

JUST.

**The market for
care planning advice**

Learning objectives

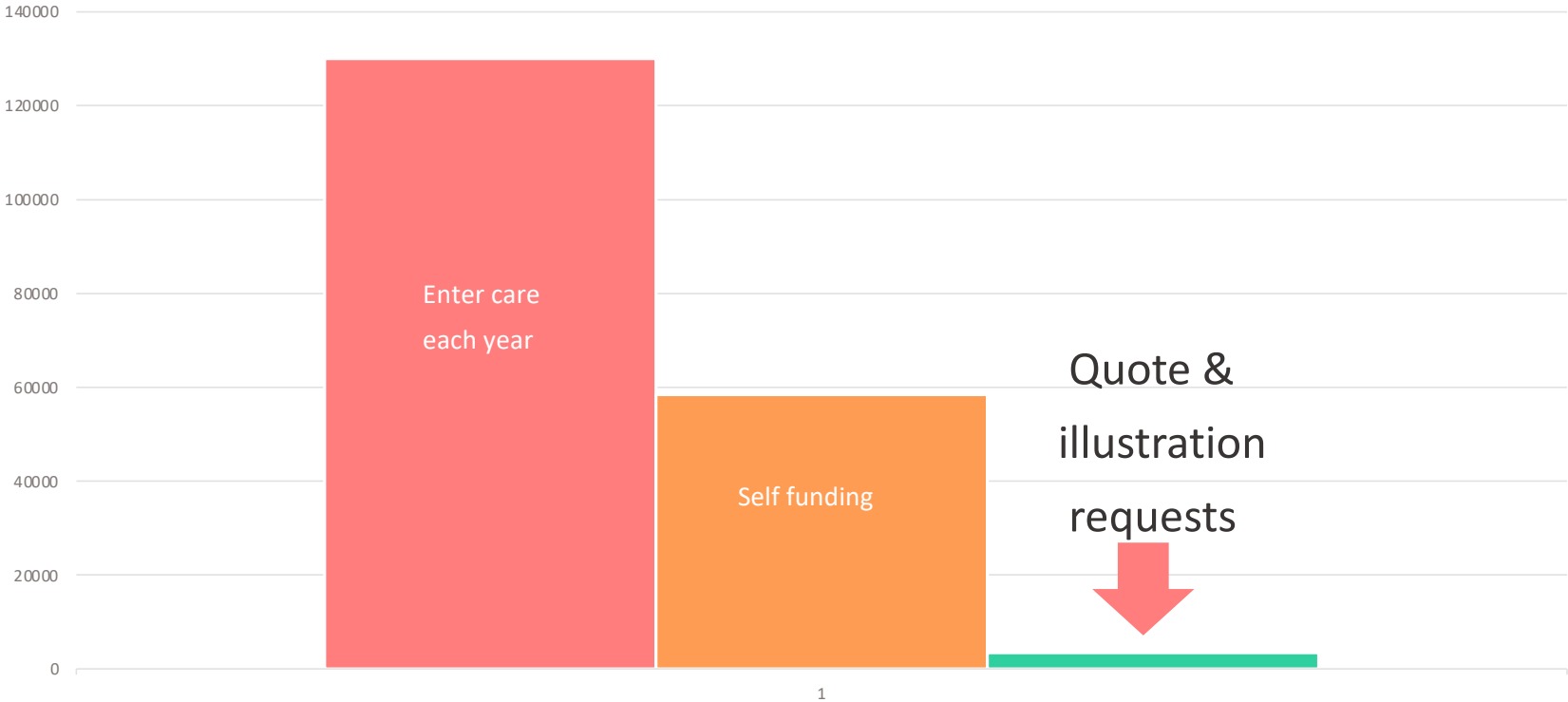
By attending this session, delegates will be able to :

- Assess the size and potential for advice in the care market
- Analyse the longevity and demographic issues in the UK
- Evaluate the government proposals for dealing with health and social care

Numbers in care homes
getting advice?



Where we are at for advice



Source: Laing and Buisson Care Homes for Older People, 31st edition 2021

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The number of older people is growing!

In UK in 2019, there were:

