



CSI

Market Intelligence

Investigates

WHERE HAVE ALL THE PUBLICLY RUN CARE HOMES GONE?



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Investigations

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Introduction

In the 1970s and 1980s, the landscape of care for older people in the UK was significantly different from what it is today. At that time, most care homes for older people were run by local authorities or the NHS.

It is estimated that in 1970, around 64,000 older people were in local authority homes. This was about 60-70% of the care home provision at the time.

In 1980 it is estimated that local authorities provided care to around 55,000-60,000 older people in their homes, but this number was slowly decreasing as private sector homes began to expand rapidly.

In 1980 the 75 plus population was 2.6 million which is around half the total at the 2021 Census.

From the mid-1980s onwards, the number of private sector homes grew significantly, due to changes in policy encouraging the expansion of private care. Local authority provision began to decline rapidly in the later years of the decade.

And today we find that there are just over 7,800 beds available in local authority care homes, providing just 2% of all beds available.

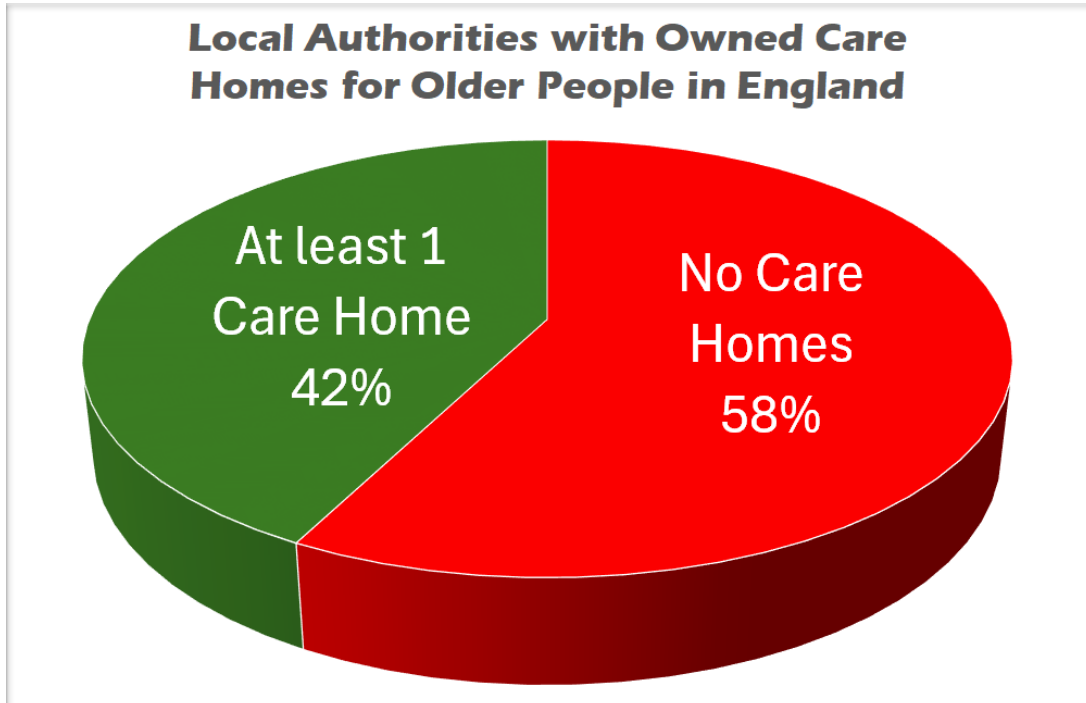
But in addition to the vastly reduced market share of the public care home bed we find that the sector continues to reduce with many local authorities now without any homes, and many more heading that way.

This report takes a look at the different situations within the authorities where public home market shares are in the late teens and as high as 29%, and investigates the reasons why some authorities have exited the market.

