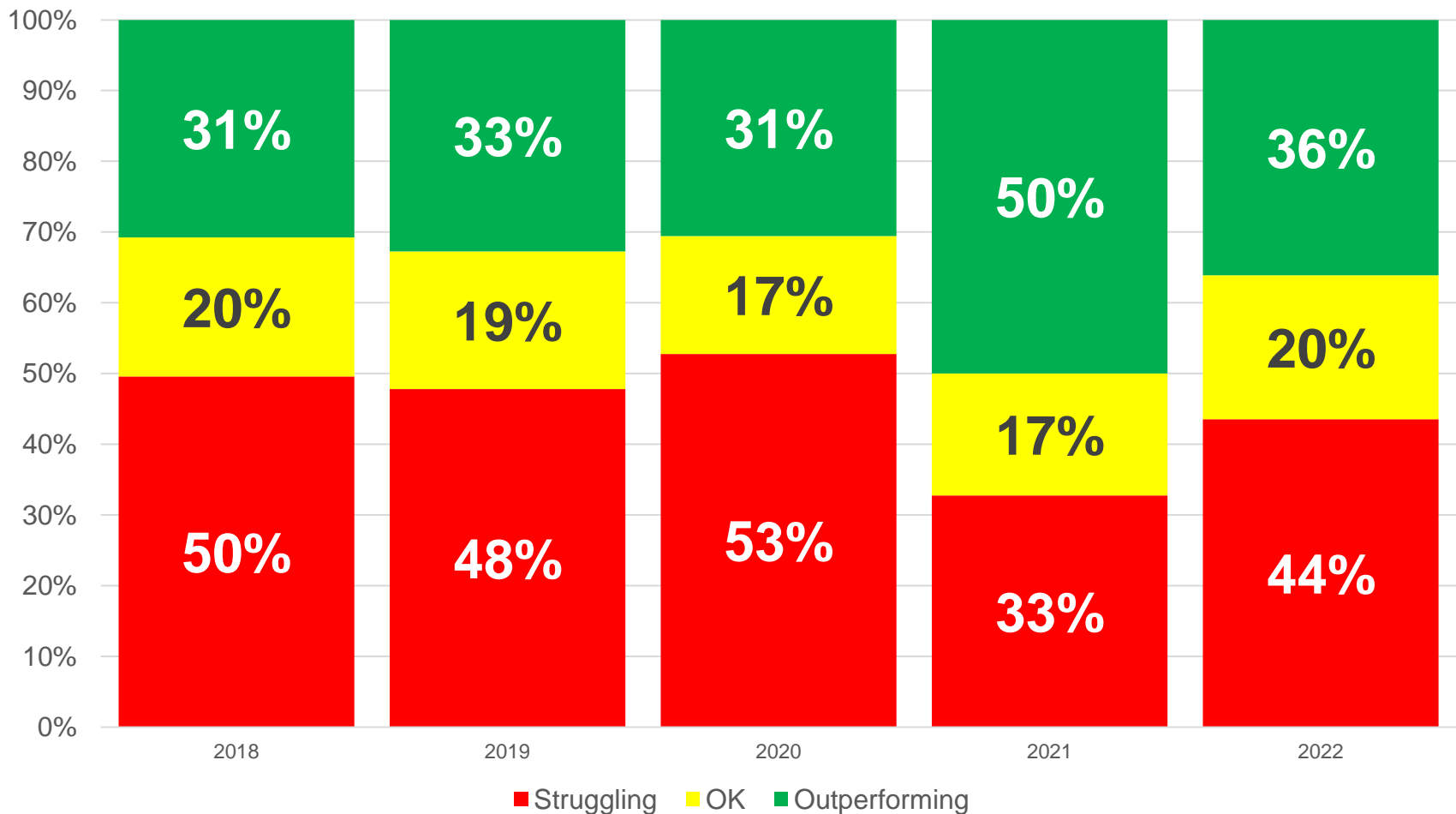
# Autism providers growth





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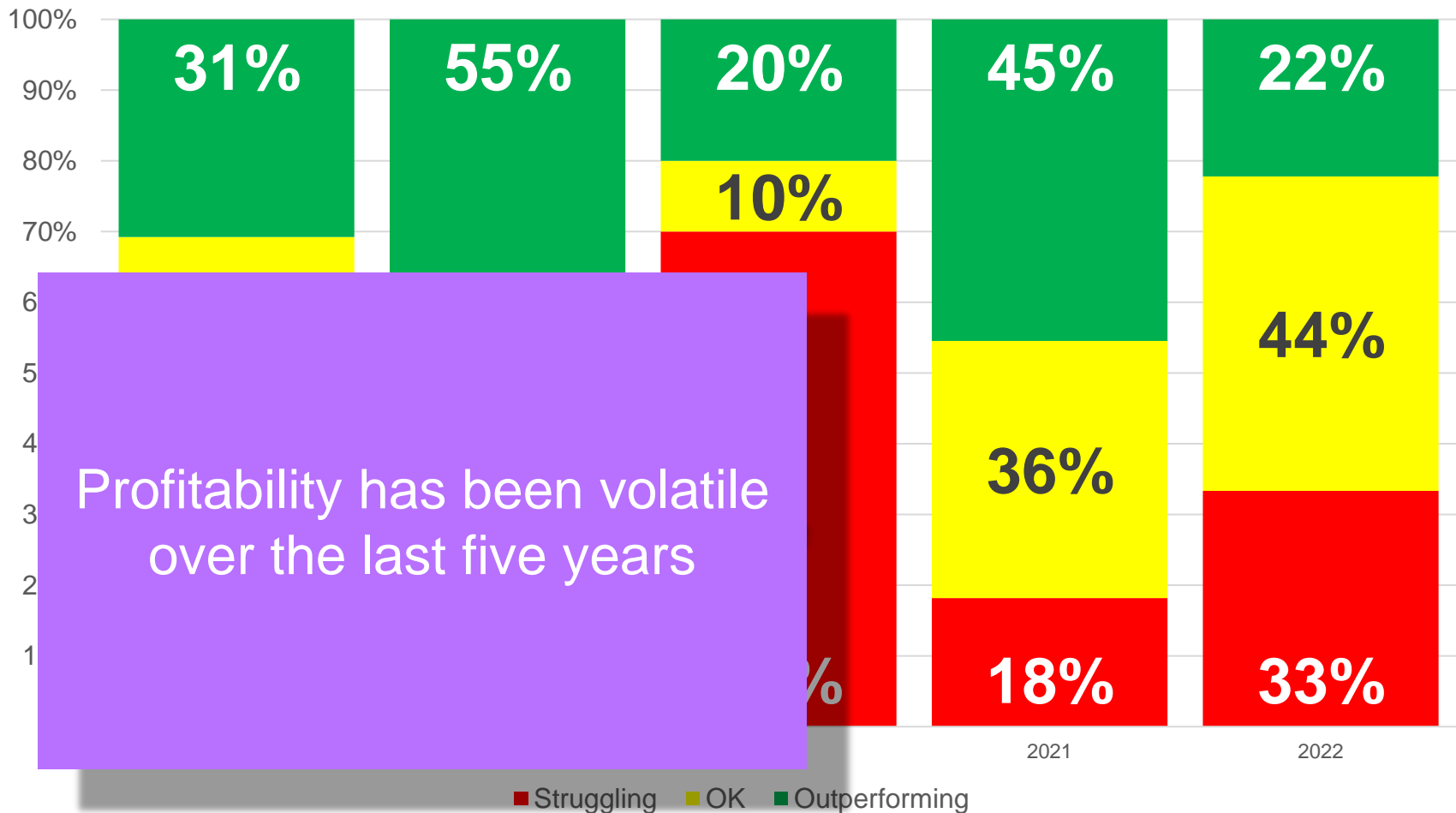
# All profitability





