

Hidden charges in care homes

Exploring consumer protections within the care home market



**citizens
advice**

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Summary

There are currently 433,000 older or physically disabled people living in residential care homes across the UK.¹ Many of these care home residents are consumers in the most vulnerable of circumstances, so ensuring robust consumer protection is in place is essential. But as the care home market expands and adjusts to the increasing demands of our ageing population, are gaps in consumer protection emerging?

At Citizens Advice, in the past year alone, we supported nearly 27,000 advice queries about social care, a seven per cent increase on the previous year.² As part of this, advice queries about residential care have increased by 12 per cent over the same period. We help thousands of people to understand their rights in the care home market and we also help people when things go wrong.

We know that older people living in care homes risk getting a poor deal for a variety of reasons. They frequently have physical or mental health conditions, from reduced mobility to chronic illness to dementia. These factors can limit their ability to assess their options and advocate for their consumer interests. Secondly, when looking for a suitable care home, residents are often limited by geography, financial resources and time - many care home packages, for instance, are distress purchases.³ Furthermore, once a resident takes up their place in a home, they are unlikely to shop around or switch provider as moving care homes can be highly distressing and can present health risks.⁴

In light of these market characteristics, we would hope that the market operates with plenty of clear information upfront to guide the initial decision, and then strong protections (for example, long notice periods ahead of price changes) to protect consumers once they have chosen a care home.

¹ LaingBuisson (2015) Care of Older People UK market report, 27th edition

² Based upon client advice issue data recorded by local Citizens Advice for Q4 2013-14 to Q3 2015-16.

³ For further insights into the characteristics of the care market, see Forder, J. and Allan, S. (2011) Competition in the English nursing homes market, Personal Social Services Research Unit

⁴ Ill-planned relocations are linked to adverse outcomes including health, symptoms and survival. See Holder, J. and Jolley, D. (2012) Forced relocation between nursing homes: residents' health outcomes and potential moderators, *Reviews in Clinical Gerontology* / Volume 22 / Issue 04 / November 2012, pp 301-319

In this report we explore these issues. We carried out mystery shopping of 404 care homes for older people across England and combined this with insights from our own data, as well as the secondary literature. We wanted to know whether there were any signs that providers were taking advantage of the vulnerable positions of their consumers. We identified three symptoms which suggest that this might be the case:

- **Some care homes give extremely short notice periods for fee increases.** Nearly one in ten (eight per cent) care homes only give a week's notice - this could affect as many as 22,000 older people.⁵ However, nearly one in five (18 per cent) offer a year's notice. Two thirds of care homes offer four weeks notice or less for fee increases. The fact that some give far more notice shows that it is possible to do so. Care home fees in England rose on average by £900 last year; an increase of 2.7 per cent.⁶ In the East of England, residential care home fees rose on average by £2,184; an increase of 6.8 per cent.⁷
- **Most care homes fail to pass on savings, and some may be profiting when residents are away for extended periods of time, for instance, when in hospital.** The large majority (96 per cent) of care homes fail to offer any discount when an older person is absent for four weeks. Whilst care homes clearly have fixed overheads - such as staff and running costs - other variable costs, such as laundry, meals, electricity and heating, are avoided when a resident is absent. Most care homes do not pass these savings on to residents.
- **Key charges, such as carer assistance and chiropody, are often hard to discover before moving into a care home and can be very expensive.** For example, a weekly trip to the hospital, requiring two hours of carer time, could end up costing as much as £5,200 a year. Citizens Advice has provided support to people who have incurred unexpected bills such as a £1,000 phone bill and unspecified entertainment charges.

⁵ According to the 2011 Census data, there are 274,040 people aged over 65 living in care homes in England (including both residential and nursing homes). Eight per cent of older people living in care homes represents 21,923 older people.

⁶ This figure is based on Citizens Advice analysis of 2015 LaingBuisson data. Nursing home care fees increased by 4.88 per cent on average, rising by £1,872 from 2013/14 to 2014/15. Residential care home fees rose by 1.97 per cent, rising by £572 from 2013/14 to 2014/15. The calculation is based on 17,350 care homes operating in England in 2014, of which 4,374 provided nursing care. Average weekly rates for care homes increased above the rate of RPI inflation, which was 0.9 per cent in 2014/15.

⁷ LaingBuisson (2015) Care of Older People UK market report, 27th edition

Through our research, we identify an accountability gap in the care market in England. Whilst there has been growing concern about the quality and level of care people receive at care homes, there has been little recent scrutiny of consumer protection within the care market. As a result, we identify the following opportunities:

- **The Competition and Markets Authority (CMA) should update guidance on unfair terms in care home contracts.** This was last updated by the OFT in 2003 and the care market has changed considerably since then. Guidance should be clear and accessible to the consumer. Furthermore, there are specific opportunities to:
 - **Provide stronger guidance about suitable notice periods for care home fee increases.** Care home residents and their families must be given sufficient time to evaluate whether they are able to meet the extra costs. At the very least, we would suggest four weeks' notice should be provided. Giving only one or two weeks' notice essentially binds the care resident into paying the care fee increase as it would be very difficult to arrange alternative living arrangements.
 - **Issue clear guidance about good practice when care home residents are away for extended periods of time.** Care homes should not profit from a resident's spell in hospital and therefore should reduce their fees by any costs they save (such as fuel, water, and meal costs). This way the care home avoids incurring losses, but it also doesn't profit.
 - **Ensure that care homes issue a clear breakdown of costs - including the prices of essential services that are not included in the weekly rate.** This should be available on websites and in care home marketing materials so that care home residents and their families can understand the full range of likely additional costs before they move in.
- **The CQC should explore how it can help promote consumer protection within the care home industry.** As part of its role monitoring the quality of care homes, the CQC should explore ways to further scrutinise care homes' financial arrangements with care home residents.
- **Complaining about poor experiences in a care home should be easier.** The complaints landscape is really complex - and this is especially true for those with social care complaints. It's not always clear to the individual which Ombudsman is responsible, and other barriers include a

fear of reprisal, difficulty speaking up for oneself and a lack of confidence that complaints will lead to change.⁸ Citizens Advice is currently exploring how people can be better supported to complain when they receive poor service. Alongside streamlining the complaints process and aggregating complaints data intelligently, promoting access to advocacy is vital - especially to those in vulnerable positions.⁹

We will be sharing our detailed findings with the relevant organisations.

