



Care Homes

Market Reports 2014

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Executive Summary

This Key Note Market Report analyses the market for the long-term care of the elderly in the UK. Care homes can be broadly divided into two categories based on the levels of care they are registered to provide. A care home for older people may be registered to provide residential care (sometimes also referred to as personal care) or nursing care only; there are also dual-registered homes which offer both residential care and nursing care for the elderly.

The UK long-term elderly care market has witnessed robust growth over the past 20 years, driven primarily by the UK's ageing population. The long-term elderly care market is dominated by the private sector, which accounted for 88.7% of the market's total value in 2013. Within the private sector, private providers made up 83.4% of all private-sector revenue in 2013, with the remaining 16.6% accounted for by voluntary providers. Total revenue generated by the private sector (including private and voluntary) increased year-on-year between 2009 and 2013, representing growth of 16% over the review period.

Long-term care for the elderly and disabled people provided by the public sector has been declining year-on-year as contracts for private-sector care provision have increased. The value of the public sector's long-term elderly care provision fell by 22.4% between 2009 and 2013, reflecting the impact of the 2008 global financial crisis on the Government's finances and the subsequent squeeze on public healthcare budgets.

Currently, the Government is under significant pressure to curb healthcare spending and to reduce national debt levels. Although healthcare expenditure has been protected, the National Health Service (NHS) has been instructed to make efficiency savings worth £20bn between 2010 and 2015, and its rate of growth is expected to continue to slow down in coming years. Meanwhile, the population in the UK has been growing year-on-year at an annual rate of 0.8%. The population in the UK is also rapidly ageing, which may lead to dramatic increases in long-term conditions. The NHS needs to find ways to increase efficiencies to meet rising demands within its current budget.

Care home providers range from large for-profit companies to small regional businesses and voluntary-sector organisations. The vast majority of homes in the UK are operated by private firms and not-for-profit organisations (NPOs). The sector is dominated by a small number of large companies, including Barchester Healthcare, Four Seasons, Bupa Care Homes and Care UK. Four Seasons is currently the largest care home provider in the UK, with more than 400 care and nursing homes across the UK. It is followed by Bupa, with around 300 homes.

The long-term prospects for the elderly care home market appear positive. Key Note forecasts that the UK care home market will grow year-on-year over the next 5 years by 13.2%, underpinned by the UK's rapidly ageing population.

Market Definition

REPORT COVERAGE

This Key Note Market Report analyses the market for the long-term care of the elderly in the UK, covering residential care and nursing homes. These homes are operated by local authorities (LAs), private businesses or not-for-profit organisations (NPOs). In the UK, care homes can be broadly divided into two categories on the basis of the care levels that they are registered to provide: residential care; or nursing care. A care home for older people may be registered to provide residential care (sometimes also referred to as personal care) or nursing care only; there are also dual-registered homes which offer both residential care and nursing care for the elderly.

Access to residential and nursing care is largely administered by LAs in England, Wales and Scotland; and Health and Social Services trusts in Northern Ireland. In England, older people's access to care is means tested on the basis of Government criteria — i.e. an individual is assessed according to the level of assets which they own — before they are liable to pay for the full cost of their social care needs. An older person requiring social care will need to undergo a number of assessment procedures before being placed in a care home, including a care needs assessment — usually conducted by the person's LA — and an evaluation of the person's financial assets for eligibility of state-funded residential or nursing care. Wales and Northern Ireland both have means-tested systems which are similar to the one in England. In Scotland, those needing care get more help from their local government than those in other nations; however, in recent years, the Scottish Government has started tightening the eligibility criteria due to the current financial climate.

There are four thresholds for levels of care needs, they are: low, moderate, substantial and critical. It is up to LAs to decide which standard they want to set for each threshold. The squeeze on LA budgets is making it increasingly difficult to keep the status quo intact and LAs have responded to the situation by increasing the threshold for eligibility. Many LAs have stopped providing support to those with low and moderate needs.

In terms of care funding, patients with capital below a specified lower limit are entitled to receive full funding from their LA, while those whose capital exceeds an upper limit are not entitled to any public funding. Older persons with capital assets exceeding the lower limit, but with less than the upper limit, contribute to their care costs on the basis of any income that they may receive from pensions or other benefits. The current upper and lower limits for the assessment of care in England are £23,250 and £14,250, respectively. In Wales, there is one single capital limit of £24,000 for residential accommodation. In Scotland, the threshold for upper and lower limits are currently set

at £26,000 and £16,000, respectively.

MARKET SECTORS

Residential Care

Residential care usually refers to long-term care given to adults in a residential setting (as opposed to the patient's home). Residential care homes usually offer support, ensuring that basic personal needs are met, such as preparing meals; maintaining levels of health and personal care such as bathing, dressing and going to the toilet; and assistance in the use of medication.

Nursing Care

Nursing homes refer to services that provide personal care but also maintain a qualified nurse on duty at all times to provide nursing care. According to the Registered Nursing Home Association (RNHA), a nursing home, as distinct from a residential care home, has to provide the kind of care that requires the specific skills of a qualified nurse or the supervision of a qualified nurse.

Specialist Care

Specialist care homes are homes that are registered to provide care to meet the needs of people with special conditions, such as dementia.

MARKET TRENDS

Changing Demographics

The population in the UK, like many other countries in Europe, is rapidly ageing. Estimated figures published by National Statistics revealed that, in 2012, 10.8 million people in the UK were over 65 years old, with this figure up by 26% from 1985. Within the total, the number of people aged 85 and over — the group most likely to need care — has more than doubled, to 1.4 million; over the same period, the number of those aged under 16 decreased. With more people living longer, the demand for health and social care services has increased markedly in recent years.

Social Care Funding Squeezed

The Government is under significant pressure to curb healthcare spending and to reduce national debt levels. Although healthcare expenditure has been protected, the National Health Service (NHS) has been instructed to make efficiency savings worth £20bn between 2010 and 2015, and its rate of growth is expected to continue to slow in coming years. Meanwhile, the population in the UK has been growing year-on-year at an annual rate of 0.8%. The population in the UK is also rapidly ageing, which may lead to a dramatic increase in long-term conditions. The NHS needs to find ways to increase efficiencies to meet rising demands within its current budget. The Health and Social Care Act 2012, came into force in April 2013, introduces substantial changes to the way the NHS in England is organised. Key changes include:

- giving groups of general practitioner (GP) practices and other professionals — clinical commissioning groups (CCGs) — ‘real’ budgets to buy care on behalf of their local communities
- shifting many of the responsibilities historically located in the Department of Health (DH) to a new, politically independent NHS Commissioning Board (this has now been renamed NHS England)
- the creation of a health-specific economic regulator (Monitor) with a mandate to guard against ‘anti-competitive’ practises
- moving all NHS trusts to foundation trust status.

The cuts to LA budgets have had an enormous impact on the care system; social care funding for older people in England stagnated over the past 4 years. A good proportion of care services are outsourced by LAs to private sectors, especially those services related to long-term care. For the average care home operator, revenue from LAs account for a large proportion of income. This, combined with the rising number of people entering old age, has created a huge funding gap in social care.

According to the Health and Social Care Information Centre (HSCIC), gross current expenditure on adult social care in cash terms in England was £17.1bn in 2012/13, down from £17.2bn in the previous 12 months, but up from £16.1bn in 2008/2009. HSCIC said that despite the rise, adult social care in England decreased in real terms.

Care Home Industry Continues to Perform Well

Despite the ongoing challenge brought on by the Government’s budgetary measures and squeeze in social care funding, the elderly care home sector appeared to cope well. According to LaingBuisson, the market for nursing, residential and long-term hospital care of elderly, chronically ill and physically disabled people grew year-on-year between 2009 and 2012 in both value and capacity terms. Although LaingBuisson’s

provisional figures show that the sector contracted marginally in 2013, the analyst said that the slight fall should not be interpreted as a change in trend and predicted that the sector will expand in the medium- and long-term future.

New Care Home Development Activities

The sector has witnessed an influx of new residential care and nursing home developments during the economic downturn, particularly for premium residential care homes. The increase in development activities is primarily driven by an ageing population, as well as a growing number of self-pay customers. For example, the largest care home provider, Four Seasons Health Care, recently restructured its organisation to focus on developing its private care home business that primarily caters to self-funded customers. Luxury care provider Hadrian Healthcare is also planning to expand in the coming years and open more homes across the UK.

According to commercial residential property consultant Knight Frank, in the first three quarters of 2013, a total of 90 new elderly and dementia care homes were registered in England and Wales. This compared with 60 new care home registrations in the same period in 2012. Knight Frank also records figures in care home development pipelines in Britain, which reflect population regions for new home developments. In England and Wales, the top six regions for new care home developments are: Bedfordshire; Greater London; Berkshire; Buckinghamshire; Cambridgeshire; Northamptonshire. The top three regions for new care home developments in Scotland in 2013 were the Borders region, covering rural areas including the towns of Hawick, Kelso and Jedburgh; Fife; and Lothian.

ECONOMIC TRENDS

The latest figure published in May 2014 by the National Statistics showed the UK population has been growing year-on-year over the last 5 years. However, rate of growth appears to have slowed down in 2012 and 2013, to 0.7% and 0.6% respectively, compared with previous 3 years, when annual population growth was 0.8%. Overall, the UK population grew by 2.9% between 2009 and 2013. The UK's growing and ageing population has put considerable pressure on the NHS and other public services. Gross domestic product (GDP) in the UK grew year-on-year after it contracted in 2009, impacted by the global financial crisis. Between 2009 and 2013, UK GDP at current prices increased by 13.8%, from £1.42 trillion to £1.61 trillion. However, annual chain-linked estimates figures showed that GDP grew by just 4.8% over the period. GDP has a strong influence over Government spending on long-term care.

The UK entered a period of deflation in 2009 following the economic downturn, with

inflation being placed at -0.5%. However, inflation increased dramatically in 2010, to 4.6%, and rose further in 2011, reaching 5.2%. UK inflation subsequently fell, to 3.2% in 2012 and 3% in 2013; however, the cost of food and utility bills remains above inflation, which squeezes care home operators' profit margins. The number of unemployment claimants in the UK soared in 2009 as a result of the economic downturn, reaching 1.53 million. Unemployment numbers remained high over the following 3 years, at over 1.5 million; however, the latest official figures suggest that UK unemployment has fallen to 1.42 million claimants in 2013 — a decrease of 10.7% on 2012.

Table 1.1: UK Economic Trends (000, £m, %, million and £), 2009-2013

	2009	2010	2011	2012	2013
<u>Resident Population Estimates (000), Mid-Years</u>					
Female	31,728	31,954	32,188	32,390	32,556
Male	30,532	30,805	31,097	31,315	31,532
Total population	62,260	62,759	63,285	63,705	[†]64,087
<i>% change year-on-year</i>	-	0.8	0.8	0.7	0.6
<u>Gross Domestic Product (£m)</u>					
Current prices	1,417,359	1,485,615	1,536,937	1,558,415	1,613,391
<i>% change year-on-year</i>	-	4.8	3.5	1.4	3.5
Annual chain-linked GDP	1,461,361	1,485,616	1,502,216	1,506,388	1,531,428
<i>% change year-on-year</i>	-	1.7	1.1	0.3	1.7
<u>Rate of Inflation (%)</u>					
Inflation	-0.5	4.6	5.2	3.2	3.0

<i>Percentage point change year-on-year</i>	-	5.1	0.6	-2.0	-0.2
<u>Actual Number of Unemployed Persons in the UK (million)</u>					
Actual number of claimants	1.53	1.50	1.53	1.59	1.42
<i>% change year-on-year</i>	-	-2.0	2.0	3.9	-10.7
<u>Household Disposable Income Per Capita (£)</u>					
Household disposable income	15,443	16,058	16,371	16,830	17,022
<i>% change year-on-year</i>	-	4.0	1.9	2.8	1.1

† — does not sum due to rounding at source

GDP — gross domestic product

Note: inflation is at retail price index (RPI); inflation data shown are annual average changes; claimant count measures the number of people claiming Jobseeker's Allowance.

Source: Population Estimates for UK, England and Wales, Scotland and Northern Ireland, Mid-2001 to Mid-2010 Revised, December 2013/National Population Projections, 2012-based projections/United Kingdom Economic Accounts Q4 2013, published March 2014/Consumer Price Inflation, April 2014/Labour Market Statistics, May 2014, National Statistics website © Crown copyright material is reproduced with the permission of the Controller of HMSO (and the Queen's Printer for Scotland)

MARKET POSITION

The UK

England

According to data collected by the HSCIC — based on more than 150 LAs in England — total expenditure on adult social care in England amounted to £17.09bn in 2012/2013, down from £17.23bn in 2011/2012. HSCIC's historical data reveals that

gross expenditure on social care for older people (those aged 65 and over) in England enjoyed uninterrupted growth over the 17 years prior to the recent economic downturn. In 2011/2012, expenditure on older people fell for the first time since 1994/1995, by 5.6%, followed by a further decrease of 1.4% in 2012/2013, to £8.79bn in the latter year.

In 2012/2013, gross social care expenditure on older people made up 51.4% of total social care spending; it was followed by expenditure on people aged under 65 with learning disabilities, which accounted for 30.4% of social care expenditure, then expenditure on adults under 65 with learning difficulties (9.2%). The percentage share of expenditure on social care accounted for by older people has been falling in the past few years, from 56.5% in 2008/2009, to 55.4% in 2010/2011 and 51.4% in 2012/2013.

Table 1.2: Gross Social Care Expenditure on Older Adults in England as a Percentage of Total Social Care Expenditure (£m and %), 2008/2009-2012/2013

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Gross expenditure on older people [†]	9,076	9,389	9,442	8,917	8,790
<i>Of which:</i>					
— nursing care placements	1,425	1,422	1,430	1,382	1,348
— residential care placements	3,308	3,432	3,434	3,305	3,306
— other [‡]	4,343	4,536	4,578	4,230	4,137
Total expenditure on adult social care	16,076	16,807	17,040	17,229	17,085

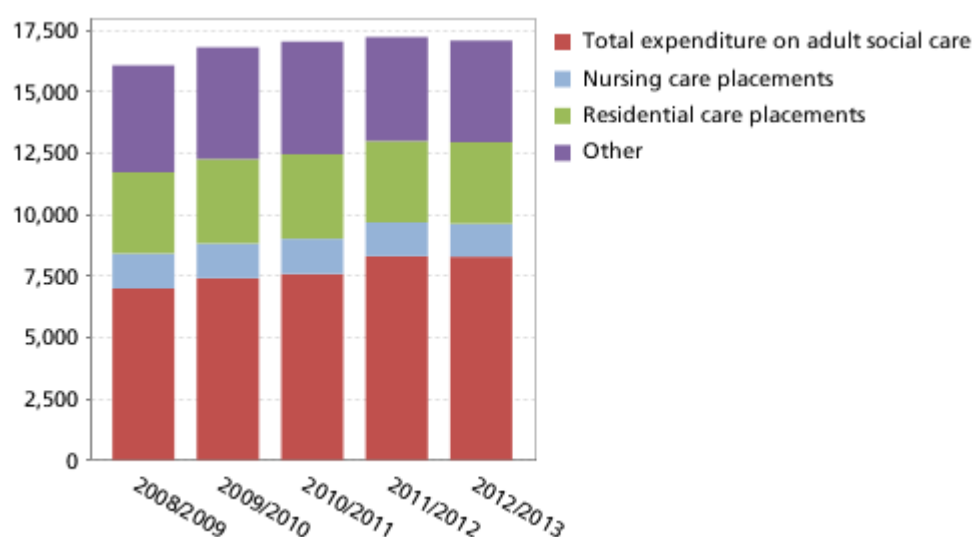
Expenditure on older people as a % of total adult social care expenditure	56.5	55.9	55.4	51.8	51.4
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† — refers to those aged 65 or over, including older mentally ill; gross expenditure on older people may not sum due to rounding

‡ — includes assessment and care management; home care; day care/day services; equipment and adaptations; meals, etc.

Source: Personal Social Services: Expenditure and Unit Costs, England (2012-2013), Copyright © 2013, Re-used with the permission of the Health and Social Care Information Centre. All rights reserved.