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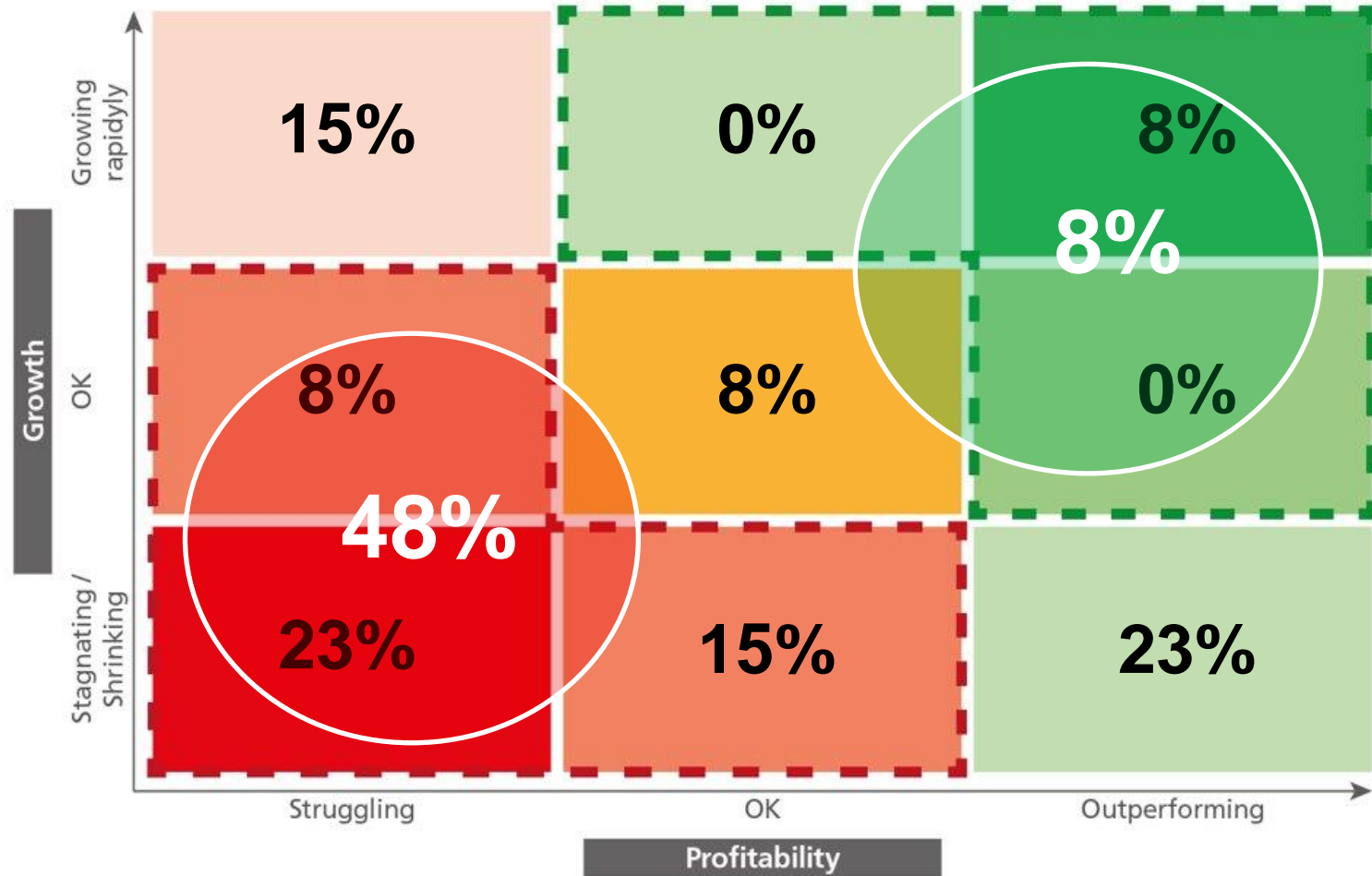
# Autism providers profitability



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Autism providers (13)

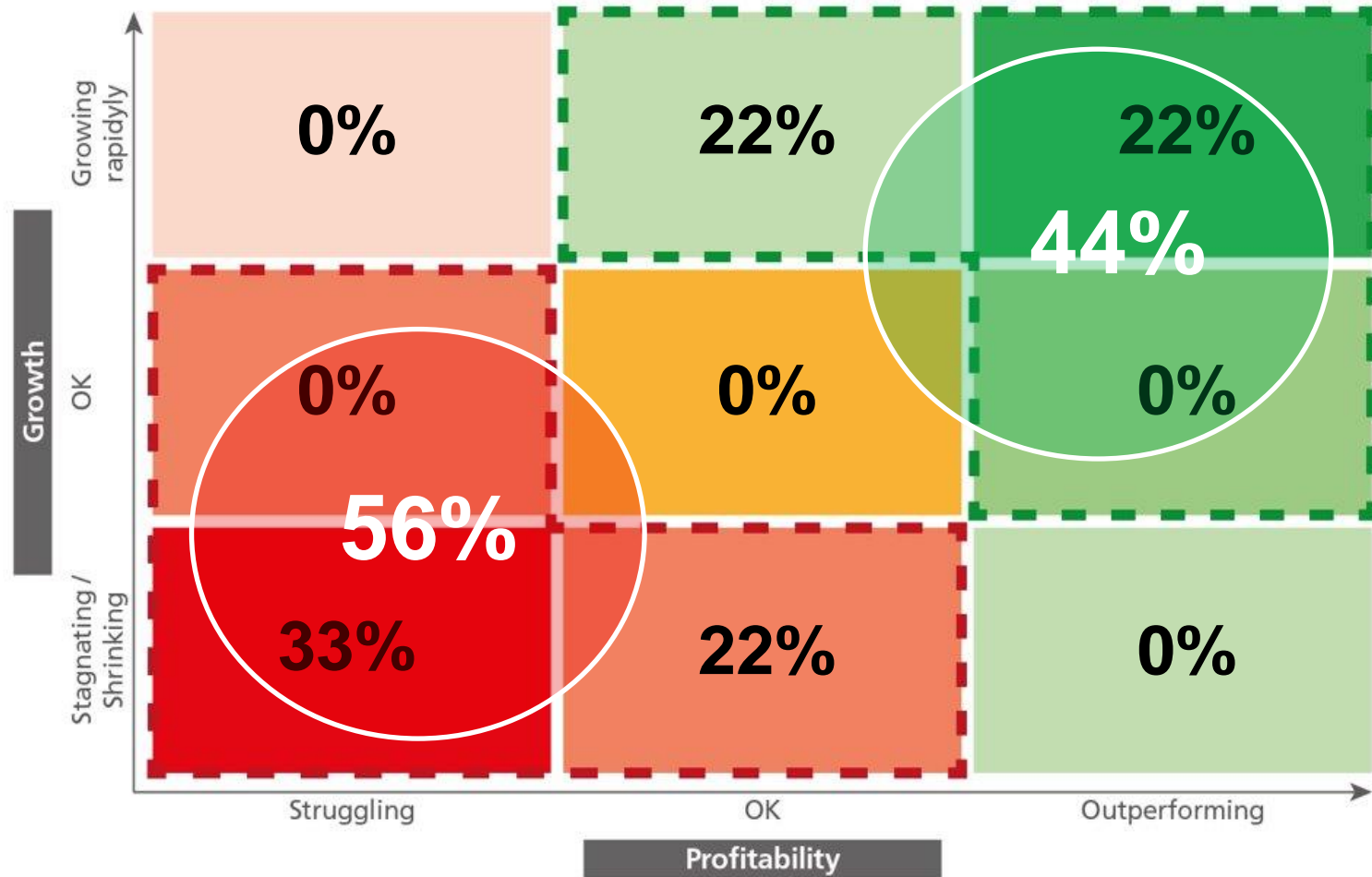
# Growth and profitability: 2018 snapshot



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Autism providers (9)

# Growth and profitability: 2022 snapshot





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# Autism providers

- Very mixed picture in terms of growth and profitability.
- Some polarization when profitability and growth combined. Bigger increase in the proportion doing well than badly.