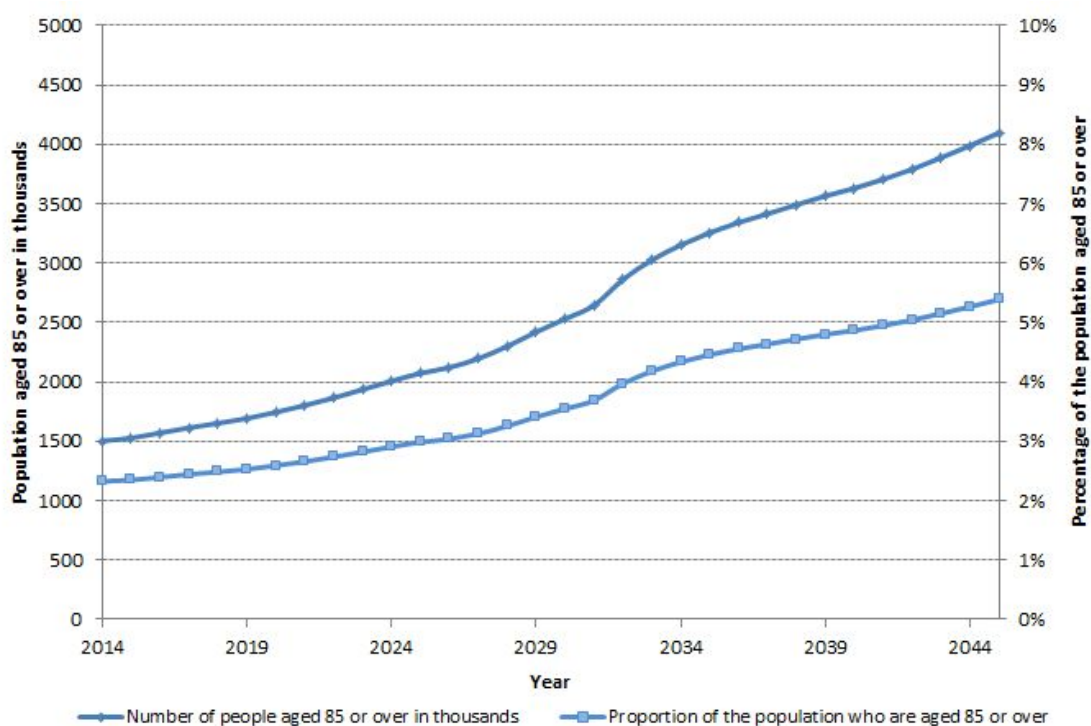
⁸ The National Audit Office commented on the very low number of complaints some social care providers receive “few complaints (often fewer than 5 a year)”. See <https://www.nao.org.uk/wp-content/uploads/2015/06/Putting-things-right.pdf>

⁹ Citizens Advice is currently exploring the barriers people face when complaining about public services, combining our own data with polling, interviews and social media analysis. The findings will be published in Spring 2016.

Context

We're living longer, but not always healthier lives. As Figure 1 shows, the number of people aged over 85 is set to more than double in the next twenty years.¹⁰ As our population ages, demand for social care is increasing. One in six people aged over 85 currently live in care homes and recent research predicted a 15 per cent increase in demand for residential care from 2015-16 and 2020-21.¹¹

Figure 1: Projected number of people aged 85 or over in absolute terms and as a proportion of the population



Source: Citizens Advice analysis of ONS statistics, 2015

Reflecting such demographics, the UK care market is substantial and is estimated to be worth £15.9 billion.¹² There are nearly 17,000 care homes in

¹⁰ ONS (2015) Statistical bulletin: National population projections, 2014-based Statistical Bulletin

¹¹ Crawford, E and Read, C. (2015) The Care Collapse, Respublica

¹² LaingBuisson (2015) Care of Older People UK market report, 27th edition

England.¹³ A large majority of care homes are for-profit (around 80 per cent). The remaining proportion of care homes are run by the voluntary or charitable sector, with a small number still run by local authorities.

The majority of people have to pay something towards their care home costs. Around 41 per cent of older people pay for their residential care in full, 37 per cent are funded by the local authority and 10 per cent by the NHS. The remaining 12 per cent pay through a mix of local authority and private funding (top-ups).¹⁴

The Care Act sought to improve information and support for those navigating the care market, as well as end uncapped liability for care costs. However, whilst the first parts of the Care Act were implemented in April 2015, the remaining parts, which were due to come into force in April 2016, have now been delayed until 2020. This means the cap of £72,000 for care fees has been stalled and there is growing scepticism about the likelihood of the cap being introduced in 2020.¹⁵ Questions have also been raised about whether the first parts of the Care Act have been effectively implemented. Recent research, for instance, shows that a number of local authorities are still struggling to ensure people have access to affordable care home options despite new statutory requirements.¹⁶ The continued lack of certainty about care funding makes it all the more important that robust consumer protections are in place.