12 million
people aged
over 65

1.6 million
people aged
over 85

14,430
people aged
over 100

The projections

In next 11 years,
1 in 5
people aged
over 65

In next 22 years,
3.2 million
people aged
over 85

1 in 5
will live to see their
100th birthday

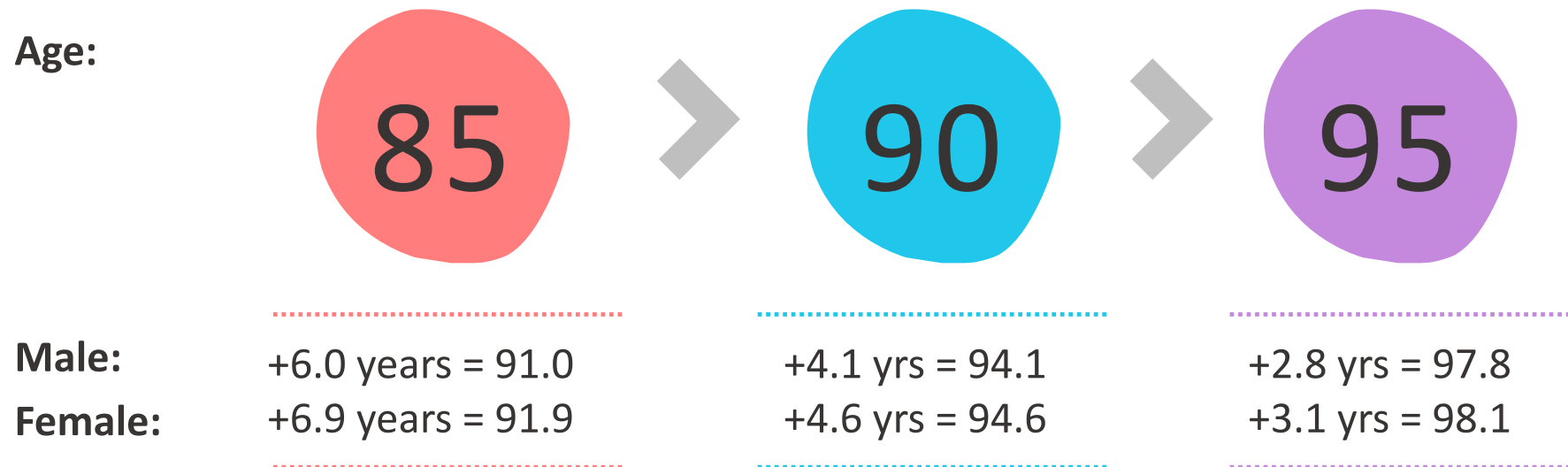


Fastest growth is the **post 85 age cohort**

Source: Age UK Later Life in the United Kingdom May 2019 Report

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The longevity challenge – the longer we live.....



Source: Office for National Statistics - Period expectation of life based on data for the years 2017-2019 for the UK, cohort life expectancy, for males and females, at the ages shown.
Figures released 24/09/2020

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More affluent live longer – self funders

Why life expectancy gap between rich and poor in UK is growing

THE WEEK

Nov 23 2018

New study reveals low-earners are dying almost ten years younger than more affluent peers



Researchers say poorer families are struggling to afford healthy food

- Fresh food costs
- Medical care
- Benefits cut

<https://www.theweek.co.uk/uk-news/98017/life-expectancy-gap-between-rich-and-poor-widens-to-almost-10-years>

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Change in life expectancy over the years!

- Female age 90 in 2021 – born in 1931
- Life expectancy of a female in 1931 was 62.9 years
- Life expectancy at age 90 = about 5 years
- Takes her to 95
- 32 years more than when she was born!

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/lifeexpectancies/articles/howhaslifeexpectancychangedovertime/2015-09-09>

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Care home costs



Average regional cost of residential care homes

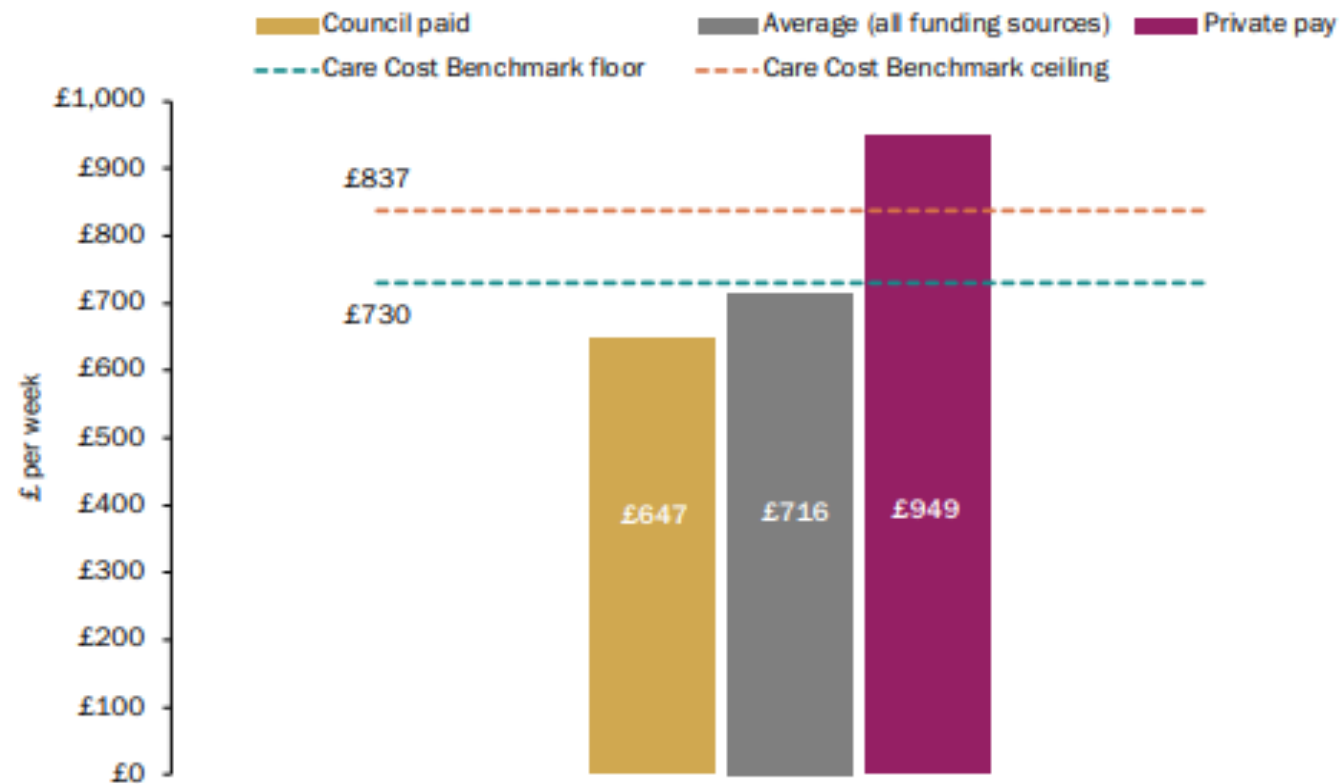
	Nursing Care			Residential Care		
	Frail Older	Dementia	Weighted average	Frail Older	Dementia	Weighted average
North East	£882	£913	£900	£636	£652	£642
North West	£872	£902	£890	£629	£645	£635
Yorkshire & the Humber	£889	£920	£907	£641	£657	£647
East Midlands	£955	£988	£974	£688	£705	£695
West Midlands	£935	£968	£954	£674	£691	£681
East of England	£955	£988	£974	£688	£705	£695
London	£1,123	£1,161	£1,145	£809	£829	£817
South East	£1,191	£1,232	£1,214	£858	£880	£866
South West	£1,117	£1,156	£1,140	£805	£825	£813
England	£1,003	£1,038	£1,038	£723	£741	£730
Wales	£983	£1,017	£998	£709	£727	£716
Scotland	£863	£893	£881	£850	£869	£858
Northern Ireland	£720	£745	£735	£546	£558	£551
UK	£924	£956	£937	£667	£682	£672

