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# CARE OF OLDER PEOPLE
# UK MARKET REPORT

TWENTY-SEVENTH EDITION

**COVERING**:

CARE HOME DEMAND & CAPACITY
MARKET STRUCTURE - GROWING POLARISATION
FACILITY OPENINGS & CLOSURES
CORPORATE PENETRATION & CONSOLIDATION
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POLITICAL & REGULATORY ENVIRONMENT
CQC RATINGS: WHO PERFORMS BEST AND WORST?
SERVICE INNOVATION
FUNDING SOURCES AND FEE RATES
COST STRUCTURE AND COST INFLATION
PROFITABILITY
IMPACT OF PUBLIC SECTOR AUSTERITY
FUTURE PROSPECTS -
*BLEAK FOR SOME, EXCELLENT FOR OTHERS*

*The healthcare experts*

# CARE OF OLDER PEOPLE
## UK MARKET REPORT
## TWENTY-SEVENTH EDITION

LaingBuisson's unrivalled study on the UK's care market for older people is relied on by investors, operators, central and local government officials and professionals within the advisory community for its hard facts and dispassionate analysis.

The big news this year has been postponement of Phase 2 of the Care Act. Providers and commissioners alike will have heaved a collective sigh of relief because of the very real risks of market destabilisation that implementation would have brought (as described in last year's edition) without a great deal more prior preparation. But one challenge has been replaced by another, potentially of even greater magnitude, in the form of the National Living Wage (NLW).

While no-one begrudges more money for hard working, lower paid employees, the other side of the coin is that care service operators with a high exposure to public pay are looking into an abyss if central government fails to fund local authorities to pay for the additional cost of NLW, especially in the context of a 6% real terms fall in council paid care home fees in the last five years and a decline in operating profit margins to truly worrying levels.

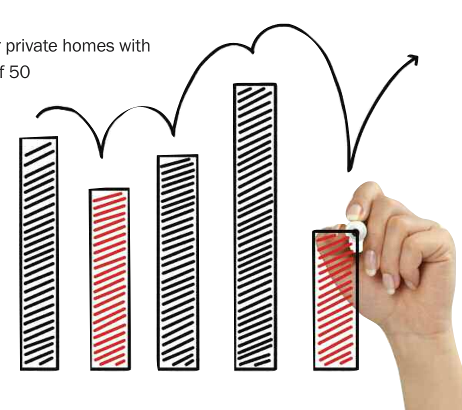
This fully updated and revised edition of the well-respected Care of Older People UK Market Report uses proprietary data available only to LaingBuisson to analyse market trends and describe what in the analysts' view is the most likely scenario for the medium term future for both the public pay and private pay segments of the market.

LaingBuisson's report provides the only independent, authoritative, comprehensive and up to date assessment of the present state and future prospects of the long term care market in the UK. As such it is essential reading for independent providers, care commissioners, regulators and policy makers as well as those people in the investment sector with an interest in this massive marketplace.

# Exclusive Tables & Figures include...

- Nursing and residential care of older and physically disabled people, capacity and annual market value annualised at April 2014
- Nursing, residential & long stay hospital care of older & physically disabled people, places by sector, UK 1970-2014 & market value by sector, UK 1988-2014 (annualised in April in each year)
- Independent sector care homes for older & physically disabled people, capacity, volume of demand & market value, UK 1993-2014
- Volumes of local authority funded community care services directly provided and contracted out, England 1992-2014
- Volumes of local authority funded homecare in Scotland
- Value of independent sector supply of home care services, estimates by source of funding, UK global estimate, 2014
- CQC Fundamental Standards – performance of English care homes for old age and dementia, snapshot at June 2015 by provider sector
- Private equity (broadly defined) owners of older people's care home groups, 2015
- Exits and entries - components of national care home capacity change, private & voluntary care homes for older and physically disabled people, new registrations, closures and other net changes, 1991-2015
- New care home registrations by ownership group 1993, 2001-2014, UK for-profit and not-for-profit homes for older and physically disabled people
- Market penetration of major providers, UK 1989-2015
- League tables of for-profit & not-for-profit providers of long term care for older & physically disabled people (% market share), UK July 2015
- Monopoly power: frequency of single supplier with market share of 25% and over in local nursing home markets, June 2015
- Age standardised index of demand, UK 1981-2014 - older & physically disabled residents in all independent, local authority and NHS residential settings - Index, March 1981 = 1.00
- Projected numbers of older and physically disabled people living in residential settings, UK 2015-2025, independent and public sectors
- Volume of demand and total capacity for elderly and physically disabled people in residential settings in the private, voluntary and public sectors combined, UK 1990-2014
- Distribution of funding sources for independent care home residents, UK 1986-2014
- Occupancy rates in for-profit & not-for-profit care homes for older or physically disabled people, by sector 1989-2015
- Source of finance for residents of private and voluntary care homes for older and physically disabled people, UK 1986, 1998-2014, by sector
- Underlying profitability of major care home groups for older people, EBITDAR as a percentage of revenue, 2006-2014
- Average weekly fees – private sector homes for older people, UK 1988 and financial years 2005/06 to 2014/15 (public and private payers combined)
- Distribution of nursing care fee levels in private care homes, UK 2014/15
- Evidence of cross subsidisation from private payers to council funded care home residents
- Care home costs in 2014/15 for private homes with an 'intermediate' specification of 50 m2 per resident including communal areas
- Staff rota benchmarks (hours per resident per week) for UK care homes of an efficient scale (25+ beds) for older people, hours per resident per week 2002 – 2014/15