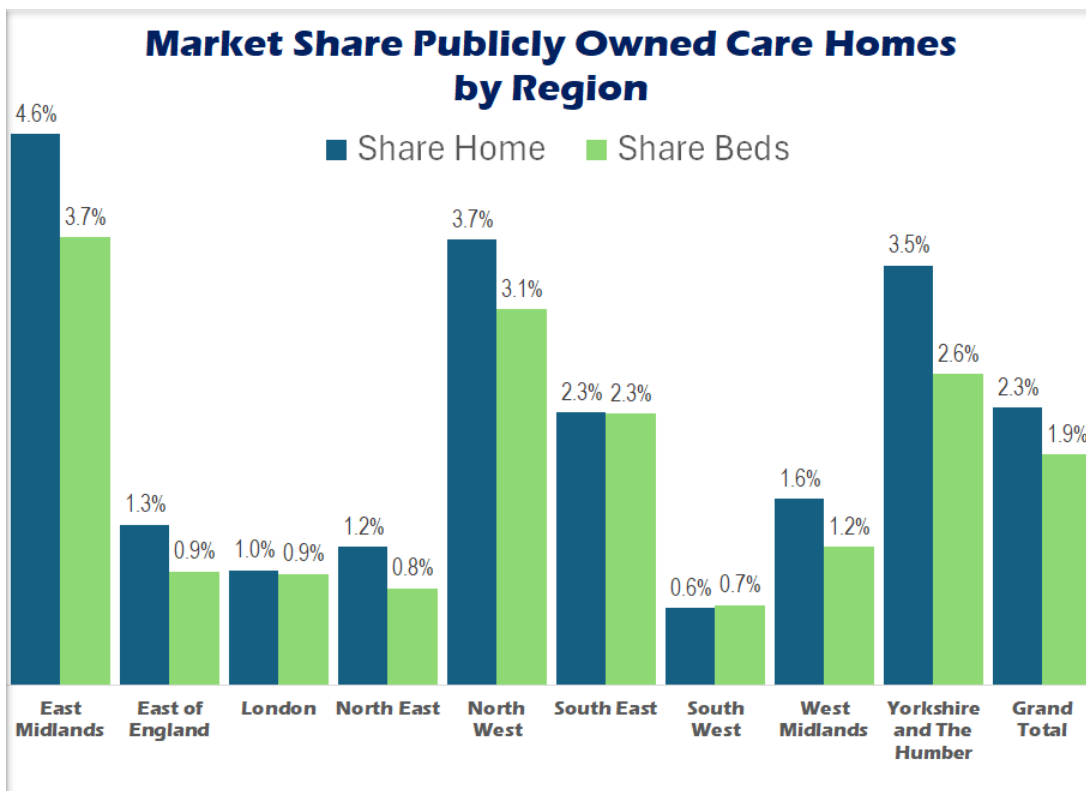
The Situation Today

As at 1st August 2024 there were 223 care homes owned and run by local authorities with 7,871 beds accounting for just 1.9% share of all care home beds for older people in England.

That 1.9% share is far from evenly spread as we can see in this pie chart that 58% of local authorities do not have a single care home.