Care home regulation

A number of organisations have a role in promoting consumer protection within the care home industry. The Care Quality Commission (the CQC) regulates the English care home market. Its core role is to monitor the quality and safety of care provided. The CQC does this through monitoring care homes, including through regular inspections. It also considers a care home's financial arrangements with residents. Regulation 19 in the 2009 CQC (Registration) Regulations requires that:

¹³ According to the most recent CQC data, published in January 2016, there are 16,839 care homes in England of which, 4,648 offer nursing support.

<http://www.cqc.org.uk/content/how-get-and-re-use-cqc-information-and-data#directory>

¹⁴ Laing & Buisson (2015) Care of Older People UK market report, 27th edition

¹⁵ Richard Humphries, Assistant Director, The King's Fund, for instance, states that the care cap has been "abandoned, not postponed". He points to a number of external pressures which make it very unlikely the cap will be introduced towards the end of this parliament.

<http://www.kingsfund.org.uk/blog/2015/07/paying-care-back-square-one>

¹⁶ The Care Act has tightened rules around top-up fees, but IndependentAge research highlights that 43 per cent of local authorities are still not meeting requirements about care home top-up fees <http://www.independentage.org/news-media/latest-releases/2016-press-releases/councils-flouting-new-rules-on-care-home-fees/>

[P]roviders must make written information available about any fees, contracts and terms and conditions, where people are paying either in full or in part for the cost of their care, treatment and support.

The CQC explains that the intention of this regulation is to ensure care providers provide accurate and timely information about fees to users. The CQC has a wide set of enforcement powers which it can employ when it believes standards are being breached. The majority of regulations focus on the safety and quality of care.

General consumer protection law also applies to the industry. The Competition and Markets Authority (CMA) has a range of consumer powers and tools to tackle systemic market-wide consumer problems or issues which affect consumers' ability to make informed choices. The CMA's remit applies to many different markets across the economy, including the care home market. It has adopted guidance published by its predecessor the Office of Fair Trading (OFT) in 2003 outlining unfair terms in care home contracts.

Trading Standards officials are responsible for most of the day-to-day enforcement of consumer protection law and can carry out investigations in cases where they think such regulations are being breached, including misleading care home marketing materials, websites, and in cases of unfair care home contracts.

Through our research, we identify ambiguities about which organisation should take the lead on updating and strengthening consumer protections within the care home market. This gap in accountability means that consumer protections in the care home market have received little scrutiny in recent years.

Findings

To understand the additional charges care home residents can face, we carried out mystery shopping of 404 care homes for older people across England and combined this with insights from our own data, as well as analysis of secondary literature.¹⁷

The mystery shopping research took place from 4th November to 18th November 2015. The scale of this research provides a statistically representative sample of the English care home market. When designing our sample, we took into account the following variables:

- region
- type of provider (private, not for profit, local authority)

To enable comparison, we also recorded the size of the provider, the weekly care home fees,¹⁸ the number of beds and whether the care home was based in an urban or rural location.

The script sought to capture information about the unexpected charges care home residents can face.¹⁹ We focused on three key aspects:

- the notice period for increases in care home fees
- the availability of a non-occupancy discount when residents are absent for extended periods of time, for instance, when in hospital
- the prices of key services which are not included in care fees, such as chiropody, phone access and hairdressing

It is worth noting that care home respondents assumed mystery shoppers were potential customers - and therefore this research methodology will not necessarily capture the sharpest practice. Our own data offers some insight into this and we summarise some of the recent evidence we have received from local Citizens Advice. Our advisers submit these more detailed descriptive accounts when a client's case is intractable and requires a change in policy, practice or law.

¹⁷ We worked with BDRC research agency to carry out the mystery shopping.

¹⁸ Where care homes provided nursing care, we asked for costs excluding nursing charges.

¹⁹ Further details about the script can be found in the Appendix.

Some care homes offer very short notice periods for fee increases

First, we asked care homes about the notice period for care fee increases. Our analysis of LaingBuisson data shows that care home fees in England increased on average by £900 from 2013/14 to 2014/15. In the East of England, fees for residential care homes increased by £2,184; a 6.8 per cent increase and there are examples of even larger fee increases.^{20 21}

Increases in care fees can have serious implications for care home residents. For those who are self-funding, and for those paying top-up fees, the responsibility rests with the care home resident to arrange the additional funding. Failure to arrange the additional funding can mean the care home resident is forced to move. This can be highly distressing for the individual and presents potential health risks.²² The situation is not much more secure for local authority funded care home residents. Local authorities are not obliged to agree to the extra funding unless an assessment of needs shows that the older person cannot be moved. A local authority funded care home resident may therefore also be required to move as a result of a fee increase or to privately fund the additional care charges.²³

Of course, there are valid reasons why care fees must sometimes rise. Estimates by LaingBuisson show that care home cost inflation is 2.5 per cent this year.²⁴ The care home market is, for instance, very sensitive to wage changes due to the high numbers of staff they employ on the national minimum wage. Pressures are exacerbated by strained local authority budgets which prevent councils from always increasing care home fee rates in line with inflation.²⁵

²⁰ LaingBuisson (2015) Care of Older People UK market report, 27th edition

²¹ For example, The Telegraph covered one instance of a care home increasing its fees by 129 per cent over the period 2001 - 2013.

