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Healthcare intelligence

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CARE HOMES FOR OLDER PEOPLE
UK MARKET REPORT

THIRTIETH EDITION

Private pay continues to underpin the UK Care Homes for Older People Market

The 30th edition of LaingBuisson's much respect Care Homes for Older People UK market report is vital reading for anyone involved in this large and dynamic sector. In a changing market, this provides commissioners, providers, investors and advisors with indispensable information on which to base business decisions.

A key factor in this £16.5 billion market (March 2019) is its clear divergence onto two tracks. Private payers account for 51% of the market by value and 45% by volume. This side of the market has also underpinned the overall market's inflation-beating growth, private pay growing by 6.1% (CAGR in cash terms) over the years between 2009 and 2019, compared to 3% for the market as a whole.

Healthy growth is expected to continue for this sector as the 'owner occupier peak' moves into the 85+ age group – the age group where people are most likely to enter a care home. Contrast this with the state pay market. Fees paid by local authorities, under the pressure of austerity, now barely cover the providers' average costs. This is only sustainable so long as there is a level of cross-subsidy from private payers, who on average pay over 40% more in fees than local authorities. Local authorities have also sought to reduce costs by containing the level of demand, meaning there is spare capacity in many areas in spite of an ageing population.

There are, nevertheless, questions over how long this buyer's market can continue before it becomes a seller's market. New information from CQC suggests that there is greater capacity than previously thought – but this is based on registered beds rather than available beds. LaingBuisson start to investigate in this report what lies behind current capacity and demand. Should supply be lower than expected, particularly in areas where there are larger numbers of older people, the ability of local authorities to bear down on fees and profit margins will be curtailed.

Anecdotal insights already suggest growing pressure on the market. In the past year, LaingBuisson has become aware that a number of local authorities are considering re-entering the residential care market to ensure they can access care at a price they can afford – while also benefitting from being able to gain additional income from private payers.

Demand pressure for nursing care is also building. Five-thousand registered nursing home beds have been lost since 2015. Less well known is the impact of nursing homes which have stopped taking nursing care placements without changing their registration because of nurse shortages. Potentially, this will have a huge impact on the high acuity end of the market.

Who is the report for

- Operators of residential and nursing homes
- Homecare agencies and providers
- Nursing agency operators
- Local authority commissioners
- CCG commissioners
- Directors of adult social services
- Care advisors
- Banks and investors
- Management consultants
- Business advisors
- Long-term care insurance providers
- Central government
- Think tanks
- Policy writers

What the report covers

Market size
Payors
Historic and future market growth
Demand and supply
Staffing
Operational metrics and models
Investment models
Performance measures
Government policy and regulation
Major providers
Market structure
Investors
Market potential

Appendices
Trade Bodies
Provider profiles
Financial Appendix

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Journal

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Market intelligence

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