

Care home funding shortfall leaves self-funders filling £1 billion gap

London, 22 March 2018

Self-funding, or private-pay, residents are still keeping the care home sector afloat according to the latest figures from healthcare market intelligence provider LaingBuisson, as care homes continue to rely on premium private pay fees to make up for the shortfall in council paid fees.

The latest update to its Care Cost Benchmarks toolkit has found that the average fee per resident paid to care homes typically falls short of the real costs of service provision by more than £100 a week – a situation which means that those residents who pay from their own finances are filling a funding gap of £1 billion a year in financial 2017/18.

Headline figures from the toolkit show that residential care homes for older people in England currently need to charge fees of between £623 and £726 per week, depending on the standard of accommodation and whether or not they are catering for residents with dementia. But councils on average pay only £555 per week for residential care, leaving a shortfall ranging from £68 to £171 per week. Similar shortfalls apply for nursing care as well, which is typically about £200 per week more costly than residential care.

Commenting on the figures, LaingBuisson founder and creator of the Care Cost Benchmarks toolkit William Laing said that the adoption of the National Living Wage and requirements to employ more carers to support residents with increasingly complex dependencies has fuelled an ‘inexorable rise’ in care home costs. Mr Laing said:

“A minority of councils have seen the light, and have raised fees in order to sustain supply, but large shortfalls continue for care homes in most council areas. The Care Cost Benchmark figures we are publishing today show that it will cost £1 billion to plug the hole in fees, before even starting to think about additional services”

There will be no let-up in pressure in the new financial year. National Living Wage goes up to £7.83 per hour in April 2018. This and other cost inflation will add about 5% to the fees that care homes need to charge.

Indicative fees as calculated by the Care Cost Benchmark toolkit spreadsheet for 2017/18

	FLOOR modest accommodation in converted premises	CEILING new, purpose built accommodation
Residential care, older people	£623 per week	£682 per week
Residential care, dementia	£667 per week	£726 per week
Average fee paid by English councils in 2017/18 £555 per week		

- Ends -

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Notes to Editors

About LaingBuisson

LaingBuisson, the leading health and social care market intelligence provider, has been serving clients for over 30 years, providing insights, data and analysis on market structures, policy and strategy. We are the chosen provider of independent sector healthcare market data to the UK Office for National Statistics (ONS) and work with providers, commissioners, payors, manufacturers, investors, regulators and advisors. We help our clients to understand their markets, make informed decisions and deliver better outcomes through market intelligence, consulting and data solutions.

For more information, please visit our website at www.laingbuisson.com.

About William Laing

William is the founder of LaingBuisson, a well-known healthcare economist and a leading commentator on healthcare and social care. His views are often quoted in the media and he is frequently invited to speak at conferences and to participate in think tanks and policy initiatives.

William is the author of a number of LaingBuisson market reports focused on independent social care (including Care Homes for Older People, Adult Specialist Care and Homecare and Supported Living, as well as selected market reports focused on independent healthcare (including Mental Health and Out of Hospital Healthcare, which covers primary care and other services). He also provides consultancy services to leading investors, banks and independent and public sector providers.

Before founding LaingBuisson in 1976, William worked for the Association of the British Pharmaceutical Industry and the Office of Health Economics where he was Deputy Director. He has a BSc Econ from the London School of Economics.

About the Care Cost Benchmarks

First developed by LaingBuisson in 2002 jointly with the Joseph Rowntree Foundation, this toolkit offers powerful, consistent and evidence-based means of calculating reasonable operating costs within efficient facilities. The *Care Cost Benchmarks* toolkit offers a transparent and evidence-based mechanism for working out what fees should be, based on the costs borne by care homes.

The ninth edition, sponsored by Anthony Collins Solicitors LLP, and will be available from 22 March 2018 priced at £1,160 plus VAT.