Figure 1.1: Gross Social Care Expenditure on Older Adults in England as a Percentage of Total Social Care Expenditure (£m and %), 2008/2009-2012/2013



Note: expenditure on older people refers to those aged 65 or over, including older mentally ill; other expenditure includes assessment and care management; home care; day care/day services; equipment and adaptations; meals, etc.; total expenditure on adult social care excludes expenditure on older people for illustration purposes.

Scotland

In Scotland, around £4.5bn was spent on health and social care for people aged 65 and over every year. According to figures published by the Scottish Government, net expenditure on care homes for older people in Scotland amounted to £625.3m in 2012/2013, up from £602m in 2008/2009. Population ageing in Scotland is expected to

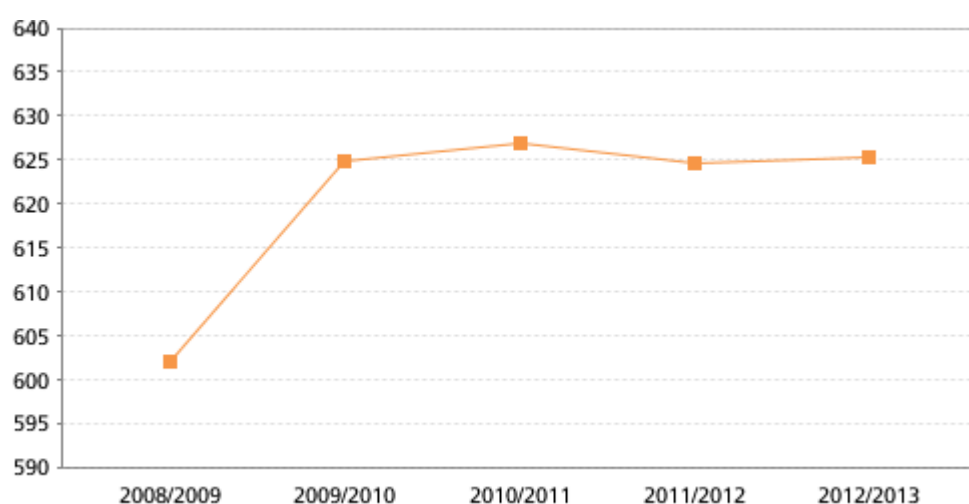
be similar to the rest of the UK.

Table 1.3: Net Expenditure on Care Homes for Older People in Scotland (£m), 2008/2009-2012/2013

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Value (£m)	602.0	624.9	626.8	624.6	625.3
% change year-on-year	-	3.8	0.3	-0.4	0.1

Source: Free Personal and Nursing Care 2012-13, the Scottish Government, National Statistics © Crown copyright material is reproduced with the permission of the Controller of HMSO (and the Queen's Printer for Scotland)

Figure 1.2: Net Expenditure on Care Homes for Older People in Scotland (£m), 2008/2009-2012/2013



Overseas

As the global population grows older, there is an increasing demand for long-term care services either in a residential or domiciliary setting. The number of elderly people (those aged over 80 years old) in need of care in Europe is projected to at least double by 2050. In the US, according to the US Census Bureau, the country's population aged 65 and over will reach 83.7 million by 2050, up from 43.1 million in 2012.

Market Size

THE TOTAL MARKET

By Value

The UK long-term care market for elderly and disabled people by value has risen sharply over the past 20 years, from £9.34bn in 1995 to £15.14bn in 2013 — representing growth of 62.1%. Growth was mainly driven by the UK's ageing population, which led to soaring demand for residential and nursing care services.

As can be seen in Table 2.1, the long-term elderly care market is dominated by the private sector, which accounted for the vast majority (88.7%) of the total long-term elderly care market's value. The private sector is dominated by private care providers, which accounted for 83.4% of all private-sector revenue in 2013, compared with the remaining 16.6% that was made up by voluntary care providers. Total revenue generated by private care providers increased year-on-year from £11.58bn in 2009 to £13.43bn in 2013, representing a 16% increase overall.

Long-term care for elderly and disabled people provided by the public sector has been declining year-on-year as contracts for private-sector care provision increased. The value of the public sector's long-term elderly care provision declined markedly over the review period, by 22.4% between 2009 and 2013, reflecting the impact that the 2008 global financial crisis has had on the Government's finances and the squeeze on public healthcare budgets that has occurred as a result.

Table 2.1: The UK Market for Nursing, Residential and Long-Stay Hospital Care of Elderly, Chronically Ill and Physically Disabled People by Sector by Value (£m), Years Ending 31st March 2009-2011 and 30th September 2012-2013

	2009	2010	2011	2012	2013
<u>Private Sector</u>					
Private					
Personal care (residential)	4,318	4,614	4,696	4,915	5,126
Nursing	5,358	5,622	5,798	6,206	6,076
Total private	9,675	10,236	10,494	11,121	11,202

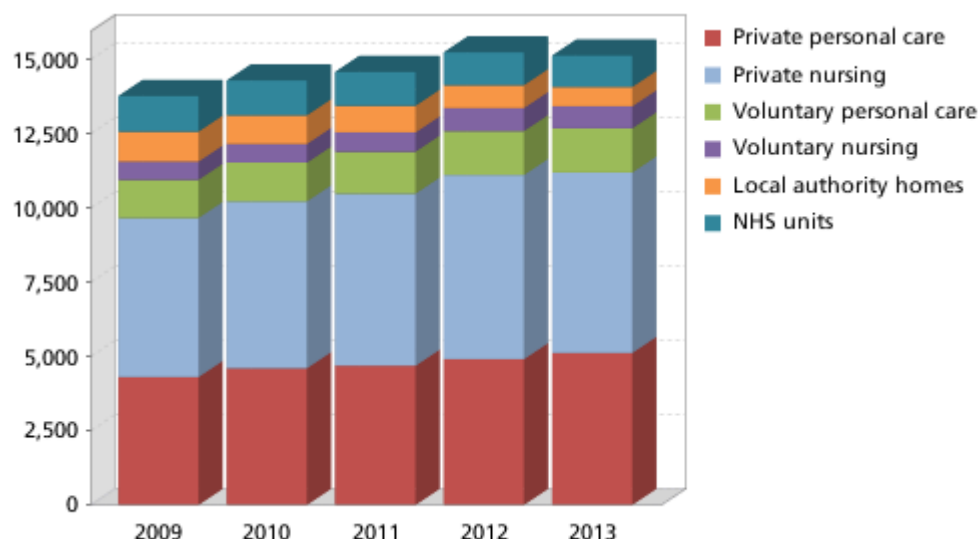
% change year-on-year	-	5.8	2.5	6.0	0.7
Voluntary					
Personal care (residential)	1,289	1,301	1,414	1,479	1,496
Nursing	615	630	650	783	736
Total voluntary	1,904	1,931	2,065	2,262	2,232
% change year-on-year	-	1.4	6.9	9.5	-1.3
Total private sector					
% change year-on-year	-	5.1	3.2	6.6	0.4
Public Sector					
Local authority homes	1,006	965	900	769	655
NHS units	1,191	1,171	1,134	1,097	1,048
Total public sector	2,197	2,142	2,035	1,866	1,704
% change year-on-year	-	-2.5	-5.0	-8.3	-8.7
Total					
% change year-on-year	-	3.9	2.0	4.5	-0.7

NHS — National Health Service

Note: totals may not sum due to rounding by source.

Source: LaingBuisson Care of Older People 2013/2014

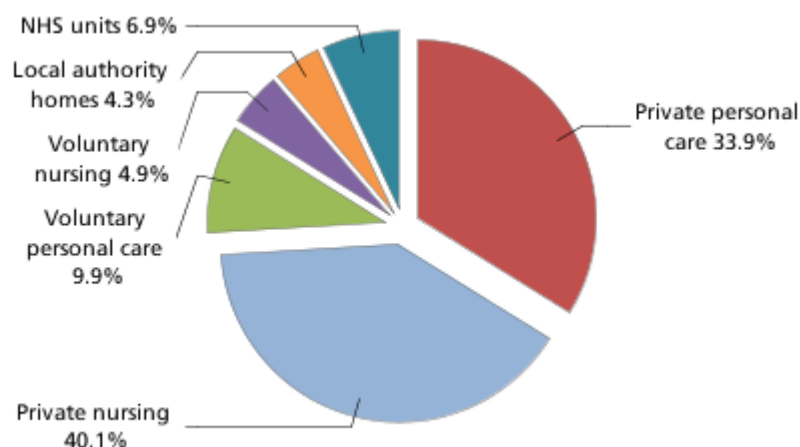
Figure 2.1: The UK Market for Nursing, Residential and Long-Stay Hospital Care of Elderly, Chronically Ill and Physically Disabled People by Sector by Value (£m), Years Ending 31st March 2009-2011 and 30th September 2012-2013



NHS — National Health Service

Note: private personal care and voluntary personal care are residential.

Figure 2.2: The UK Market for Nursing, Residential and Long-Stay Hospital Care of Elderly, Chronically Ill and Physically Disabled People by Sector by Value Share (%), Years Ending 31st March 2009-2011 and 30th September 2012-2013



NHS — National Health Service

Note: private personal care and voluntary personal care are residential.

By Capacity

In line with trends in value, the number of long-term care places for elderly and physically disabled people rose year-on-year between 2010 and 2012, before falling slightly in 2013. Prior to 2009, total UK long-term care places for the elderly and

disabled had fallen in number for 12 consecutive years (since 1996). In 2013, there were a total of 486,800 nursing, residential and long-stay hospital places for the elderly and physically disabled, representing a fall of 0.2% year-on-year but an increase of 2.5% on the 2009 level.

By sector, long-term care places provided by the public sector fell by 27.1% between 2009 and 2013, from 48,400 to 35,300. However, the fall in the public sector was offset by a rise of 5.8% (24,800 places) in private-sector places over the same period. In 2013, the private sector's provision of long-term care places accounted for the overwhelming majority (92.7%) of the total long-term care places for the elderly and disabled in the UK.

Table 2.2: Nursing, Residential and Long-Stay Hospital Care of Older and Physically Disabled People by Sector by Number of Places, Years Ending 31st March 2009-2011 and 30th September 2012-2013

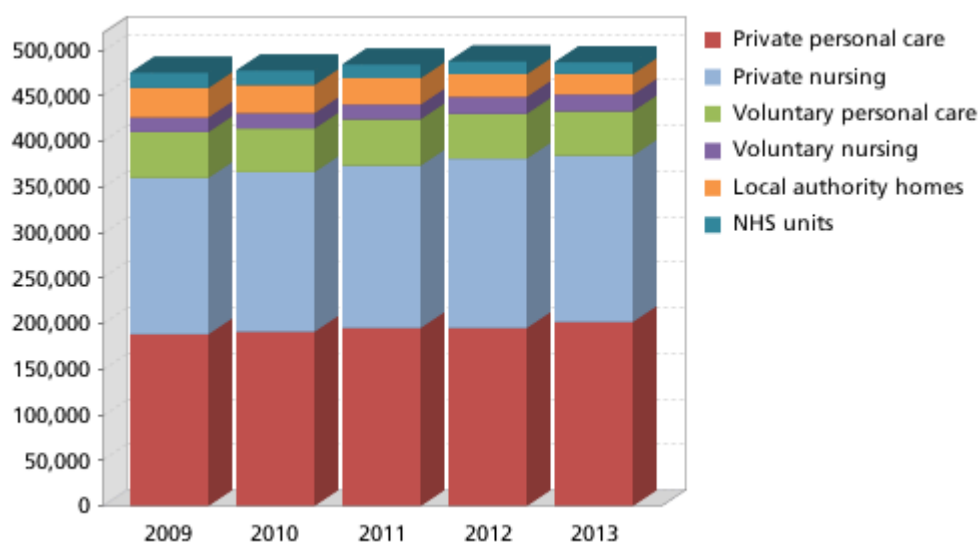
	2009	2010	2011	2012	2013
<u>Private Sector</u>					
Private					
Personal care (residential)	188,600	191,300	195,600	195,400	202,000
Nursing	171,500	175,000	177,800	185,800	182,500
Total private	360,100	366,300	373,400	381,200	384,500
<i>% change year-on-year</i>	-	1.7	1.9	2.1	0.9
Voluntary					
Personal care (residential)	50,300	48,000	50,900	49,100	48,800
Nursing	16,300	16,900	16,400	18,700	18,200
Total voluntary	66,600	64,900	67,300	67,800	67,000
<i>% change year-on-year</i>	-	-2.6	3.7	0.7	-1.2
Total private sector	426,700	431,200	440,700	449,000	451,500
<i>% change year-on-year</i>	-	1.1	2.2	1.9	0.6

Public Sector					
Local authority homes	32,100	30,700	28,800	24,900	22,500
NHS units	16,300	15,700	14,700	13,800	12,800
Total public sector	48,400	46,400	43,500	38,700	35,300
% change year-on-year	-	-4.1	-6.3	-11.0	-8.8
Total	475,100	477,600	484,200	487,700	486,800
% change year-on-year	-	0.5	1.4	0.7	-0.2

NHS — National Health Service

Source: LaingBuisson Care of Older People 2013/2014

Figure 2.3: Nursing, Residential and Long-Stay Hospital Care of Older and Physically Disabled People by Sector by Number of Places, Years Ending 31st March 2009-2011 and 30th September 2012-2013

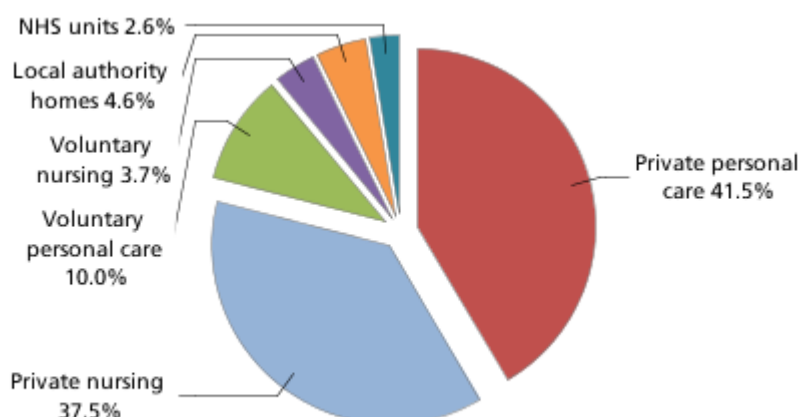


NHS — National Health Service

Note: private personal care and voluntary personal care are residential.

Figure 2.4: Nursing, Residential and Long-Stay Hospital Care

of Older and Physically Disabled People by Sector by Share of Number of Places, Years Ending 31st March 2009-2011 and 30th September 2012-2013



NHS — National Health Service

Note: private personal care and voluntary personal care are residential.

By Demand

According to LaingBuisson, in the year to September 2013, average occupancy rate across all sectors in the UK stood at 87.6% (or 426,500 beds being occupied, out of 486,800 available beds). Like capacity, demand for long-term care places also increased gradually over recent years. Local authorities (LAs) continue to be the largest source of funding for elderly long-term care. In September 2013, nearly half (49.1%) of long-term care places provided by the private sector (including private and voluntary) were paid for by local government, according to LaingBuisson, with a further 6.7% being aided by the National Health Service (NHS).

