

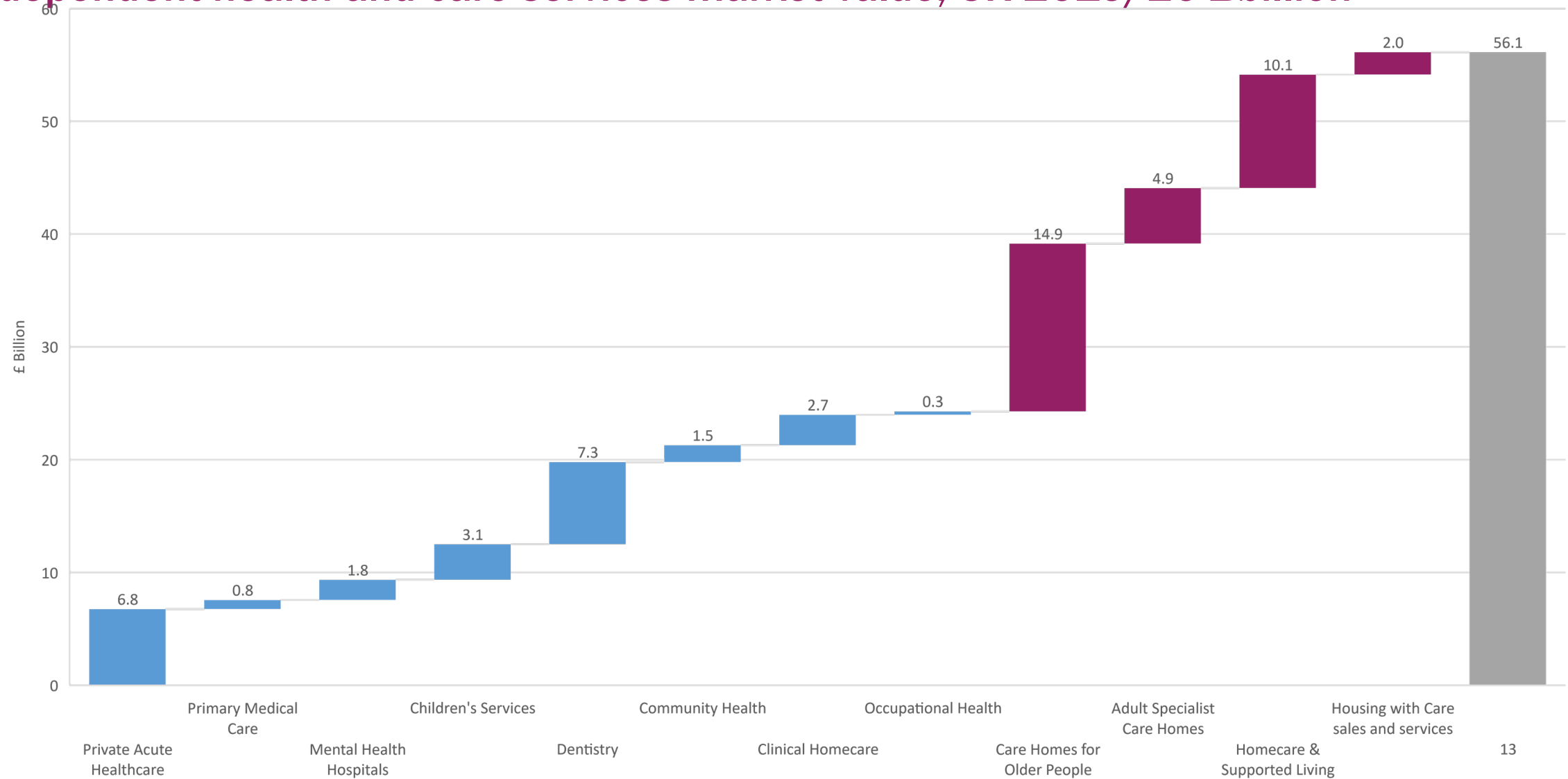
Social Care & Retirement Living Conference 2021

