

Care Homes Market Study
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Dear Sirs

Market study of care homes

We are writing with regard to the CMA's market study of care homes, and welcome the opportunity to provide our preliminary comments on the CMA's Statement of Scope dated 2 December 2016.

Care UK is one of the UK's leading independent providers of health and social care. It operates 114 care homes with over 7,400 beds providing both residential and nursing care for older people, particularly those suffering from dementia or related conditions. It also runs 20 day care centres with approximately 750 places.

The CMA recognises that the decision to enter a care home is a major decision which can come at a difficult and stressful time for older people and their families. The social care system can be confusing and surprising, and few families are sufficiently prepared for the challenge of navigating their way through the available options in public and privately-funded social care.

Care UK fully supports the need to ensure that consumers have as much information as possible so that they can understand and make well-informed choices about the type of care which best suits their needs. It is vital that providers help families through this period with empathy, transparency and fairness. Providers should ensure that contract terms are clear and transparent, that there are appropriate complaints and redress procedures, and that there is sufficient information about the type and quality of care available.

The CMA is also right to include the role of local authorities and the impact of commissioning practices on the market. The public sector is still the single largest purchaser, with around 60% of care home residents who are wholly or partially publicly-funded. Local authorities are pivotal to the functioning of this market, not just as customers, but as the principal route through which families can access information and compare the options available.

The market in which Care UK operates is highly competitive at a national, regional and local level. There is a wide range of independent providers, including private, not-for-profit and

voluntary sector operators, offering a wide range of different types of services, catering for different needs. The market is extremely broad-based and fragmented.

However, the CMA correctly notes in the Statement of Scope that a key issue for the sector is the long-term sustainability of care homes under the current public funding regime. While we appreciate that public funding levels are for government to determine, it is imperative for the CMA to understand the economic context in which care homes operate and the challenging financial pressures on providers. The level of local authority funding, combined with rising costs such as the introduction of the National Living Wage, raises concerns about the stability of many businesses. This has an important bearing on the competitive process and the level of new investment in new facilities and services and the choices available to consumers. The CMA acknowledges that businesses must be able to "operate and invest for the future with confidence", but there are currently challenging economic pressures, and new investment is largely targeted at people able to fund their own care.

The independent provision of care homes accounts for around £15 billion annually, and is a significant sector of the economy. The sector has an important role to play in achieving the policy goals of a more integrated health and social care system. The Statement of Scope raises some important issues and Care UK looks forward to engaging with the CMA as the study progresses. Please let us know if we can be of any further assistance.

Yours faithfully

Jonathan Calow
Company Secretary