Table 2.3: Demand for Elderly and Physically Disabled People in Residential Settings in the UK by Sector by Occupancy Rate (000), Years Ending 31st March 2009-2011 and 30th September 2012-2013

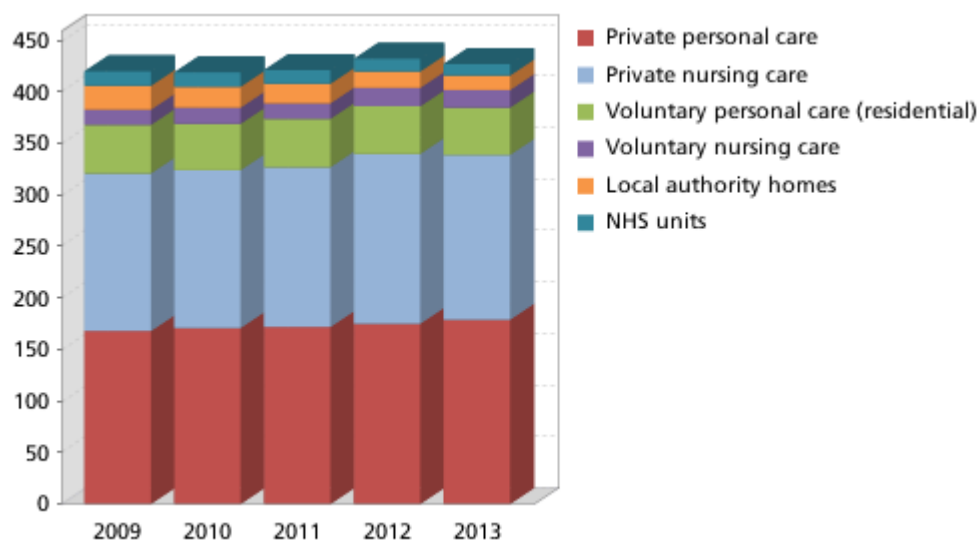
	2009	2010	2011	2012	2013
<u>Private Sector</u>					
Private					
Nursing care	153	153	155	165	160
Personal care (residential)	168	171	172	175	179
Total private	321	324	327	340	339
<i>% change year-on-year</i>	-	0.9	0.9	4.0	-0.3
Voluntary					
Personal care (residential)	47	45	47	46	46
Nursing care	15	16	15	18	17
Total voluntary	62	61	62	64	63
<i>% change year-on-year</i>	-	-1.6	1.6	3.2	-1.6
Total private sector	383	385	389	404	402
<i>% change year-on-year</i>	-	0.5	1.0	3.9	-0.5
<u>Public Sector</u>					
Local authority homes	23	20	19	16	14
NHS units	14	14	13	12	11
Total public sector	37	34	32	28	25
<i>% change year-on-year</i>	-	-8.1	-5.9	-12.5	-10.7
Total[†]	421	419	[†]422	432	[†]426
<i>% change year-on-year</i>	-	-0.5	0.7	2.4	-1.4

NHS — National Health Service

† — total does not sum due to rounding by source

Source: LaingBuisson Care of Older People 2013/2014

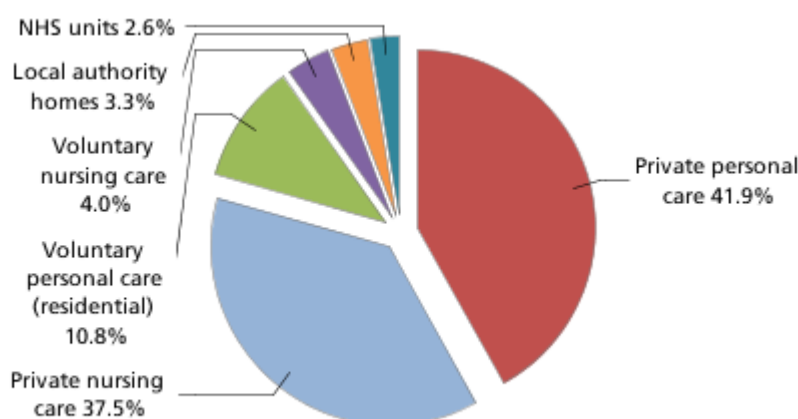
Figure 2.5: Demand for Elderly and Physically Disabled People in Residential Settings in the UK by Sector by Occupancy Rate (000), Years Ending 31st March 2009-2011 and 30th September 2012-2013



NHS — National Health Service

Note: private personal care and voluntary personal care are residential.

Figure 2.6: Demand for Elderly and Physically Disabled People in Residential Settings in the UK by Sector by Occupancy Rate (%), Years Ending 31st March 2009-2011 and 30th September 2012-2013



NHS — National Health Service

Note: private personal care and voluntary personal care are residential.

Industry Background

RECENT HISTORY

There has been a substantial change in the market for the provision of elderly long-term residential and nursing care over recent decades. Historically, more than half of all residential care home places for elderly and disabled people were provided by local councils, with a small percentage (less than a fifth) of places being supplied by the private sector. However, by 2000, the vast majority of places were provided by private and voluntary operators as a result of rapid growth in the number of places made available within the private sector and the increasing levels of outsourcing by the public sector. Figures published by LaingBuisson reveal that the number of long-term beds provided by local authorities (LAs) fell by more than 80% from 1990. Over the same period, the number of care home places provided by the private sector has steadily increased.

NUMBER OF COMPANIES

Table 3.1 shows the number of UK VAT- and/or PAYE-based enterprises engaged in residential care and nursing activities by turnover sizeband. In 2013, 6,495 companies were engaged in residential care activities, compared with 6,720 in the previous year — representing a fall of 3.3%. 63.3% (or 4,110) of these enterprises were engaged in residential care activities for elderly and disabled people in 2013, compared with 36.7% (or 2,385) that were engaged in residential nursing activities.

Over half (53.2%) of the enterprises engaged in residential care for the elderly and disabled were large companies with a turnover of more than £1m, while the remaining 46.8% were small- and medium-sized enterprises (SMEs) with a turnover of less than £1m. In the residential nursing sector, 53.7% of residential nursing care providers recorded a turnover of £1m or more, and 7.3% recorded a turnover of more than £5m. This compared with 23.9% of companies that had a turnover of between £100,000 and £499,000, and 13.8% that had a turnover of between £500,000 and £999,000.

Table 3.1: Number of UK VAT- and/or PAYE-Based Enterprises Engaged in Residential Care and Nursing Activities by Turnover Sizeband (£000 and number), 2013

Residential Care for the Elderly and Disabled	Residential Nursing Care
--	--------------------------

Turnover Sizeband (£000)		
0-49	60	35
50-99	290	170
100-249	410	385
250-499	435	185
500-999	730	330
1,000-4,999	1,955	1,105
5,000+	230	175
Total	4,110	2,385

Source: UK Business: Activity, Size and Location 2013, National Statistics © Crown copyright material is reproduced with the permission of the Controller of HMSO (and the Queen's printer for Scotland)

EMPLOYMENT

In 2013, the vast majority (83.1%) of residential care providers for the elderly and disabled had less than 50 employees. A further 10.2% of providers had between 50 and 99 employees, while 6.7% had more than 100 employees.

Of the enterprises engaged in residential nursing care activities, nearly two-thirds (65%) had fewer than 50 employees, compared with 22.2% of enterprises that had between 50 and 99 employees, and 12.8% that had more than 100 employees.

Table 3.2: Number of UK VAT- and/or PAYE-Based Enterprises Engaged in Residential Care and Nursing Activities by Employment Sizeband, 2013

	Residential Care for the Elderly and Disabled	Residential Nursing Care
Number of Employees		
0-4	635	540
5-9	345	170
10-19	880	175

20-49	1,555	665
50-99	420	530
100-249	170	215
250+	105	90
Total	4,110	2,385

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REGIONAL VARIATIONS IN THE MARKETPLACE

Regionally, the South East, the South West, London and the North West had the highest concentration of residential and nursing care providers, likely owing to the greater population densities across these regions in comparison with other areas of the UK.

Table 3.3: Number of UK VAT- and/or PAYE-Based Enterprises Engaged in Residential Care and Nursing Activities by Region, 2013

	Residential Care for the Elderly and Disabled	Residential Nursing Care
England		
North East	115	80
North West	445	250
Yorkshire and Humberside	330	190
East Midlands	305	180
West Midlands	355	195
East	410	175
London	465	315
South East	685	360
South West	520	245
Total England	3,630	1,990

Wales	195	160
Scotland	185	140
Northern Ireland	100	100
Total	4,110	2,390

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By age of business, the majority (72.4%) of residential and nursing care providers had been in business for 10 years or more in 2013, while 16.2% had been established for between 4 and 9 years. Just 5.4% of residential and nursing providers are fairly young and had only been in business for less than 2 years.

Table 3.4: Number of UK VAT- and/or PAYE-Based Enterprises Engaged in Residential Care and Nursing Activities by Age of Business (years and number), 2013

	Residential Care for the Elderly and Disabled	Residential Nursing Care
Years		
Less than 2	175	175
2 to 3	220	170
4 to 9	625	425
10 or more	3,090	1,615
Total	4,110	2,385

Source: UK Business: Activity, Size and Location 2013, National Statistics © Crown copyright material is reproduced with the permission of the Controller of HMSO (and the Queen's printer for Scotland)

DISTRIBUTION

The majority of long-term care for the elderly and disabled is provided by the private sector, either by private companies, voluntary organisations or LAs, with a small proportion being provided by the National Health Service (NHS). Within the private sector the market is dominated by major providers such as Four Seasons Health Care,

Bupa Care Services and Barchester Healthcare. Large care home operators represent more than half of the care home market in terms of number of beds. There are also many small regional care home operators supplying long-term care services for the elderly and disabled.

HOW ROBUST IS THE MARKET?

The long-term care market is not as resilient in the face of recession as previously thought. The industry has been affected by the public healthcare funding squeeze and a reduction in LA budgets. LA funding has suffered a yearly reduction of 7% since 2010 and this trend is set to continue over the next few years. However, the UK's expanding ageing population ensures a continual demand for care services.

LEGISLATION

The Care Quality Commission (CQC) is the main independent regulator of health and social care services in England. In Wales, the care home market is overlooked by the Care and Social Services Inspectorate Wales (CSSIW); while, in Scotland, the Scottish Care Inspectorate is responsible for care service quality, and in Northern Ireland, the Regulation, Quality and Improvement Authority (RQIA). All care homes and nursing providers are required to be registered with their national regulatory body, indicating the type of care that they provide and the needs that they meet.

The CQC in England registers, inspects and regulates care services to ensure they meet basic standards of quality and safety. The CQC was established under the Health and Social Care Act 2008, which came into force in 2008, replacing the Care Standards Act 2000. The Act strengthened the protection of care home residents by ensuring that placements made by LAs in private-sector care homes are subject to the Human Rights Act.

The CQC publishes findings of its care home inspections and provides performance ratings to help people choose providers. According to the CQC's National Standards, care service users should expect:

- to be respected, involved in care and support, and told what is happening at every stage
- care, treatment and support that meets one's needs
- to be safe
- to be cared for by staff with the right skills to do their jobs properly
- the care provider to routinely check the quality of their services.

The CQC also has a set of essential standards which it uses to check providers' compliance. There are a total of 28 regulations contained in the standards, 16 of which are identified as 'core' regulations, while the other 12 regulations apply to specific types of provider. The 16 core standards deal with aspects of care such as: treating people with dignity and respect; providing effective and appropriate care and treatment that meets their needs and protects their rights; protecting people from abuse; having clean environments; and having enough qualified and supported staff to provide the care needed.

KEY TRADE ASSOCIATIONS

Care England

Previously the English Community Care Association (ECCA), the organisation changed its name to Care England in December 2013. It is a leading charity organisation representing community care in England. Care England represents independent care providers, covering small, medium and large businesses. Its membership types are divided into three types: independent care providers; local regional care associations; and commercial organisations.

National Care Association

Formed in 1981, National Care Association (NCA) represents the interests of providers caring for elderly people, people with dementia, learning disabilities, physical disabilities and mental conditions. A limited company, the NCA is funded primarily by membership subscriptions. It has more than 2,000 members; the NCA also has several sponsors, including Alliance Boots, British Gas, Care Aware, CHIS, Electrolux, Fireco, GRP Finance, IPA Purchasing, and the Safety Business.

National Care Forum

The National Care Forum (NCF) is a leading membership organisation that represents and promotes not-for-profit health and social care providers across the UK. Formed in 2003, the NCF has a total of 70 member organisations providing care and support services across the UK. The majority of the NCF's income derives from membership fees and related services to members.

National Institute for Health and Clinical Excellence

Set up in 1999, the National Institute for Health and Clinical Excellence (NICE) provides national guidance and advice to improve health and social care. NICE is a non-departmental public body (NDPB) and is independent of the Government. The role of NICE is to improve outcomes for the public within the NHS and other public health and social care services by:

- producing evidence-based guidance and advice for health and social care practitioners
- developing quality standards and performance metrics for those providing and commissioning health and social care services
- providing a range of information services for commissioners, practitioners and managers across the health and social care sector.

Registered Nursing Home Association

The Registered Nursing Home Association (RNHA) was established in 1968. Its major role is to campaign for high standards in the nursing home care sector. As such, its members are primarily nursing home operators.

Royal College of Nursing

The Royal College of Nursing (RCN) represents nurses and the nursing sector nationally and internationally. It was first founded in 1916 as a professional organisation for trained nurses. Today, the RCN has over 400,000 members and is regarded as the 'voice of nursing' by the Government and the public.

Competitor Analysis

THE MARKETPLACE

Elderly care home providers range from large for-profit companies to small regional businesses and voluntary-sector organisations. The vast majority of homes in the UK are operated by private firms and not-for-profit organisations (NPOs). The sector is dominated by a small number of large companies, including Barchester Healthcare, Four Seasons, Bupa Care Homes and Care UK. Four Seasons is currently the largest care home provider in the UK, with more than 400 care and nursing homes across the UK. It was followed by Bupa, with around 300 homes.

MARKET LEADERS

Anchor Trust

Company Structure

Founded in 1968, Anchor Trust is the largest not-for-profit housing association in England providing care services to 35,000 older people. Anchor has around 100 care homes throughout England offering residential, nursing and dementia care services. Anchor has retirement properties for rent at 700 locations across the UK and it manages more than 230 leasehold retirement developments. Anchor is headquartered in London and employs around 9,000 people.

Current and Future Developments

In March 2014, the Care Quality Commission (CQC) issued a formal warning to Anchor Trust to tell them that they must improve record keeping of the residents at Anchor's Sandholme Fold care home. The warning was issued after two unannounced visits to the home had found that it failed to ensure that appropriate records were kept.

Later in May, Anchor Trust and two of its subcontractors, PC Lifts and Express Elevators, were fined for breaching the Construction (Design and Management) Regulation 2007. They were fined £10,000 and were ordered to pay nearly £3,500 in costs. The companies had replaced and removed an existing lift at Anchor's sheltered housing in Alnwick, Northumberland and were penalised for exposing staff and residents to asbestos fibres which can cause serious illnesses such as cancer and mesothelioma.

Financial Results

In March 2013, turnover at Anchor Trust fell slightly, by 1%, to £264.9m. Its pre-tax profit also declined over the same period, from £22.2m in March 2012, to £21.8m in March 2013.

Balhousie Holdings Ltd

Company Structure

Balhousie Care Group is the largest private operator of nursing and care homes in Scotland. The company currently has total 27 homes across the East of Scotland providing a wide range of elderly care, including: residential and nursing care; convalescent and post-operative care; respite care; dementia care, palliative care. It also offers care services for adults with disabilities. Balhousie was founded in 1991 and is based in Perth. Balhousie recently launched a STAR Programme for staff recognition. The programme aims to reward its staff who go above and beyond the call of duty within their job remit.

Current and Future Developments

In March 2014, Balhousie held its annual charity event to raise funds for the Stroke Association. The event involved a charity auction and live music entertainment.

Financial Information

The latest financial information recorded by Balhousie for the year ending April 2012 revealed that turnover reached £22.1m, up from £17.9m the previous year, representing growth of 23.4%. The company's pre-tax profit fell, however, from £1.5m to a loss of £2.1m.

Barchester Healthcare Ltd

Company Structure

Founded in 1992, Barchester Healthcare is one of the biggest independent care providers in the UK. Barchester has more than 200 care homes providing residential and nursing care, dementia care, respite care and assisted living facilities. The company employs a total of 17,000 people in the UK caring for more than 10,000

residents. Barchester is based in London and operates as a subsidiary of Grove Ltd.

Current and Future Developments

In November 2013, Barchester announced the appointment of Dr Pete Calveley as its new Chief Executive (CE). Pete Calveley previously worked as CE of Four Seasons Health Care. In January 2014, after successfully switching to new heat pump technology in one of its properties, Barchester announced plans to roll out the strategy across the rest of its non-mains gas-powered care homes. The new heat pump technology is believed to offer a 50% reduction in carbon emissions.

Financial Results

In December 2012, turnover at Barchester Healthcare Ltd increased by 3.7%, from £446.9m to £463.2m. However, the company's pre-tax profit decreased over the same period, by 28.2%, from £37.7m in 2011 to £27.1m in 2012.