Source: Laing and Buisson, Care of Older People UK Market Report 32nd Edition 2022

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Residential home fee differential England



Source: Laing and Buisson Care of Elderly market report 32nd Edition

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Self fund versus local authority

Nation/region	Average LA fee per week per resident £	Average LA fee per week per self-funder £	Average fee differential £ ¹	Average fee differential %	Median fee differential %	Number of care homes ²
England	610	851	245	43	41	1,690
East Midlands	586	781	195	35	34	182
East of England	584	856	274	50	49	240
Greater London	733	1,051	325	49	47	114
North East	568	669	121	23	23	136
North West	544	776	232	45	44	239
South East	710	1,063	348	52	49	245
South West	657	876	226	37	36	161
West Midlands	605	829	242	45	46	175
Yorkshire and the Humber	533	722	191	37	36	198
Scotland	640	880	240	38	35	170
Wales	602	800	199	36	34	53
UK	621	846	236	41	40	1,980

Source: Laing and Buisson Care Homes for Older People Report, 32nd edition

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Self-pay by region

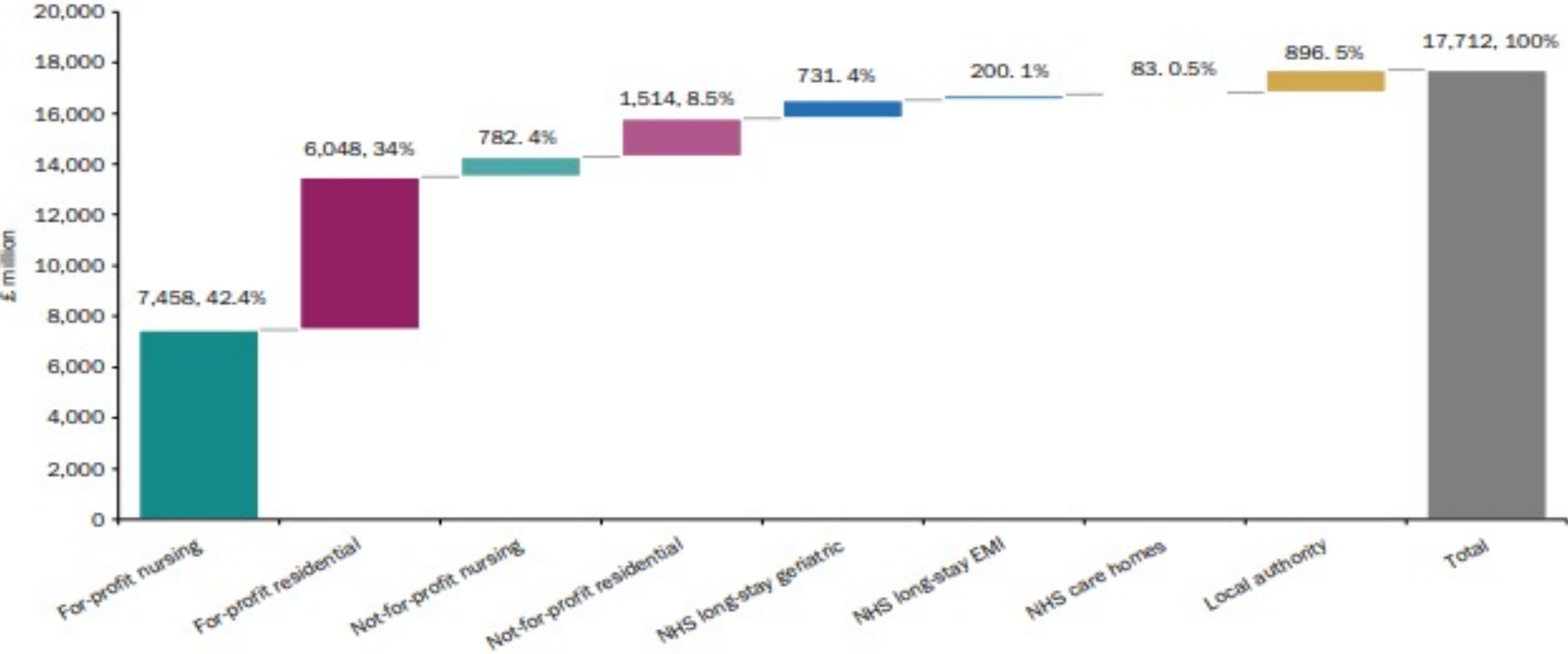
	Private pay percentage
North East	24%
North West	37%
Yorkshire & the Humber	42%
East Midlands	43%
West Midlands	40%
East of England	49%
Greater London	44%
South East	59%
South West	53%
ENGLAND	46%
Wales	30%
Scotland	38%
Northern Ireland	10%
UK	44%