LaingBuisson data – what the figures in social care show

William Laing, Executive Chairman LaingBuisson

Tuesday 5th October 2021

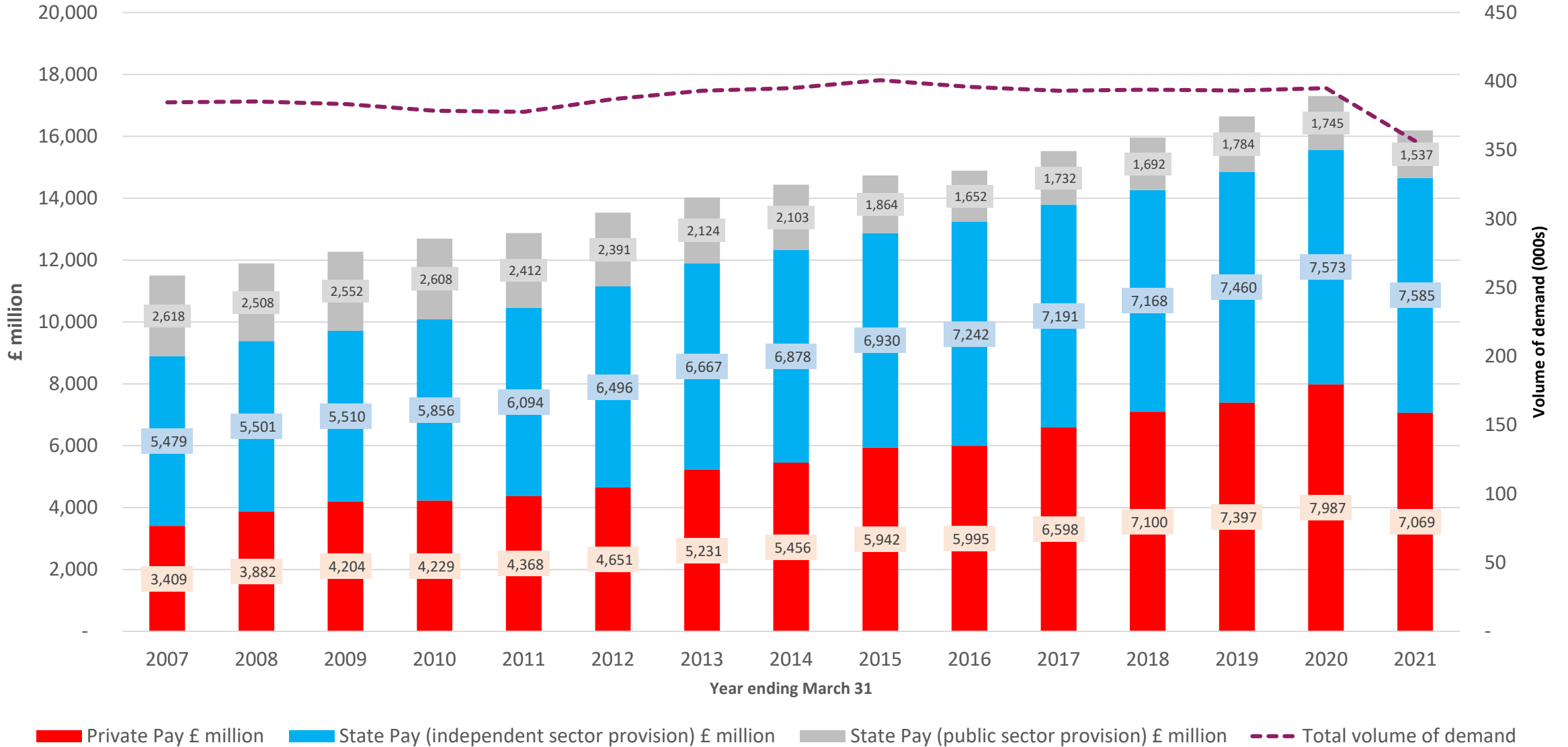
Independent health and care services market value, UK 2019/20 £billion



