

CARE OF OLDER PEOPLE

MARKET REPORT

TWENTY-EIGHTH EDITION

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Private payers bolster value of UK care home market

Worth £15.7 billion in 2016, the value of the UK market for care in residential settings is worth approximately 1% of GDP. A growing market, the value of the market has increased at a compound annual growth rate of 3% over the past five years, mainly driven by the growth of the private-pay market which grew by 6% over this period.

Pure self-payers now account for 49% (by value) of the total market but only occupy 44% of places, reflecting the premium rate they pay compared with local authorities and the NHS. This shows the market is robust in affluent places where people can afford their own care and, as such, there are good investment prospects.

Of more concern is the state-pay market. While the increase in the NHS Funded Nursing Care (NHS FNC) has relieved some of the pressure on providers in areas where people have greater reliance on the state to pay their fees, there is a risk that this boost will be eroded as cash-strapped councils offer sub-inflation fee uplifts and the National Living Wage rises.



Coupled with questions of profitability are those of capacity. Should the market become unattractive to providers, a natural outcome could be a capacity crisis as they leave the market. This comes at a time when the underlying demographics point to a rise in demand. If this transpires, the only way of averting a crisis would be for local authorities to continue containment of placement numbers.

For the time being, most homes will continue to rely on having a mixed clientele and the resulting cross-subsidisation. However, at a local level, markets are typically more polarised towards one type or funding or the other, leading to a real risk of a post-code lottery for care.

What the report covers

- Market size and trends
 - Care in residential settings
 - Non-residential care
- Impact of demographic change
- Government policy and regulation
 - Funding issues
 - Political issues
- Legislation and policy issues
- Regulation of social services
- Industry Structure
- Customer profiles
- Sources of finance
 - Public Sources
 - Private Payers
- Long term care insurance and other LTC financial products
- Fees, costs, profits and return on capital

Financial Appendix

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