

# Press release: CMA outlines emerging concerns in care homes market

The [market study](#) was launched in December 2016 to examine whether the residential care homes sector is working well for elderly people and their families. Having reached the halfway point of the study, the Competition and Markets Authority (CMA) today published emerging findings and announced that, as a result of information received during this work, it has opened a [consumer protection case](#) to investigate its concerns that some care homes may be breaking consumer law.

This is focused on concerns about certain care homes charging families for extended periods after a resident has died, and homes charging large upfront fees.

The [initial findings](#) of the market study highlight wider concerns about the sector, which will form the focus of the next phase of its work. These include:

- People are struggling to make decisions about care: Prospective care home residents and their families need to be able to make informed choices, often under stressful and time-pressured circumstances. However the CMA's initial findings suggest that many people find it difficult to get the information they need, are confused by the social care system and funding options, and do not know how to find and choose between homes.
- Complaints procedures are not functioning well: It is not realistic for many residents to move home if they are dissatisfied with the care they are receiving, as to do so would be distressing and harmful to their health. It is therefore essential that effective systems are in place for them to be able to complain and, where necessary, have these concerns acted upon. Our initial findings, however, indicate that redress systems often do not work well, and residents can find it very challenging to make complaints.
- While many care homes offer a good service, there are concerns that some might not be treating residents fairly and that certain practices and contract terms might break consumer law. As well as the issues on large upfront fees and fees charged after death, which we are investigating in the consumer protection case, we are concerned about other consumer protection issues such as a lack of information about prices on care home websites, and care homes' contracts giving homes wide-ranging discretion to ask residents to leave, at short notice.
- The sector is not positioned to attract the investment necessary to build greater capacity needed for the future: Demand for care home services is expected to increase substantially, with the number of people aged 85 and over projected to more than double by mid-2039. The level of care they require is also expected to increase as, having spent longer in their own homes, they will be more frail when they do move to a care home. At present, short-term public funding pressures and

uncertainty mean the sector is not incentivised to undertake the investment necessary to meet future demand.

Acting Chief Executive, Andrea Coscelli, said:

Some of the most vulnerable people in our society use care homes, often moving to them under extremely difficult circumstances. It's therefore essential they are able to make informed choices, understand how services will be paid for, and be confident they will be fairly treated and able to complain effectively if they have any concerns.

We also have particular concerns that some care homes might be breaking consumer law and have opened a consumer protection case to investigate further.

Demand for care home places is expected to surge over the next 2 decades. To make sure the additional capacity this requires is available, it needs to be built in good time. At present, short term funding pressures and uncertainty mean that the sector is not attracting investment. We will be focusing on finding ways to deal with these, and other concerns identified.

The CMA has already begun to develop recommendations to protect residents and their families, which will be expanded over the next half of the market study. These include examining how:

- People can be actively supported in making choices
- Complaints and redress systems can be significantly improved to help people feel more comfortable reporting concerns
- Residents and their families can best be protected, and how to encourage fair treatment by care homes
- Local authorities can be encouraged to share best practice in procuring care home services and planning, and developing provision in their areas
- To encourage investment for the future

The next phase of the CMA's study will focus on developing and refining these recommendations to ensure they are robust and practicable, and can help make real improvements to the way the sector works. CMA will be seeking views from national and local government, as well as regulators and the industry in each country of the United Kingdom, to ensure these recommendations can be effectively implemented.

The CMA will continue to look at the consumer protection issues identified during the first half of the market study and will consider how best to address these, including by extending the scope of its consumer protection case.

**Notes to editors**

1. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law. For more information on the CMA see our [homepage](#), or Twitter account [@CMAgovuk](#), or [Flickr](#), [LinkedIn](#) and [Facebook](#) pages. Sign up to our [email alerts](#) to receive updates on markets cases.
2. Read the full text of the CMA's [update report](#).
3. The CMA [announced](#) on 1 June 2017 that it would not make a reference under section 131 of the Enterprise Act for a market investigation (an additional 18 month in-depth examination).
4. The CMA has now [opened a case](#) into a number of care homes providers whose contract terms and/or practices, in relation to charging large upfront fees or requiring the payment of fees for an extended period after a resident's death give, in its view, rise to compliance concerns under consumer law. Currently, the CMA is issuing Information Notices under consumer protection legislation requiring information from some care homes in order to decide whether enforcement action is required. The fact that the CMA is seeking information from a number of care homes, does not mean that the CMA has reached a final view that these care homes are in breach of consumer protection law and that enforcement action is required. In any event, ultimately only a court can decide whether particular conduct breaches the law.
5. Market studies may lead to a range of outcomes, including:
  - clean bill of health
  - actions which improve the quality and accessibility of information to consumers
  - taking consumer or competition law enforcement action
  - making recommendations to the government to change regulations or public policy
  - encouraging businesses in the market to self-regulate
6. The size of the UK care home market is estimated at £15.9 billion, and there are currently more than 430,000 elderly people in care or nursing homes across the UK (Source: LaingBuisson, 'Care of Older People UK Market Report', 27th edition, September 2014).
7. The CMA isn't able to resolve individual complaints or provide individual help or advice. Go to the [reporting page](#) for information on which organisations to contact if you need advice about an issue with a care home.
8. Enquiries should be directed to Vikki Buxton-Helyer ([vikki.buxton-helyer@cma.gsi.gov.uk](mailto:vikki.buxton-helyer@cma.gsi.gov.uk) 020 3738 6790).