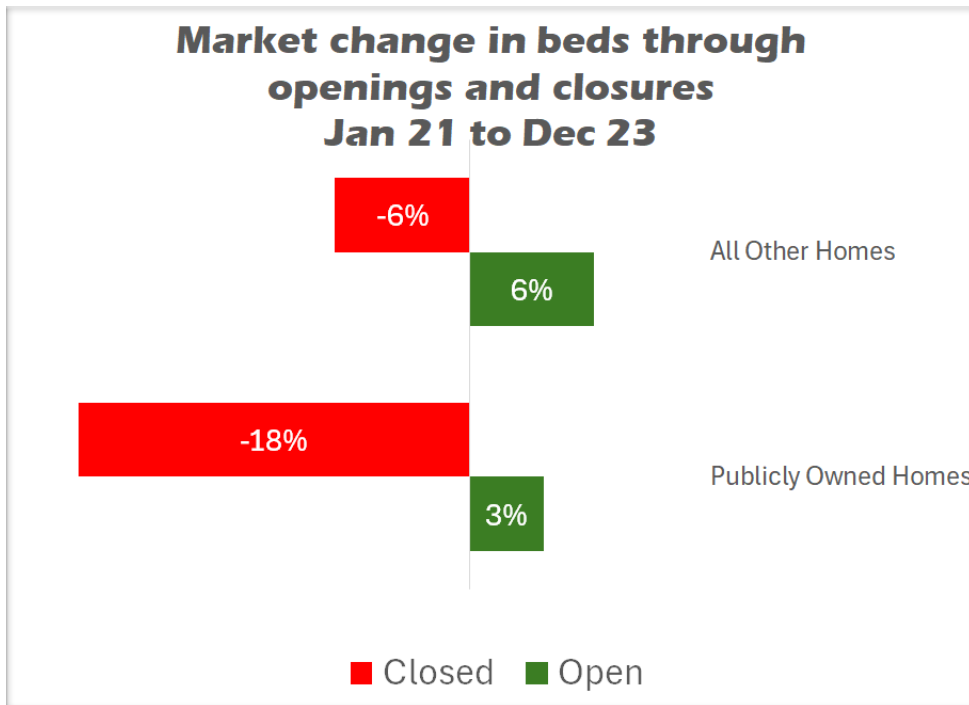
Share of market by region varies from as low as 0.6% in South West to 3.7% in the East Midlands. There is no real north-south divide with variances within the respective North, Midland and Southern regions. As can be seen, with a couple of exceptions, share of homes is greater than that of beds meaning on average public homes are smaller than their private equivalent.



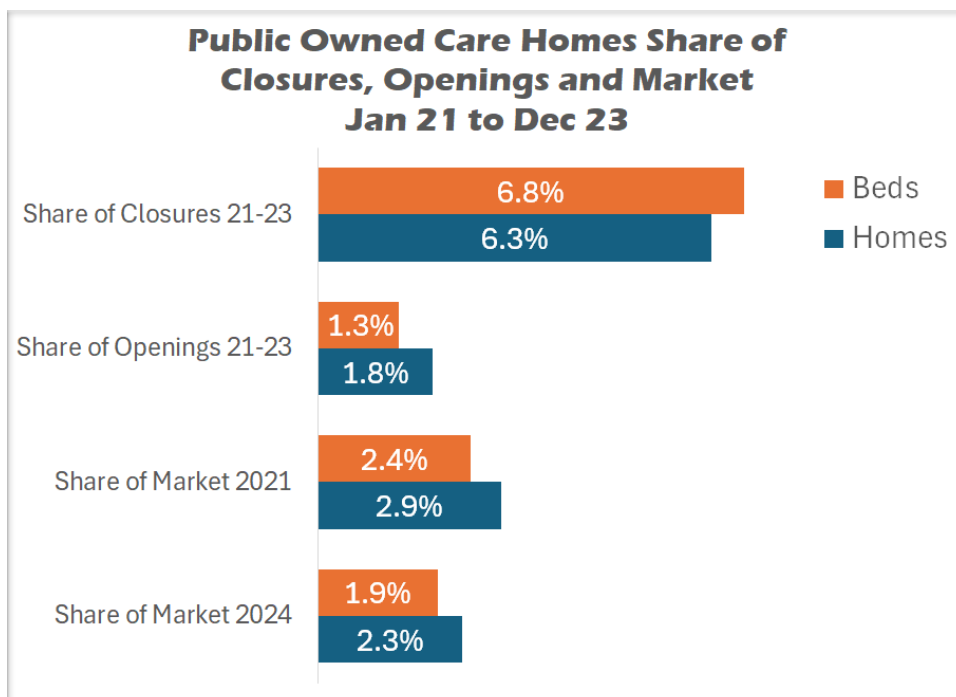
Recent decline

If we look at openings and closures between the start of 2021 to the end of 2023 we can see that the public sector has reduced whilst the rest of the market has stayed level.

Rule of thumb is that in recent years there are around two closures for every care home opening, however as the closing homes were smaller than those that opened meaning that the number of beds in the rest of the market has stayed relatively flat. However the public sector lost 18% of its beds from closures and only gained 3% from openings.