<http://www.telegraph.co.uk/finance/personalfinance/insurance/longtermcare/10577165/Nursing-home-billed-me-600000-for-what.html>

²² Holder, J. and Jolley, D. (2012) Forced relocation between nursing homes: residents' health outcomes and potential moderators, *Reviews in Clinical Gerontology* / Volume 22 / Issue 04 / November 2012, pp 301-319

²³ The Local Government Ombudsman recently published research which also looked at the impact of fee increases on local authority funded care home residents 'Counting the cost of care: the council's role in informing public choices about care homes - September 2015'

²⁴ LaingBuisson (2015)

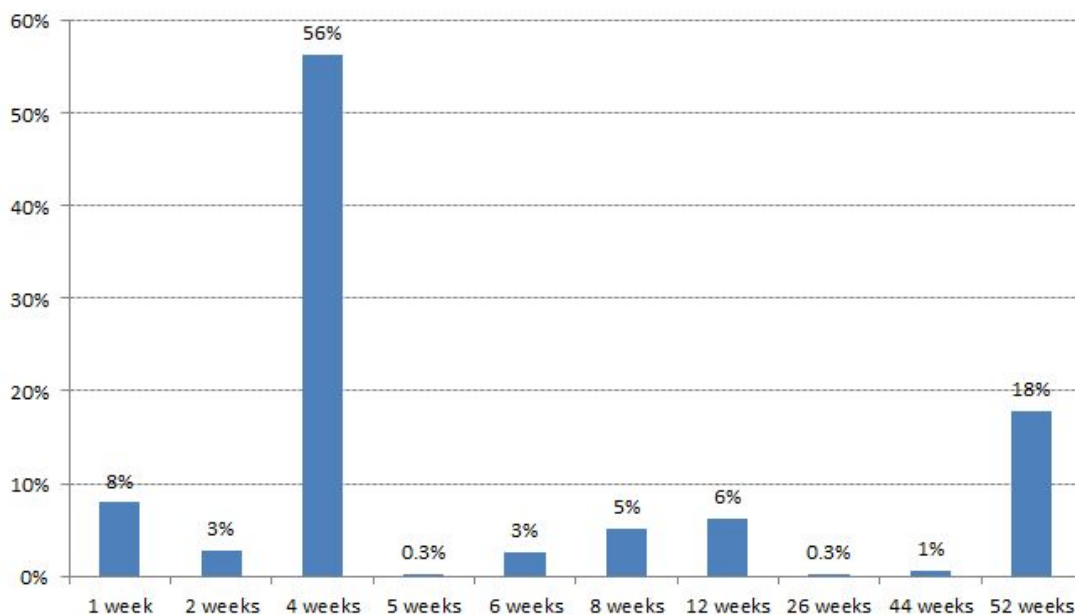
<http://www.laingbuisson.co.uk/MediaCentre/PressReleases/UsualCosts201516.aspx>

²⁵ LaingBuisson (2015)

<http://www.laingbuisson.co.uk/Newsletters/CCMnNews/tabid/200/itemid/23535/amid/1942/councils-force-further-erosion-of-real-term-fee-rates-in-201415.aspx>

Nevertheless, as guidance by the OFT notes “care homes are much better able than residents to anticipate and control changes in their costs”. But our research shows that some care homes provide very short notice periods for fee increases. As Figure 2 shows, nearly one in ten (eight per cent) care homes contacted offer only a week’s notice. We calculated that this could affect as many as 22,000 older people.²⁶ Just over half (56 per cent) offer four weeks’ notice, whilst 18 per cent offer a year’s notice and three per cent offer two weeks’ notice.

Figure 2: Care home notice periods for care fee increases



Source: Citizens Advice analysis of BDRC research, 2015

Whilst the OFT guidance accepts that fee review terms are a standard part of the contract, it states there would be concern if fee review terms “allowed the care home to increase fees arbitrarily i.e. without reference to clear and objective criteria”. A short notice period gives care home residents little opportunity to establish whether a care home fee increase is fair or not. Furthermore, the fact that some care homes provide a far longer notice period suggests that more warning is possible.²⁷ Guidance published by the OFT states that care homes should “provide an adequate notice period which at least corresponds to the notice required for termination of the contract”. The OFT guidance explains that this prevents a care home resident from being bound to pay the increase. But a

²⁶ According to the 2011 Census data, there are 274,040 people aged over 65 living in care homes in England (including both residential and nursing homes). Eight per cent of older people living in care homes represents 21,923 older people.

²⁷ Figures are based on care homes able to confirm the notice period and therefore exclude 12 per cent of care home respondents who did not know and 1 per cent who refused to provide these details.

notice period of one week essentially binds the care home resident into meeting the increase as they have little time to make alternative arrangements.

In the private rented sector, unless the notice period and rent increase formula are explicitly set out in the contract, the landlord must use Section 13 to introduce a rent increase. Section 13 gives tenants four weeks' notice and the opportunity to go to a Rent Assessment Committee to challenge the increase. The tribunal examines the fairness of the rent increase according to local market rates. But no comparable process exists in the care home industry. Even locating publicly available data about average annual care home fee increases is difficult. This makes it hard for the care home resident to understand whether the fee increase is arbitrary or not.

Our findings also show that some care homes are more likely than others to offer short notice periods. Cheaper care homes are much more likely to offer shorter notice periods - 17 per cent of care homes costing under £500 per week offer a notice period of two weeks or less, compared with nine per cent of care homes priced £500 - £1,000 and five per cent of care homes costing over £1,000 per week. This suggests that care home residents on tighter budgets are less likely to have protection against fee increases. We also found that smaller care homes (0 - 40 beds) are more likely to give a notice period of two weeks or less; 13 per cent of smaller care homes fell into this bracket compared with eight per cent of larger care homes.

The impact of an increase in care fees can be profound. Many older people live on limited, finite budgets and therefore do not find it easy to adjust their budgets accordingly.

Box 1

Susan's sister lives in a care home in the North West of England. Her sister is a self-funder. The care home recently increased its fees by 10 per cent. As a result, her sister faces a £44 increase per week; representing an annual increase of £2,288. Susan is really worried about how her sister will manage the fee increase. Although her sister has capital above the means-tested threshold, her savings are still limited. Moving care homes, however, would be difficult and unsettling.

