# Market Oversight – What it means for you

## Introduction

Change in the adult social care market happens regularly. It is usually managed well at a local level. However, some care providers have so many services across a region or the country, or provide very specialist services, that they would be very 'difficult to replace'. Changes to these services can have a big effect on people using them.

## Market Oversight – what it does

Market Oversight is a national scheme run by us (the Care Quality Commission, or CQC) in England. It aims to cause as little disruption as possible to people in vulnerable circumstances if a difficult-to-replace care provider's business fails and services have to be closed. By warning local authorities early about likely problems, the scheme also helps to reduce the distress that closure would cause to people using services, and their families and carers. From April, local authorities have a duty to make sure people continue to receive the care they need if services change or close. This includes people who pay for their own care as well as those who the local authority arrange care for.

## Market Oversight – what it is

In the scheme, we look at the finances of difficult-to-replace adult social care providers and the quality of care they provide (which we do already). This is because finance and quality of care are closely linked. We check that these providers are not at risk of failing and do not have to close one or more services.

If a provider is in the Market Oversight scheme it does not mean that they are at risk – it only means that they meet the legal conditions to be included and that they would be difficult to replace if they did fail.

If we believe the provider is likely to fail we will give an early warning to the local authorities who would be affected so that they can make sure people continue to receive the care they need. This means getting the right people to do the right thing at the right time.

Crystal Mark 21659
Clarity approved by Plain English Campaign

## Market Oversight – what it is not

The Market Oversight scheme is designed to spot services that might fail so that the right people can do the right things to protect people who use the services, whether they are the provider, their shareholders, their lenders such as banks, or the local authority. With Market Oversight, neither we nor the Government give public money to providers to stop them failing – our aim is to stop people from worrying that they may lose their care by telling local authorities about likely closures.

## How difficult-to-replace providers are identified

New laws set out the conditions providers must meet to join the Market Oversight scheme. For example, the following could apply to providers who are in the Market Oversight scheme.

(a) They might care for a large number of people. If they have more than 2,000 registered beds they would be included in the scheme due to their size. For example, provider A has 40 medium-sized care homes with an average of over 50 beds in each home.

(b) They might provide care in a large number of local authority areas. For example, provider B has 30 medium-sized care homes with an average of 40 beds in each home in more than 16 local authority areas and so would be included in Market Oversight due to their dominance in the market.

(c) They could be concentrated in one region or area. For example, provider C has 30 medium-sized care homes with an average of 40 beds in each home, provides residential care in four local authorities and has more than a 10% share of the care market in three of these areas. Provider C would be included due to their dominance in a local area.

(d) They could provide a large number of hours of home care. For example, provider D provides over 1,500 clients with an average of 25 hours care a week. They would be included in Market Oversight due to their size.

(e) They could provide a large number of home care clients with a significant number of hours of care. For example, provider E has 800 home care clients who receive an average of more than 30 hours of care a week.

In each of these examples, if the provider was unable to provide services, a lot of people would need to have their care protected. Local authorities may find it difficult to replace these providers if they had to, which is why the Market Oversight scheme will warn them about likely closures.

## How Market Oversight works

Once we identify the providers who meet the legal conditions, we tell them that they are in the scheme. We will publish the full list of providers on our website so that people will know if we are monitoring the finances of the care service they are using. Being on the list does not mean a provider is at risk, it only means that they meet the legal conditions to enter the scheme.

**Monitoring**

We will regularly look at financial information from each provider in the scheme, such as accounts, financial plans and business plans. We will assess their finances along with information we already hold about the quality of care they provide. This is because finance and quality of care are closely linked.

We expect that most providers in the scheme will not be at risk of failure. We will monitor them and speak with them regularly to check that the level of risk is not increasing.

**Increasing concerns**

If we start to have concerns about a provider, we will talk about their plans in more detail and find out what they are doing about any concerns we have raised. If we are satisfied with their response and their future plans, the provider will go back to regular monitoring.

However, if we continue to be concerned about the provider's financial situation, we will meet them, their lenders and other stakeholders to understand how they are going to manage the issues and to assess whether they are likely to close services.

**Who do you tell that a provider may fail and when?**

As soon as we assess that a provider is likely to fail and be unable to continue providing one or more of their services, we will tell all the local authorities who may be affected by this.

It's important to note that at this stage the provider has not yet failed. What we have done is assess that the business is **likely** to fail and may have an effect on services. The business could still be rescued. However, it is right that local authorities should be aware, prepare and have a plan in place in case failure happens.

## What is the role of the local authority?

Local authorities have a legal duty under the Care Act 2014 to make plans to make sure people's care continues if a provider stops delivering a service. This duty applies to all people receiving care in their area, whether they pay for their own care or not, and whether the provider is in the Market Oversight scheme or not.

## When will you tell people using services, and their families and carers?

We will publish a list of who is in the scheme, but we do not provide a running commentary on the financial health of providers who are in the scheme – that is not our job. However, by working with the provider and possibly lenders and other stakeholders in the business, we let the right people take the right action.

## What happens if a provider closes?

Using Market Oversight as an early warning system, local authorities will be able to act swiftly to make sure people continue to be cared for. This means that people will not need to worry about losing their care. Local authorities will, for example, help people to find alternative care services that meet their existing needs or step in to keep a service going until it has a new owner.

## What about small providers not in the scheme?

Local authorities have a lot of experience of stepping in to protect people's care where small adult social care providers fail. That is why we only include difficult-to-replace providers in Market Oversight.

## Does it make a difference if I pay for my own care or if it is provided by a local authority?

No – it does not matter if you or the local authority pay for your care. In both cases you are protected by the local authority's duty to step in and protect your care if your care provider fails.

## So what does this mean for me?

If you use adult social care services, you do not need to worry about losing your care if your care provider fails. Market Oversight acts as an early warning for local authorities so they can plan ahead if a difficult-to-replace provider is at risk of failing.

You do not need to worry if your care provider is part of the scheme – it does not mean they are more likely to fail, just that they will be difficult to replace.

# Further information

**You can find more information at: www.cqc.org.uk/ascmarketoversight**

**If you are a care provider, there is more detailed guidance about the scheme at the link above. You can contact us on 03000 616161**