Source: Laing and Buisson Care of Elderly market report 32nd Edition

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Value of UK care home services for older people



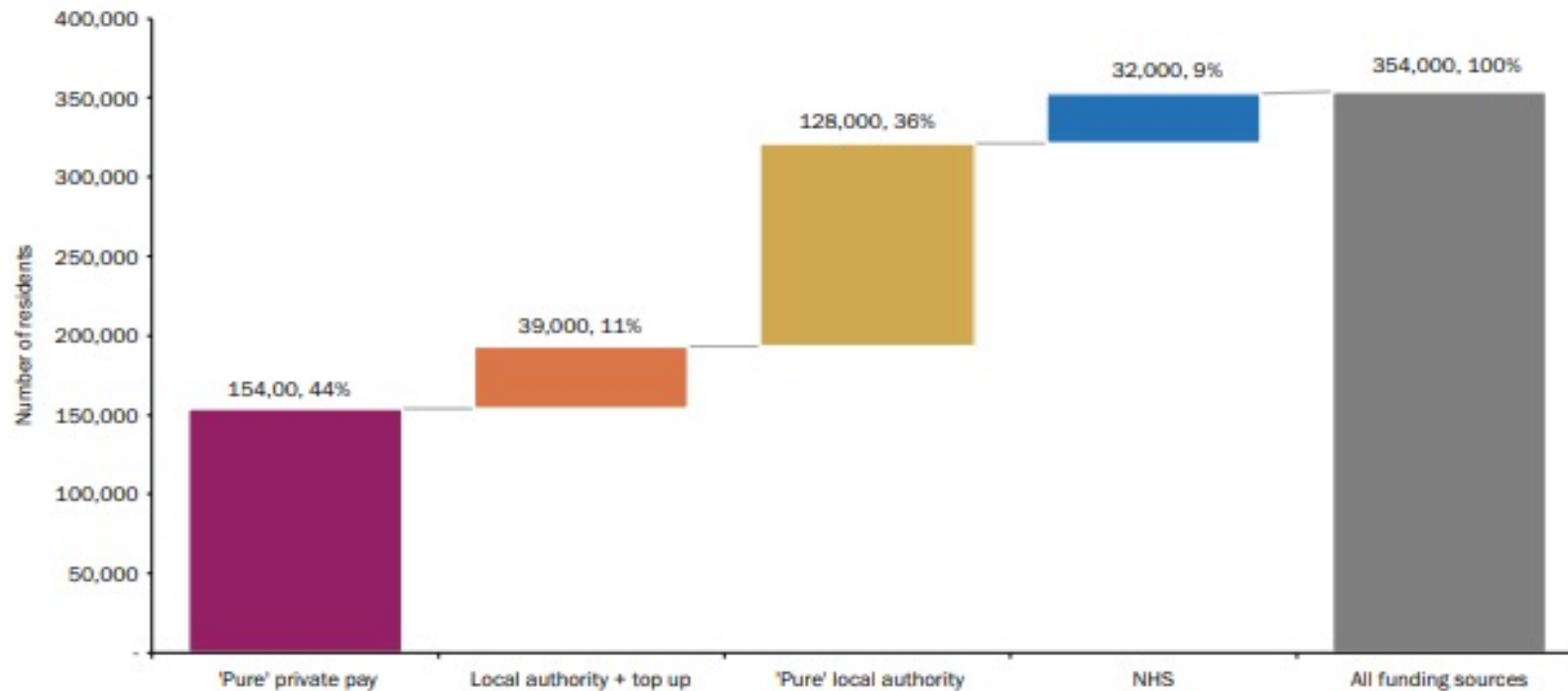
Source Laing and Buisson 32nd Edition 2022



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Care home funding by payor type - volume

Market share by source of funding in **volume** terms, residents in independent sector (for-profit and not-for-profit) care homes for older people and dementia (65+), UK, December 2021



Source: Laing and Buisson Care Homes for Older People 32nd Edition

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Social Care – Does the care system
create vulnerability?



Some of the Issues with social care

Confusing system - Health or social care?

