

## LaingBuisson report reappraises the care home capacity crisis, in the light of new data

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The 29<sup>th</sup> edition of LaingBuisson's market-defining report, *Care Homes for Older People* has been launched today.

The report finds that the market continues to grow by about 3% per annum (nominal), driven by cost inflation, and was worth £16.9 billion in the year to March 2018.

New information from CQC reports has led to a reappraisal of the impending 'care home crisis'. LaingBuisson has collated and analysed the data from individual care home reports and these show that overall occupancy of care homes is lower than previously thought, at about 85% when measured as occupied beds as a percentage of registered beds.

William Laing, report author and Data Director at LaingBuisson said:

*"If the new information is correct, and we have no reason to doubt that it is, it sheds a whole new light on the balance between demand and supply for care homes. Derived from CQC inspection reports, it shows that the aggregate numbers of residents as a percentage of registered beds are, at 85%, much lower than the widely accepted occupancy benchmark of about 90%. At the same time, there seems to be a lot more 'latent provision' – mothballed capacity where the care home provider has chosen not to admit residents to full capacity, for example because they don't want to incur additional staff or other costs.*

*"This shifts the whole debate. Rather than looking at care home occupancy levels being close to their practical maximum, commissioners might want to look at whatever levers they have to bring the 'latent provision' back into use."*

It also casts a new complexion on the impact of openings and closures and, in addition, there appears to have been a reversal in recent trends in the year to March 2018. During this period, net capacity has risen by around 900 beds, with a greater part of this gain coming in registered nursing homes, allaying fears that capacity is being lost.

William Laing remarked further:

*"These findings call for a realignment of how we think about how future demand for care home places will be met. Aligned to the predictions for demand based on proximity to end of life rather than age, where we have adopted the methodology originally proposed by the Brookings Institute in the USA, and the issues the market faces are more manageable and resolvable."*

A key determinant of the market remains the balance between state-pay and self-pay clients. Where state-pay prevails, there continues to be significant pressure on providers' prices and margins from council and CCG commissioners, putting into question the sustainability of the model.

Where self-pay prevails, the sector remains robust and the private pay funding model, based on liquidation of owner-occupied property value looks likely to remain sustainable for at least the next three decades, so long as there is no collapse in property values. The importance of this to the market as a whole is reflected in the fees paid by 'pure' self-payers who account for 52% of the market by value but only 45% by volume.

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**Notes to Editors**

**About LaingBuisson**

LaingBuisson has been serving clients for over 30 years with market, policy and strategy insights, data and analysis across healthcare and social care. We are the chosen provider of independent sector healthcare market data to the UK Government's Office for National Statistics and work globally 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](http://www.laingbuisson.com).

**About William Laing**

William Laing is the founder of LaingBuisson. His views are often quoted in the media and he is frequently invited to speak at conferences and to participate in think thanks and policy initiatives.

William authors LaingBuisson's market reports focused on independent social care delivery, as well as titles on mental health support systems and primary care services delivered outside of hospital settings. He also provides bespoke consultancy to private and public sector clients and was the creator of the Care Costs Benchmarks toolkit.

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.