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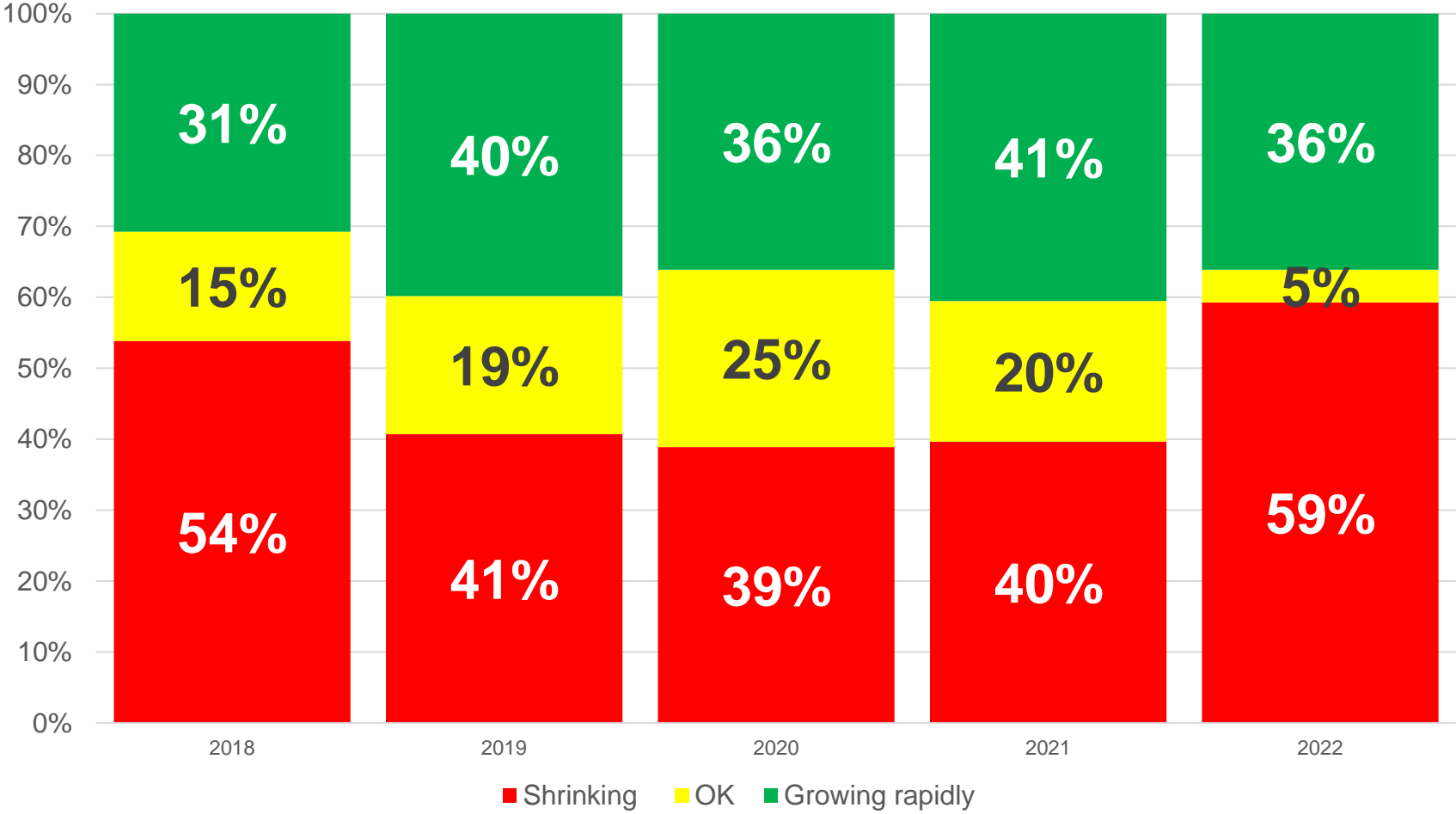
## Older People providers

- Growth and profitability has declined over the past couple of years.
- Given demographic changes growth should be expected.



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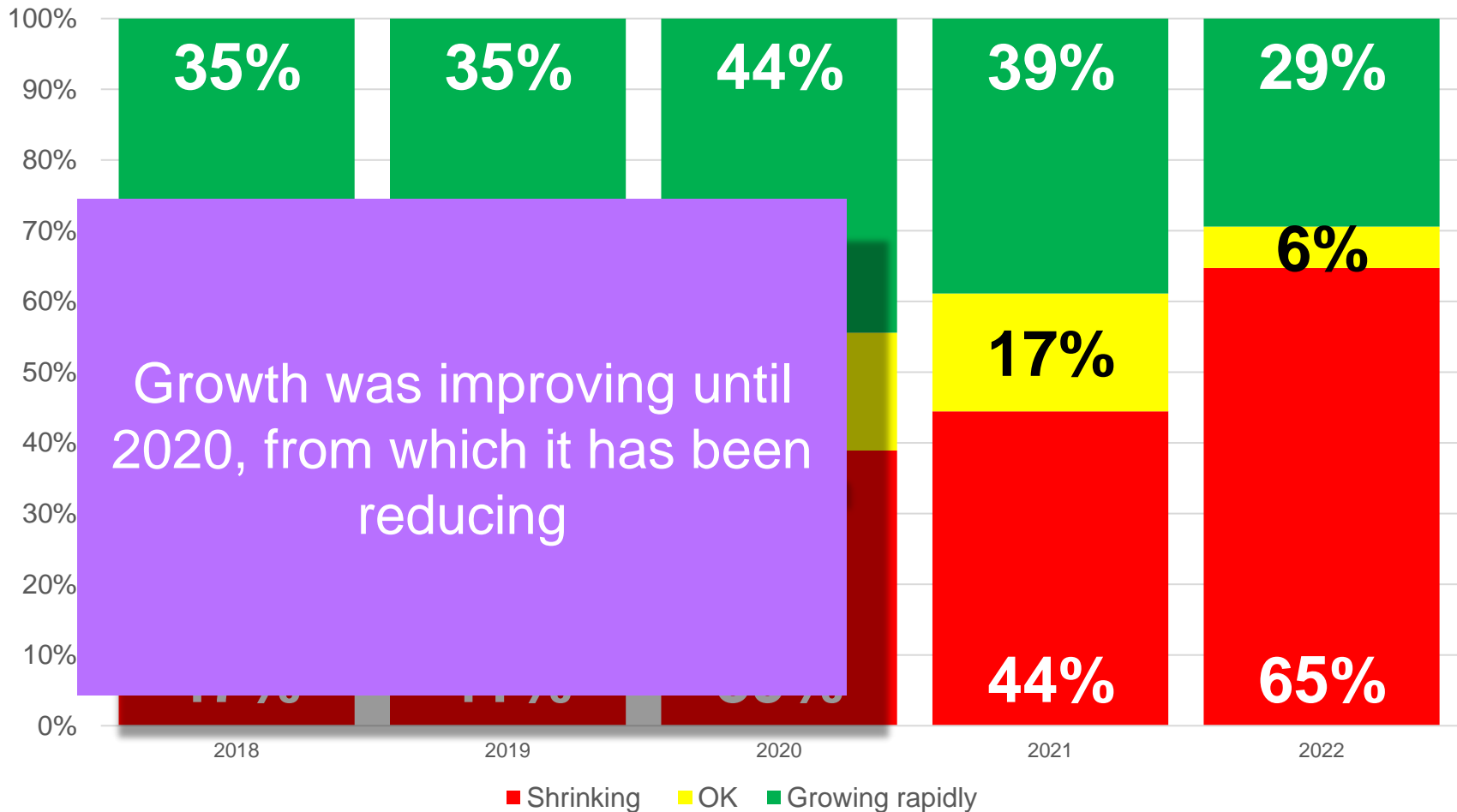
# All growth





