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24% OF PROVIDERS COULD EXIT MARKET IN NEXT 5 YEARS

July 30, 2015

The National Care Association has released results of a survey of its members on the reality of operating in the current financial climate. The NCA remains extremely concerned about the impact of the substantial funding gaps for providers delivering care to vulnerable members of society across the country. This is a direct result of the downward pressure on fees received from funding authorities and compounded by the increases in operation costs which include:

- 9% increase in fees paid to the Care Quality Commission;
- fluctuating energy costs;
- increase in the National Minimum/Living Wage;
- pension auto-enrolment cost;
- expected increase in interest rates before the end of the year.

The NCA says, 'We welcome the principle of the Living Wage announced by the Chancellor, however we are painfully aware that, despite the fact that all providers would willingly pay our dedicated workforce a Living Wage tomorrow, sadly the reality is they are not in a position to do so.

'In order to do this providers would need an increase of circa 35% over the next five years. We are acutely aware that commissioners too are going to feel the pressure as providers will need to lobby for substantial increases or start to see a mass exit in quality services.'

A survey carried out by National Care Association shows that:

- 9% of respondents are deeply 'concerned' about their business;
- 3% felt that the wage increase would have a 'significant' impact on their businesses;
- 72% were very concerned about their ability to continue in business;
- The majority of people responding to the survey did not feel able to pay their staff the Living Wage of £9.00 per hour by 2020 in the timescales without a 'substantial' increase from commissioners.

Additionally, 24% of respondents indicated that they would consider exiting the market if their local authorities did not make a significant move to increase the fees they pay over the next five years.

Nadra Ahmed OBE, Chairman of National Care Association said, 'The pressure on care providers continue to be relentless with a steady flow of increases whilst income streams continue to be squeezed.

'Evidence suggests that providers sitting on the edge will make a decision to exit the market which will not only destabilise the sector but more importantly rob vulnerable people of the safe environments they have chosen to live in.

'In order to stabilise the market the Treasury needs to understand the impact of its announcement and take action through the next Spending Review to invest in social care with ring-fenced money.

'I am afraid I am not confident that the flow of money through the NHS route and the integration agenda will reach social care providers. I think George Osborne and his team need to take stock of the implications of his announcement for social care, with the information available through organisations like ours.'

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