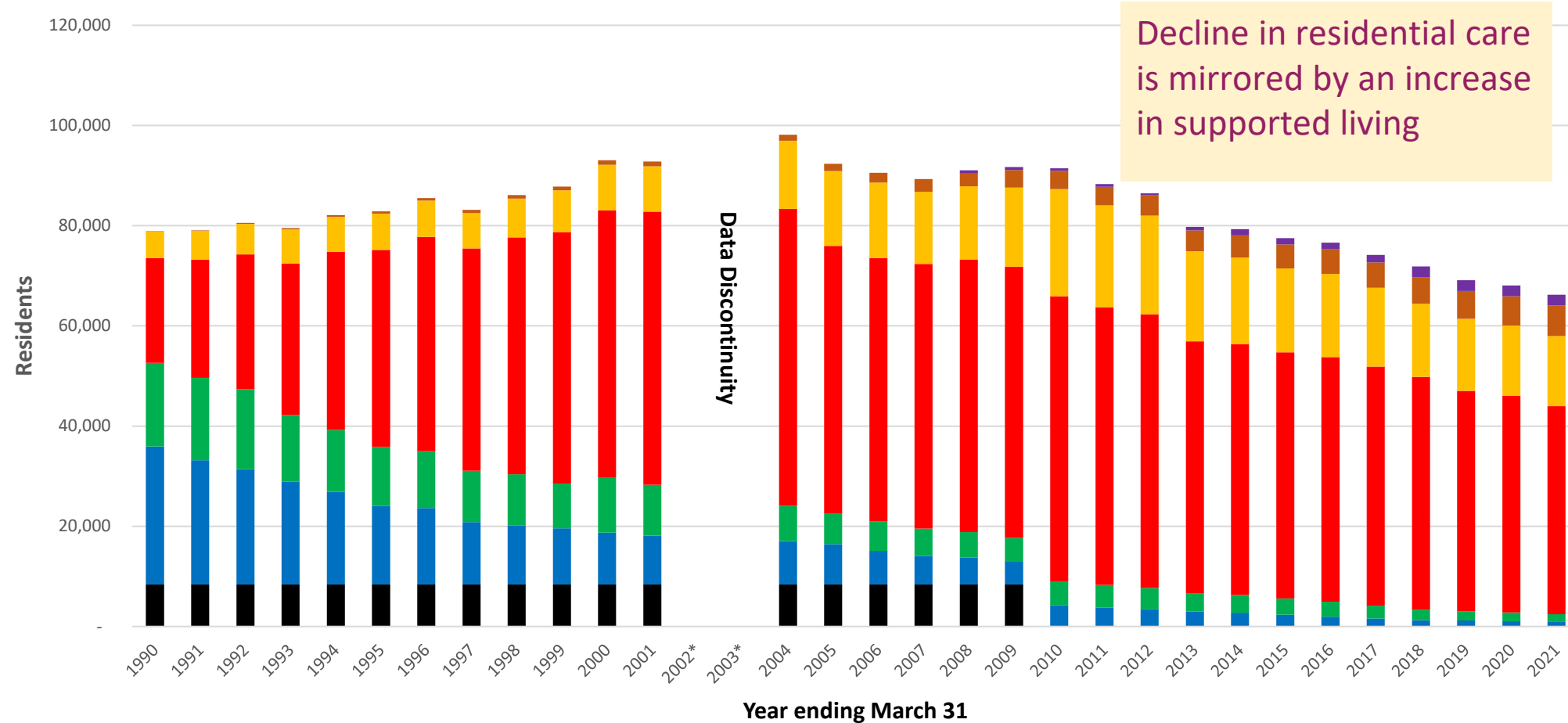
Covid – how did social care operators fare?

- Care homes for older people have seen significant financial detriment because of:
 - age profile of residents
 - larger scale homes (more staff going in and out)
 - high levels of intimate personal care (especially dementia)
 - excess deaths during 1st wave represented 10% of customer base
- Other adult social care markets have been less severely affected
 - Adult specialist care homes and supported living (younger age profile, smaller scale settings, low levels of intimate personal care)
 - Home care (better shielded, aided by social isolation)
 - Review of nearly 70 statutory accounts posted in 2021 show little or no net financial detriment
 - Housing with care fared well

Care homes for older people - occupied beds (000s) and market value (£ million) by payor group – annualised at March, UK 2007-2021