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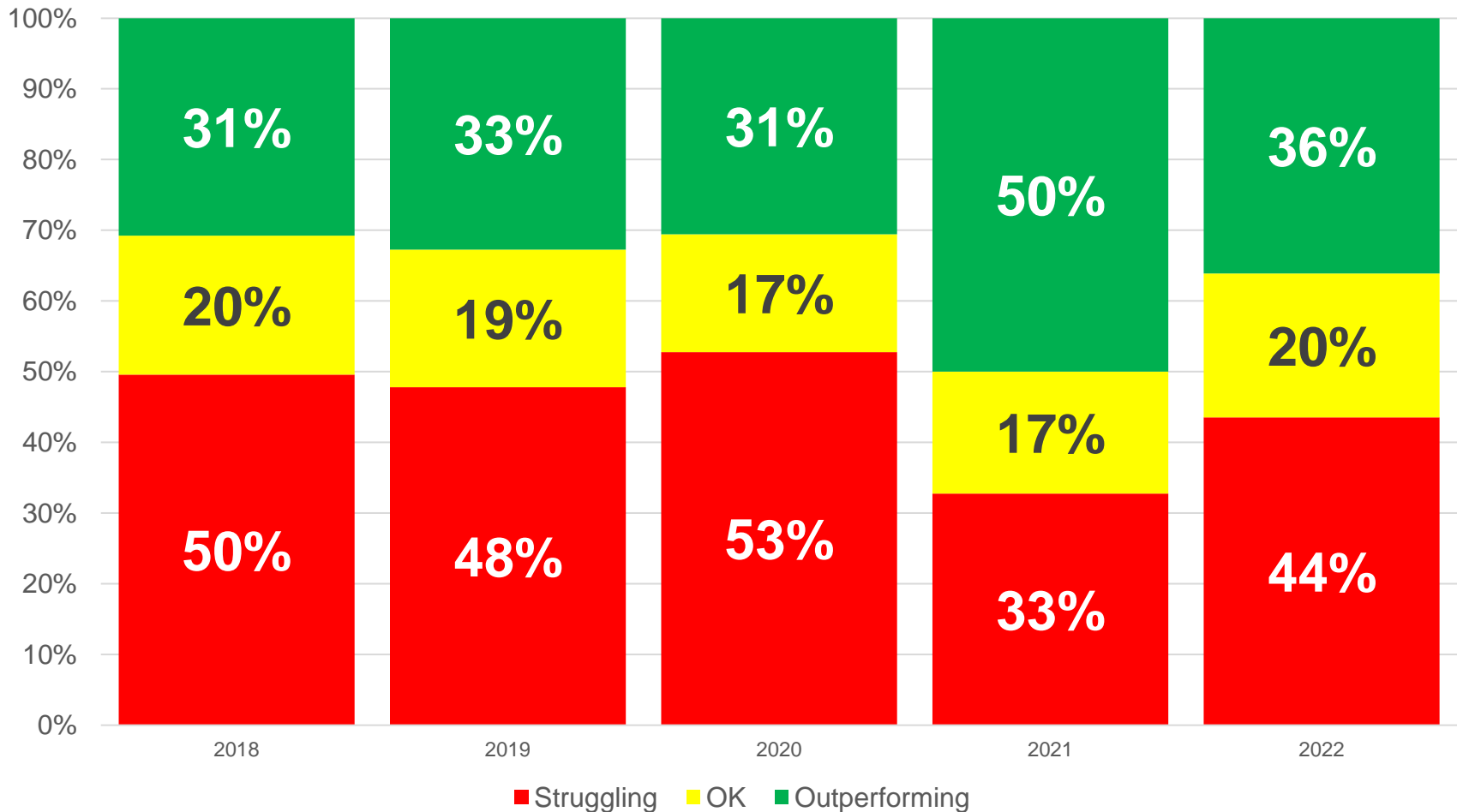
# Older people providers growth





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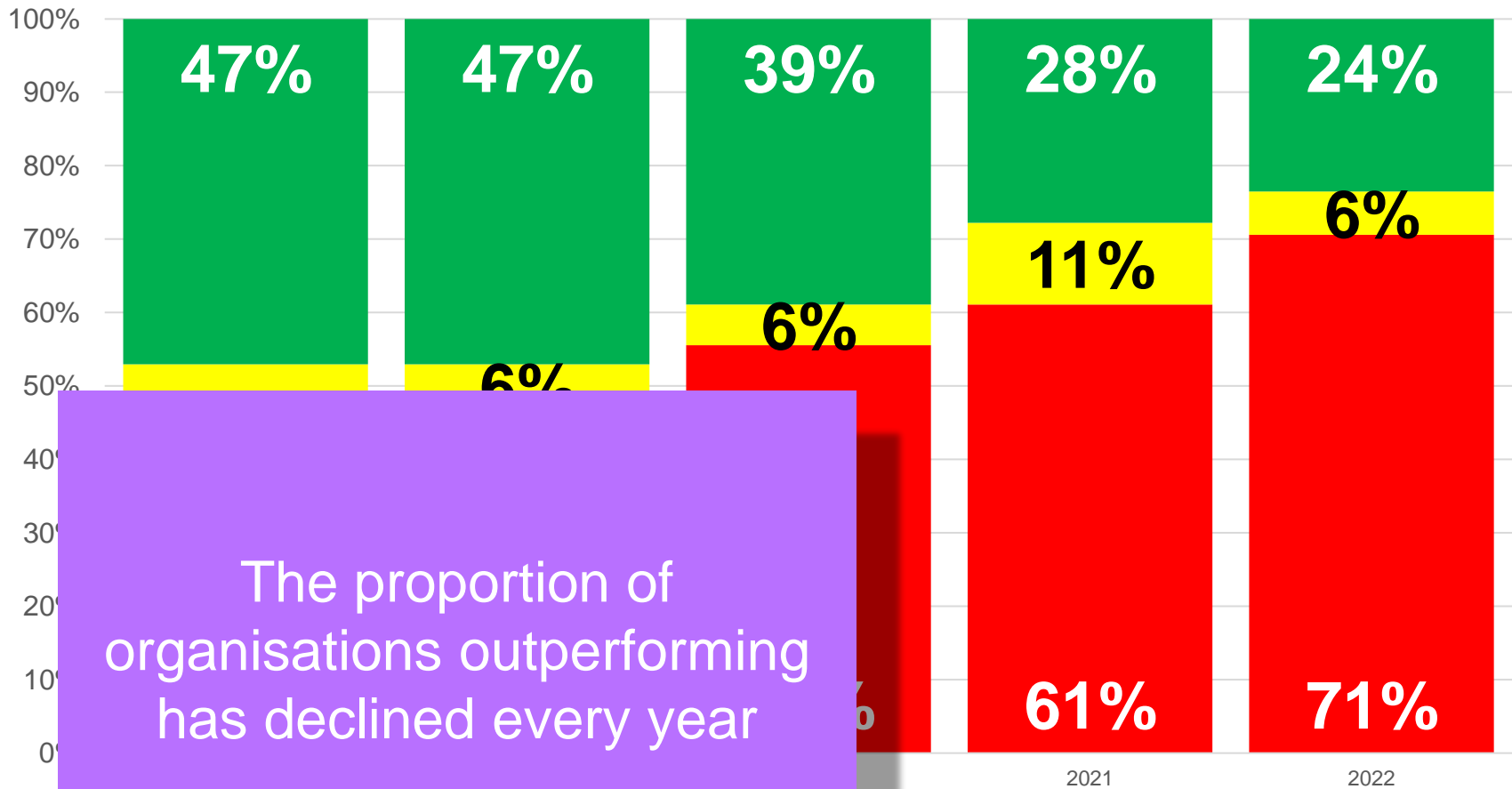
# All profitability





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# Older people providers profitability