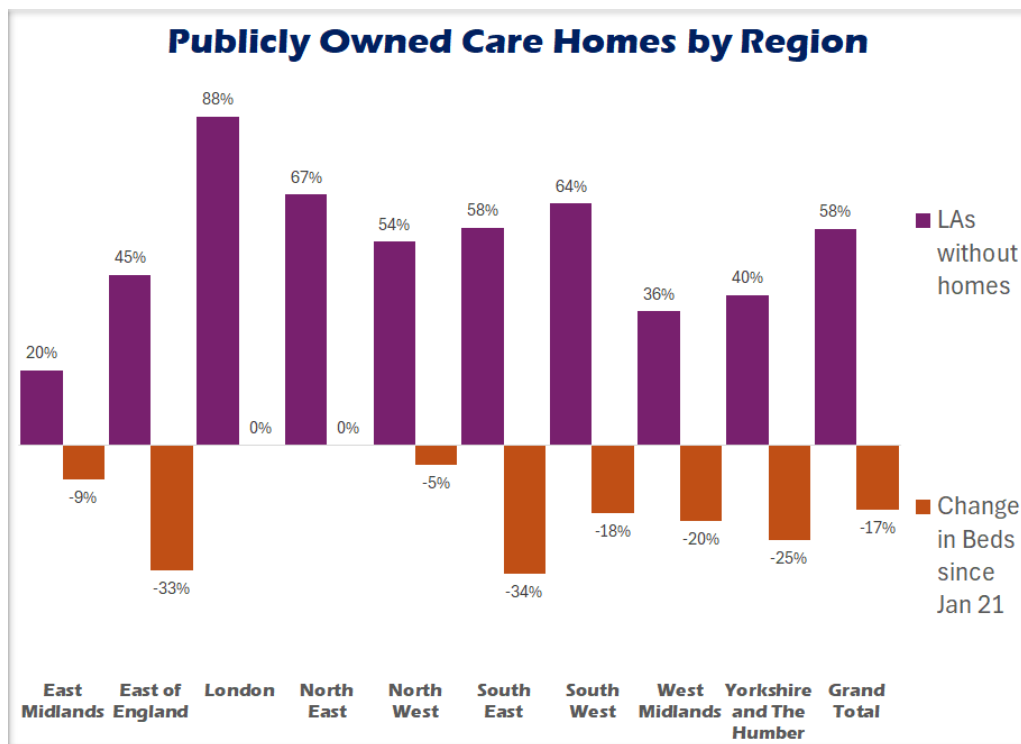
Public homes made up just under 6.3% of all closures over that period, and 6.8% of beds lost. But it only made up only 1.8% of care home openings, and 1.3% of new beds and therefore dropped from 2.9% share of homes in 2021 to 2.3% at the start of 2024 (2.4% down to 1.9% share of beds.)



Regions

We previously referred to the varying market shares of public homes across the nine regions.

In purple the chart below shows the percentage of authorities within each region that do not have a single care home and this ranges from just 20% in East Midlands up to 88% in London.