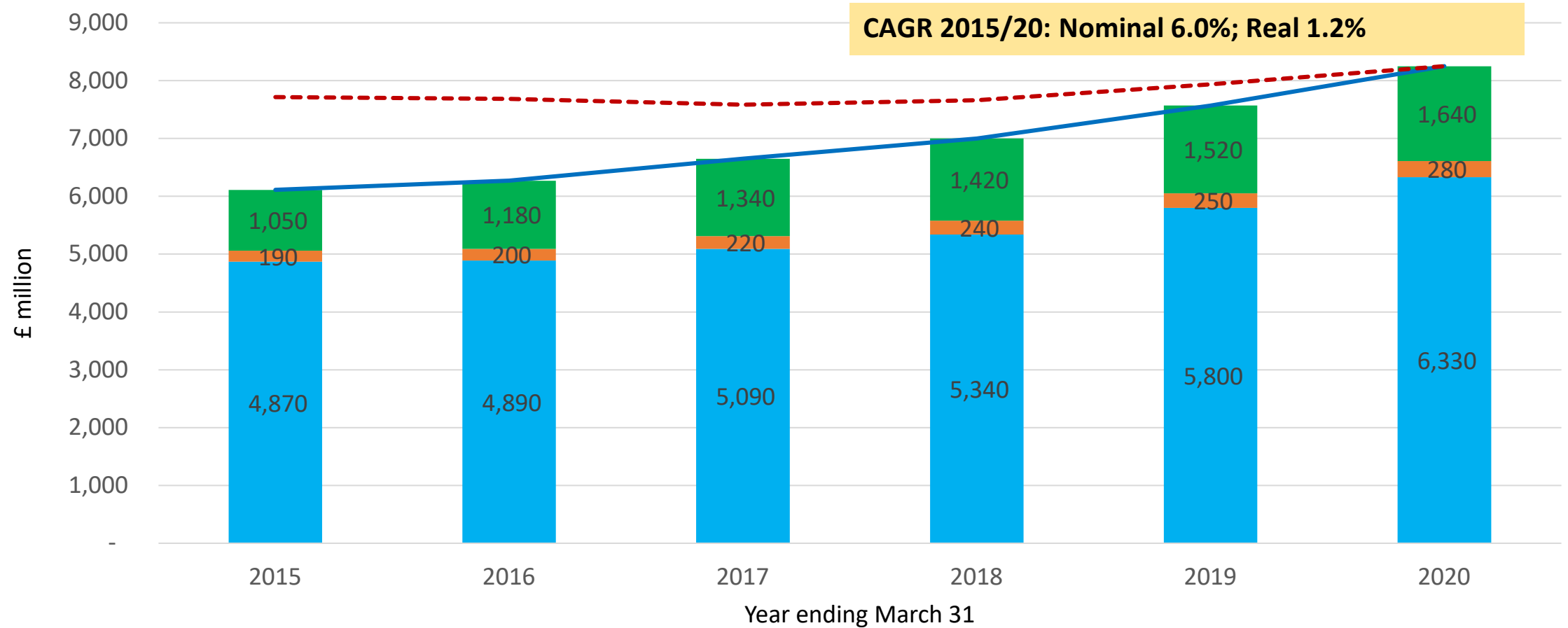
Care homes for younger adults - occupied beds at March, England 1990-2021



Decline in residential care is mirrored by an increase in supported living

- Adjustment for data discontinuity 1
- NHS residential settings
- Local authority staffed homes
- Independent residential
- Independent nursing
- Shared Lives
- Independent substance misuse rehab

Homecare and supported living market value (estimated) England years ending March 2015 - 2020