The proportion of organisations outperforming has declined every year

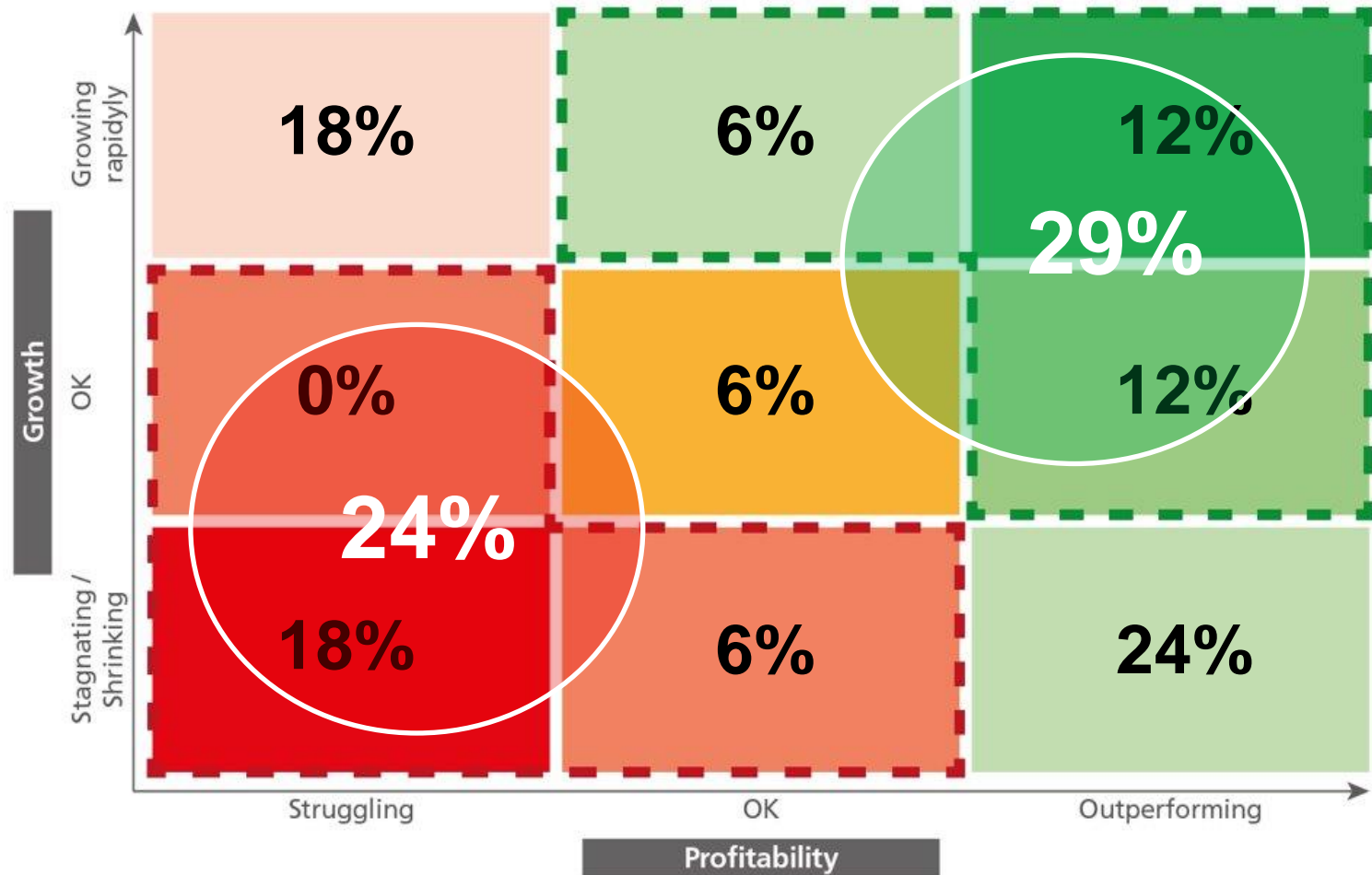
Outperforming



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Company providers (17)

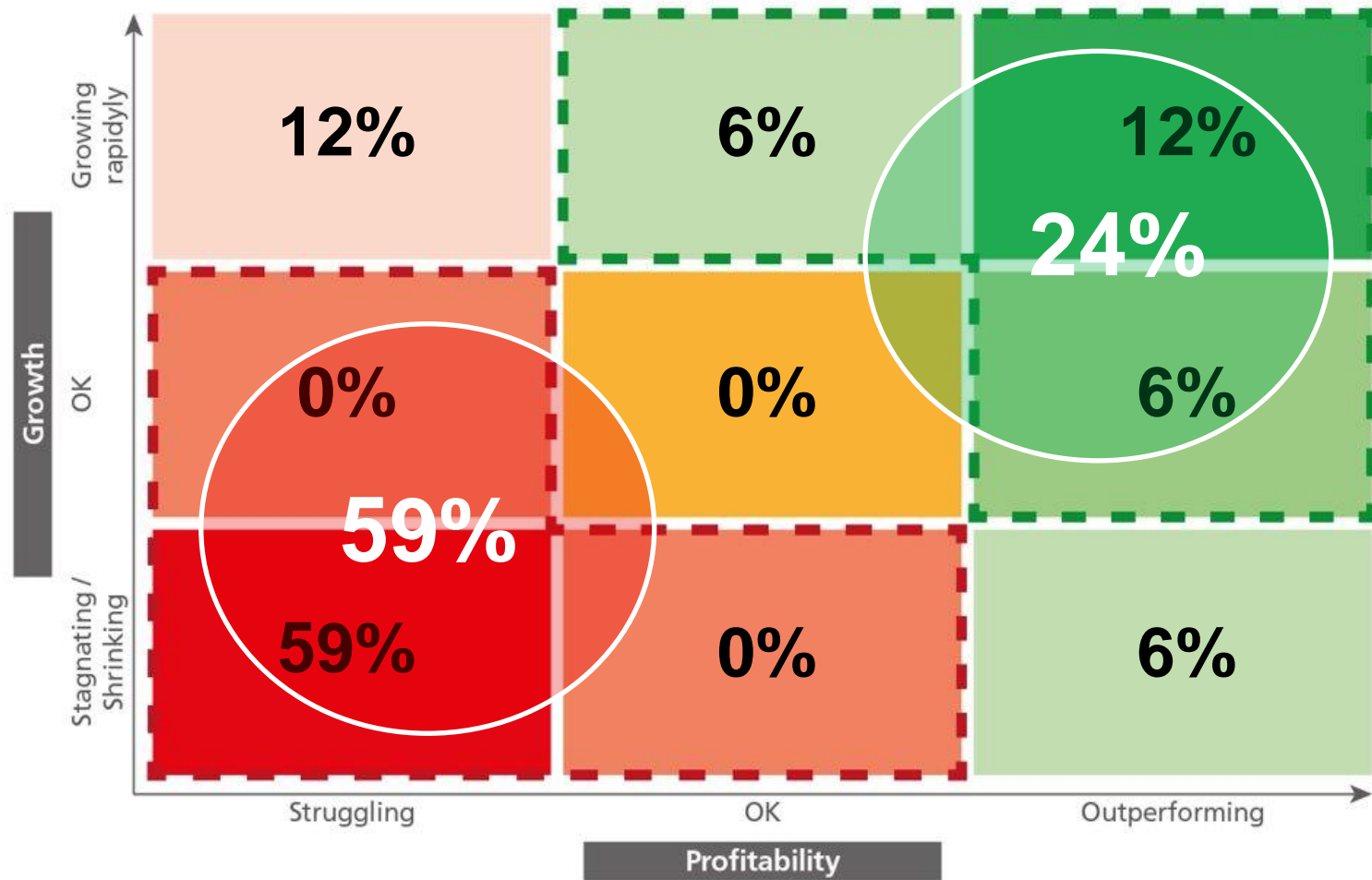
# Growth and profitability: 2018 snapshot



Extract

Older People providers (17)

# Growth and profitability: 2022 snapshot





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# Older People Providers

- This part of the social care market has faced the greatest challenges during the pandemic which can be seen in the figures.
- The figures for 2021 and 2022 show a marked deterioration in performance.



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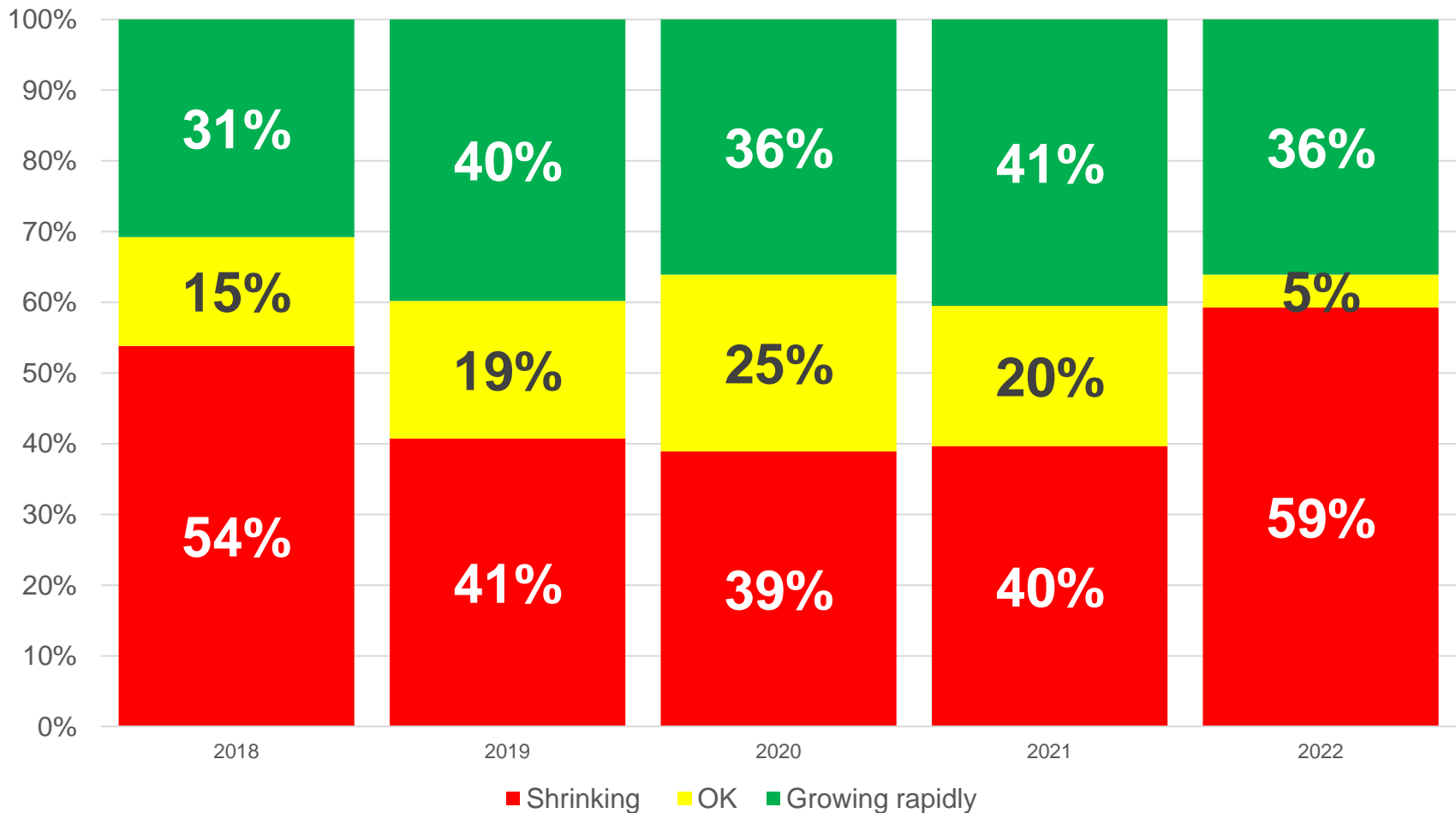
## Mental health, substance misuse and homelessness providers