Cross subsidy – private vs state

2018 21,000 homes sold to fund care

Resolution to issues sought since 1997

2019 8.8m informal carers in uk

3.2m Over 85's by 2041

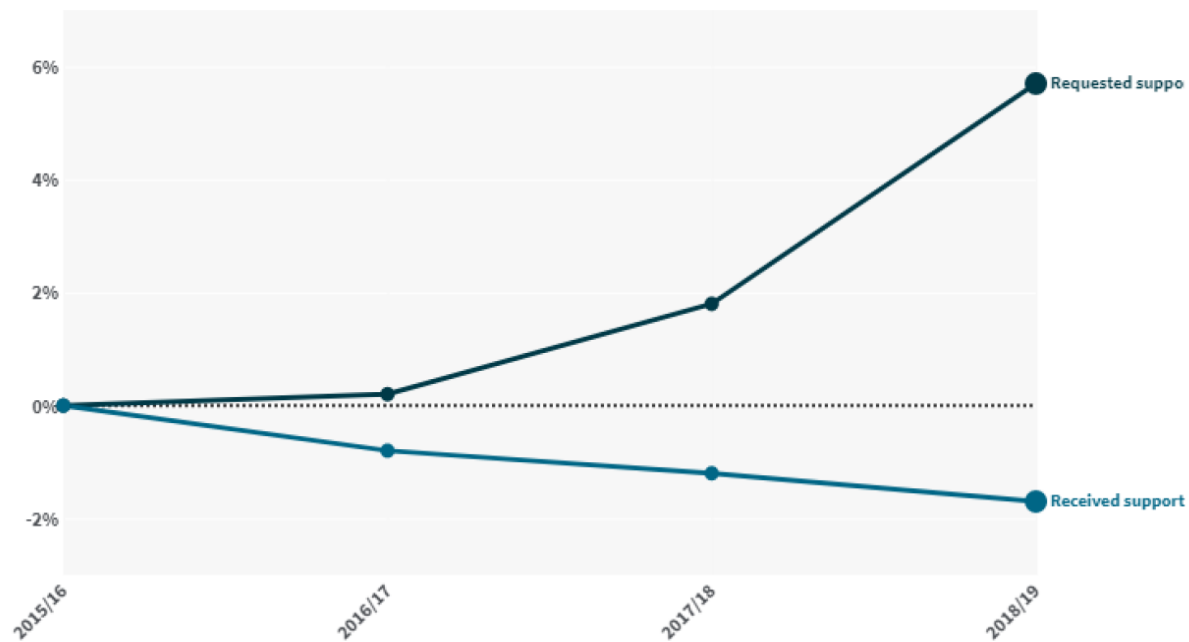
580,000 90 Plus in 2018

1.4m with unmet care need

King's fund social care 360

More people are requesting social care support but fewer people are receiving it

Percentage change since 2015/16

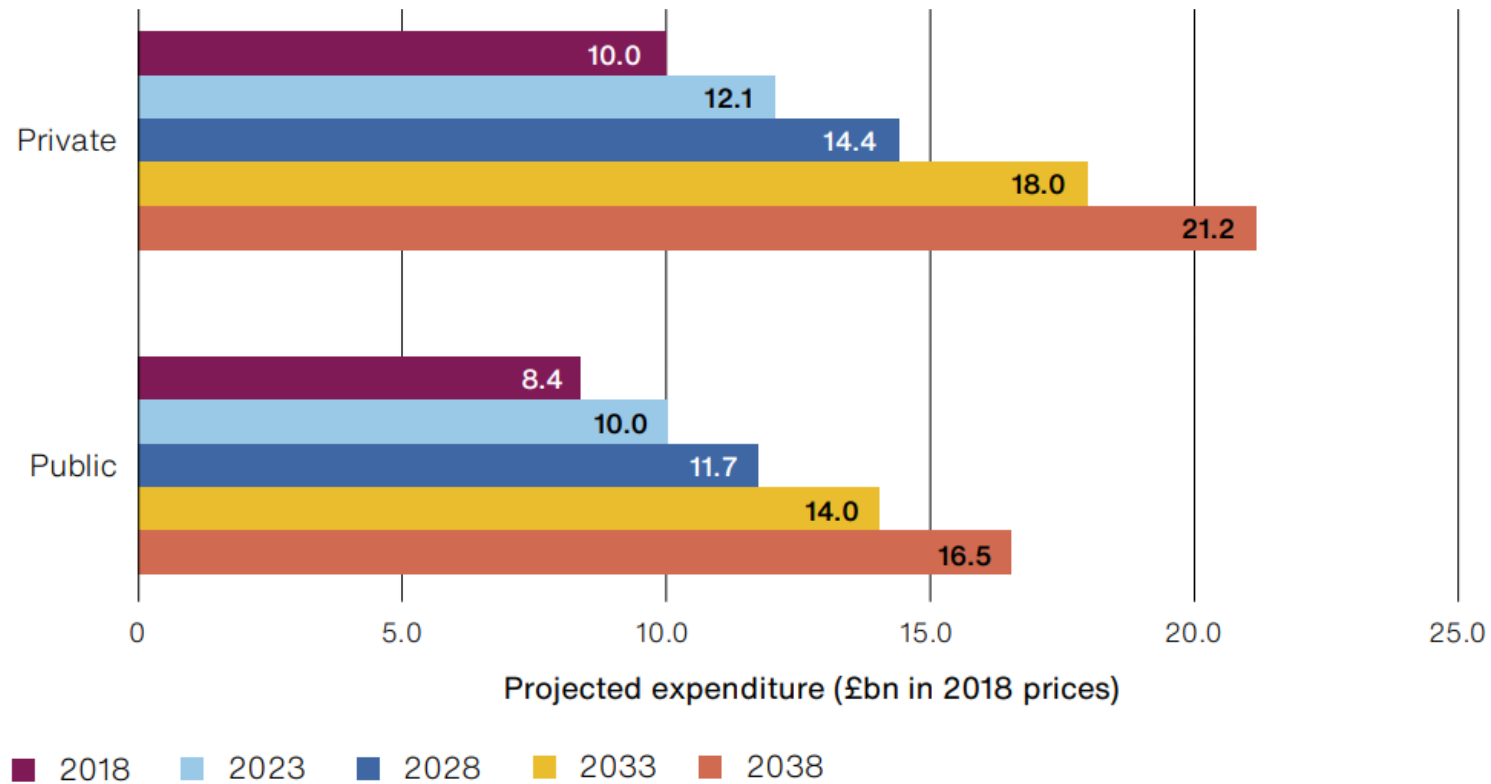


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Projected expenditure on care for those aged 65

Increases in private care spend will grow at a faster rate than social service spend



<https://www.nao.org.uk/wp-content/uploads/2021/03/The-adult-social-care-market-in-England.pdf>

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CAN REGULATED ADVICE MAKE A DIFFERENCE?
IN MANY CASES - YES



How many erode all assets?