Public pay and other

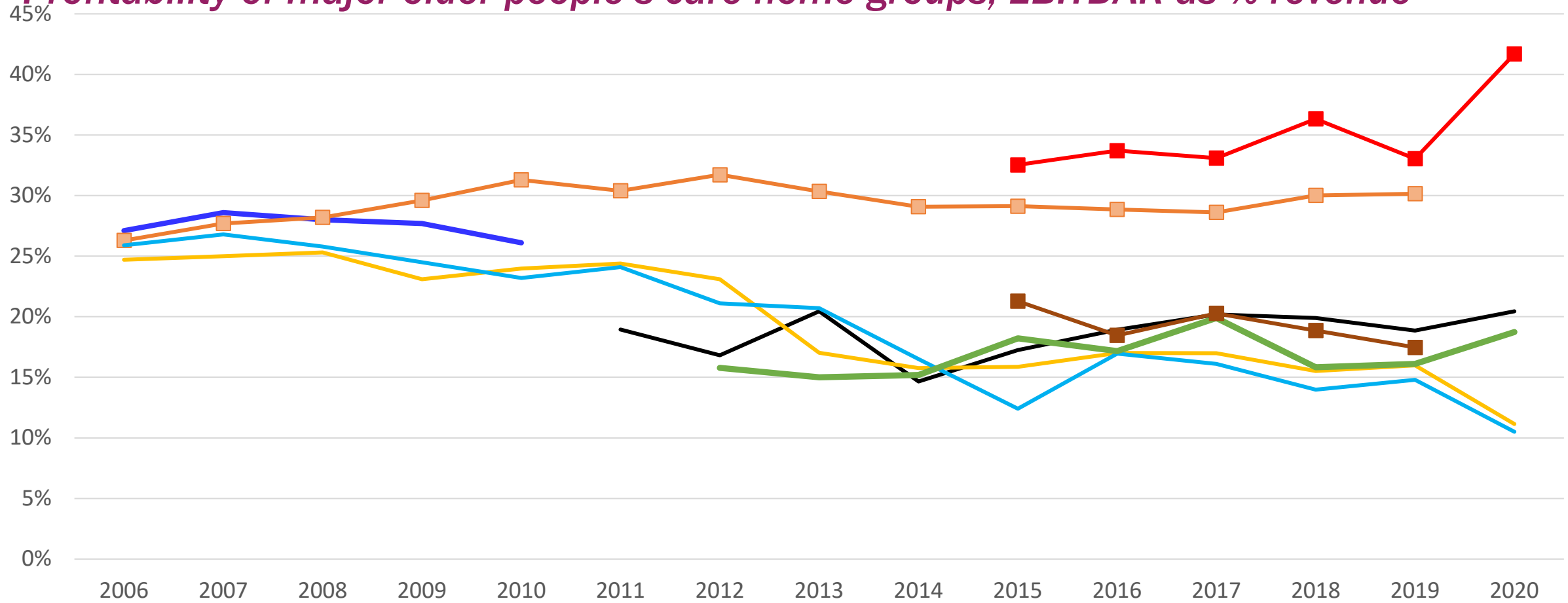
Private pay estimate

Total England, £ 2019/20 prices (2)

Quasi private pay (1)