- In previous years, this segment has demonstrated significant challenges across both growth and profitability.
- Growth has been mixed, with some years being quite good and others quite poor.
- Profitability has been a big challenge for this part of the sector for many years and has at last started to show a more positive trend.



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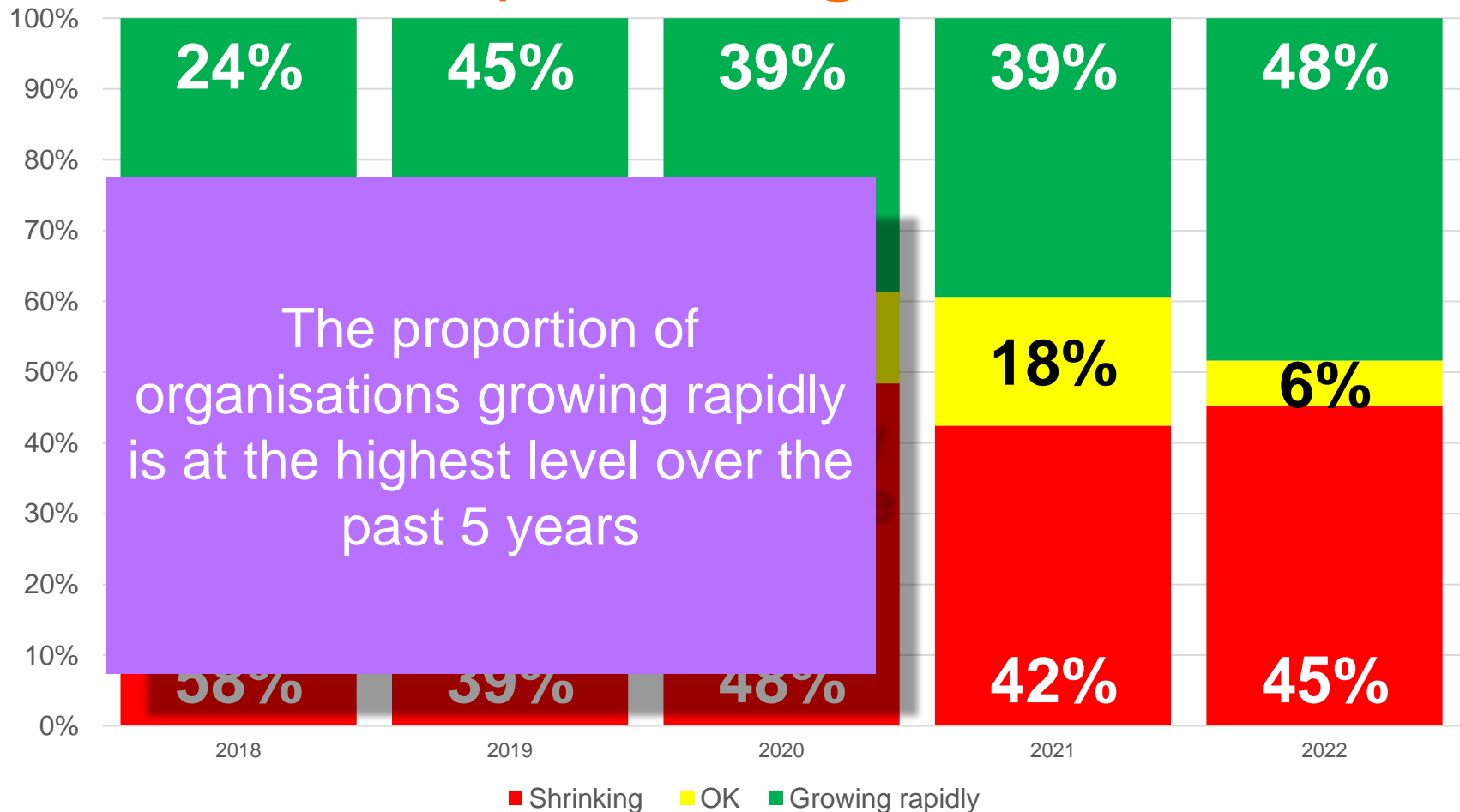
# All growth





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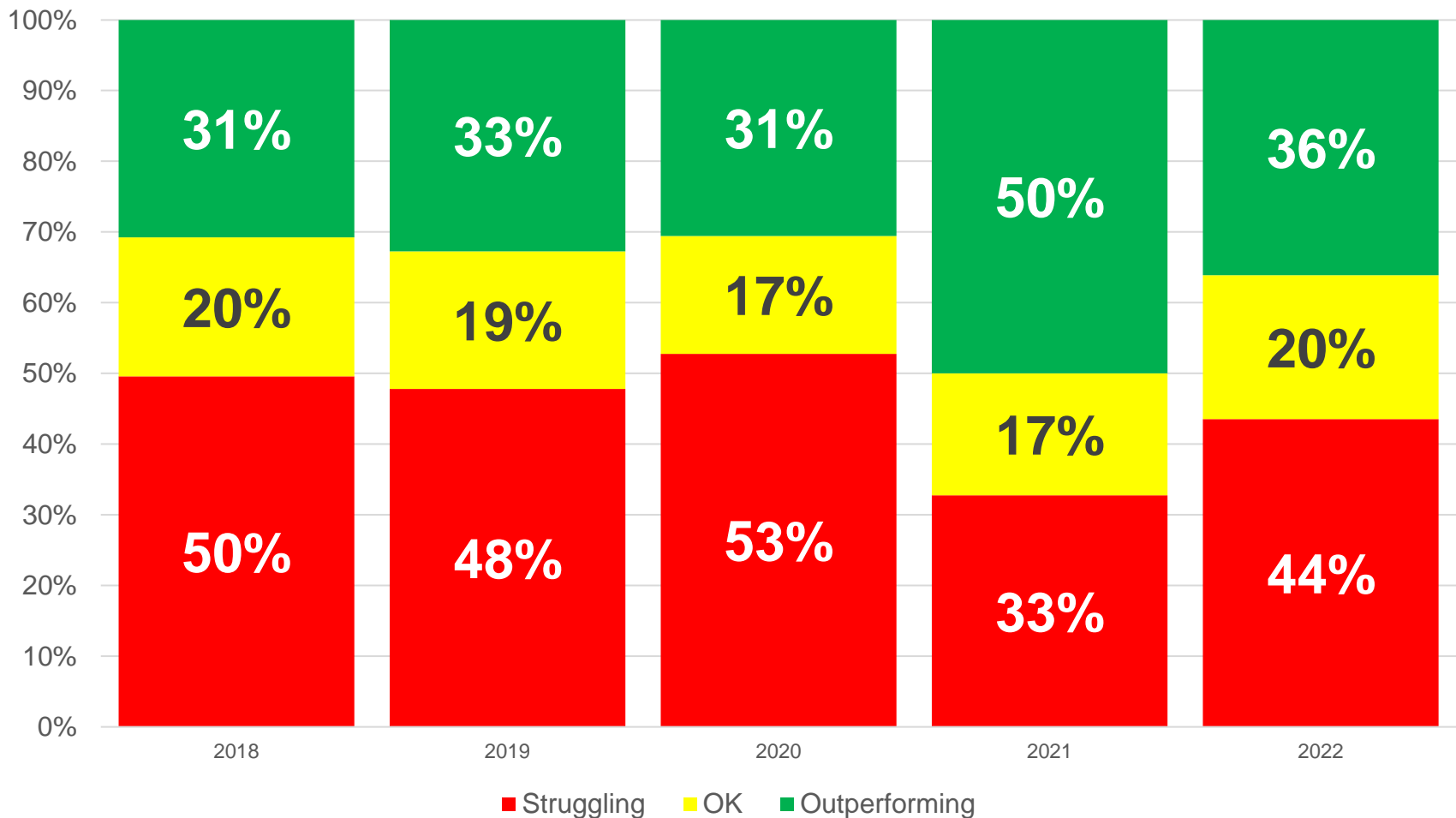
# Mental health, substance misuse and homelessness providers **growth**