Some care homes are profiting from older people's stays in hospital

Given the health problems faced by many older people living in residential care homes, absences from the home for hospital stays are likely to be a fairly common occurrence. Chronic health problems are often the trigger for an older person to move into residential care in the first place. Research looking at one of the UK's biggest for-profit national care home providers found that 21 per cent of its residents suffer from heart disease, 14 per cent from diabetes, 12 per cent from fractures, eight per cent from lung or chest disease and seven per cent from cancer.²⁸ While care homes can provide everyday personal care to residents, conditions like these are likely to require hospital admission from time to time.

We can anticipate that the absence of a resident for an extended period of weeks or months would reduce the costs of the care home for things like electricity and other utilities, food, room cleaning and laundry. While some overheads, such as general staff costs and council tax, will remain unchanged, research suggests that in 2014 the average cost to a care home for providing food was £28 per person per week, with heating and lighting costing £17 per person per week.²⁹ We would hope that savings on these and other costs would be passed on to residents in the form of a discount on their weekly 'hotel costs', yet our analysis suggests that more than nine out of ten (96 per cent) of care homes offer no discount to their residents when they are absent from the home for a period of four weeks.

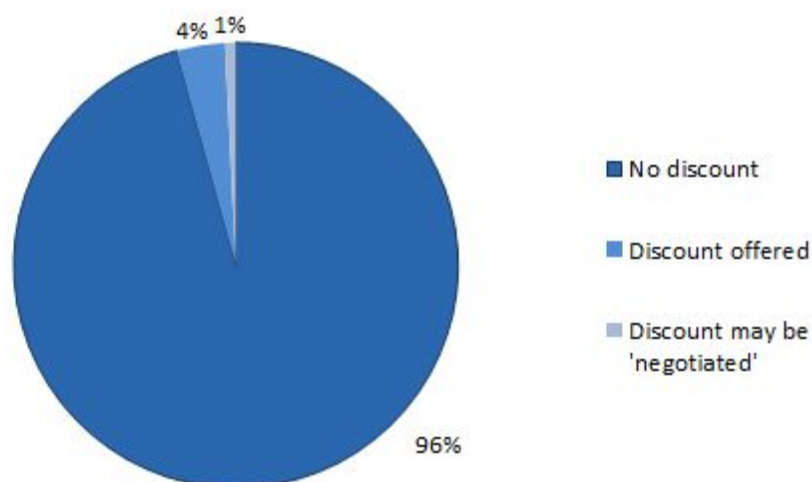
The availability of non-occupancy discounts

We asked staff at the 404 care homes contacted in our mystery shopping exercise about the availability of discounts to care home residents who are self-funding. Our mystery shoppers asked each home whether a discount on the regular weekly charges would be offered if the resident were to be absent from the home for a period of four weeks, for instance, during a hospital stay or a holiday.

²⁸ Centre for Policy on Ageing, and Bupa (2011), *The changing role of Care Homes*, <http://www.cpa.org.uk/information/reviews/changingroleofcarehomes.pdf>.

²⁹ Colliers International (2014), *Research and Forecasting Autumn 2014: Care Home Review*, <http://www.colliers.com/en-gb/uk/insights/property-news/2014/1104-uk-care-home-review-healthcare-market#.VI7AE1XhBaQ>.

Figure 3. Proportion of care homes offering non-occupancy discounts



Source: Citizens Advice analysis of BDRC research, 2015

As Figure 3 shows, the vast majority of the homes we contacted (96 per cent) told us that their weekly fees remain unchanged when a resident is away from the home for four weeks. Just four per cent of care homes specified a discount that is offered to absent residents'.³⁰ The reason for the absence did not appear to affect the availability of the discount, apart from potentially for the one per cent of care homes where a discount may be 'negotiable'.

The range of discounts available

Where care homes did offer discounts to residents, the reduction varied from four per cent to 77 per cent on regular weekly charges. While this base is too small to generalise from, the level of variation further highlights the complexities of care home pricing structures.

Apart from the homes offering fixed discounts, several care homes said a discount might be 'negotiable'. One of our mystery shoppers reported that the home specified that the "price when a resident is away may be negotiable depending on the length of the absence", while another noted that any "reduction when a resident is away may be negotiated". Some care homes allow the resident to sublet their room on a short term basis when they are absent which may in part explain the scope for negotiation. Nevertheless, this system of negotiation means that discounts are left to the care home manager's discretion,

³⁰ Figures rounded and are based on care homes able to provide information about non-occupancy discounts and therefore exclude responses from seven per cent of care home respondents who did not know whether a discount was offered and one per cent who refused to provide this information.

and runs contrary to advice that any discount for non-occupancy should be checked with the provider before moving into a care home³¹ and included in the terms of the resident's contract.³² We also know, from our experience providing advice and advocacy to people across the country, that not everyone feels able to speak up when they think they are getting a raw deal. We see the benefits that people can reap from accessing advocacy, as well as the need for some people to get support when dealing with their care home in particular. Not everyone has access to family support - and even when they do, it can be difficult for family members to navigate the care home market on their behalf.

There is currently little guidance from Government or regulators on what constitutes good practice in this area. The result is that the large majority of (self-funding) older people who, for instance, spend four weeks in hospital, can end up paying thousands of pounds towards fees during their absence. Many care homes may be profiting precisely from the vulnerability of their primary consumer group.

Box 2

Parvati contacted her local Citizens Advice after her mother's care home refused to reimburse her when her mother moved into hospital after breaking her hip. Parvati's mother had paid £2,500 in advance for her care home fees. Parvati's mother now has to move into a nursing home and Parvati has been charged a further £1,500 to cover the four week notice period. Parvati has written to the CQC to complain about the unfairness of these care charges. She also wants to know how her mother came to break her hip whilst living in the care home.