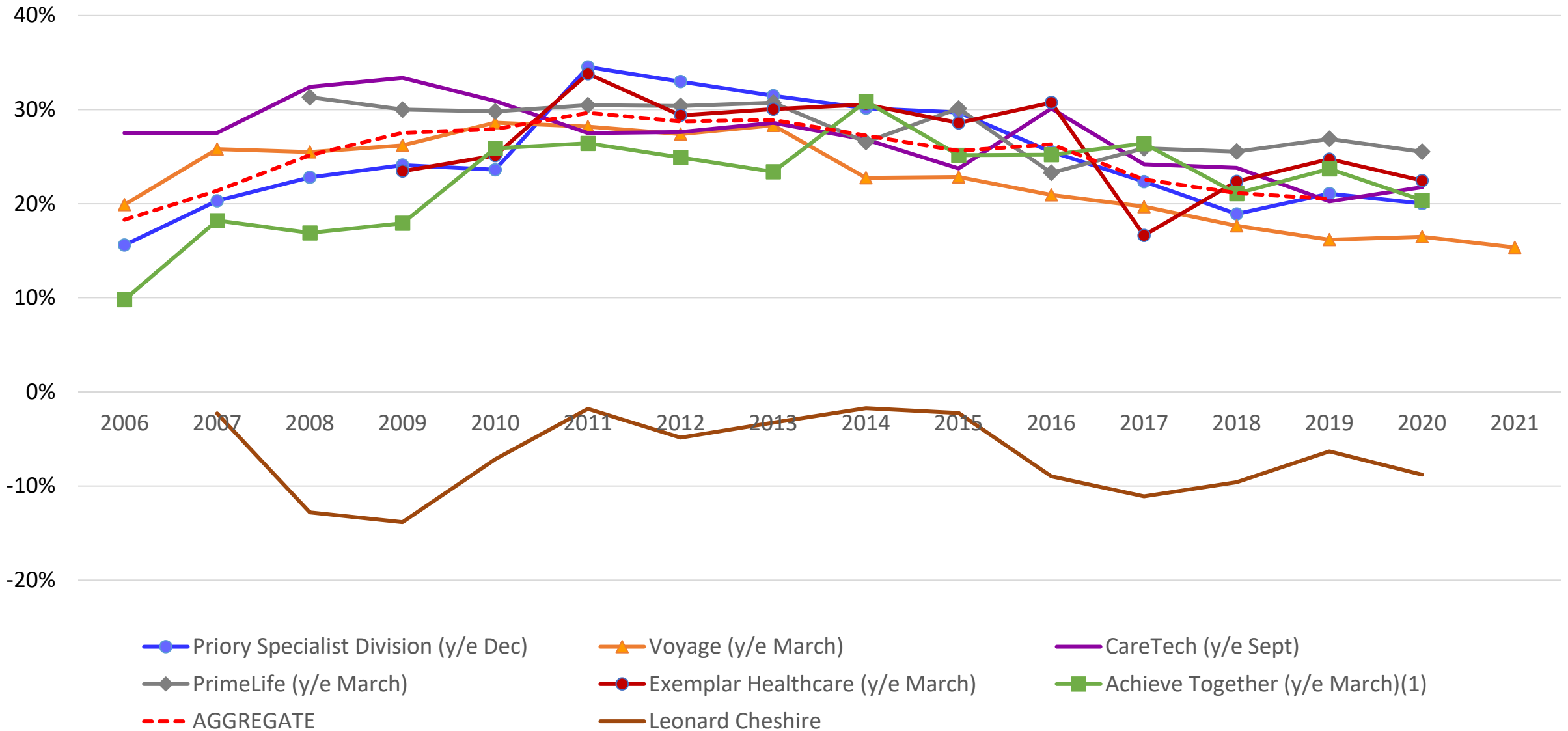
Total England, £ nominal)

