

careinsight



Care intelligence from Christie + Co
Summer 2009

“The Care Quality Commission (CQC) has recently taken over as the regulatory body for the care sector. The CQC is the third body to be appointed in five years and it supercedes the CSCI and NCSC. The regulatory regime has seen a number of other key changes in the last 12 months, including the introduction of the star rating system. Homes are now inspected, assessed and given a star rating from 0 - 3 stars — from ‘poor’ through to ‘excellent’. The CQC has written a set of guidelines — the key lines of regulatory assessment (KLORA) — which provide examples of the sorts of things they look for in a service to decide whether people receiving the service experience poor, adequate, good or excellent outcomes.” explains Director & Head of Care, Richard Lunn



CQC Star Rating System

The star rating system has a significant impact on the day to day running of a business as service providers aim to meet the KLORA standards. From a lender’s perspective, the rating is a significant indicator — or litmus test — for quality.

What is the ratings scale?

- 0 stars - poor
- 1 star - adequate
- 2 stars - good
- 3 stars - excellent

Where the regulator awards a star rating below two stars, we have seen local authority commissioners of care seek to limit, or even prohibit, placements to that facility.

How is the care sector performing?

Most care businesses continue to trade at a reasonable level, although occupancy has softened over the last few years and is running at circa 90% nationally.

We have recently witnessed a greater rationing of care by local authorities despite higher acuity levels. This has prompted a reduction in the average length of stay.

A political will to care for people in their own home has created increasing demand for domiciliary care services.

Movement in values

Christie + Co has tracked care home valuations since 1984 and in 2008 our index of care values revealed a fall of around 18%. This trend has continued in the first six months of 2009.

Checklist

- + CQC Star Rating/ Inspection Report
- + Recent Management Accounts + KPIs
- + Occupancy trend
- + Patient mix (private and LA funded) + average fee
- + Wage costs
- + General overheads
- + EBITDA

Does a home meet National Minimum Standards?

- + New Build/Purpose Built or Conversion.
- + Proportion of Single Occupancy Bedrooms
- + En suite provision and type
- + Bedroom sizes (12 m²+) + Communal Space (4.1 m² per service user)

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