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## News story: DECA accredited a Disability Confident Employer

The Defence Electronics and Components Agency is accredited as a Disability Confident Employer.

To become a Disability Confident Employer DECA has met certain criteria and committed to continue to offer disabled people access to opportunities through:

- an inclusive and accessible recruitment process
- suitably communicated and promoted vacancies
- offer an interview to disabled people meeting the minimum criteria for a vacancy
- anticipation and provision of reasonable workplace adjustments
- supporting existing employees who acquire a disability or long term health condition, enabling them to stay in work where appropriate
- offering access to activities such as work experience placements and apprenticeships

Danny Avery, DECA Equality, Diversity and Inclusion committee member said,

This accreditation builds on the work we have completed as an organisation to develop a strong Equality and Diversity committed culture throughout DECA. As a Disability Confident employer, we ensure our recruitment process is inclusive and accessible, support employees with disabilities or long term health conditions and guarantee to interview all disabled applicants who meet the minimum criteria for a vacancy.

Gaining this accreditation is in line with DECA's commitments to Diversity and Inclusion and a key part of our five-year Diversity and Inclusion action plan.

## **Press release: Update on Cup Trust Inquiry**

- The Charity Commission, in one of the first uses of its new power, has disqualified Mountstar from being a charity trustee
- Mountstar acted as sole and corporate trustee of the Cup Trust
- The Cup Trust has been wound up by the interim managers appointed by the regulator and the Commission removed it from the charity register

The Commission has used its new powers conferred under the Charities (Protection and Social Investment) Act 2016 to disqualify the company, Mountstar (PTC) Limited ("Mountstar"), from being a charity trustee for a period of 15 years. The order, which came into force today (14 June 2017), was made by the regulator as it was satisfied that Mountstar, as trustee, (1) was responsible for misconduct and/or mismanagement in the administration of the charity, (2) was unfit to be a charity trustee and (3) that it was desirable to make the disqualification order in the public interest so as to protect public trust and confidence in charities.

The charity has been wound up by the charity's interim managers, who were appointed by the regulator to administer the charity. The Commission removed the Cup Trust from the register of charities on 26 May 2017. The Commission is also considering regulatory action against the individuals who were directors of Mountstar.

**Michelle Russell, Director of Investigations, Monitoring and Enforcement at the Charity Commission, said:**

In using this new power to make an order to disqualify this company that we have found is responsible for misconduct and/or mismanagement in administering The Cup Trust, we are sending a strong message to all those whose actions harm charities: that they will be held accountable and that we will protect other charities from those who pose a risk to them.

The Commission was concerned in this case that public trust in charities would be undermined if this charity continued to be involved with a tax avoidance scheme through facilitating a gift aid claim. Arrangements which principally aim to confer advantages to private businesses or individuals with any benefit to the charity being a by-

product of the scheme are not consistent with trustees' duties.

Our action in this case is important to protect the trust the public should have in charities. It shows the donating public that the regulator acts to address wrongdoing and that they can have confidence in a well-run charitable sector.

## Background

The Commission opened an inquiry into The Cup Trust on 12 April 2013, following receipt of information from HMRC. The scope of the investigation includes examining the governance of the charity by its trustee, management of conflicts of interest and the charity's involvement in a gift aid scheme and whether or not the trustee had complied with its obligations.

The Commission used its powers to appoint interim managers to administer the charity to the exclusion of Mountstar in April 2013. Once the interim managers had carried out the functions required of them and had withdrawn the charity's Gift Aid claims, they wound up the charity and were discharged. The charity was removed from the register of charities on 26 May 2017. The Commission is continuing with its formal investigation of the charity and will report its findings once this is concluded.

Ends.