Plus many more ......



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# What does CARE OF OLDER PEOPLE UK MARKET REPORT offer you?

## Executive Summary & Highlights

- + Each highlighted point is referenced to the relevant section of the report for further information and commentary
- + Future scenarios - bleak for some, excellent for others in a highly polarised market

## Impact of Demographic Change

- + Expansion of the very old population
- + Age specific rates of care home usage
- + Compression of morbidity hypothesis - not proven

## Market Size & Trends

- + Care in residential settings
- + Care in non-residential settings
- + Drivers of demand and supply
- + Polarisation - public pay / private pay
- + Historical background

## Government Policy & Regulation

- + No political threat to privatised care sector
- + Care Act 2014 - mainly uncontentious policy streams
- + Postponement of Phase 2 of Care Act (Dilot funding reforms)
- + Health and social care integration at the top of the policy agenda
- + Legal challenges on fees largely inefective
- + Regulation of social services under Health & Social Care Act 2008 (England)
- + Performance of providers against Fundamental standards

## Structure of the Care Home Industry

- + Capacity
- + New home registrations and home closures
- + UK on the cusp of declining capacity while underlying demand accelerates
- + Competition
- + Balance of market power between providers and payors
- + Market concentration
- + League table of providers by capacity
- + Pofiles of leading providers
- + Sources of capital (Banks, Property investors, Private Equity, Bonds)
- + Brands in long term care

## Sources of Finance

- + Public sources of finance - local authorities, NHS budgets under severe pressure
- + Private payers - owner-occupied property a robust and durable funding model
- + Quasi prvate payers (top-ups)
- + Limited role of long term care insurance
- + Absence of intermediation in private pay market

## Demand For & Supply of Care Home Services

- + Volume of demand & occupancy
- + Sources of funding for independent sector care homes
- + NHS as a growing purchaser of continuing healthcare
- + NHS resistant to outsourcing 'sub-acute' care to care homes
- + Underlying demand & future projections
- + Trends in demand - international comparisons
- + Regional variations in demand and supply

## Customer Profiles, Services & Amenities

- + Customer profiles
- + Gaps in information on care home customers
- + Physical environment
- + Daycare, extra care & niche markets
- + Innovation & new service models

## Fees, Costs, Profits & Capital Returns

- + Local authority baseline fees
- + Fair Price for Care, revised LaingBuisson model
- + Profitability, divergence of public a private pay providers

## Financial Appendix

- + Detailed analysis of the statutory accounts of major providers

Get access to the top decision makers working in the UK's care home groups

Excellent companion pieces to this report are LaingBuisson's datasets on UK Care Home Operators. These come in a variety of shapes and sizes dependent upon your exact needs with all locational, senior management or head office information.

**Prices range from £405** (+vat) **to £1,570** (+vat).
**For more details, including discounts when purchased alongside this report - call 020 7841 0045**

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As the country's leading provider of healthcare intelligence, LaingBuisson's products and services are used by healthcare experts working in a range of roles - from chief executives, financial directors and business development managers of independent health and care providers to key decision makers in private equity, the advisory community and the heads of both regional and national government making.

In addition to Market Reports, LaingBuisson publishes business newsletters and holds a number of well-attended annual conferences and Forum events which bring together delegates from every area of health and social care across the private, public and voluntary sectors.

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TWENTH-SEVENTH EDITION

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| **HOMECARE** UK MARKET REPORT — THIRTEENTH EDITION<br>LaingBuisson's study on the £10bn a year market which helps to support older and disabled people to live in the community. It covers a wide range of social care and health services with a main focus on those services which are delivered into the home. *Published October 2015* | *Individual Package* £1,155 * | | |
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