³¹ For example: EAC FirstStop, <http://www.housingcare.org/downloads/kbase/3072.pdf>.

³² For example: Independent Age, <https://www.housingcare.org/downloads/kbase/1546.pdf>.

Key charges can be hard to discover prior to entering a care home contract and can vary substantially

Finally, we explored which key services are included in care home fees. Weekly fees include “hotel costs” and reflect the charges for “bed and board”. The exact definition as to what this includes, however, varies from care home to care home. As a consumer, it can be hard to understand whether services such as chiropody, carer and transport assistance, phone access and hairdressing are included. Frequently this information is not included in care home brochures or websites. This makes it harder to reach an informed decision when choosing a care home.

Our findings show that the large majority of care homes have additional charges for these key services - and these charges can vary substantially even within the same locality. Guidance published by the Office of Fair Trading (now adopted by the CMA) states:

Terms allowing a care home to charge for 'extras' or for unspecified services outside the care home are imprecise and may be unfair. Details of these charges should be provided.

This echoes advice by the CQC which similarly requires all care costs to be clearly published and accessible. Of course, one reason these costs are not published upfront and are not included in care fees is because these services are frequently provided by a third party rather than by the care home itself. But this can present problems to the consumer. Care home residents have little option to shop around and therefore must accept the prices of the services provided in their care home. In some cases, we see exploitatively high prices.

Personal care

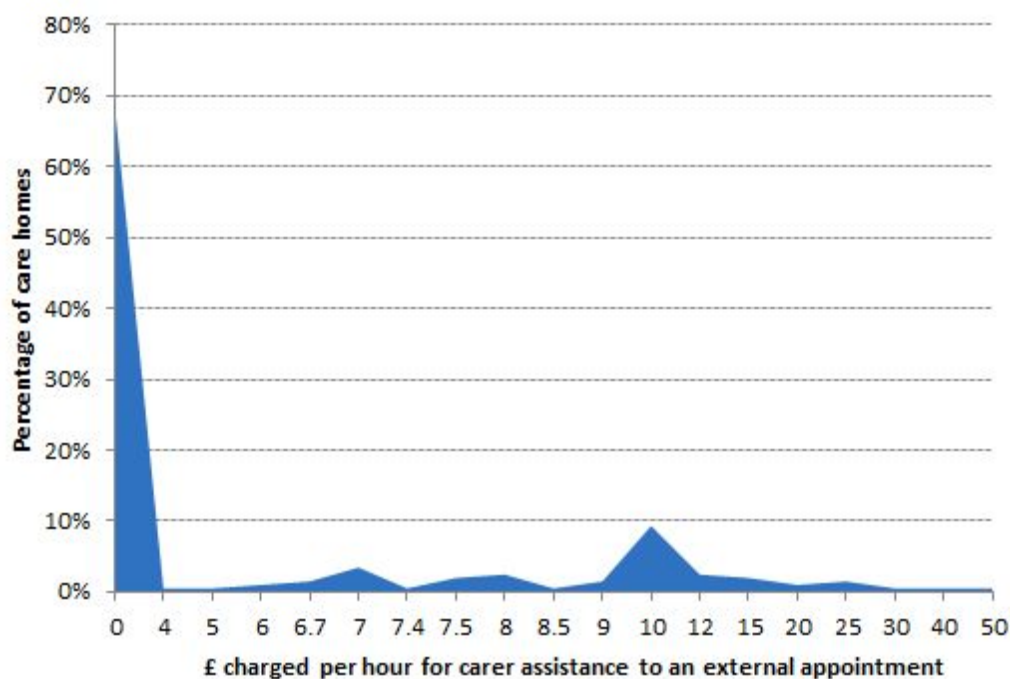
Care home residents may assume that all their personal care is included in care home fees. For one care home we spoke to, this is indeed the case. However, the vast majority of care homes charge additional fees for certain personal care services and these charges can be hard to discover prior to moving into a care home.

We asked about the availability and charge for a carer to accompany an older person to an external appointment, for example, at the dentist or GP surgery. Of those care homes able to confirm costs and availability, just under a third (31

per cent) charge for a carer to accompany an older person to an external health appointment. Price ranges from free to £50 per hour. Of those care homes that charge, the average is £11.69 per hour, but Figure 4 highlights the range of charges. Some care homes explained that GPs were able to visit the care home and this may mean such assistance is unnecessary.³³ We also know that some health services are able to provide free transport. But access to these forms of support is patchy and a care home resident could end up spending thousands on carer support for a regular appointment.

Knowledge of service availability and relevant charges also varied. Nearly three in ten care homes (28 per cent) were unsure if the service was offered and 15 per cent were unable to confirm costs. A small minority (six per cent) said the service was not available.

Figure 4: Distribution of charges per hour for carer assistance to external health appointment



Source: Citizens Advice analysis of BDRC research

Many older people living in care homes also require chiropody treatments. We asked about the charge for a basic foot treatment. A large majority of care

³³ A review by the CQC in 2012 revealed that many care homes do not receive regular visits from GPs. Furthermore, at an LMC conference in February 2016, GPs voted for separate contractual arrangements for care home visits, prompting concern that GPs want to stop care home visits. <http://www.bbc.co.uk/news/health-35462112>

homes (92 per cent) said there would be a charge.³⁴ The average charge was £14.15, but prices varied from £5 to £32. This again may be a surprise to care home residents as chiropody is available on the NHS free of charge in most areas.

Finally, nearly all care homes (97 per cent) charge for a hairdresser.³⁵ The average charge for a basic haircut was £7.38 but prices vary from £2 - £30. There is substantial variation even within the same regions of England. A handful (three per cent) of care homes do not charge for haircuts.