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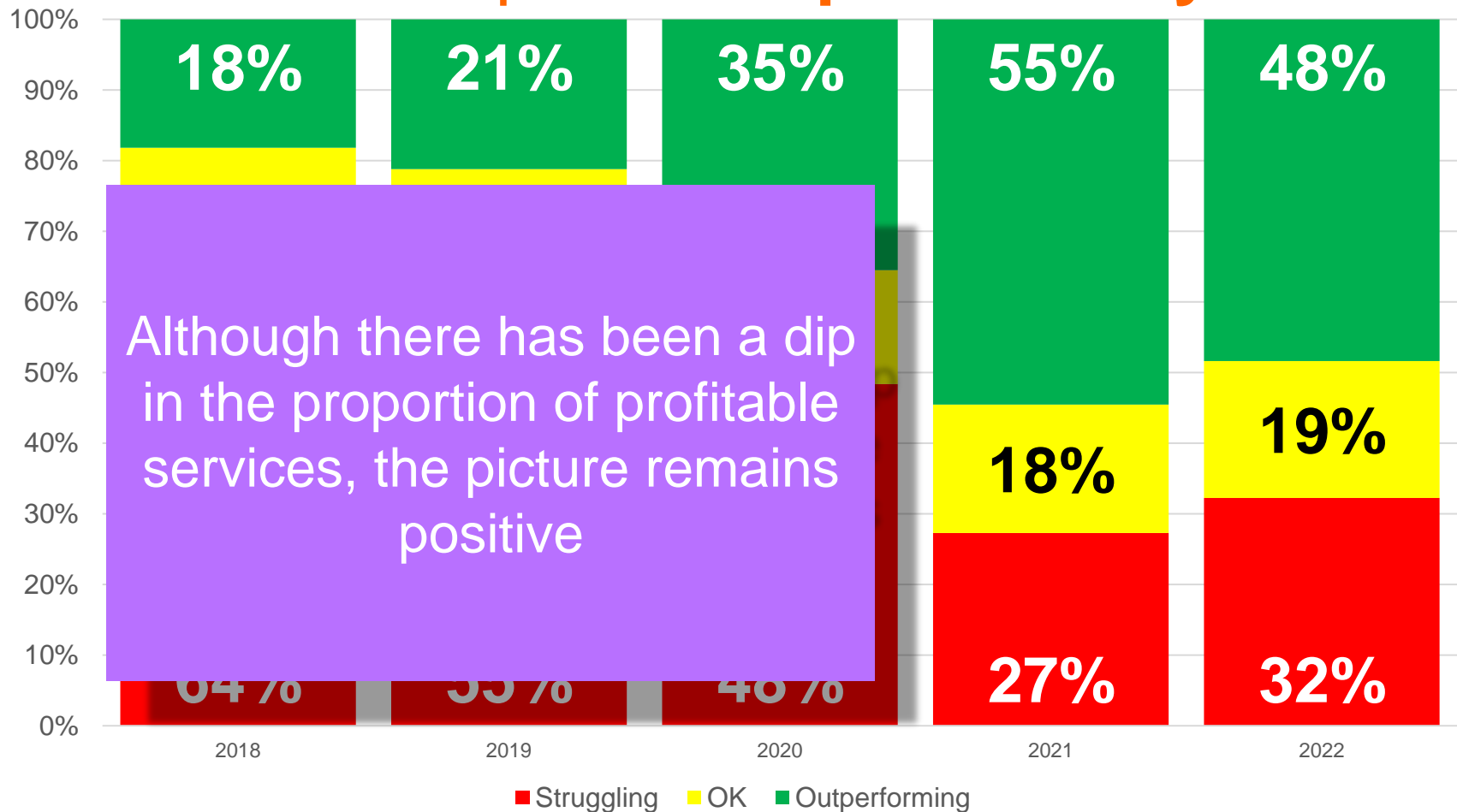
# All profitability





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# Mental health, substance misuse and homelessness providers **profitability**

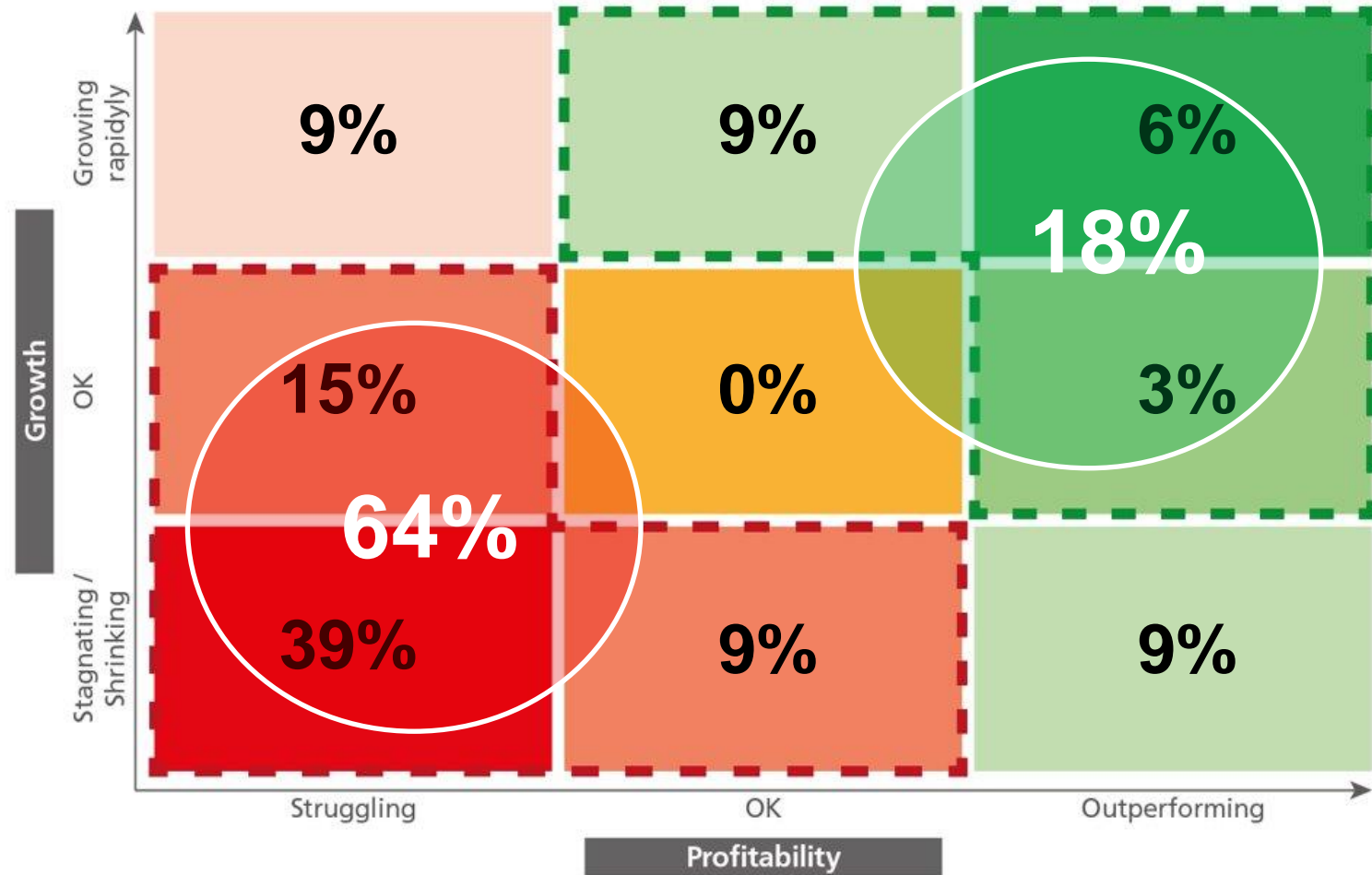




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MH/SM/Homelessness providers (33)