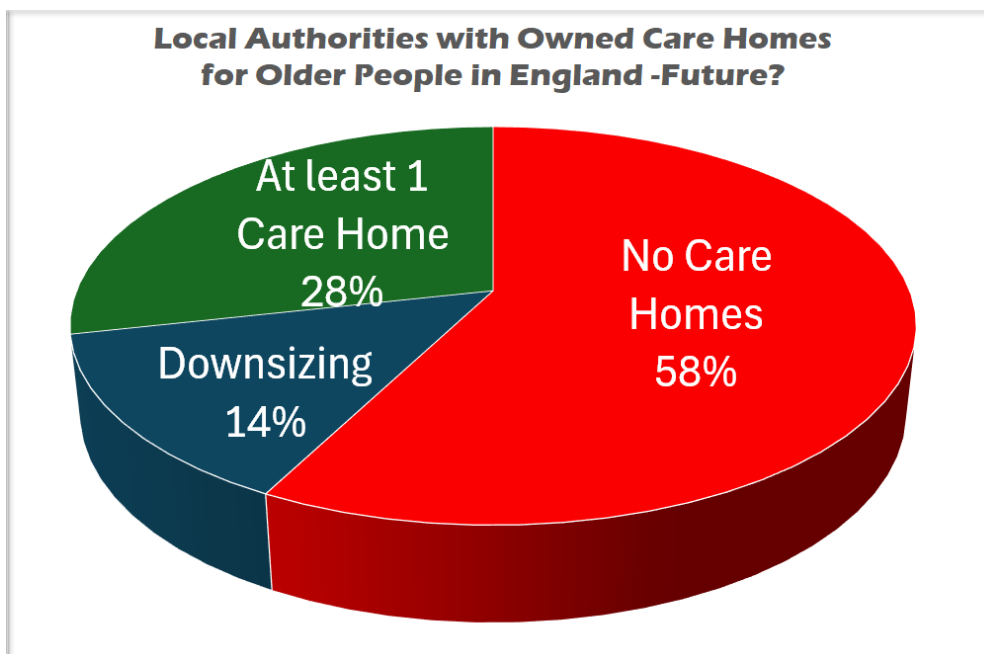
The brown bar denotes the drop in care home beds since 2021 and we can see again quite a difference across the regions.

Interestingly only two regions have shown managed to avoid a decrease - London and the North East, but they both have a high percentage of authorities that do not have a single home, and are the two authorities with the lowest number of beds across the total market.

The largest bed losses are 34% in the South East which still has a 2.3% market share which is above the national share and still has some way to tumble, whereas there was a 33% decrease in the East of England and 18% in the South West which now have market shares of 0.9% and 0.7% respectively and so are much closer to total exit.

The Future?

So whilst we currently have a situation where 58% of local authorities are bereft of any care homes, what of the future?



Since 2020 21 local authorities have “downsized” and seen their portfolios reduce, which is equivalent to a further 14% of all authorities, and a third of these will not have any homes left in 2027 if their recent decline continues.

And of the 43 local authorities that do have a home, but did not downsize since 2020, over half of these are in the precarious position of only having one or two homes.

How long will these authorities retain that scant provision?

Rationale

So having seen the numbers we now ask what is the rationale that made certain authorities reduce their provision of direct care, and others stay with it?

We looked at state versus self-funding areas to see whether those with higher levels of local authority funded residents had higher shares of public homes.

And also at the scale of economic deprivation across the authorities.

The logic behind this was that private investors would be reticent to invest in areas where there was less chance of getting self funded residents, which would necessitate the local authority investing in this provision to ensure there were enough beds to meet local demand.

Neither measurement showed any real variance between those with public homes and those without. We found areas at the different ends of the economic scale having authorities in both camps.

We then considered size and found that the larger county authorities varied from no public homes up to nearly 10% public market share, so no pattern here either.

The much smaller London Boroughs did have a high percentage with zero homes (see previous regional data) but also, like the larger authorities, some with double figure market share.

Excluding London the smaller Unitary Authorities (UAs) also had a higher percentage of no homes but when you only have a small number of homes in total this is hardly surprising.

But like the London Boroughs the smaller UAs also had some with a higher public market share.

So there are no clear markers for why a local authority does or doesn't support its older populations with some direct care provision.

Reason for closing?

Obviously the shrinking public ownership goes back to the 1980s and is not a recent activity, so it is difficult to pinpoint the rationale for which care homes were closed, and there may well have been different reasons over that long time period.

More recently though we can cite from reading press releases that "not fit for purpose" was the reason for the exiting of at least two local authorities - York and Surrey, both of which.

So we can surmise that the overall decline has been primarily due to lack of investment in existing facilities which has affected their strategic decision making.

CSI will revisit this subject in a few years but would value any external input.