Bupa Care Homes (CFG) PLC

Company Structure

Incorporated in 1985, Bupa owns and operates nursing and residential homes for the elderly in the UK. The company operates in two segments, Health Care and Property Development. It offers a range of care services, including residential/nursing care, dementia care, physically disabled care, and palliative and respite care services. Bupa serves approximately 18,000 residents in 300 care homes in the UK, including 11 homes in Scotland. Bupa's head office is based in Leeds and the company is a subsidiary of Spanish group, Grupo Bupa Sanitas SL.

Current and Future Developments

In December 2013, Bupa Care Homes (CFG) PLC was banned from making new admissions to three of its new care homes in Edinburgh, Scotland over concerns about the level of care given to residents. The ban was issued by Edinburgh City Council following complaints from the Care Inspectorate.

Financial Results

Bupa Care Homes (CFG) PLC recorded a turnover of £482.4m in the year ending

December 2013, compared with £481.6m in the year ending December 2012. Pre-tax profit plummeted over the same period, from £31.2m to £3.7m.

Care UK Ltd

Company Structure

Established in 1982, Care UK is an independent provider of health and social care services to local authorities (LAs) and the National Health Service (NHS). Care UK provides a wide range of services, including general practitioner (GP) centres, hospitals, care homes and day care centre. Care UK is a significant provider of outsourced healthcare services to the NHS in England. Within the social care sector, the company operates more than 100 residential and nursing care homes serving more than 6,000 people. It also provides mental health services through its 18 independent mental health hospitals and homes. Care UK Ltd is based in Colchester and is part of Care UK Health and Social Care PLC.

Current and Future Developments

In January 2014, Care UK announced it had opened a new care home in St Ives; the home, with 72 beds, offers residential, dementia and nursing care. Care UK Ltd is opening a new care home in Stroud in June 2014. The care home, with a total 86 beds, provides a range of care services for older people including residential, nursing and specialist dementia care. The opening is expected to create 100 jobs for the region. In May, Care UK was granted permission to build a 73-bed care home in Banbury, costing £7.5m. Construction of the new home is expected to be completed by the end of 2015.

Financial Results

The latest annual financial information available for Care UK Ltd indicates that the company made a pre-tax loss of £31.1m in the year ending 30th September 2013, after also recording a loss of £26.4m the previous year ending 30th September 2012. According Care UK's latest quarterly financial report, published in February 2014, the company's revenue in the last quarter of 2013 reached £182.4m, compared with like-for-like sales of £143.1m in the last quarter of 2012. Its residential care services division continued to achieve strong growth; in the last 3 months of 2013, revenue from residential care services amounted to £54.9m, up by 18.3% compared with the last 3 months of 2012.

Countrywide Care Homes Ltd

Company Structure

Countrywide Care Homes Ltd was created in July 2011 by Phil Burgan, who is Chairman and Chief Executive Officer (CEO) of Maria Mallaband Care Group — an elderly care home specialising in nursing. Countrywide Care Homes currently operates nearly 30 homes in the UK, including 20 homes in England, five in Scotland and three in Northern Ireland.

Current and Future Developments

Countrywide closed St Michael's View care home in South Shields at the end of 2013 after it said that the decline in demand has made its future 'financially unviable'. Countrywide took over St Michael's View from Southern Cross in December 2011.

Financial Results

In the year ending in April 2013, turnover at Countrywide Care Homes Ltd nearly doubled, from £22.3m to £43.8m — representing an increase of 96.3%. The company's pre-tax profit decreased slightly, however, by 2.7%, from £414,000 in April 2012 to £403,000 in April 2013.

Four Seasons Health Care

Company Structure

Founded in the 1980s, Four Seasons Health Care is currently the largest independent health and social care provider in the UK. It operates around 450 care homes and 60 hospitals and special care centres in the UK. Four Seasons has a specialist care division — the Huntercombe Group — a leading independent specialist provider of adult mental health and brain injury care. Four Seasons has more than 30,000 staff caring for around 20,000 residents. Four Seasons was acquired by private equity firm Terra Firma in 2012 for a total sum of £825m.

Current and Future Developments

After being acquired by Terra Firma in 2012, Four Seasons reviewed its strategy in 2013 and restructured the organisation to focus on developing businesses in three

areas: dementia care; private residential and nursing care; and specialised services in mental health and brain injury.

In January 2014, Mitie, a British strategic outsourcing company, was awarded a 3-year contract by Four Seasons Health Care to manage its facilities. The contract, worth £3m, will see Mitie deliver maintenance and call-out repair services to more than 500 care homes, hospitals and specialist care units throughout the UK. Four Seasons consolidated its facilities management services from previously more than 300 providers to just one.

In March, Four Seasons acquired seven homes from Majesticare, a group specialising in premium care homes that primarily cater to self-funded customers. The seven homes have a combined total of 358 beds and employ 410 people.

Four Seasons recently made a number of appointments in senior management. In January 2014, Four Seasons appointed Tim Hammond as CEO of its dementia and nursing care business. An additional two CEO appointments were made later in April and May for the company's specialist care division —the Huntercombe Group — and its private care home business.

Financial Results

The most recent financial information for Four Seasons Health Care show that the group's pre-tax profit increased by 8.3% in the year ending December 2012, from £7.6m to £8.2m.

Hallmark Care Homes Group

Company Structure

Incorporated in 2007, Hallmark Care Homes Group operates around 20 elderly care homes across England and Wales. It provides residential care, nursing care and dementia care. The group is based in Billericay, Essex.

Current and Future Developments

In November 2013, Hallmark opened a new care home in Brighton. The facility specialises in dementia and has 99 beds as well as café, salon and laundry room. In April the following year, the facility won the Best Large Dementia Care Community at the Pinders Healthcare Design Awards.

Financial Results

In the year ending March 2013, Hallmark Care Homes Group Holdings Ltd recorded a pre-tax profit of £5m on a total turnover of £38.6m. This compared with a pre-tax profit of £12.5m on a turnover of £37.8m in the previous 12 months.

HC-One Ltd

Company Structure

Incorporated in 2011, HC-One Ltd provides dementia, nursing, residential and specialist care in the UK. It has around 230 care homes caring for more than 10,000 residents and has more than 14,000 employees. The company has an independent chairperson for its Safeguarding Board and Quality Forum, in addition to independent service quality inspectors and an independent dedicated whistle-blowing telephone line.

Current and Future Developments

In April 2014, HC-One announced it was planning to offer closed-circuit television (CCTV) cameras in residents' rooms to help prevent abuse and neglect by staff. The care provider conducted a public opinion survey which revealed that 80% of those surveyed supported the plan. In the same month, one of HC-One's care homes was featured in a BBC *Panorama* programme due to its residents being neglected and mistreated. The company's chairman said that the footage had revealed 'shocking and distressing failings' and 'that is why [the company] feel placing cameras in care homes can only help protect the wellbeing and dignity of those [it] supports'.

Financial Results

In the year ending in September 2012, HC-One Ltd recorded a pre-tax loss of £5.9m on turnover of £277.2m.

Ideal Carehomes Ltd

Company Structure

Incorporated in 2002, Ideal Carehomes Ltd designs, develops and operates residential care homes for older people in the UK. Based in Leeds, the company has nearly 40 care homes across the UK and it operates as a subsidiary of LNT Group Ltd.

Current and Future Developments

In March 2013, Ideal Carehomes sold the freehold of four new care homes to Target Healthcare REIT Ltd for approximately £18m in cash. The homes are in Castleford (with 64 bedrooms), Nottingham (64 rooms), Leicester (60 rooms) and Newark (54 rooms).

Financial Results

Turnover at Ideal Carehomes Ltd more than doubled between April 2012 and March 2013, rising from £8.1m to £16.3m. The company's pre-tax loss was reduced substantially, from nearly £3.2m to just over £1.6m.

Maria Mallaband Care Group Ltd

Company Structure

Established in 1996, Maria Mallaband Care Group Ltd provides residential care and nursing care across the UK and the Channel Islands. Maria Mallaband Care Group has around 30 care homes. Apart from providing residential and nursing care for the elderly, the Group also provides services for adults with autism and learning disabilities, as well as day care, dementia care, disability care, respite care, and other specialist care services. Maria Mallaband Care Group is based in Leeds.

Current and Future Developments

In November 2013, Maria Mallaband Care Group received the Global Care Home Operator of the Year 2013 award at the Over 50's Housing Awards in London.

Currently, Maria Mallaband Care Group has five care facilities under development. They are in Gerrards Cross (in Buckinghamshire); Canterbury (Kent); Bicester (Oxfordshire); and Kingswood and Bisley (both in Surrey).

Financial Results

In the year ending 30th April 2013, turnover at Maria Mallaband Care Group reached £53.5m, up by 8.4% from £49.4m in the previous 12 months. The Group's pre-tax profit also increased, by a massive 514.6%, from £239,000 in April 2012 to £1.5m in April 2013.

The Orders of St John Care Trust

Company Structure

The Orders of St John Care Trust is a not-for-profit charity providing care services for older people in Lincolnshire, Oxfordshire, Gloucestershire and Wiltshire. The range of services it provides includes residential care, nursing care, dementia care, respite care and day care. The Trust operates more than 70 care homes caring for around 3,500 older residents and employs nearly 4,000 people in the UK.

Current and Future Developments

In July 2013, The Orders of St John Care Trust appeared in court for the death of an elderly woman in its care in 2010. The woman was left outside in the cold for several hours in 2010 and died of pneumonia 2 months later. The Orders of St John Care Trust was fined £140,000.

Financial Results

In the year ending in 31st March 2013, turnover at The Orders of St John Care Trust fell marginally, by 0.5%, from £95.5m to £95.1m. Its pre-tax profit decreased significantly, by 58.9%, from £4.4m in March 2012 to £1.8m in March 2013.

Other Providers

Avondale Care (Scotland) Ltd

Based in Falkirk, Avondale Care (Scotland) Ltd is a family-run care provider comprising three care facilities: Benore and Lister House (both located in Fife), and Carrondale (situated in Falkirk). The three facilities have a total of 160 beds combined. In the year ending April 2013, Avondale Care (Scotland) Ltd's turnover increased by 4.8% from £4.6m to £4.8m; its pre-tax profit also rose, by 26.7% from £311,000 to £394,000.

CrossReach

Operated by the Church of Scotland's Social Care Council, CrossReach is a registered charity that provides a range of social care services across the country, including day care, home care, care for people with learning disabilities and mental health conditions, children and families. The Charity runs nine care dementia care facilities, in addition to

15 residential care homes. According to the charity, most of its funding comes from LAs, with some coming from donations and fundraising. CrossReach was launched in 2005 and employs more than 2,000 people in the region.

Hadrian Healthcare Ltd

Incorporated in 2006, Hadrian Healthcare Ltd provides residential and nursing care services for elderly people at its eight luxury care homes across the north of England. Hadrian Healthcare offers a range of social activities, such as choir singing, monthly tea dancing events, quizzes, arts and crafts classes, social gathering events, shopping expeditions and day trips. Hadrian Healthcare is based in Gateshead. The company is planning to expand in coming years and open more homes across the UK, as well as grow its workforce by more than a quarter by 2015 compared with 2012 levels.

In the year ending 31st March 2013, Hadrian Healthcare recorded a total turnover of £8.7m, up from £7.9m, representing an increase of 10.1%. Pre-tax profit saw an increase of 36.3% over the same period, from £975,000 to £1.3m.

Methodist Homes

Founded in 1943, Methodist Homes is an NPO that provides care, retirement accommodation and support services at more than 200 locations across the UK. According to the organisation, it currently looks after 5,000 older people living in its care homes, in addition to 2,000 older people living in retirement accommodations and 9,000 older people receiving home care from Methodist Homes. In November 2013, Methodist announced the appointment of a new CE, Adrian Bagg, who previously worked as the CE of disability charity, Papworth Trust. In February the following year, Methodist Homes opened a new dementia care facility in Warwickshire. Cedar Lodge was acquired by Methodist in 2011 and underwent a refurbishment; the new facility has 48 rooms and also provides nursing care.

Turnover at Methodist Homes in the year ending March 2013 reached £179.7m, up from £153.7m in the previous year. Despite the growth in turnover, the charity's pre-tax profit decreased over the same period, from £13m in March 2012 to £11m in March 2013.

Minster Care Management Ltd

Incorporated in 1998, Minster Care runs retirement properties and provides person-centred residential and nursing care to older people. The group manages 30 care homes throughout England and Wales. In October 2013, Minster Care asked Vibe to

create an effective enquiry management system which would enable Minster to capture, allocate and track new enquiries for their homes.

In the year ending 31st March 2013, Minster Care Management Ltd recorded a pre-tax profit of £859,000 on a turnover of £23.9m. This compared with a pre-tax profit of £1.5m on a turnover of £24.3m in the previous 12 months.

Northcare (Scotland) Ltd

Incorporated in 1991, Northcare (Scotland) Ltd is a family-owned business providing residential and nursing care for the elderly in Lankarshire and Glasgow region of Scotland. Northcare currently has three care homes: Lindsayfield Lodge (with 96 beds); Rosaburn House (with 66 beds); and 3 Bridges (with 72 beds). It is planning to open a new 50-bed nursing and dementia care facility, Clarkston House, in February 2015.

In the 12 months to November 2013, Northcare (Scotland) Ltd registered a pre-tax profit of £1.3m on a turnover of £8.9m.

Quantum Care (UK) Ltd

Quantum Care is an NPO providing a range of care services for more than 3,000 older people through its 26 residential care and nursing homes across regions of Hertfordshire, Bedfordshire and Essex. Formed in July 1992, Quantum Care was initially created to operate care homes owned by LAs. Quantum Care does not have shareholders; the organisation is overseen by a voluntary board of directors. In January 2014, Quantum Care signed a £4.7m project with construction company ISG PLC to build a new care home in Dunstable, Bedfordshire. The care home will provide en-suite private accommodation for up to 75 older people. It will also have a range of facilities, including a hair dressing salon and café, an open-plan television room and shared kitchenette.

In the 12 months to December 2012, turnover at Quantum Care decreased by 5.3% from £2.6m to £2.4m. Over the same period, its pre-tax profit fell from £202,000 to a pre-tax loss of £3,000.

Sunrise Senior Living Ltd

Sunrise Senior Living Ltd is part of US-based Sunrise Senior Living Inc. In the UK, Sunrise Senior Living was incorporated in 1997 and it provides residential care services to more than 2,000 people through its 27 communities.

In December 2012, turnover at Sunrise Senior Living Ltd was £10.3m, up from £9.7m in December 2011. The company's pre-tax profit fell massively, however, from £708,000 to a pre-tax loss of £118,000.

OUTSIDE SUPPLIERS

A number of sectors supply a variety of products and medical equipment to residential care and nursing homes, ranging from towels, bedding and furniture through lifting and handling equipment, mobility aids (such as wheelchairs and mobility scooters) and toiletries to products for hygiene and infection, nebulisers, suction tubes and first aid items.

MARKETING ACTIVITY

According to Nielsen's main media advertising data for residential care and nursing homes, Ideal Carehomes was the biggest advertising spender in the year ending March 2014. In that year, Ideal Carehomes invested a total of £290,780 to promote its care homes. The second-biggest main media advertising expenditure came from Anchor Trust, which spent £191,599 over the same period.

Table 4.1: Main Media Advertising Expenditure for Care, Nursing and Retirement Homes (£), Year Ending March 2014

	Expenditure (£)
Ideal Carehomes	290,780
Anchor Trust	191,599
Helen McArdle Care	127,787
Care UK	107,645
Care Division Ltd	81,704
Total	799,515

Source: Nielsen

Exhibitions

Great British Care Shows

The Great British Care Shows are a series of regional trade exhibitions launched in February 2012. The shows, hosted in nine different locations across the UK, display a variety of products and services related to the care sector, while they also provide good networking opportunities. Visitors include professionals working in the private statutory and voluntary sectors, as well as care commissioners, directors of adult social services, care providers, care home owners, managers, care workers and personal assistants.

The shows are supported by government bodies as well as various professional organisations, including the Association of Directors of Adult Social Services (ADASS), the Alzheimer's Society, the National Association for Safety and Health in Care Services (NASHiCS) and Dementia Action Alliance.