Whilst the average prices of personal care are not unreasonable, the difficulties confirming these prices and the possibility of some very high prices shows the potential for consumer detriment. Care home residents have little choice but to accept the prices stated by the service providers.

Calling home

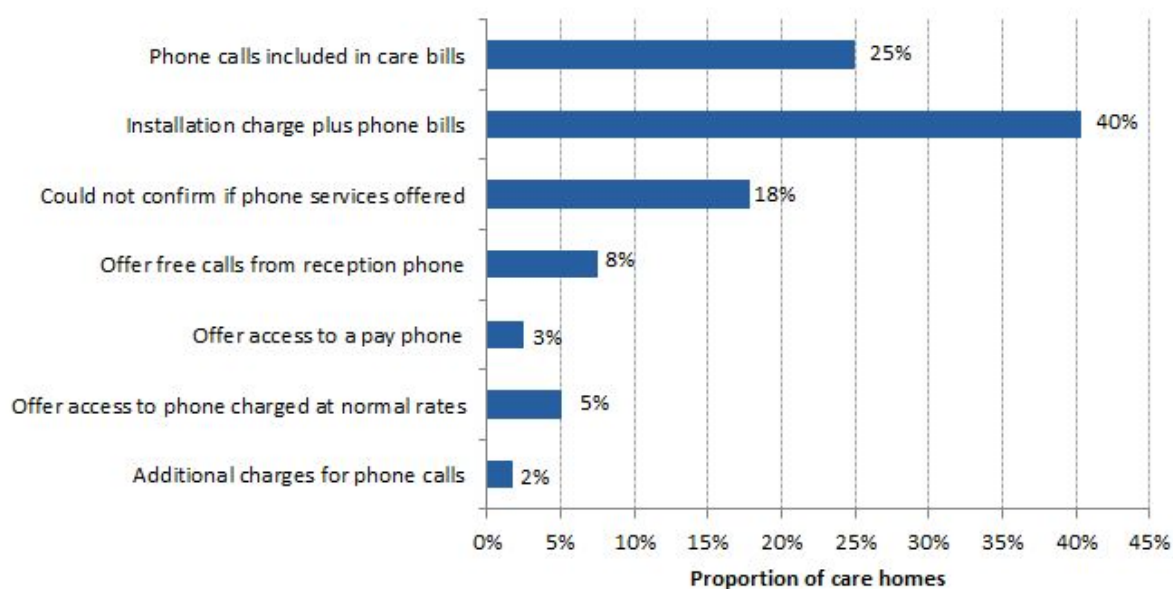
Being able to stay in touch with family through affordable means is often important to residents' wellbeing - especially as family members are increasingly likely to live across different parts of the country. A third of care homes provide access to a telephone free of charge. One in four (25 per cent) told us that telephone use is included in the weekly room charge. A further eight per cent told us that residents could make free phone calls from the house phone.

Four out of ten care homes (40 per cent) contacted said that residents wishing to have a phone in their room must arrange and pay for installation as well as their phone bills. Residents may be surprised to learn they must cover installation charges, which typically cost around £130, as well as additional phone charges. Five per cent of care homes confirmed that private phone lines were already installed and residents would simply need to cover their phone bill. Other care homes offered specific packages. For instance, one home told us they charge £3.50 per week for residents to access phones, plus a 30p per day 'phone hire' charge and further 'additional phone charges'. Another care home offered access to wi-fi and the telephone for a £15 monthly charge.

³⁴ Figures are based on responses from 78 per cent of care homes. Seven per cent of care home respondents did not know the charge, 12 per cent did not know if the service was offered and 4 per cent said chiropody was not available.

³⁵ Figures are based on responses from 80 per cent of care homes. 14 per cent of care home respondents did not know if hairdressing services were offered, 5 per cent did not know the charge and 2 per cent confirmed hairdressing services were not available.

Figure 5: Care home charges for making telephone calls³⁶



Source: Citizens Advice analysis of BDRC research, 2015

Furthermore, nearly one in five care homes (19 per cent) do not offer a wi-fi internet connection for residents, while only 10 per cent told us that wi-fi is included in the weekly room charge. A quarter (25 per cent) of the care home staff we spoke to didn't know whether wi-fi was available to their residents or not. Where wi-fi is not available, residents would have no access to Skype, Facebook, email or other services that might be used to keep in touch with friends and family unless they arrange mobile internet for themselves at extra cost.

Additional charges

Our mystery shopping uncovered several extra charges. Three out of ten care homes (30 per cent), for example, do not include contents insurance for people's personal items in weekly care fees. Our research also found that one in ten care homes (11 per cent) charge for entertainment - costs include £10 for outings, £7 for relatives to join an older person for Christmas dinner and charges for transport. Our own data highlights how care home residents can incur unexpected and additional charges including compulsory charges for an amenity fund and extra charges to cover local authority funding shortfalls.

³⁶ Care homes may offer more than one service so percentages do not add to 100 per cent.

Box 3

Gill contacted her local Citizens Advice in the South West of England after the manager of her care home informed her she had run up a telephone bill of £1,000. Gill did not understand how she had incurred these charges and she did not recognise all the phone calls on her bill. Gill spoke to the care home manager about the bill but she found that staff were unhelpful and unsupportive. She does not have many family members and her daughter is unwell. She does not know anyone at her care home as they are all new residents. Gill sought help from her local Citizens Advice because she felt isolated and unsure about what she should do next.

Conclusions and opportunities

The care home market is rapidly shifting to meet the needs of our ageing population. Combined with this, the care home industry faces a range of pressures including the rising cost of labour and the continued erosion of local authority funding for care home placements. But as the market adapts to meet this set of challenges, it is vital that consumer protections are robust.