MailOnline
24th July 2020

Britain's elderly spent £7.4 BILLION on care bills last year, financially crippling 100 people a week

“In 2018/19, a total of 5,190 people were forced to run down their bank balance or the value of their home...they have less than £23,250 to show for a lifetime of saving.”

“Only at this point...did the state start to shoulder some of the burden... equivalent to 14 people reaching this position every single day, or 100 a week...”

Can advice on care make a difference?



26th July 2019

**“If only she knew how Iris would weep at her
£ ? lost to care fees”**

<https://www.dailymail.co.uk/news/article-7287651/Boris-Johnson-gives-Jeremy-Corbyn-ultimatum-cross-party-deal-fix-dementia-care-crisis.html>

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Maybe quite a lot



26th July 2019

**“If only she knew how Iris would weep at her
£850,000 lost to care fees”**

<https://www.dailymail.co.uk/news/article-7287651/Boris-Johnson-gives-Jeremy-Corbyn-ultimatum-cross-party-deal-fix-dementia-care-crisis.html>

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The social care cross subsidy in England

Care homes are at risk of significant drop in income

Average local authority rate	=	£647 per week
Average private rate	=	£949 per week
Difference	=	£302 per week

The difference is much greater in many cases and for “premium homes” the difference is £453 per week

Source: Laing and Buisson Care of Elderly market report 32ndEdition

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Effect on providers when money runs out

Largest provider has 323 homes and 19,934 beds

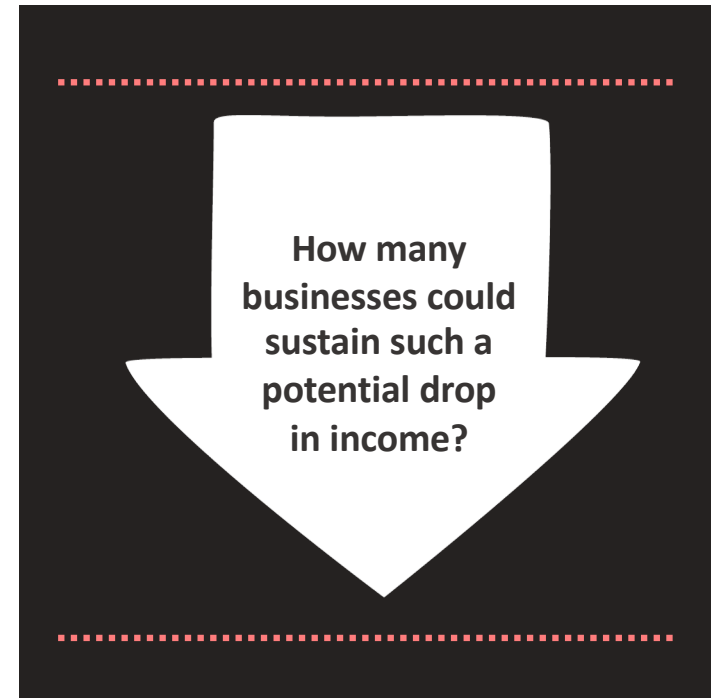
If 100 (0.50%) self funded residents run out of money

Drop in fee income based on average difference could be £302 per week*

£302 per week = **£15,704** per annum (per resident)

X 100 residents

£1,570,400 potential drop in income



*Some families may be able to provide a top up or the resident may be moved to a cheaper home

Source: Laing and Buisson Care of Elderly market report 32nd Edition

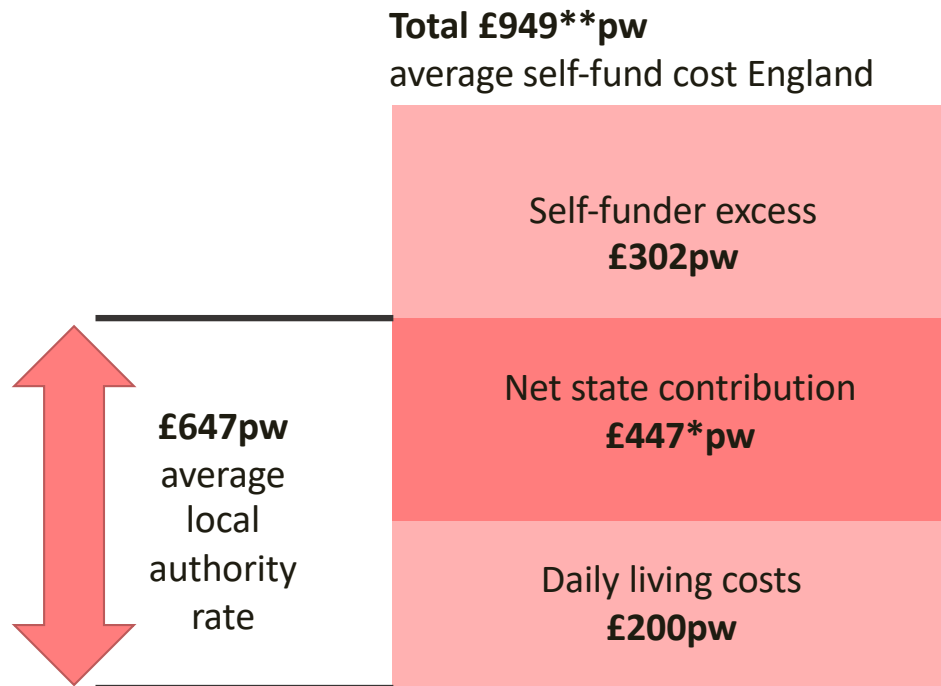
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Legislation/political update