International Care Shows

The International Care Shows are organised by marketing and communication company UBM, and the events take place in four locations: Bournemouth and Birmingham (UK), Shanghai (People's Republic of China [PRC]) and Paris (France). The shows are designed to provide education, products and services for those running care homes for older people. The shows cover product/technology exhibitions, seminars and talks, as well as business and networking opportunities. The shows hosted in the Birmingham and Bournemouth attract care home managers, owners, healthcare professionals, social services executives, local authorities, etc.

Strengths, Weaknesses, Opportunities and Threats

STRENGTHS

- The UK has relatively comprehensive legislation and a clear structure to monitor the quality of long-term care provision compared with some other European countries.
- Under the Health and Social Care Act, all providers of regulated residential and nursing care activities must register with their separate national bodies.
- The UK population is ageing rapidly. This demographic trend helps to sustain demand for all healthcare services, including residential and nursing care.
- The ratio for long-term care beds per 1,000 people aged 65 and over in the UK is higher than in other European countries.
- The number of care services being outsourced to private providers by the public sector remains high.

WEAKNESSES

- Care home operators' profit margins are heavily dependent on occupancy levels.
- Revenue from local authorities (LAs) accounts for a large proportion of care providers' income. As such, any reduction in LA funding will have a negative impact on care home operators' income.
- Advances in medical science may provide new drugs/cure for chronic illness, such as dementia. This will reduce demand for some types of care, such as dementia care.

OPPORTUNITIES

- Demographic projections suggest that there will be significant growth in the number of people aged 65 and over in the next few decades.
- New care home development activities are expected to remain high in coming years to meet the increasing demands of an ageing population.
- According to Alzheimer's Research UK, there are 820,000 people in the UK that are affected by dementia and the number is set to increase. There will be opportunities for care home providers to offer care services with a focus on dementia care.

THREATS

- Care home operators' income continues to be challenged by ongoing budgetary pressures in social care funding.
- Rising energy costs combined with local authority funding squeezes have severely affected care home operators' profit margins.
- The abuse and neglect of older people reported by the media casts a shadow on the

sector.

Buying Behaviour

OVERVIEW

In May 2014, Key Note commissioned a consumer survey to investigate public opinions and attitudes towards care homes in the UK. Similar research was carried out in October 2012. Both surveys polled a sample of adults aged 16 and over in Great Britain (the sample size was 1,000 in 2012 and 1,006 in 2014). As such, the results from both surveys are presented in this chapter to reflect any change in opinions/attitudes. A summary of the survey results is included in Table 6.1.

In May 2014, 34.9% of those surveyed said that they have/have had a relative living in a care home, up from 33.8% in October 2012. Meanwhile, the proportion of respondents that said they would provide home care for an elderly relative if the situation allows fell slightly by 1.6 percentage points, from 70.5% to 68.9%. The proportion of respondents said they would prefer their elderly relatives to move into a nursing or care home when they can no longer look after themselves has increased slightly, from 49.4% to 51.1%.

The proportion of those who said they were happy to live in a care/nursing home in old age appears to be unchanged, at 43%. In 2014, a large proportion (72.7%) of respondents said they would prefer to be looked after by family in old age, up from 71.1% in October 2012. Over three-quarters (77.5%) agreed with the statement that they would only consider moving into a home as the last resort, compared with 75.5% in the previous survey.

The abuse and neglect scandals in care homes reported by the media in recent years has evidently had an adverse influence on public perception of care and nursing homes. As can be seen, the proportion of respondents who said they believed most care/nursing homes provided a good standard of care fell by 3.5 percentage points, while those that believed nursing or care homes are well run also fell, by 3.8 percentage points. The perception is further reflected in the fact that more than half (55.6%) of respondents in 2014 were concerned about the poor quality of care provided at care/nursing homes.

For the future, the number of people with a financial plan in place to pay for long-term care in old age has increased, from 25.7% in 2012 to 34.1% in 2014. Over the same period, those concerned about the affordability of long-term care in old age has fallen, from 49% to 41.3%.

Table 6.1: Attitudes and Opinions Towards Care and Nursing Homes (% of respondents), October 2012 and May 2014

	2012	2014
S1: I currently have/have had a relative living in a care home	33.8	34.9
S2: I would provide home care for an elderly relative if the situation allows	70.5	68.9
S3: I would prefer my elderly relatives to move into a nursing or care home when they can no longer look after themselves	49.4	51.1
S4: I would be happy to live in a nursing or care home in old age	43.2	43.0
S5: I would only consider moving to a nursing or care home as the last resort	75.5	77.5
S6: I prefer to be looked after by family in old age	71.1	72.7
S7: I believe nursing or care homes provide a good standard of care	59.7	56.2
S8: I believe most care or nursing homes are well run	60.0	56.2
S9: I am concerned about the poor quality of care provided at care and nursing homes	-	55.6
S10: I have a financial plan in place to pay for my care in old age	25.7	34.1
S11: I am concerned about the affordability of long-term care in old age	49.0	41.3

Weighted sample: 1,000 (2012); 1,006 (2014)

Base: all adults aged 16+

Source: Key Note

RELATIVES IN CARE HOMES

“I Currently Have/Have Had a Relative Living in a Care Home”

In May 2014, 34.8% of men and 35.1% of women said they have/have had a relative living in a care home, compared with 30.2% of men and 37.4% of women in October 2012. In 2014, demographic groups that showed the highest penetrations were respondents aged 16 to 19 (48.1%); in social grade A (43.3%); working part time (44%); and living in the South West (51.6%) and Greater London (50.7%).

Table 6.2: Those Who Have/Have Had a Relative Living in a Care Home (% of respondents), October 2012 and May 2014

S1: "I currently have/have had a relative living in a care home."

	2012	2014
All adults	33.8	34.9
Sex		
Male	30.2	34.8
Female	37.4	35.1
Age		
16 to 19	21.5	48.1
20 to 24	38.2	2.4
25 to 34	35.4	37.4
35 to 44	34.0	42.0
45 to 54	36.1	40.4
55 to 64	40.1	33.0
65+	27.6	34.6
Social Grade		
A	43.0	43.3
B	36.4	37.9
C1	35.7	32.6
C2	30.3	39.1
D	33.6	32.1
E	31.8	28.1
Working Status		
Full time (30+ hours a week)	35.7	35.8

Part time	35.9	44.0
Not working (excluding retired/invalid) [†]	30.6	29.4
Not working (retired/invalid)	30.4	30.9
Standard Region		
North	39.4	17.5
Yorkshire and Humberside	23.5	40.6
East Midlands	43.2	36.0
West Midlands	19.1	22.8
East Anglia	37.1	25.4
South East	38.8	36.0
Greater London	37.9	50.7
South West	40.2	51.6
North West	33.6	36.7
Wales	36.4	13.4
Scotland	23.6	34.6
Size of Household		
One	34.8	26.5
Two	31.7	35.3
Three	35.7	30.8
Four	36.4	50.7
Five or more	26.7	31.3
Marital Status		
Married/living as married	34.0	41.2
Single	35.3	27.7
Divorced	28.9	31.8
Widowed	30.0	27.5

Separated	41.6	27.6
Presence of Children		
Aged 0-4	32.6	33.2
Aged 5-9	33.2	52.8
Aged 10-15	30.5	42.7
No children	34.3	32.1
Tenure		
Own home outright	37.0	32.7
Buying home	33.8	44.4
Rent from the council	22.1	26.3
Rent privately	27.2	35.6
Rent-free occupancy	84.3	0.0

† — e.g. full-time student, not looking for work, unemployed

Weighted sample: 1,000 (2012); 1,006 (2014)

Base: all adults aged 16+

Source: Key Note

“I Would Provide Home Care for An Elderly Relative If the Situation Allows”

In both surveys, the same proportion of male respondents agreed that they would provide home care for an elderly relative if the situation allows (70.7%). However, agreement with this statement among female respondents fell, from 70.4% in 2012 to 67.4% in 2014. In terms of age, younger adults appeared to be more likely to agree with this statement compared with their older counterparts, with penetration generally descending as age increased. This is the case for both years.

In 2014, agreement with this statement varied among social grades for both years, with those in social grades D (82.6%) being the most likely to provide home care for an elderly relative if the situation allows. Respondents working full time (78.4%); living in Scotland and the north of England; single (75%); and living in privately rented accommodation (82.9%) were the most likely to agree with this statement.

Table 6.3: Those Who Would Provide Home Care for an Elderly Relative If The Situation Allows (% of respondents), October 2012 and May 2014

S2: "I would provide home care for an elderly relative if the situation allows."

	2012	2014
All adults	70.5	68.9
Sex		
Male	70.7	70.7
Female	70.4	67.4
Age		
16 to 19	100.0	95.6
20 to 24	73.6	81.3
25 to 34	76.8	71.1
35 to 44	71.0	83.5
45 to 54	74.9	68.8
55 to 64	68.4	58.4
65+	52.5	46.9
Social Grade		
A	62.0	71.3
B	74.3	72.4
C1	70.8	70.7
C2	73.4	70.6
D	67.9	82.6
E	62.4	42.8
Working Status		
Full time (30+ hours a week)	73.9	78.4

Part time	74.7	72.6
Not working (excluding retired/invalid) [†]	82.8	74.4
Not working (retired/invalid)	53.6	46.0
Standard Region		
North	75.5	75.4
Yorkshire and Humberside	72.0	66.5
East Midlands	77.7	67.6
West Midlands	81.0	67.3
East Anglia	65.9	62.3
South East	74.8	73.9
Greater London	62.5	72.7
South West	60.3	60.9
North West	70.8	65.2
Wales	71.5	69.3
Scotland	70.8	75.0
Size of Household		
One	55.4	50.3
Two	70.8	67.6
Three	77.1	81.8
Four	80.3	71.7
Five or more	76.5	88.3
Marital Status		
Married/living as married	70.5	72.6
Single	79.5	75.0
Divorced	67.3	54.8
Widowed	44.2	36.9

Separated	83.0	72.7
Presence of Children		
Aged 0-4	72.8	84.6
Aged 5-9	78.9	89.4
Aged 10-15	80.7	84.5
No children	68.0	63.3
Tenure		
Own home outright	66.2	65.4
Buying home	75.6	72.2
Rent from the council	75.3	64.2
Rent privately	66.3	82.9
Rent-free occupancy	85.5	62.5

† — e.g. full-time student, not looking for work, unemployed

Weighted sample: 1,000 (2012); 1,006 (2014)

Base: all adults aged 16+

Source: Key Note

“I Would Prefer My Elderly Relatives to Move Into a Nursing or Care Home When They Can No Longer Look After Themselves”

The proportion of people who would prefer their elderly relatives to move into a care/nursing home when they can no longer look after themselves increased since October 2012, from 49.4% to 51.1%. Variation between genders also reversed between the 2 years, with penetration being slightly higher among female respondents in 2012, but slightly higher among men in 2014. In 2014, agreement with the statement was highest among those aged between 16 and 19 (62.6%); in social grade D (60.3%); working full time (55.4%); married/living as married (54.6%); and living in the North (62.4%).

Table 6.4: Those Who Would Prefer Their Elderly Relatives

to Move Into a Nursing or Care Home When They Can No Longer Look After Themselves (% of respondents), October 2012 and May 2014

S3: "I would prefer my elderly relatives to move into a nursing or care home when they can no longer look after themselves."

	2012	2014
All adults	49.4	51.1
Sex		
Male	48.9	57.7
Female	50.0	45.2
Age		
16 to 19	48.5	62.6
20 to 24	48.1	54.2
25 to 34	43.1	46.1
35 to 44	49.5	59.0
45 to 54	52.4	54.7
55 to 64	61.0	43.0
65+	45.9	45.9
Social Grade		
A	41.6	53.1
B	42.8	45.7
C1	51.8	50.2
C2	51.4	55.0
D	59.4	60.3
E	41.6	41.9
Working Status		

Full time (30+ hours a week)	52.3	55.4
Part time	48.9	50.6
Not working (excluding retired/invalid) [†]	44.0	51.4
Not working (retired/invalid)	48.9	43.5
Standard Region		
North	48.4	62.4
Yorkshire and Humberside	39.7	56.9
East Midlands	51.4	60.0
West Midlands	45.8	39.8
East Anglia	48.8	52.4
South East	46.8	51.9
Greater London	62.1	42.3
South West	56.9	59.2
North West	54.1	51.3
Wales	48.8	40.3
Scotland	40.0	52.8
Size of Household		
One	53.9	49.9
Two	51.4	44.2
Three	49.9	51.6
Four	47.6	61.6
Five or more	31.6	56.4
Marital Status		
Married/living as married	50.4	54.6
Single	47.4	50.5
Divorced	50.1	38.2

Widowed	50.8	47.4
Separated	50.9	37.2
Presence of Children		
Aged 0-4	47.4	62.7
Aged 5-9	47.7	58.7
Aged 10-15	46.0	56.6
No children	49.6	48.9
Tenure		
Own home outright	50.7	48.9
Buying home	47.1	59.0
Rent from the council	49.2	44.2
Rent privately	50.4	54.1
Rent-free occupancy	36.0	44.3

† — e.g. full-time student, not looking for work, unemployed

Weighted sample: 1,000 (2012); 1,006 (2014)

Base: all adults aged 16+

Source: Key Note

LIVING IN CARE HOMES

“I Would Be Happy to Live in a Nursing or Care Home in Old Age”

46.4% of men and 39.9% of women said they would be happy to live in a care/nursing home in May 2014, compared with 42% of men and 44.3% of women who said the same in October 2012. In both years, younger respondents were generally more willing to live in a care/nursing home than older respondents, as were those in social grade D (52.9%). In 2014, people aged between 20 and 24 (58.2%); working part time (49.9%); living in Wales (56.4%); and separated (54.9%) were more willing to live in a care/nursing home in old age.

Table 6.5: Those Who Would Be Happy to Live in a Nursing or Care Home in Old Age (% of respondents), October 2012 and May 2014

S4: "I would be happy to live in a nursing or care home in old age."

	2012	2014
All adults	43.2	43.0
Sex		
Male	42.0	46.4
Female	44.3	39.9
Age		
16 to 19	57.3	57.0
20 to 24	25.1	58.2
25 to 34	55.5	43.8
35 to 44	44.0	49.1
45 to 54	48.8	43.0
55 to 64	41.2	37.6
65+	33.0	28.7
Social Grade		
A	48.3	30.1
B	45.9	33.4
C1	40.3	46.4
C2	45.4	44.1
D	52.8	52.9
E	27.8	37.5
Working Status		
Full time (30+ hours a week)	48.6	47.2

Part time	47.6	49.9
Not working (excluding retired/invalid) [†]	39.7	41.4
Not working (retired/invalid)	32.8	31.7
Standard Region		
North	40.7	39.9
Yorkshire and Humberside	37.7	46.0
East Midlands	41.0	29.7
West Midlands	44.3	28.7
East Anglia	44.8	45.1
South East	46.2	47.1
Greater London	41.4	40.0
South West	56.9	41.6
North West	46.5	40.3
Wales	23.6	56.4
Scotland	41.4	46.7
Size of Household		
One	37.5	40.5
Two	44.3	34.8
Three	43.8	41.6
Four	49.9	59.1
Five or more	40.4	48.9
Marital Status		
Married/living as married	44.4	42.4
Single	44.8	48.6
Divorced	36.0	35.6
Widowed	38.2	31.5

Separated	32.1	54.9
Presence of Children		
Aged 0-4	56.3	56.3
Aged 5-9	42.7	59.7
Aged 10-15	47.2	49.2
No children	40.7	39.8
Tenure		
Own home outright	40.9	40.6
Buying home	45.6	50.0
Rent from the council	41.7	38.7
Rent privately	43.7	47.5
Rent-free occupancy	26.6	44.3

† — e.g. full-time student, not looking for work, unemployed

Weighted sample: 1,000 (2012); 1,006 (2014)

Base: all adults aged 16+

Source: Key Note

“I Would Only Consider Moving into a Nursing or Care Home as the Last Resort”

77.5% of all respondents surveyed in 2014 said that they would only consider moving into a care or nursing home as the last resort, up from 75.5% in 2012. Women were more inclined to agree with this statement than men in both years. However, agreement with the statement increased noticeably among men, from 71.7% to 77%; while it dropped slightly among women, from 79.2% to 77.9%.

