

Care for the elderly - the market begins to fail at th...

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The [FT has reported](#):

Shares in Southern Cross dropped almost 65 per cent after the care home company issued a starkly worded warning that government spending cuts and high rents had put it on a financially unsustainable footing.

It notes:

"In the light of reduced local authority placements the company considers its current rent burden to be unsustainable and intends to step up discussions with landlords based on a more radical agenda, " Southern Cross said.

The reality of this is pretty straightforward. Councils are not spending on respite care for the elderly. Most care homes use these to earn fees that actually generate much of their magical profitability. And that profit has gone, just about over night. So care homes are in trouble. They have empty beds. At the same time hospitals can't discharge patients who are bed blocking, with costs rising heavily from them as a result. This means emergency care for others will be denied soon.

This is the new health market for the UK at work. And failing instantly. Not just failing the odd patient though - although it is undoubtedly doing that. It's failing systemically as well.

This is Lansley's dream collapsing before it's begun.

What a mess.