Residential care England – how the cap will work



$£86,000 / £447^* = 193$ weeks to get to 'cap'

$193 \text{ weeks} \times £949^{**} =$ **£183,157**

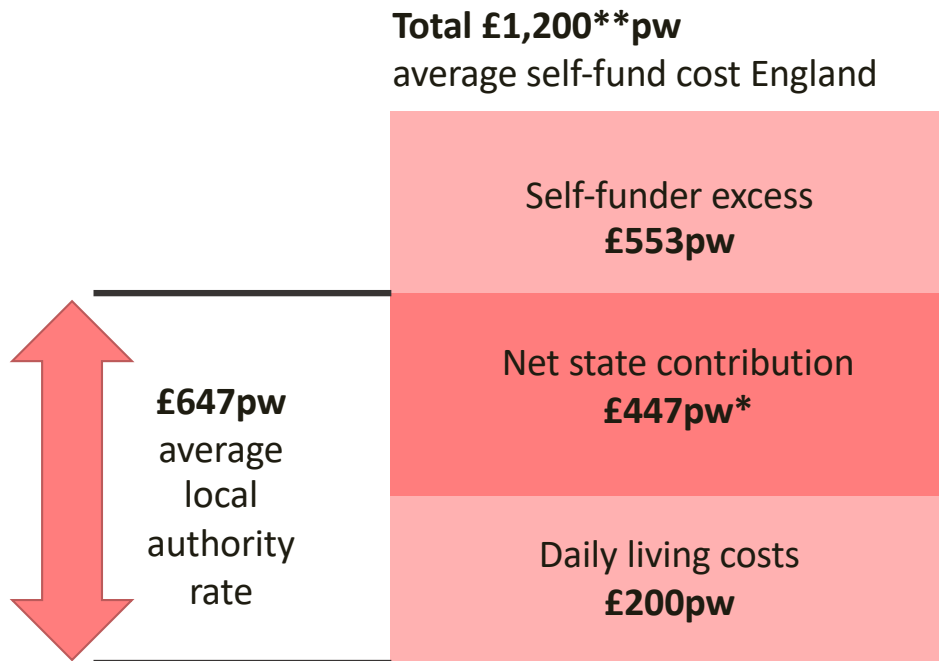
AND there would still be over £26,104pa
to pay thereafter

NB All the figures are subject to regional variation

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Premium price homes England – how the cap will work



$£86,000 / £447^* = 193$ weeks to get to 'cap'

$193 \text{ weeks} \times £1,200^{**} =$ **£231,600**

AND there would still be over £39,156pa
to pay thereafter

NB All the figures are subject to regional variation

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Premium home case example

	<u>Annual amounts</u>								
Gross private care fees	£	57,200	£1,100 per week premium home rate per Laing and Buisson						
Local authority avge rate	£	33,644	£647 per week in England per Laing and Buisson						
Daily living costs	£	10,400	Latest amount announced by the government £200 PW						
Personal care	£	23,244	Calculated as LA rate minus daily living costs. This may be restricted to a lower amount						
Self funder excess	£	23,556	Gross private fees minus LA rate fees						
<u>End of year</u>	<u>Total actual cost</u>	<u>Local authority rate</u>	<u>Total personal care spend</u>	<u>State contribution</u>	<u>Nett spend</u>	<u>Daily living costs</u>	<u>Self funder excess</u>	<u>Cross check Total</u>	
1	£ 57,200	£ 33,644	£ 23,244	£ -	£ 57,200	£ 10,400	£ 23,556	£ 57,200	
2	£ 114,400	£ 67,288	£ 46,488	£ -	£ 114,400	£ 20,800	£ 47,112	£ 114,400	
3	£ 171,600	£ 100,932	£ 69,732	£ -	£ 171,600	£ 31,200	£ 70,668	£ 171,600	
4	£ 228,800	£ 134,576	£ 92,976	£ 6,976	£ 221,824	£ 41,600	£ 94,224	£ 228,800	
5	£ 286,000	£ 168,220	£ 116,220	£ 30,220	£ 255,780	£ 52,000	£ 117,780	£ 286,000	
6	£ 343,200	£ 201,864	£ 139,464	£ 53,464	£ 289,736	£ 62,400	£ 141,336	£ 343,200	
7	£ 400,400	£ 235,508	£ 162,708	£ 76,708	£ 323,692	£ 72,800	£ 164,892	£ 400,400	
8	£ 457,600	£ 269,152	£ 185,952	£ 99,952	£ 357,648	£ 83,200	£ 188,448	£ 457,600	
9	£ 514,800	£ 302,796	£ 209,196	£ 123,196	£ 391,604	£ 93,600	£ 212,004	£ 514,800	
10	£ 572,000	£ 336,440	£ 232,440	£ 146,440	£ 425,560	£ 104,000	£ 235,560	£ 572,000	

Laing and Buisson 32nd edition

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What will not count towards the cap?