In 2014, penetration was greatest among those aged between 16 and 19 (97.7%) and lowest among those aged 25 to 34 (60.2%). Agreement with this statement was also high among those in social grade A (92.3%); those that were not working (retired/invalid [82%]); those living in Wales (86.9%); and those that were widowed (81.6%).

Table 6.6: Those Who Would Only Consider Moving to a Nursing or Care Home as a Last Resort (% of respondents), October 2012 and May 2014

S5: "I would only consider moving to a nursing or care home as the last resort."

	2012	2014
All adults	75.5	77.5
Sex		
Male	71.7	77.0
Female	79.2	77.9
Age		
16 to 19	43.2	97.7
20 to 24	80.1	75.3
25 to 34	81.3	60.2
35 to 44	72.6	76.9
45 to 54	72.9	82.9
55 to 64	80.3	82.8
65+	78.9	80.6
Social Grade		
A	57.2	92.3
B	81.2	85.6
C1	84.1	74.4
C2	68.4	78.7
D	76.7	75.4
E	67.9	70.7
Working Status		
Full time (30+ hours a week)	75.7	77.3

Part time	80.7	76.6
Not working (excluding retired/invalid) [†]	62.3	71.6
Not working (retired/invalid)	80.3	82.0
Standard Region		
North	79.2	74.4
Yorkshire and Humberside	76.4	78.0
East Midlands	72.0	80.8
West Midlands	58.8	74.5
East Anglia	71.5	79.4
South East	80.6	76.6
Greater London	75.7	77.6
South West	73.5	72.8
North West	74.6	79.1
Wales	90.9	86.9
Scotland	74.3	73.0
Size of Household		
One	78.0	76.7
Two	71.1	75.7
Three	74.2	84.5
Four	80.1	77.3
Five or more	79.1	72.6
Marital Status		
Married/living as married	78.0	76.6
Single	69.5	78.2
Divorced	68.2	76.6
Widowed	84.6	81.6

Separated	83.6	75.7
Presence of Children		
Aged 0-4	75.6	73.4
Aged 5-9	78.0	67.5
Aged 10-15	79.0	74.5
No children	74.5	78.7
Tenure		
Own home outright	81.6	83.9
Buying home	76.1	78.3
Rent from the council	67.5	70.5
Rent privately	67.3	54.5
Rent-free occupancy	85.5	74.5

† — e.g. full-time student, not looking for work, unemployed

Weighted sample: 1,000 (2012); 1,006 (2014)

Base: all adults aged 16+

Source: Key Note

“I Would Prefer to be Looked After by Family in Old Age”

The proportion of those who would prefer to be looked after by family in old age increased by 1.6 percentage points between October 2012 and May 2014; in the latter year, women were slightly more likely to agree with the statement than men, at 73% for women compared with 72.4% for men. In terms of age, those aged below 25 years were more likely to agree with this statement than those aged 25 and over.

Respondents in social grade D (78.8%); those not working (such as students/unemployed [75.4%]); those living in the East Midlands (84.9%); and those that were single (79.3%) were also the most likely to prefer to be looked after by their family in old age.

Table 6.7: Those Who Would Prefer to be Looked After by Family in Old Age

(% of respondents), October 2012 and May 2014

S6: "I prefer to be looked after by family in old age."

	2012	2014
All adults	71.1	72.7
Sex		
Male	76.6	72.4
Female	65.7	73.0
Age		
16 to 19	92.5	100.0
20 to 24	72.7	89.0
25 to 34	73.3	66.9
35 to 44	73.2	71.2
45 to 54	64.1	69.2
55 to 64	65.9	70.1
65+	69.5	68.4
Social Grade		
A	64.2	77.0
B	73.6	77.2
C1	70.9	73.9
C2	69.9	68.1
D	69.7	78.8
E	73.2	68.1
Working Status		
Full time (30+ hours a week)	74.2	73.3
Part time	62.5	71.6

Not working (excluding retired/invalid) [†]	77.1	75.4
Not working (retired/invalid)	69.7	70.3
Standard Region		
North	74.8	77.0
Yorkshire and Humberside	74.4	55.9
East Midlands	76.8	84.9
West Midlands	85.8	77.2
East Anglia	57.9	72.0
South East	69.8	77.7
Greater London	63.1	73.7
South West	68.1	69.6
North West	78.1	67.7
Wales	74.1	82.9
Scotland	70.7	69.2
Size of Household		
One	68.0	67.2
Two	68.9	73.6
Three	73.1	81.4
Four	73.8	67.9
Five or more	78.5	76.6
Marital Status		
Married/living as married	69.0	72.0
Single	75.6	79.3
Divorced	64.1	58.0
Widowed	73.0	68.3
Separated	66.3	60.6

Presence of Children		
Aged 0-4	67.3	75.7
Aged 5-9	68.3	70.2
Aged 10-15	72.2	76.5
No children	71.4	72.4
Tenure		
Own home outright	70.9	75.6
Buying home	68.1	69.4
Rent from the council	75.9	68.3
Rent privately	71.0	68.9
Rent-free occupancy	85.6	100.0

† — e.g. full-time student, not looking for work, unemployed

Weighted sample: 1,000 (2012); 1,006 (2014)

Base: all adults aged 16+

Source: Key Note

OPINIONS REGARDING CARE HOMES

“I Believe Nursing or Care Homes Provide a Good Standard of Care”

The percentage of people that believe care/nursing homes provide a good standard of care has fallen from 59.7% in 2012 to 56.2% in 2014. In 2014, men were more likely to think so than women (60.9% and 53.1%, respectively), while in 2012, women had more confidence in care standards than men (58.4% and 59.7%, respectively). The youngest age group (those aged 16 to 19 years old) were the most likely to agree with the statement in both years — 83.6% in 2012 and 76.8% in 2014.

In 2014, respondents belonging to social grade C2 (62.8%); not working (i.e. students, unemployed); living in the South West (69.3%); and widowed (59.3%) were the most like to believe that care/nursing homes provide a good standard of care. Meanwhile, level of agreement was lowest among those in social grade B (47.5%) and A (48%); those working part time (52.1%); those living in Greater London (43.6%); and those

separated from their partners (48.3%).

Table 6.8: Those Who Believe Nursing or Care Homes Provide a Good Standard of Care (% of respondents), October 2012 and May 2014

S7: "I believe nursing or care homes provide a good standard of care."

	2012	2014
All adults	59.7	56.2
Sex		
Male	58.4	59.7
Female	60.9	53.1
Age		
16 to 19	83.6	76.8
20 to 24	48.2	65.5
25 to 34	64.1	52.8
35 to 44	59.6	54.8
45 to 54	53.6	53.5
55 to 64	59.3	53.5
65+	60.1	54.1
Social Grade		
A	54.9	48.0
B	58.8	47.5
C1	60.4	53.6
C2	60.6	62.8
D	65.4	59.1
E	52.2	58.3
Working Status		

Full time (30+ hours a week)	61.6	55.4
Part time	60.9	52.1
Not working (excluding retired/invalid) [†]	56.5	63.9
Not working (retired/invalid)	57.8	54.4
Standard Region		
North	68.2	51.2
Yorkshire and Humberside	58.5	62.3
East Midlands	54.7	65.4
West Midlands	55.4	58.4
East Anglia	65.7	46.9
South East	66.0	55.2
Greater London	55.5	43.6
South West	71.5	69.3
North West	51.9	56.4
Wales	47.4	58.8
Scotland	55.6	60.6
Size of Household		
One	59.5	50.2
Two	59.5	52.8
Three	59.5	52.7
Four	61.3	70.3
Five or more	57.5	61.9
Marital Status		
Married/living as married	58.6	55.9
Single	63.3	57.5
Divorced	48.8	52.1

Widowed	60.8	59.3
Separated	68.5	48.3
Presence of Children		
Aged 0-4	66.4	63.6
Aged 5-9	59.9	59.3
Aged 10-15	58.5	56.7
No children	59.3	54.9
Tenure		
Own home outright	56.2	55.3
Buying home	62.6	61.4
Rent from the council	58.1	53.1
Rent privately	62.3	60.2
Rent-free occupancy	51.7	44.3

† — e.g. full-time student, not looking for work, unemployed

Weighted sample: 1,000 (2012); 1,006 (2014)

Base: all adults aged 16+

Source: Key Note

“I Believe Most Care or Nursing Homes Are Well Run”

In line with the results for Table 6.8, the proportion of people that believe most care/nursing homes are well run declined since the last Key Note survey, from 60% to 56.2%. In 2014, women were less likely to agree believe this (with penetration at 61.3% for men and 51.7% for women), as were those aged 25 to 34 (50.1%); those in social grade A (51.5%); those not working (such as retired/invalid [50.8%]); those living in Greater London (40%); and those that were separated (38.8%).

Table 6.9: Those Who Believe Most Care or Nursing Homes Are Well Run (% of respondents), October 2012 and May 2014

S8: “I believe most care or nursing homes are well run.”

	2012	2014
All adults	60.0	56.2
Sex		
Male	57.9	61.3
Female	62.1	51.7
Age		
16 to 19	94.9	84.8
20 to 24	50.2	60.2
25 to 34	64.3	50.1
35 to 44	58.5	59.0
45 to 54	57.9	52.9
55 to 64	52.7	51.7
65+	59.4	54.7
Social Grade		
A	47.9	51.5
B	58.7	57.5
C1	60.4	55.7
C2	62.4	57.1
D	68.1	59.1
E	49.8	52.6
Working Status		
Full time (30+ hours a week)	61.4	56.3
Part time	62.6	52.1
Not working (excluding retired/invalid) [†]	56.8	66.9
Not working (retired/invalid)	57.3	50.8

Standard Region		
North	67.3	49.4
Yorkshire and Humberside	56.0	68.0
East Midlands	51.7	60.2
West Midlands	58.5	52.8
East Anglia	69.6	48.0
South East	65.0	55.4
Greater London	51.5	40.0
South West	73.6	62.4
North West	58.5	61.3
Wales	39.1	67.4
Scotland	59.7	59.2
Size of Household		
One	64.3	53.7
Two	58.8	53.4
Three	58.8	54.9
Four	59.8	67.0
Five or more	55.4	53.7
Marital Status		
Married/living as married	58.8	54.3
Single	64.0	61.2
Divorced	46.9	49.0
Widowed	63.9	60.3
Separated	59.7	38.8
Presence of Children		
Aged 0-4	71.9	46.7

Aged 5-9	55.2	56.7
Aged 10-15	57.5	57.7
No children	59.6	56.6
Tenure		
Own home outright	58.1	55.5
Buying home	60.6	56.7
Rent from the council	64.2	52.5
Rent privately	59.2	63.4
Rent-free occupancy	42.4	74.5

† — e.g. full-time student, not looking for work, unemployed

Weighted sample: 1,000 (2012); 1,006 (2014)

Base: all adults aged 16+

Source: Key Note

“I am Concerned About the Poor Quality of Care Provided at Care and Nursing Homes”

In 2014, 55.6% of those surveyed admitted that they were concerned about the poor quality of care provided at care/nursing homes. Women were much more likely to agree with the statement than men (with penetration at 61.9% for women and 48.5% for men). Concern about the poor quality of care generally increased with age, from 34.6% for those aged between 16 and 19 through to 61.6% for those aged 65 and over. Respondents in social grade C1 (57.1%); those working part time (66%); and those living in Greater London (60.6%) were most likely to be concerned. Those in social grade E (52.6%); not working (students/unemployed); and living in the North West (49.6%) were least likely to do so.

Table 6.10: Those Who Are Concerned About the Poor Quality of Care Provided at Care and Nursing Homes (% of respondents), May 2014

S11: “I am concerned about the poor quality of care provided at care and nursing homes.”

2014	
All adults	55.6
Sex	
Male	48.5
Female	61.9
Age	
16 to 19	34.6
20 to 24	50.8
25 to 34	47.1
35 to 44	59.2
45 to 54	60.8
55 to 64	59.3
65+	61.6
Social Grade	
A	52.8
B	53.8
C1	57.1
C2	56.1
D	56.8
E	52.6
Working Status	
Full time (30+ hours a week)	52.0
Part time	66.0
Not working (excluding retired/invalid) [†]	44.7
Not working (retired/invalid)	63.6

Standard Region	
North	50.1
Yorkshire and Humberside	51.5
East Midlands	54.2
West Midlands	55.7
East Anglia	57.1
South East	59.0
Greater London	60.6
South West	54.9
North West	49.6
Wales	54.9
Scotland	57.0
Size of Household	
One	55.9
Two	58.3
Three	59.5
Four	46.5
Five or more	56.0
Marital Status	
Married/living as married	58.1
Single	51.0
Divorced	51.8
Widowed	59.0
Separated	61.6
Presence of Children	
Aged 0-4	56.0

Aged 5-9	50.6
Aged 10-15	59.7
No children	54.9
Tenure	
Own home outright	59.8
Buying home	51.4
Rent from the council	61.8
Rent privately	49.6
Rent-free occupancy	7.3

† — e.g. full-time student, not looking for work, unemployed

Weighted sample: 1,006

Base: all adults aged 16+

Source: Key Note

PLANS FOR OLD AGE

“I Have a Financial Plan in Place to Pay for My Care in Old Age”

In both years, a greater percentage of men agreed that they had a financial plan in place to pay for their care in old age compared to women. This reflects the fact that men were more likely to be on a higher income; thus, they have the means to make financial plans for old age. In 2014, those aged between 25 and 34 were the most likely to have a financial plan in place for old age, at 45%. Respondents in social grade A (41.8%) and B (39.4%); those working full time (40.5%); those living in the South West (43%); and those that were married (39.6%) were also more likely to have a financial plan for retirement than those in other demographic groups.

Table 6.11: Those Who Have a Financial Plan in Place to Pay for My Care in Old Age (% of respondents), October 2012 and May 2014

S9: “I have a financial plan in place to pay for my care in old age.”

	2012	2014
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All adults	25.7	34.1
Sex		
Male	28.6	38.6
Female	22.9	30.1
Age		
16 to 19	0.0	10.9
20 to 24	12.5	30.5
25 to 34	29.6	45.0
35 to 44	25.1	37.0
45 to 54	33.5	32.6
55 to 64	29.9	31.5
65+	27.0	33.3
Social Grade		
A	44.8	41.8
B	41.7	39.4
C1	24.8	33.2
C2	18.1	32.7
D	25.8	32.1
E	13.8	32.9
Working Status		
Full time (30+ hours a week)	31.8	40.5
Part time	22.9	36.6
Not working (excluding retired/invalid) [†]	15.7	23.3
Not working (retired/invalid)	25.0	28.8
Standard Region		

North	29.8	41.0
Yorkshire and Humberside	31.3	35.0
East Midlands	42.0	35.3
West Midlands	26.1	20.3
East Anglia	30.0	40.3
South East	25.8	31.0
Greater London	18.6	30.1
South West	18.5	43.0
North West	21.9	33.8
Wales	24.2	27.2
Scotland	26.1	41.7
Size of Household		
One	23.7	30.1
Two	29.3	32.5
Three	24.6	34.3
Four	26.8	42.3
Five or more	19.7	32.0
Marital Status		
Married/living as married	30.4	39.6
Single	17.7	29.4
Divorced	20.5	15.4
Widowed	27.4	34.1
Separated	34.7	30.4
Presence of Children		
Aged 0-4	21.8	38.1
Aged 5-9	24.2	47.7

Aged 10-15	27.1	37.1
No children	25.7	32.4
Tenure		
Own home outright	29.2	34.5
Buying home	27.9	42.0
Rent from the council	14.0	26.9
Rent privately	25.8	26.5
Rent-free occupancy	15.6	0.0

† — e.g. full-time student, not looking for work, unemployed

Weighted sample: 1,000 (2012); 1,006 (2014)

Base: all adults aged 16+

Source: Key Note

“I Am Concerned About the Affordability of Long-Term Care in Old Age”

Survey results from both years show that women were more likely to be concerned about the affordability of long-term care in old age than men — penetration sat at 45.4% and 36.6%, respectively, in 2014. In terms of age, the highest level of agreement was found among those aged between 45 and 54 (47.2%). People in social grade A (49.9%) and B (49.8%); those working part time (47.8%); those living in Greater London (49.2%); and those that were separated (53.8%) were also most likely to have this concern.