Profitability of major older people's care home groups, EBITDAR as % revenue

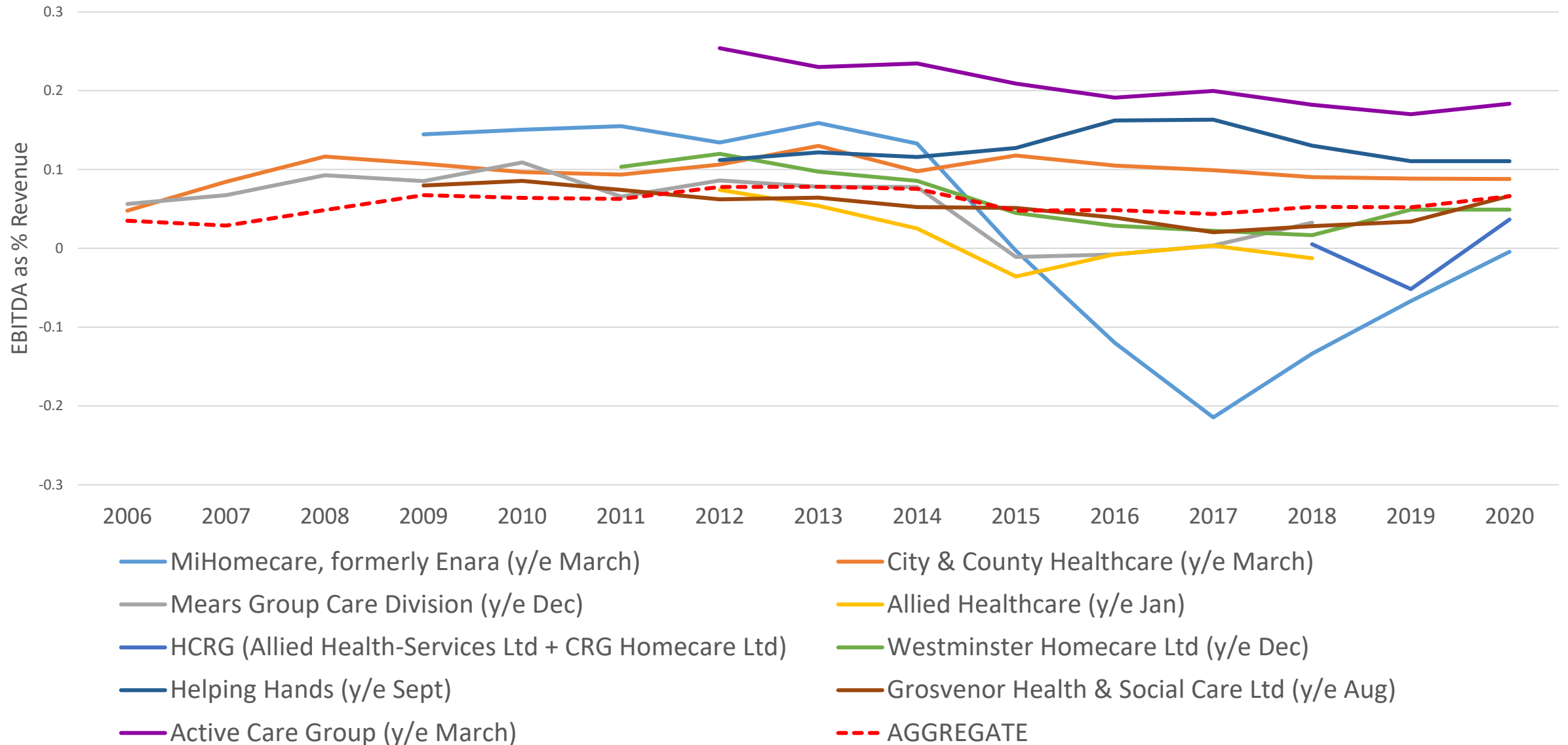


- Southern X (y/e Sept)
- Care UK (Residential Div.) (y/e Sept)
- Four Seasons (Care Home Division) (y/e Dec)
- Avery Healthcare (y/e March)
- Barchester (y/e Dec)
- Bupa (y/e Dec)
- HC-One (y/e Sept)
- Caring Homes (y/e March)