The costs of meeting eligible care and support needs incurred before October 2023

The costs of meeting non-eligible needs

Daily living costs (for care home residents these are the costs at the level set in the regulations)

Top-up payments the person or a third party chooses to make, for example, for a preferred choice of accommodation

Costs of services not included in the personal budget such as prevention and reablement services

Interest or fees charged under a deferred payment agreement

Needs which are being met, and will continue to be met, by a carer

NHS-funded nursing care and continuing healthcare

After-care under section 117 of the Mental Health Act 1983.

Some of the criticisms of the cap

It is focused on the needs of self-funders and those who want to pass on inherited wealth to the next generation.

People will continue to face rising charges up to the cap.

It will be overly complex for local authorities to administer because they will need to track each self-funder from the time the clock starts ticking to make sure that their independent personal budget continues to adequately reflect the costs of meeting their eligible needs.

The cap only applies to the costs of meeting the person's assessed eligible needs.

The costs will only be based on what the local authority would pay for that level of care, which in many cases will be lower than the amount individual self-funders currently pay.

The reforms do not address the key issue of equity, such as why conditions like dementia are viewed largely as a social care issue and heavily means tested, even though its impact can be at least as devastating as cancer.

<https://www.communitycare.co.uk/2021/09/22/quick-guide-to-the-cap-on-care-costs/>

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More of the criticisms of the cap

There will be increased tension between local authorities and service users (and their families) seeking to establish eligible needs, since at that point the meter will start to tick towards the person's cap.

The assessment decisions of local authorities will have significant financial implications for many people, and it is likely that authorities will face an increase in challenges if they determine that a person's needs fall below the eligibility threshold or over the level of a person's personal budget.

People may try to stay in the community inappropriately in order to reach the cap before moving into residential care in order to avoid the value of their property from ever being included in their financial assessment.

<https://www.communitycare.co.uk/2021/09/22/quick-guide-to-the-cap-on-care-costs/>

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Capital Limits – current

All assets

Upper limit: £23,250



Lower limit: £14,250

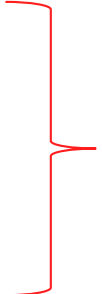


Tariff income £1 per £250

£9,000



£0



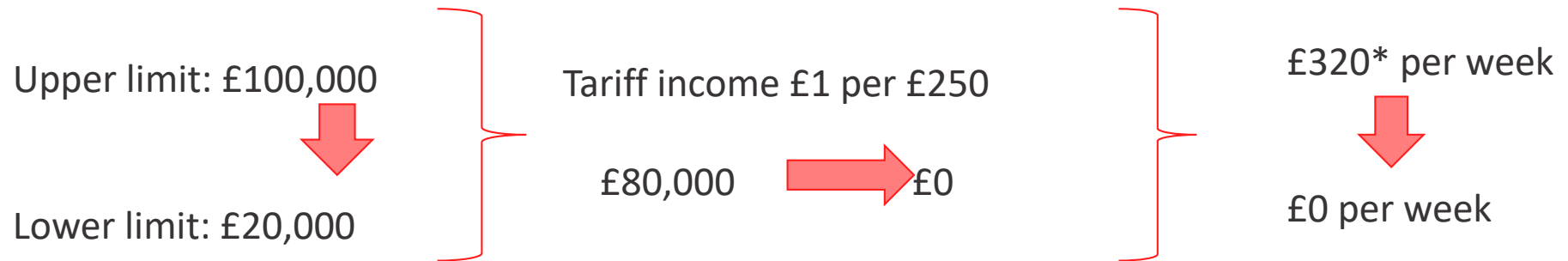
£36 per week



£0 per week

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Proposed capital Limits in 2023



*NB May be limited to maximum of 20% of total assessable assets if insufficient income

Possible upgraded deferred payment arrangement

“The new reforms will complement the existing service allowing people in need of residential care to defer payment of their care home fees so that they do not face the added stress of having to rush into selling their home.

This system has been in place since 2015 and means that people have the flexibility to avoid selling their home within their lifetime.

To support these reforms, we will work with partners to review the existing scheme in order to provide more flexibility for people to defer their care payments.”



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

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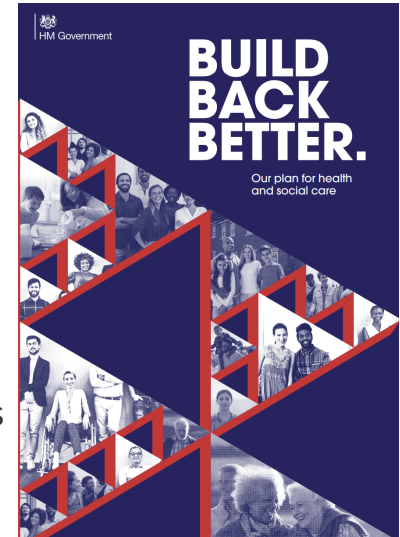
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Addressing cross subsidy

“We will also tackle persistent unfairness in the social care system.

Under the current system, people who fund their own care often pay more than people who are funded through their Local Authority for equivalent care.

For the first time, using legislation included in the 2014 Care Act, we will ensure that self-funders are able to ask their Local Authority to arrange their care for them so that they can find better value care.”



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

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Learning objectives

By attending this session, delegates will be able to :

- Assess the size and potential for advice in the care market
- Analyse the longevity and demographic issues in the UK
- Evaluate the government proposals for dealing with health and social care

Important Information

It is our intention that the information contained within this presentation is accurate. We have taken all reasonable steps to ensure that it is up-to-date and, where relevant, reflects the current views of our experts. However, we do not accept any liability for errors or omissions in the information supplied and if you require clarification on anything, our recommendation is that you contact us at the address below for verification, or call 0345 302 2287.

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Exp 30/04/2023

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