Table 6.12: Those Who Are Concerned About The Affordability of Long-Term Care in Old Age (% of respondents), October 2012 and May 2014

S10: “I am concerned about the affordability of long-term care in old age.”

	2012	2014
All adults	49.0	41.3
Sex		

Male	44.4	36.6
Female	53.5	45.4
Age		
16 to 19	27.0	25.6
20 to 24	40.4	35.6
25 to 34	52.9	42.4
35 to 44	47.7	40.3
45 to 54	51.7	47.2
55 to 64	57.5	44.7
65+	49.1	41.2
Social Grade		
A	49.6	49.9
B	51.6	49.8
C1	47.8	40.5
C2	45.8	41.3
D	52.8	37.1
E	50.2	34.2
Working Status		
Full time (30+ hours a week)	50.0	39.6
Part time	51.5	47.8
Not working (excluding retired/invalid) [†]	44.5	41.6
Not working (retired/invalid)	48.2	40.5
Standard Region		
North	48.3	33.8
Yorkshire and Humberside	46.4	36.5
East Midlands	67.6	45.1

West Midlands	48.5	49.5
East Anglia	51.3	30.6
South East	45.5	42.7
Greater London	48.6	49.2
South West	51.0	45.6
North West	56.8	36.5
Wales	41.3	38.3
Scotland	42.3	45.0
Size of Household		
One	53.4	36.6
Two	51.4	38.5
Three	44.9	43.2
Four	44.9	45.6
Five or more	46.0	50.0
Marital Status		
Married/living as married	52.5	43.5
Single	38.6	40.7
Divorced	67.1	26.4
Widowed	49.1	41.6
Separated	66.9	53.8
Presence of Children		
Aged 0-4	58.9	36.1
Aged 5-9	46.8	42.5
Aged 10-15	46.9	48.1
No children	48.1	40.0
Tenure		

Own home outright	48.1	42.1
Buying home	50.9	45.0
Rent from the council	46.4	41.3
Rent privately	56.2	33.1
Rent-free occupancy	46.4	37.5

† — e.g. full-time student, not looking for work, unemployed

Weighted sample: 1,000 (2012); 1,006 (2014)

Base: all adults aged 16+

Source: Key Note

Current Issues

SOCIAL CARE IN CRISIS

Despite the increase in demand driven by the ageing population, total public spending on social care for older people has fallen since 2010/2011. Table 7.1 provides budget estimates of local authority revenue expenditure for older people over the past 5 years. As can be seen, in 2013/2014, local authorities budgeted total net current expenditure of £6.61bn on adult social care for older people, down from £7.46bn in 2009/2010 — representing a decrease of 11.4%. This indicates that expenditure per head on social care for older people has fallen as well.

The adult social care sector has been severely affected by the Government's budget squeeze. In March 2014, Age UK — the largest charity for older people in the UK — reported that around 168,000 older people have stopped receiving help with essential tasks, including eating, washing and getting dressed, as a result of reductions in social care funding.

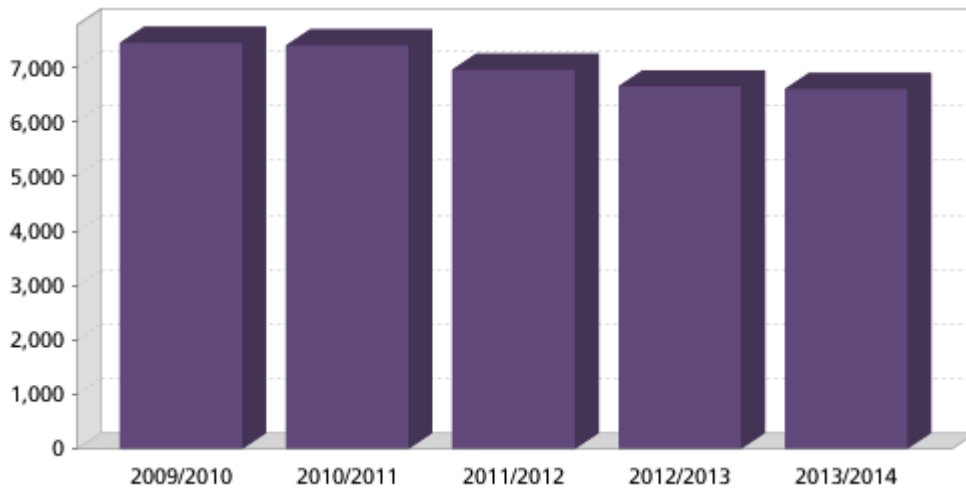
Table 7.1: Local Authorities Total Budgeted Net Current Expenditure on Older People in England (£m), 2009/2010-2013/2014

	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Value (m)	7,455	7,407	6,962	6,656	6,606
% change year-on-year	-	-0.6	-6.0	-4.4	-0.8

Note: data refers to those aged 65 and over.

Source: Local Authority Revenue Expenditure and Financing England Budget 2009/2010-2013/2014, Department for Communities and Local Government © Crown copyright

Figure 7.1: Local Authorities Total Budgeted Net Current Expenditure on Older People in England (£m), 2009/2010-2013/2014



Note: data refers to those aged 65 and over.

CARE HOMES FAIL TO MEET LEGAL STANDARDS

According to a recent annual report published by the Care Quality Commission (CQC), 910 warnings were issued in 2012/2013 to care homes and hospitals that were providing unacceptable care, compared with 638 warnings in 2011/2012 — an increase of 42.6%. Older people were found to be forced to sleep in dirty beds and live in unheated rooms, while in other facilities, CQC found that staff were falsifying medical records and falling to investigate claims of abuse. The vast majority (nearly 90%) of warning notices were issued to residential care homes. The CQC said that it was working on a new regulatory approach to be more effective.

Meanwhile, abuse and neglect in care and nursing homes have become an epidemic in the UK, as frequently exposed by the media. In October 2013, the CQC announced plans to install hidden cameras and ‘mystery shoppers’ in care homes in a bid to reduce abuse and neglect by care staff at care homes. The plan to install closed-circuit television (CCTV) at care homes has been supported by the Government.

In April 2014, following the airing of secret filming by BBC *Panorama* which showed some residents being slapped and roughly handled at the Old Deanery Care Village in Braintree, Minister for Care and Support Norman Lamb said:

“I think there is a real danger that if you think that you can create a good culture and

compassionate care through CCTV you will fail completely. But I think it is one of the weapons that the CQC should consider using and indeed they are considering. I think in specific cases where there are allegations or concerns about possible abuse or neglect then there could be a role for it.”

CARE ACT 2014

The Care Bill, introduced in May 2013, received Royal Assent in May 2014. The Bill represents the most significant reforms to social care funding in several decades. The Act aims to reform the law relating to care and support for adults and the law relating to support for carers, to make provisions for safeguarding adults from abuse or neglect and to improve care standards. The Act includes the following:

- introducing a national minimum eligibility threshold for council-funded social care and a limit on the amount people who will have to pay towards their own care costs
- creating a legal framework to protect adults from abuse and neglect, and making local authorities set up a Safeguarding Adults Board (SAB)
- establish a cap on care costs of £72,000 from April 2016
- new powers for the Chief Inspector of Adult Social Care to hold poor-performing providers to account
- a requirement for councils to offer deferred payment schemes so that individuals do not have to sell their homes to pay for residential care in their lifetime
- new rights for carers including the right to an assessment of their needs and the right to get support if they meet eligibility criteria.

CARE HOME FEES

Care home costs in the UK are rising year-on-year as the cost of living increases. According to LaingBuisson's Care Home Survey, the weighted average fees for older care home residents in private-sector homes in the UK were £728 per week for nursing care, and £550 per week for residential care in 2013/2014, up from £672 and £493, respectively, in 2009/2010.

Table 7.2: Average Weekly Fees at Private-Sector Care Homes for Older People in the UK by Type (£), Years Ending April 2010-2014

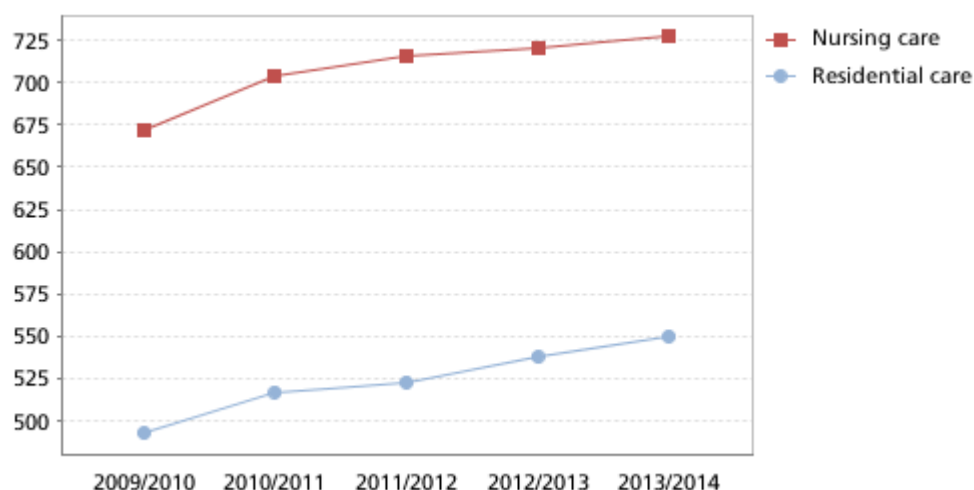
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Nursing care	672	704	716	720	728

Residential care	493	517	523	538	550
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Note: fee rates are based on both public and private funding sources.

Source: LaingBussion Care of Older People 2013/2014

Figure 7.2: Average Weekly Fees at Private Sector Care Homes for Older People in the UK by Type (£), Years Ending April 2010-2014



Note: fee rates are based on both public and private funding sources.

Table 7.3 shows the average weekend fees at private-sector nursing and residential care homes for older people by region in April 2014. As can be seen, weekly fees charged by private-sector care/nursing homes were highest in London and the South East. Across the UK, care home fees in England and Scotland are noticeably higher than that being charged in Wales and Northern Ireland.

Table 7.3: Average Weekly Fees at Private Sector Care Homes for Older People in the UK by Region by Type (£), April 2014

	Nursing	Residential
England		
North East	599	510
North West	668	467
Yorkshire and Humberside	652	499
East Midlands	676	550

West Midlands	685	513
East of England	795	617
London	836	681
South East	887	646
South West	808	581
Average England	738	558
Wales	616	513
Scotland	734	565
Northern Ireland	635	467
Average UK	728	550

Source: LaingBussion Care of Older People 2013/2014

HEALTH AND SOCIAL CARE JOINING UP

In May 2013, the Government announced plans to merge health and social care services from 2015 onwards. The Government believes the failure of health and care services is due to the lack of coordination and communication between the two. This has led to a high number of vulnerable people falling through the gap between the National Health Service (NHS) and social care, which, in turn, leads to hospital bed-blocking by elderly people. Issues identified include:

- patients have to re-tell their story every time they encounter a new service
- they do not get the support they need because of the lack of communication in different parts of the system
- a high number of emergency readmissions occur — older people are discharged from hospital to homes not adapted to their needs and end up back in accident and emergency (A&E)
- home visits from health or care workers happen at different times, with no effort to fit in with people's requirements
- long waits in the hospital due to inadequate coordination between hospital and social care staff.

In its *Integrated Care: Our Shared Commitment*, the Government unveiled plans for a joined-up and coordinated health and care policy as standard by 2018. In Scotland,

integration of health and social care is highlighted in Public Bodies (Joint Working) (Scotland) Act 2014.

The Global Market

INTRODUCTION

The global population has been rapidly ageing in the past 3 decades, with the proportion of the population aged 65 and over in most developed countries having dramatically increased.

In Europe, as people living longer, there has been an increasing demand for long-term care services either in a residential or domiciliary setting. The number of elderly people (those aged over 80 years old) in need of care in Europe is projected to at least double by 2050. According to data published by the Organisation for Economic Co-operation and Development (OECD), the share of the population made up by those over 80 years old will rise from 3.9% in 2010 to 10% in 2050 across OECD nations; and from 4.7% to 11.3% across the EU-27 over the same period.

In June 2013, the OECD published a report, *A Good Life in Old Age? Monitoring and Improving Quality in Long-term Care* — it offered evidence and examples of useful experience from leading European countries to help policy makers to measure and improve the quality of long-term care services.

EUROPE

The need for long-term care is closely linked to old age as the older population tends to have the highest disability rate. The globally ageing population will push an increasing number of frail older people (particularly those aged 80 and over) into needing long-term care services. According to the *World Alzheimer Report 2013: An analysis of long-term care for dementia* — published by Alzheimer's Disease International — around half of all the global older population who need personal care live with dementia, while 80% of older people in nursing homes are living with dementia.

In most parts of Europe, long-term care is funded by the Government through taxes or social insurance. Demand for long-term care services is expected to rise dramatically over the next few decades, together with costs. According to a recent report published by the European Commission in 2010, 17.4% of the population in EU Member States were aged 65 and over. It projected that the percentage will rise steadily over the next few decades. By 2050, the elderly population in the EU-27 will account for 28.7% of the population total. The projected increase in demand for long-term care services driven by the ageing population will present a major challenge for the governments in Europe.

Table 8.1: The Elderly Population in the EU-27 as a Percentage of the Total Population by Country, 2010, 2020, 2030, 2040 and 2050

	2010	2020	2030	2040	2050
Country					
Belgium	17.2	19.3	22.5	24.3	24.9
Bulgaria	17.6	21.0	24.3	27.6	31.2
Czech Republic	15.4	19.8	22.1	25.1	28.8
Denmark	16.6	20.0	22.6	24.7	24.7
Germany	20.6	23.2	28.4	31.7	32.3
Estonia	17.0	19.3	22.5	24.9	27.9
Ireland	11.5	14.6	17.7	20.3	22.9
Greece	19.1	21.1	23.9	28.3	31.5
Spain	17.0	19.2	23.1	28.0	31.6
France	16.7	20.3	23.4	25.6	26.1
Italy	20.3	22.4	25.7	30.0	31.5
Cyprus	13.2	16.6	19.7	21.3	24.4
Latvia	17.3	19.2	23.2	26.8	31.2
Lithuania	16.1	17.7	22.3	25.6	27.8
Luxembourg	14.0	15.8	19.6	23.0	25.2
Hungary	16.7	20.0	21.8	25.1	29.4
Malta	15.1	20.7	24.2	25.1	27.8
Netherlands	15.4	19.9	24.3	27.0	26.9
Austria	17.6	19.9	24.4	27.7	28.4
Poland	13.5	18.2	22.6	25.3	30.6
Portugal	18.0	20.7	24.2	28.2	31.4
Romania	14.9	17.6	20.2	25.7	31.1

Slovenia	16.5	20.0	24.4	27.7	30.7
Slovakia	12.3	16.4	20.7	24.4	29.9
Finland	17.3	22.3	25.1	25.5	26.0
Sweden	18.3	20.7	22.5	24.1	24.5
UK	16.5	18.8	21.4	23.2	23.4
Norway	15.0	17.6	20.4	23.0	23.8
EU-27	17.4	20.3	23.8	27.0	28.7

Note: elderly population refers to those aged 65 and over.

Source: The 2012 Ageing Report © European Commission, 2012

THE US

In the US, nearly half of all long-term care costs are paid for by Medicaid — a means-tested and tax-funded scheme to pay for long-term care of those who cannot afford it. The family of older people also play an important part in funding and providing long-term care. The demographic change in the US is expected to be similar to that in Europe, with the number of people aged 65 and over accounting for 20.9% of the total US population in 2050, up from 13.7 % in 2012.

Table 8.2: Population Projection of the US by Age (%)
2012, 2020, 2030, 2040, 2050

	2012	2020	2030	2040	2050
Under 18 years	23.5	22.8	22.4	21.7	21.5
18 to 64 years	62.8	60.4	57.3	57.3	57.6
65 and over	13.7	16.8	20.3	21	20.9

Source: Projections of the Population and Components of Change for the United States: 2015 to 2060 (NP2012-T1), US Census Bureau, Population Division

Forecasts

INTRODUCTION

General Economic Forecasts

National Statistics projects that the UK population will continue to grow over the next 5 years, rising from 64.5 million people in 2014 to 66.3 million people in 2018 — representing an increase of 2.7%. Gross domestic product (GDP) in the UK is predicted to grow by 2.8% in 2014, then moderately over the remaining forecast period, at yearly rates of between 2.4% and 2.5%.