PR 46/17

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## Notes to editors

1. The Charities (Protection and Social Investment) Act 2016 amends the Charities Act 1992 and the Charities Act 2011.
2. A charity trustee is defined under section 177 of the Charities Act 2011 as being one of the persons having the general control and management of the administration of a charity. A trustee for a charity is an individual (or body) who holds land, money or securities for a charity, or in whom the legal ownership of the charity's property is vested.
3. The new discretionary disqualification power in section 181A of the Charities Act 2011 enables the regulator to disqualify a person it considers unfit from being a trustee, for a maximum period of 15 years. Before making an order, the Commission must give at least one month's notice to the person it intends to disqualify. If the Commission goes on to make an order after considering any representations, the order does not take effect until the period for making an appeal to the Tribunal has expired (42 days). If no appeal is made, the disqualification takes effect.
4. The Commission made an order on 3 May 2017 under section 181A of the

Charities Act 2011. Having satisfied itself that:

- Mountstar was responsible for misconduct and/or mismanagement in the administration of the charity at a time when it was the corporate trustee;
  - Mountstar is unfit to be a charity trustee or trustee for a charity; and
  - disqualification is desirable in the public interest to protect public trust and confidence in charities generally, The effect of the order, which came into force today (14th June), is to disqualify Mountstar from being a charity trustee or trustee for a charity in respect of any charity in England and Wales for a period of 15 years. The order also disqualifies Mountstar from holding any office or employment with senior management functions in any such charity for the same period.
5. The [Commission brought a case](#) to the High Court to seek approval of the interim managers' decision to withdraw the charity's claim of £46 million in Gift Aid tax relief. Although challenged by Mountstar, the High Court ruled in April 2016 that the charity could then withdraw the £46 million claim.
  6. [The Charity Commission](#) is the independent regulator of charities in England and Wales. To find out more about our work, see our [annual report](#).
  7. Search for charities on our [online register](#).
  8. Details of how the commission reports on its regulatory work can be found on [GOV.UK](#).
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## **Press release: Foreign Secretary statement on UN Security Council resolution on arms smuggling in Libya**

I welcome the UN Security Council's decision to unanimously adopt the UK drafted resolution targeting arms smuggling in the high seas off the coast of Libya.

The resolution demonstrates the international community's commitment to tackle the illegal flow of weapons into Libya, which fuels internal conflict. It enables international and regional organisations to stop vessels thought to be carrying arms, and acts as an important deterrent to those seeking to smuggle arms into the country by sea.

The UK is committed to bringing this conflict to a close and give the Libyan people the security and political stability they deserve. We call upon the international community to act quickly and firmly on this resolution, and to collectively tackle other flows of arms that continue to destabilise the

country.

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## News story: Record numbers expected at this year's event for suppliers

Thursday's [NDA Estate Supply Chain Event](#) has reached full capacity, with a record 1,600 visitors now signed up to attend.

More than 300 organisations have taken exhibition space at the EventCity venue, Manchester, which will once again feature the popular Innovation Zone, with technology demonstrations throughout the day. Last year saw the launch of the Skills Zone which has expanded for 2017.

Other government departments attending include:

- the Ministry of Defence (MOD)
- the export-focused Department for International Trade (DIT)
- innovation agency Innovate UK

The event is organised jointly by the NDA and its Site Licence Companies and is now believed to be the biggest of its kind in Europe. Launched in 2011, its aim is to create greater visibility of opportunities for suppliers, in particular for Small and Medium-sized Enterprises (SMEs).

The morning will be opened by new NDA Chief Executive David Peattie, with a further keynote speech by Rear Admiral Keith Beckett from the MOD's submarine programme.

This will be followed by the annual awards ceremony that acknowledges the vital role of suppliers in driving decommissioning progress across the UK.

The afternoon will see a series of presentations from the NDA's business units, outlining future opportunities. The day brings together suppliers of all sizes with organisations placing contracts, and provides opportunities for informal face-to-face networking while showcasing the latest nuclear technologies.

Ron Gorham, the NDA's Head of Supply Chain Optimisation and SME Champion, said:

We're delighted that the event continues to attract ever more interest, and this year's looks set to be the busiest yet.

We look forward to engaging with our supply chain, discussing opportunities, listening to their feedback and encouraging newcomers to become involved with decommissioning across the UK.



Suppliers are vital to our success and we hope they will take full advantage of the presentations and informal networking.

- Date: Thursday 2 November, 9.30am to 4.30pm (sign-in from 8am)
- Venue: EventCity, Manchester

If you're not attending, then [keep up to date via Twitter and #DecommSupply](#)