CARE BRIEFING AUGUST 2015

DILNOT DELAYED - WHAT DOES THIS MEAN FOR PROVIDERS?

Last month we talked about market shaping, sustainability and equalisation, the latter being in reference to the impact of the Dilnot commission on funding reform. There must have been something prophetic in the article when it questioned whether Dilnot would actually be introduced; a few days later we heard that it would be delayed until 2020! **But what does this announcement mean for providers?**

Of course the most immediate notable affect will not be on providers but self-funders, 80,000 of whom will be subjected to continued high level care fees with no limit on time or cost for the remainder of their time needing care. Secondly, Local Authorities (LAs) will have wasted inordinate sums in preparing for the introduction of funding reforms and will continue to be subjected to non-ring fenced funding for social care and exposed to further austerity measures in the autumn spending review. The linear effect will, in turn, be on providers who will be faced with continued funding pressures from low state funded fees, below the actual cost of care.

So the very 80,000 people who would have commenced their Dilnot initiated funding account through LAs from April 2016 will be exposed to high care fees from providers, who will be forced to raise them even higher in order to balance the LA below cost fee levels. That is not the end of it though. Intense publicity over the last year in the run up to the introduction of the Care Act 2014 will have alerted self funders to the high fees they are subjected to and are more likely to challenge providers, leaving providers exposed to difficult discussions with potential and existing clients.

Market equalisation will no longer be a practical or achievable objective of LAs in their market shaping responsibilities. The risk here is that market sustainability will continue to be fragile. Perhaps more providers than is usual will choose to exit the market as a consequence – it is impossible to estimate but some commentators are suggesting large numbers of small businesses, sufficient to create a shortage of supply and thus an increase in unnecessary hospital dependency.

Even more pressure, then, on **providers** to consider their **succession planning** whether they are considering leaving the market or not. More pressure on providers to understand their overall costs and to get right under the surface of these to see the breakdown between accommodation, care and operational costs. This will be necessary to facilitate knowledgeable discussions with potential and existing clients. There is also a lot to be gained to be able

to interpret the cost of 'additional services' so these can be charged to Continuing Health Care residents with the appropriate evidence to convince both the CCG and the resident thus maximising potential income.

Albert Goodman can help with any or all of these pressures on a spot or longer term basis. Details of the expanse of **accountancy, operational** and **taxation services** along with past care briefs can be found at www.albertgoodman.co.uk

CONTACT

If you would like to arrange an initial no-obligation meeting, at no charge, please contact:

Julie Hopkins, Partner

Julie Hopkins leads Albert Goodman's Care Providers Team providing advice to care sector start-ups, those growing their business and those looking to exit. The team of more than 10 experts advise on business strategies, cash flow management, business structures, minimising tax, acquisitions and disposals, payroll and financial services.

Julie takes a lead in the firm's membership of the Registered Care Providers Association (RCPA). Her depth of expertise within the Care sector includes care homes, nursing, residential, mental health, domiciliary and supported living. Julie qualified as a Chartered Accountant with international firm KPMG and has specialised in SMEs ever since, with a particular emphasis on care providers.

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