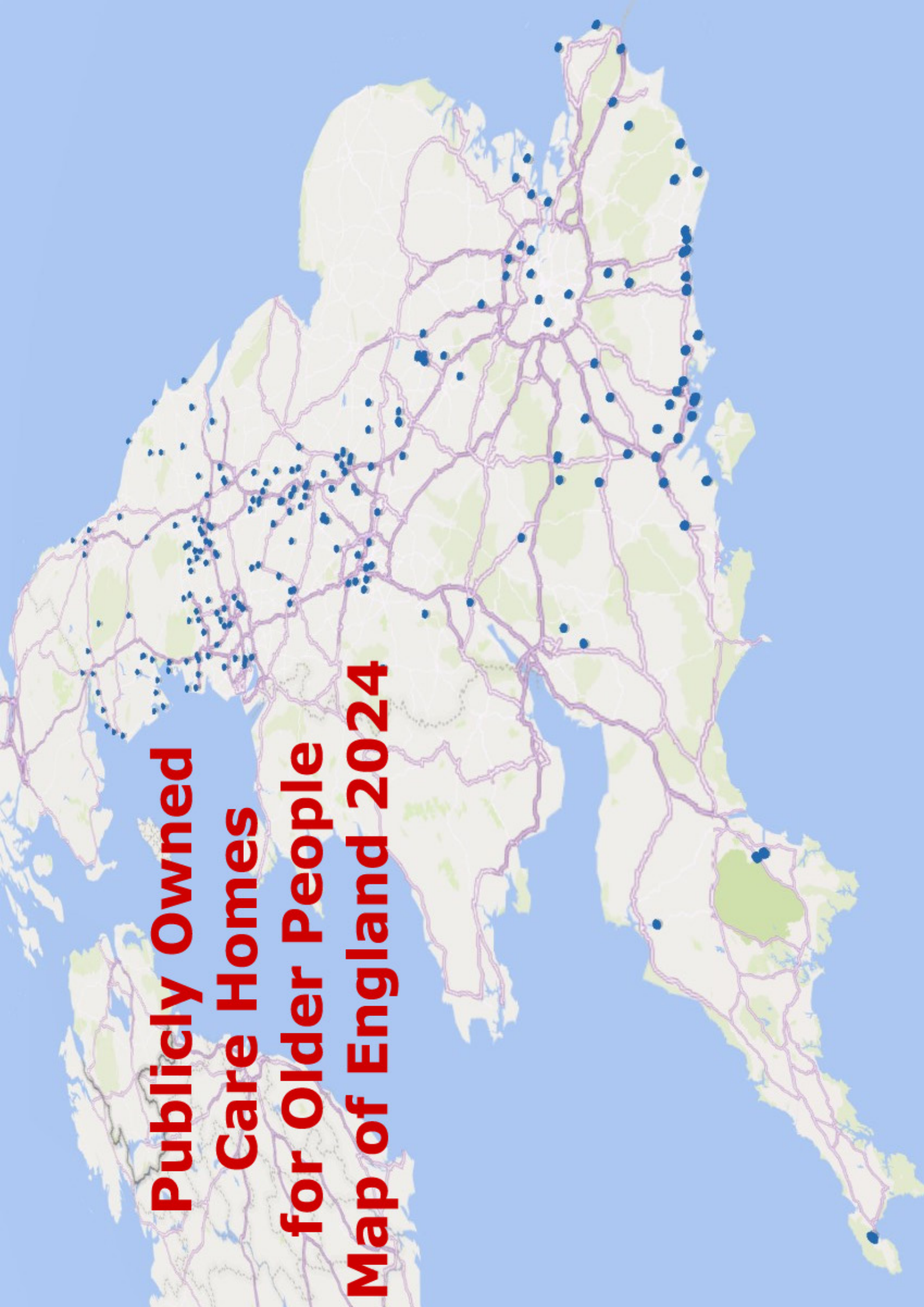
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Appendix: Publicly Owned Care Homes for Older People Map of England 2024

**Publicly Owned
Care Homes
for Older People
Map of England 2024**





Enabling informed decision making in social care

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