UK inflation is predicted to fall further in 2014, to 2.8%, before levelling at just over 3% between 2015 and 2018. The unemployment rate in the UK will to continue to fall in 2014, to 1.25 million, from 1.42 million in 2013. This decline is expected to continue through to 2018, when the number of unemployment claimants is forecast to stand at just above 1 million claimants.

Table 9.1: Economic Forecasts (000, % and million), 2014-2018

	2014	2015	2016	2017	2018
UK resident population (000)	64,511	64,938	65,386	65,825	66,266
GDP growth (%)	2.8	2.5	2.4	2.4	2.4
Inflation [†] (%)	2.8	2.9	3.1	3.1	3.2
Unemployment [‡] (million)	1.25	1.14	1.07	1.03	1.06

GDP — gross domestic product

† — at retail price index (RPI)

‡ — actual number of claimants; claimant count measures the number of people claiming Jobseeker's Allowance

Source: National Population Projections, 2012-based projections, National Statistics website/Forecasts for the UK Economy: a comparison of independent forecasts, May 2014, HM Treasury © Crown copyright material is reproduced with the permission of the Controller of HMSO (and the Queen's Printer for Scotland)

FORECASTS 2014 TO 2018

The long-term prospects for the elderly care home sector appear to be positive. Key Note forecasts that the UK care home market will grow year-on-year over the next 5 years, by an overall 13.2%, underpinned by the UK's rapidly ageing population. Key Note projects that the private sector will continue to expand over the next 5 years as the public sector diverts long-term care services to the private sector.

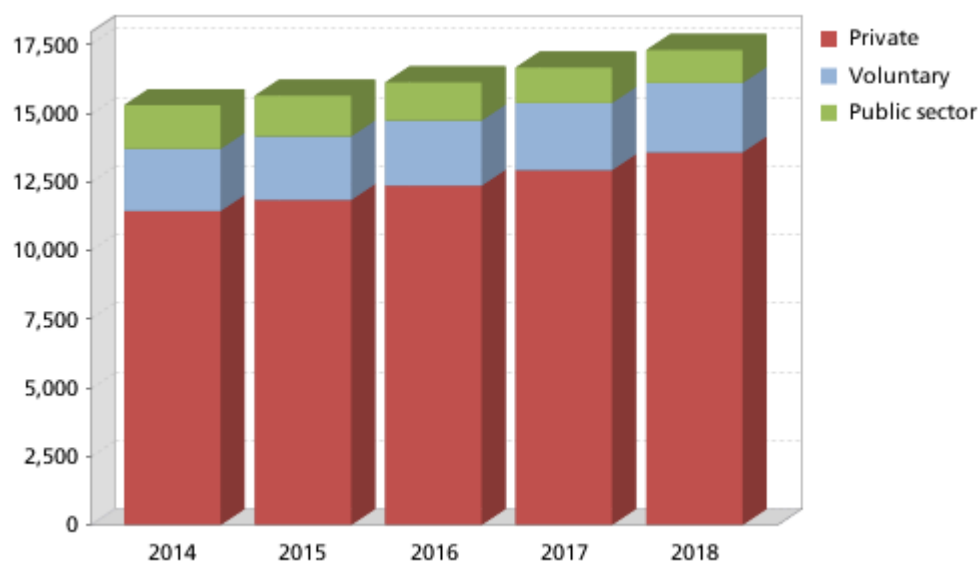
Table 9.2: The Forecast UK Market for Nursing, Residential and Long-Stay Hospital Care of Elderly, Chronically Ill and Physically Disabled People by Sector by Value (£m), Years Ending September 2014-2018

	2014	2015	2016	2017	2018
<u>Private Sector</u>					
Private	11,445	11,851	12,370	12,932	13,580
<i>% change year-on-year</i>	2.2	3.5	4.4	4.5	5.0
Voluntary	2,270	2,319	2,371	2,445	2,532
<i>% change year-on-year</i>	1.7	2.2	2.2	3.1	3.6
Total private sector	13,715	14,170	14,741	15,377	16,112
<i>% change year-on-year</i>	2.1	3.3	4.0	4.3	4.8
Public sector	1,580	1,477	1,387	1,291	1,195
<i>% change year-on-year</i>	-7.3	-6.5	-6.1	-6.9	-7.4
Total	15,295	15,647	16,128	16,668	17,307
<i>% change year-on-year</i>	1.0	2.3	3.1	3.3	3.8

Source: Key Note

Figure 9.1: The Forecast UK Market for Nursing, Residential

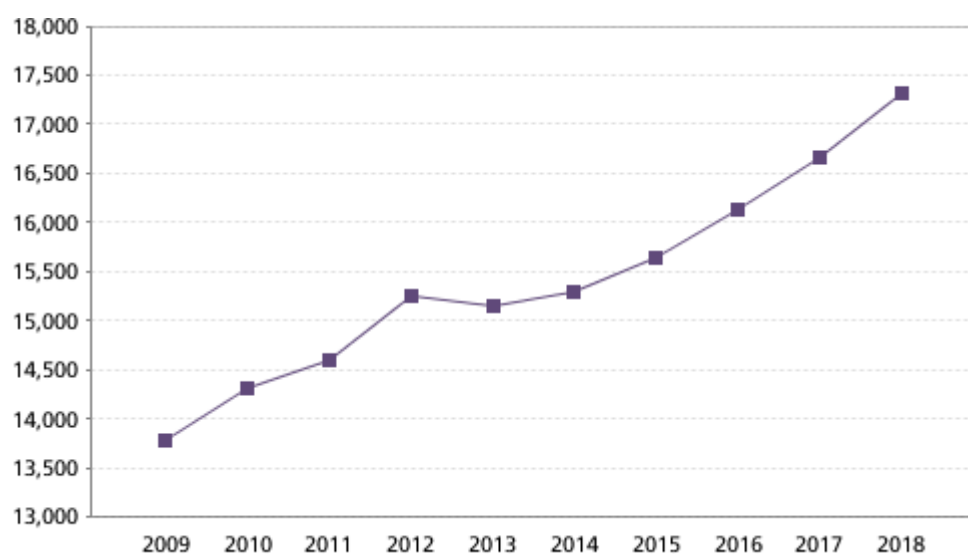
and Long-Stay Hospital Care of Elderly, Chronically Ill and Physically Disabled People by Sector by Value (£m), Years Ending September 2014-2018



MARKET GROWTH

Between 2009 and 2018 the market for nursing, residential and long-stay hospital care of elderly, chronically ill and physically disabled people is expected to grow in value by 25.6% from £13.78bn to £17.31bn.

Figure 9.2: Growth in the UK Market for Nursing, Residential and Long-Stay Hospital Care of Elderly, Chronically Ill and Physically Disabled People by Value (£m), Years Ending March 2009-September 2018



Note: 2009 to 2011 are years ending March, all other years ending September.

FUTURE TRENDS

Ageing Demographics

The population of the UK is expected to continue ageing over coming years. The latest projections from National Statistics reveal that, by 2037, 17.8 million people will be aged 65 and over, accounting for 24.3% of the population total, with 3.6 million aged 85 and over. Older people are more likely to suffer from age-related conditions, such as dementia. This demographic change will inevitably boost demand for long-term care services.

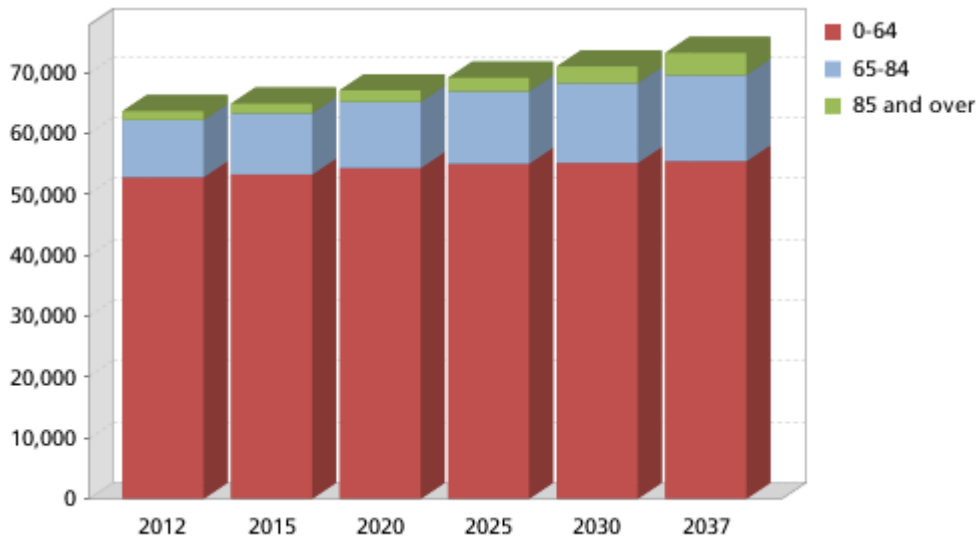
Table 9.3: Population Projections in the UK by Age (000), 2012, 2015, 2020, 2025, 2030, 2037

	2012	2015	2020	2025	2030	2037
0-64	52,864	53,292	54,364	55,071	55,223	55,481
65-84	9,402	10,085	10,918	11,890	13,098	14,153
85 and over	1,439	1,561	1,843	2,224	2,717	3,638
All ages	63,705	64,938	67,126	69,186	71,037	73,272

Note: totals may not sum due to rounding by source.

Source: Principal Projection - UK Population in Age Groups, 2012-based, National Statistics © Crown copyright material is reproduced with the permission of the Controller of HMSO (and the Queen's Printer for Scotland)

Figure 9.2: Population Projections in the UK by Age (000), 2012, 2015, 2020, 2025, 2030, 2037



Robot Care

As technology continues to advance, new ways of caring for elderly and disabled people are being developed across the world. For example, Japanese car manufacturers are currently developing devices to help carry elderly people or provide mobility assistance. The idea of using robots to care for the elderly is also being trialled in several countries including the UK and Singapore.

Public Funding Squeeze Continues Over Next Few Years

Publicly funded elderly care has been hit by the Government's funding cuts; as noted earlier, local authorities' (LAs') total budgeted current expenditure on older people decreased year-on-year since 2009 (see Chapter 7 — Current Issues). Key Note projects that this downturn trend in LA budget will continue over the next 3 years as many councils find that their budgets continue to be squeezed. The reduction in public funding coupled with increasing demand from an ageing population means more people will be unable to receive public-funded care services. According to figures from the Health & Social Care Information Centre (HSCIC), the proportion of older adults receiving social care services funded by local councils has declined since 2008/2009, from around 15% to 9.9% in 2012/2013. Several charities (including Age UK) called for the Government to inject new money into the social care system.

Further Sources

Associations

Care England

<http://www.careengland.org.uk>

National Care Association

<http://www.nationalcareassociation.org.uk>

National Care Forum

<http://www.nationalcareforum.org.uk>

National Institute for Health and Clinical Excellence

<http://www.nice.org.uk>

Registered Nursing Home Association

<http://www.rnha.co.uk>

Royal College of Nursing

<http://www.rcn.org.uk>

Publications

- The 2012 Ageing Report

European Commission

<http://ec.europa.eu>

- Care of Older People 2013/2014

LaingBuisson

<http://www.laingbuisson.co.uk>

- World Alzheimer Report 2013: An analysis of long-term care for dementia

Alzheimer's Disease International

<http://www.alz.co.uk>

General Sources

NEMS Market Research

<http://www.nemsmr.co.uk>

Nielsen

<http://www.nielsen.com>

Government Publications

Department for Communities and Local Government

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>

- Local Authority Revenue Expenditure and Financing England Budget 2009/2010-2013/2014

Health and Social Care Information Centre

<http://www.hscic.gov.uk>

- Personal Social Services: Expenditure and Unit Costs, England (2012-2013)

HM Treasury

<https://www.gov.uk/government/organisations/hm-treasury>

- Forecasts for the UK Economy —Treasury Independent Average, May 2014

National Statistics

<http://www.statistics.gov.uk>

- Consumer Price Inflation, April 2014
- Labour Market Statistics, May 2014
- National Population Projections, 2012-based projections
- Population Estimates for UK, England and Wales, Scotland and Northern Ireland, Mid-2001 to Mid-2010 Revised, December 2013
- UK Business: Activity, Size and Location 2013
- United Kingdom Economic Accounts Q4 2013, published March 2014

The Scottish Government

<http://www.scotland.gov.uk>

- Free Personal and Nursing Care 2012-13

Other Sources

Care Quality Commission

<http://www.cqc.org.uk>

Health and Social Care Information Centre

<http://www.hscic.gov.uk>

Knight Frank

<http://www.knightfrank.co.uk>

Organisation for Economic Co-operation and Development

<http://www.oecd.org>

US Census Bureau

<http://www.census.gov>

Understanding Consumer Survey Data

TGI tables, produced by Kantar Media, are generally based on one of the following groups: households — consisting of either one person living alone or a group of people, usually members of one family, who live together and whose food and other household expenses are managed as one unit; adults — aged 15 or over; housewives — a member of a private household who is solely or mainly responsible for the household duties.

NEMS Market Research is often commissioned by Key Note to conduct exclusive consumer surveys among a representative sample of adults aged 16 and over in Great Britain.

Number, Profile, Penetration

Tables used in Key Note reports may give figures for the Number, Profile, and/or Penetration.

	Table Heading			
	Population	Number (000)	Profile (%)	Penetration (%)
All housewives	20,371	13,535	100.0	66.4
Age				
15-24		1,045	7.7	0.03
25-34		2,697	19.9	12.1
Social Grade				
AB			.0	61.5
C1			.0	71.9
Region				
Greater London		2,557	10.4	55.2

Source: Target Group Index, © Kantar Media, 1995

The total number of adults, housewives, households, etc.

Across
The % of 15-24 year-olds, etc. who are users.

This is the projected number of people in each subgroup who use the product.

Down
The % of each subgroup who are users. Each subgroup should total 100% vertically.

Social Grade

This is normally based on the occupation of the Head of the Household, or if the Head of the Household is retired, their former occupation. If this information is not available,

social grade is based on environmental factors such as type of dwelling, amenities in the home, presence of domestic help, etc.

The following table broadly defines the six social grades used. The relationship between social grade and net income of the Head of the Household is a complex one and readers should note that income is not determinant of social grade.

Social Grade	Social Status	Head of Household's Occupation
A	Upper middle class	Higher managerial, administrative or professional
B	Middle class	Intermediate managerial, administrative or professional
C1	Lower middle class	Supervisory or clerical and junior managerial, administrative or professional
C2	Skilled working class	Skilled manual workers
D	Working class	Semi and unskilled workers
E	Those at lowest levels of subsistence (no other earner)	State pensioners or widows

Standard Region

This is as defined by the Registrar-General.

Key Note Research

Key Note is a leading supplier of market information, publishing an extensive range of consumer, industrial, business-to-business and services titles. With over 30 years' experience, Key Note represents clear, concise, quality market information.

For all reports, Key Note undertakes various types of research:

Online searching is carried out by product code or free search method, and covers the period from the last edition of the report to the current day.

Trade sources, such as trade associations, trade journals and specific company contacts, are invaluable to the Key Note research process.

Secondary data are provided by Kantar Media (TGI) and Nielsen for consumer/demographic information and advertising expenditure, respectively. In addition, various official publications published by National Statistics, etc. are used for essential background data and market trends.

Interviews are undertaken by Key Note for various reports, either face-to-face or by telephone. This provides qualitative data ('industry comment') to enhance the statistics in reports; questionnaires may also be used.

Field research is commissioned for various consumer reports and market reviews, and is carried out by NEMS Market Research.

Key Note estimates are derived from statistical analysis and trade research carried out by experienced research analysts. Up-to-date figures are inserted where possible, although there will be some instances where a realistic estimate cannot be made or external sources request that we do not update their figures.

Key Note Editorial, 2014