In recent years, there has been important scrutiny of the poor care and treatment older people receive in care homes. As a result of a series of worrying cases of mistreatment and neglect, the CQC has changed the way it evaluates and inspects the care home industry. But our research suggests there are further gaps in accountability. We identify three symptoms which suggest there is consumer detriment in the care market:

- **Some care homes give extremely short notice periods for fee increases.** Nearly one in ten (eight per cent) care homes only give a week's notice, which could affect as many as 22,000 older people.³⁷ However, nearly one in five (18 per cent) offer a year's notice. Two thirds of care homes offer four weeks notice or less for fee increases. The fact that some give far more notice shows that it is possible to do so. Care home fees in England rose on average by £900 last year; an increase of 2.7 per cent.³⁸ In the East of England, residential care home fees rose on average by £2,184; an increase of 6.8 per cent.³⁹

³⁷ According to the 2011 Census data, there are 274,040 people aged over 65 living in care homes (including both residential and nursing homes). Eight per cent of older people living in care homes represents 21,923 older people.

³⁸ This figure is based on Citizens Advice analysis of 2015 LaingBuisson data. Nursing home care fees increased by 4.88 per cent on average, rising by £1,872 from 2013/14 to 2014/15. Residential care home fees rose by 1.97 per cent, rising by £572 from 2013/14 to 2014/15. The calculation is based on 17,350 care homes operating in England in 2014, of which 4,374 provided nursing care. Average weekly rates for care homes increased above the rate of RPI inflation, which was 0.9 per cent in 2014/15.

³⁹ LaingBuisson (2015) Care of Older People UK market report, 27th edition

- **Most care homes don't pass on savings, meaning in some cases they may profit when residents are away for extended periods of time, for instance, when in hospital.** The large majority (96 per cent) of care homes fail to offer any discount when an older person is absent for four weeks. Whilst care homes clearly have fixed overheads - such as staff and running costs - other variables costs, such as laundry, meals, electricity and heating, do not apply. Currently, however, the majority of care homes do not pass these savings on to residents.
- **Key charges, such as carer assistance and chiropody, are often hard to discover before moving into a care home and can be very expensive.** For instance, a weekly trip to the hospital, requiring two hours or carer time, could end up costing as much as £5,200 a year. Citizens Advice has provided support to people who have incurred unexpected £1,000 phone bills and unspecified entertainment charges through their care home.

As a result, we identify the following opportunities to improve consumer protections within the care market:

- **The CMA should update guidance on unfair terms in care home contracts.** This was last updated by the OFT in 2003 and the care market has changed considerably since then. Guidance should be clear and accessible to the consumer. Furthermore, there are specific opportunities to:
 - **Provide stronger guidance about suitable notice periods for care home fee increases.** Care home residents and their families must be given sufficient time to evaluate whether they are able to meet the extra costs. At the very least, we would suggest four weeks' notice should be provided. Giving only one or two weeks' notice essentially binds the care resident into paying the care fee increase as it would be very difficult to arrange alternative living arrangements at such short notice.
 - **Issue clear guidance about good practice when care home residents are away for extended periods of time.** Care homes should not profit from a resident's spell in hospital and therefore should reduce their fees by any costs they save (such as fuel, water, and meal costs). This way the care home avoids incurring losses, but it also doesn't profit.
 - **Ensure that care homes issue a clear breakdown of costs - including the prices of essential services that are not included**

in the weekly rate. This should be available on websites and in care home marketing materials so that care home residents and their families can understand the full range of likely additional costs before they move in.

- **The CQC should explore how it can help promote consumer protection within the care home industry.** As part of its role monitoring the quality of care homes, the CQC should explore ways to further scrutinise care homes' financial arrangements with care home residents.
- **Complaining about poor experiences in a care home should be easier.** The complaints landscape is really complex - and this is especially true for those with social care complaints. It's not always clear to the individual which Ombudsman is responsible, and other barriers include a fear of reprisal, difficulty speaking up for oneself and a lack of confidence that complaints will lead to change. Citizens Advice is currently exploring how people can be better supported to complain when they receive poor service. Alongside streamlining the complaints process and aggregating complaints data intelligently, promoting access to advocacy is vital - especially for those in vulnerable positions.⁴⁰

⁴⁰ Citizens Advice is currently exploring the barriers people face when complaining about public services, combining our own data with polling, interviews and social media analysis. The findings will be published in Spring 2016.

Appendix

Further information about the mystery shopping script

Mystery shoppers contacted 404 care homes (including residential and nursing homes) that provide care to older people by telephone over the period from 4th November to 18th November 2015. The research was co-ordinated by BDRC research agency. Mystery shoppers used the same scenario for each care home, contacting care homes on behalf of their uncle. If asked, mystery shoppers confirmed that their uncle was 85 years old and would be self-funding the care home place. Questions mystery shoppers asked included “How much are your weekly fees?”, “How much notice do you give for increases in fees?”, “Are there any extras my uncle would have to budget for?” and “If my uncle was away for a period of time, for instance in hospital or on holiday, how much do you charge? For example, for four weeks?”. If required mystery shoppers probed on the costs of certain services, including hairdressing, chiropody, and carer assistance to an external health appointment (e.g. dentist or GP).

Sample breakdown

Region	Number of care homes
East of England	41
East Midlands	45
London	46
North East of England	46
North West of England	48
South East of England	47
South West of England	48
West Midlands	42
Yorkshire & Humberside	41

Type of care home provider	Number of care homes
Not for profit	85
Local authority	8
For profit	311

Our aims

To provide the advice people need for the problems they face.
To improve the policies and practices that affect people's lives.

Our principles

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. We value diversity, promote equality and challenge discrimination.

Lizzie Greenhalgh & Ben Whitham

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