# Growth and profitability: 2018 snapshot

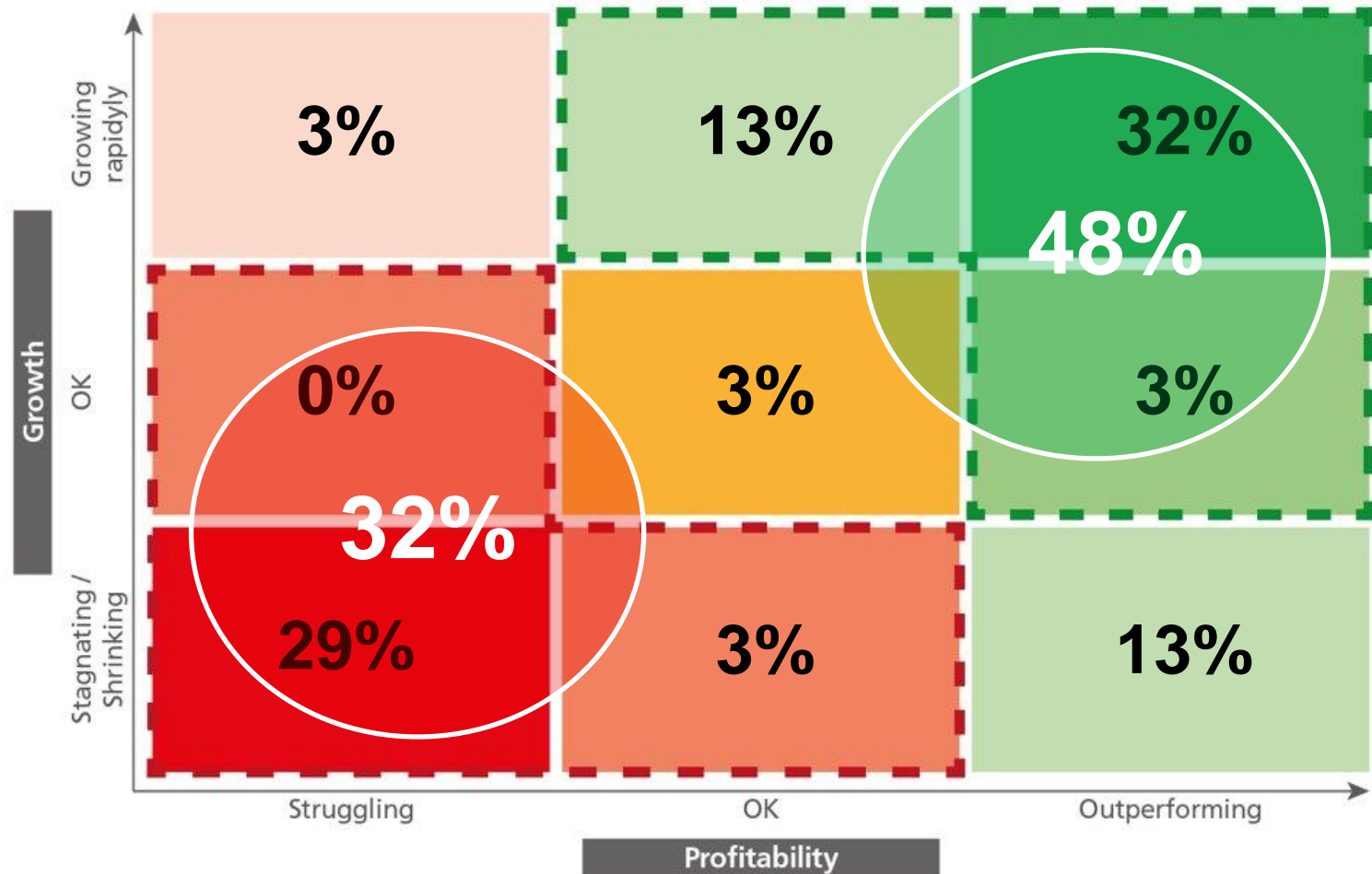




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MH/SM/Homelessness providers (31)

# Growth and profitability: 2022 snapshot





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## Mental health, substance misuse and homelessness providers

- The proportion of organisations which are growing rapidly is at the highest it has been in the last 5 years.
- Profitability is also positive, at the second-highest it has been in the period.
- These increases tally with the most recent ADAS report which highlights an increase in referrals for mental health, substance misuse, and homelessness.



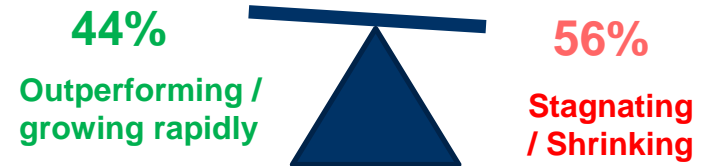
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# 2022 Profit and Growth Summary

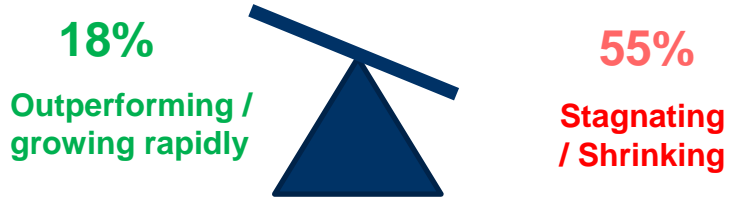
## All Providers



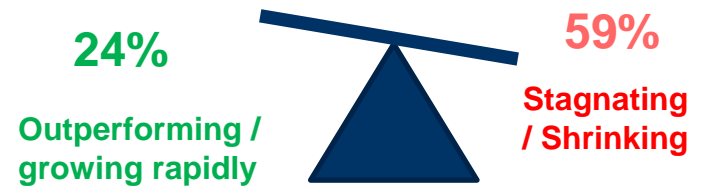
## Autism providers



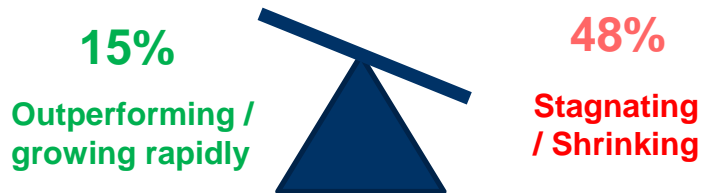
## Smaller providers



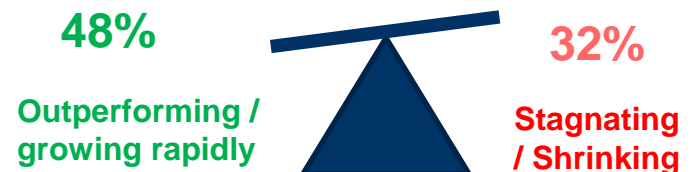
## Older People providers



## Learning Disability providers



## MH SM Homelessness Providers



# Conclusions

## Thinking about the future...

- Previously, we have said that not-for-profits have prioritised something other than profitability. It is unlikely that this has changed.
- Funding levels generally mean it is nearly impossible to grow and be profitable and provide a decent service at the same time.
- For there to be a significant improvement two things would probably need to change:
  1. More money in the system which would allow prices to rise so that the service is more expensive (instead of providing more service).
  2. Providers stop running loss making services. A large numbers of providers are running loss making services as long as this continues financial performance will not improve.



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The next Briefing is on:  
**Thursday 19<sup>th</sup> October 2023 at 10.30am**