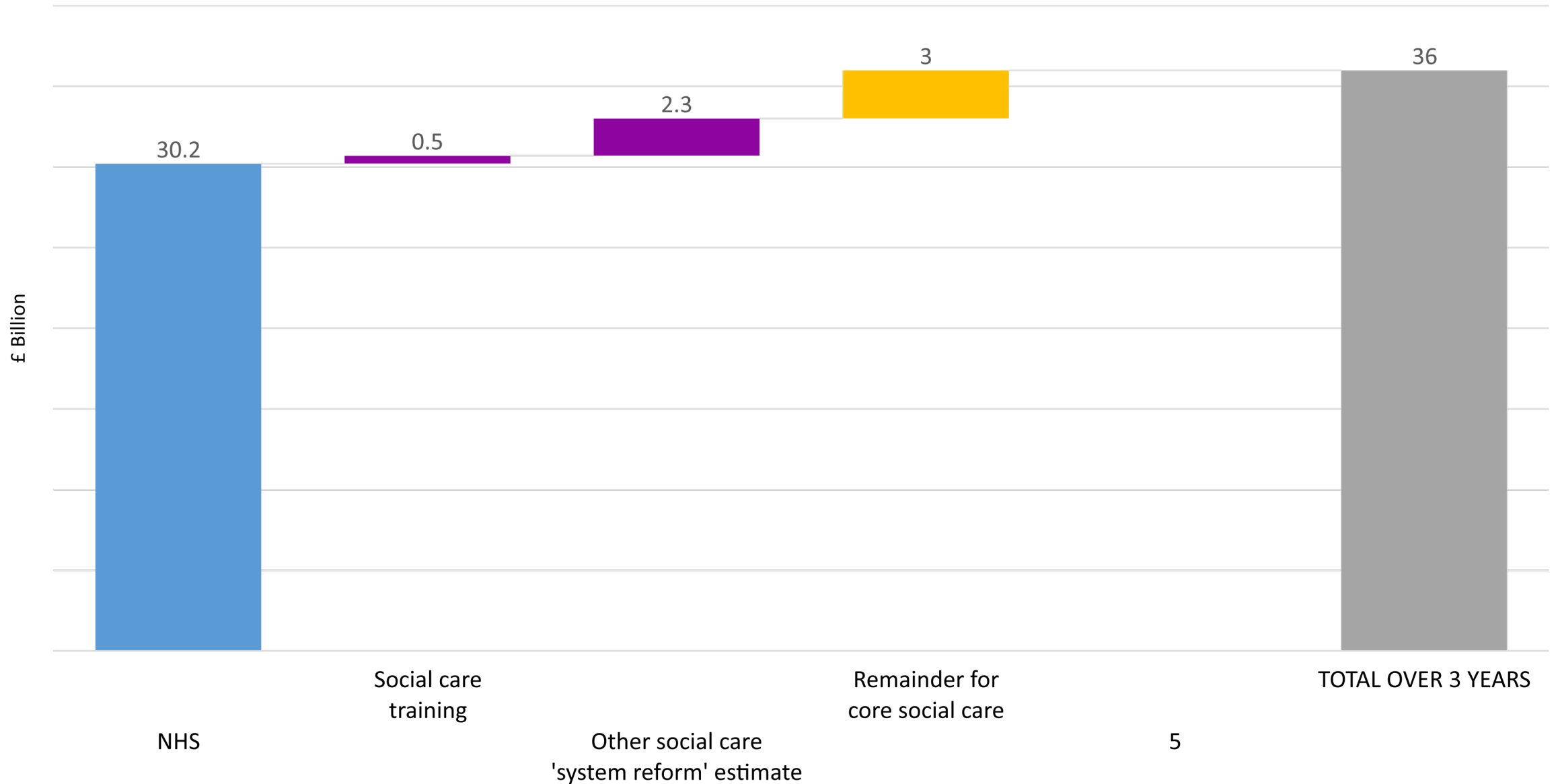
Profitability of adult specialist care home groups, EBITDAR as % revenue



Profitability of homecare groups, EBITDA as % revenue



3-year NHS and social care funding plan for England announced on 7 September 2021



Public funding for social care

- Social care generally has been short-changed in September's package. 'A step in the right direction' is a charitable description
- Out of the £36 billion over 3 years, only £5.8 billion has been earmarked for social care, only starting in 2023, and most of it will go to 'system reform', not to core services
- The 3-year spending review at the end of October will present another opportunity for injecting more money into core services, but the probability looks low
- **Implementation of Clause 18 (3) of the Care Act, with a view to equalisation of public and private paid fees is potentially a massive threat to operators of care homes for older people**

Private pay premium, England financial year 2021/22

		Private pay fee offer for new admission to a single-ensuite room	Council paid average fee
		£ per week	£ per week
Residential care	Frail older	£998	£673
	Dementia	£1,070	
Nursing care	Frail older	£1,188	£862
	Dementia	£1,215	

Clause 18(3) of the Care Act 2014

The government's plans for £36 billion additional NHS and social care funding over 3 years, announced on 7 September 2021, signalled an intention to help self-funders to pay lower care home fees. *Build Back Better: Our plan for health and social care* contained the following paragraph:

Para 40. "We will also tackle persistent unfairness in the social care system. Under the current system, people who fund their own care often pay more than people who are funded through their Local Authority for equivalent care. For the first time, using legislation included in the 2014 Care Act, we will ensure that self-funders are able to ask their Local Authority to arrange their care for them so that they can find initial better value care."

Will it be a 'hard' or a 'soft implementation'?

The prospect of a 'hard' implementation is alarming, without the public funding to 'equalise fees upwards'

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1015736/Build_Back_Better-Our_Plan_for_Health_and_Social_Care.pdf