



Welcome

Welcome to Haslers's Focus on...bulletin, looking at news and information relevant to specific business and industry sectors.

This Focus on Care and Nursing Homes bulletin takes a look at the impact of local authority

cuts, as well as potential opportunities for businesses that are willing to adapt to the changing climate.

If you have any feedback on this issue of Focus on Care and Nursing Homes, or would like to know more about our services

or how we can help you, please contact us on **020 8418 3333** or email **Laurence Jacobs (Partner, Business Services Group)** Laurence.jacobs@haslers.com or **Jon O'Shea (Partner, Tax Consultancy)** jon.oshea@haslers.com.

Council fees cut by 2.5 percent

Research by a leading health economist has indicated that care homes are facing average real term cuts of 2.5 percent in fees from local councils.

Preliminary figures from William Laing, who carries out an annual survey of the fees councils pay to care homes, found that there had been an average rise in fees across the UK of 0.5 percent – the equivalent of a real terms cut of 2.5 percent after inflation is taken into account. Where councils have frozen fees, the cut is three percent in real terms.

The figures were based on 70 percent of the councils in Britain. Mr Laing told the BBC that, on average, local authorities were paying around £100 less than the true cost of care for each resident.

Peter Hay, president of the Association of Directors of Adult Social Services, told the BBC that 80 percent of councils had kept



their fees at the same level as last year or had made a small increase. He added: "We are giving every priority to the sector in a very difficult context.

"We have got to ask questions about trying to work together to manage this very difficult financial climate. That means looking at what use we make of residential care, how much of it we want and how to deliver good quality care of the type and volume that we need."

These figures underline just how difficult life is for many private care homes.

While care home businesses will already have been working hard to reduce waste and operate as cost-effectively as possible, they may find it helpful to seek the advice of an independent adviser, like Haslers. We can take an objective view of their operation to identify areas for further efficiencies and improved performance that they may not have considered.



Research highlights new opportunities for the future

Care homes are currently facing challenging times, but the future may hold further opportunities for the sector, according to a new report.

Research from Newcastle University's Institute for Ageing and Health suggested that growth in the over-80 population would result in 630,000 more care home places being required by 2030, an 82 percent increase on the current figure.

It reported that in 2010 there were 2.6 million people aged over 80, but by 2030 that was

expected to rise to 4.8 million, with one in five of those needing regular care.

The research was based on interviews with 841 Tyneside people born in 1921 about their ability to perform everyday tasks such as cooking, dressing and washing to measure their self-sufficiency.

Four-fifths – 80 percent – required little or no support, a figure that Carol Jagger, joint author of the paper and AXA Professor of Epidemiology of Ageing at Newcastle University, described as “encouraging”.

But she added: “The demographics are changing so

much and so rapidly that action is needed now to prevent a major problem a few years down the line.”

This research suggests that there will be real opportunities in the care sector in the future, although it also indicates that the way long-term care is delivered will have to change due to a decline in the number of working age adults available for employment in the sector.

The message seems to be that opportunities are there for care businesses that are willing to innovate and work flexibly in response to changing demands.

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