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Adult Social Care in the UK
Scale, Structure, Funding and Financial Performance of the Independent Sector

REPORT

OCTOBER 2024

Prepared for

Care England

Homecare Association

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ABOUT LAINGBUISSON

LaingBuisson is a market intelligence company focused on the UK health and social care sector. Over three decades its reports have mapped each of the major market segments, including Care Homes for Older People, Care Homes for Younger Adults, and Homecare & Supported Living. LaingBuisson is the sole independent company contracted to the Office for National Statistics to provide statistical information on the activity of the independent health and social care sector. The information contributes to the UK national accounts.

EXECUTIVE SUMMARY

- The independent sector has become the dominant provider of social care services over the last five decades, replacing what was a mainly public sector supplier role. For-profit providers account for the bulk of supply while not-for-profits occupy a diminishing minority position.

- Most social care remains publicly funded. Residential care for older people is the exception, where public and private spending is split half and half nationally. In the affluent south of England, private pay dominates in terms of numbers of residents, and even more so in spend because private pay fees are substantially higher than public pay.

ENGLAND 2022/23	Local Authority £ billion	NHS £ billion	Private £ billion	Grand Total £ billion
Care homes for older people	7.3	2.6	9.0	19.0
Care homes for younger adults	2.9	1.3	0.5	4.7
Homecare	3.6	1.7	1.4	6.7
Supported living	3.1	0.2	0.1	3.5
Other council funded adult social care services	1.5	0	0	1.5
TOTAL	18.5	5.9	11.0	35.3

Source: LaingBuisson market reports
Value of service supply only, council assessment, commissioning costs and overheads are excluded
Direct Payments are included in local authority spending

- Expressed demand is constrained by available public sector budgets, especially in segments where the share of funding is high.

- All social care markets are fragmented and highly competitive at the national and local level.

Segment (and metric) 2024	National concentration ratio (penetration by the leading four providers)	National penetration by the leading ten providers
	%	%
Care homes for older people (capacity)	11.8%	17.9%
Care homes for younger adults (capacity)	10.5%	18.1%
Homecare and supported living (spending)	8.4%	16.3%

- All segments of social care have attracted investment to support their growth and the replacement of public sector supply. The mainstay is operators' equity leveraged by bank loans, supplemented by property investors, private equity and (occasionally for not-for-profits) bond issues. There are no London Stock Exchange listed social care providers.

- Private equity controls a little over one tenth of social care capacity overall

Segment (and metric) 2024	Share of independent sector service users served by groups with private equity backing
	%
Care homes for older people (capacity)	11.7%
Care homes for younger adults (capacity)	10.1%
Homecare and supported living (spending)	12.2%

- Independent sector investment to date in social care settings is measured in the tens of £billions. Further investment will be required to fully modernise and consolidate supply.

Segment	Investment requirement
Care homes for older people	New capacity for ageing population plus replacement of some legacy stock
Care homes for younger adults	Replacement / refurbishment of some legacy stock
Homecare & supported living	Investment in systems and consolidation

- Average operating profit margins among social care providers are modest. Operators catering mainly for private payers are typically more profitable than those serving publicly paid service users. Profitability has diminished significantly compared with a decade ago, particularly for operators with high exposure to public pay.

Segment	Profitability
Care homes for older people	Average EBITDAR margin of 17% across all providers in accounting years ending in 2023. 10-15% for the largest operators with a public pay focus, whose EBITDAR margins have halved over a decade.
Care homes for younger adults	Average EBITDAR margin of 15% across all providers in accounting years ending in 2023. EBITDAR margins have halved over a decade.
Homecare & supported living	Average EBITDA margin of 7.6% in most recent accounting years. EBITDA margins have recovered from a low point during the austerity years, but remain lower than pre-austerity

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INTRODUCTION

Most formal (i.e. paid) adult social care activity in the UK relates to three broad service lines:

- Care homes for older people / dementia
- Care homes for younger adults (18-64), mainly for learning disabled people
- Homecare and supported living, for adults of all ages

This report summarises key information on the structure of each market segment in turn. Most of the statistics are proprietary to LaingBuisson. Where possible, the analysis is at the England level, but for reasons of data availability and consistency most is at the UK level.

1. Care homes for older people / dementia

1.1 Supply side

For-profit providers dominate the older people's care home market (81% of residents), followed by not-for-profits (13%), Table 1. Statutory providers, which five decades ago accounted for the bulk of provision, now account for 6%. The supplier profile is similar across all regions.

Table 1.1 Care for older people (65+) and dementia in residential settings by provider sector, UK 2024

	Registered Beds	Residents	£ million	Penetration (Residents) %
For-profit nursing (registered)[1]	180,172	150,140	9,917	
For-profit residential (registered)[1]	204,933	175,890	8,702	
TOTAL FOR-PROFIT SUPPLY	385,105	326,030	18,620	81%
Not-for-profit nursing (registered)[1]	15,412	13,710	906	
Not-for-profit residential (registered)[1]	40,818	37,720	1,866	
TOTAL NOT-FOR-PROFIT SUPPLY	56,230	51,430	2,772	13%
NHS in-house long stay (not registered)	8,411	7,570	1,272	
NHS care homes (registered)	1,529	1,380	98	
Local authority care homes (registered)	15,284	13,760	977	

TOTAL PUBLIC SUPPLY	25,224	22,710	2,347	6%
Total care in residential settings	**466,559**	**400,170**	**23,738**	**100%**

Source: Care Homes for Older People UK Market Report, LaingBuisson March 2024

The older people's care home market is fragmented and competitive. The leading ten providers, by bed numbers, have an 18% market share sector at national level, Table 1.2. The market is fragmented and competitive at local level as well. There are only a handful of local authorities where the largest provider controls 25% or more of capacity within the council boundaries, which is the Competition Commission threshold for monopoly tendency.

Table 1.2 League table of independent sector providers of care homes for older people, UK October 2024

Organisation	Sector	Homes No.	Registered Beds No.	Share of Registered Beds %	Cumulative Share %
HC-One (inc. Ideal Carehomes)	For-Profit	286	17,060	3.9%	3.9%
Barchester	For-Profit	244	15,899	3.6%	7.5%
Care UK	For-Profit	156	10,810	2.5%	9.9%
Avery	For-Profit	98	8,154	1.8%	11.8%
Bupa UK Care Services(1)	For-Profit	112	6,748	1.5%	13.3%
Anchor	Not-For-Profit	120	6,396	1.5%	14.8%
Sanctuary Housing Association	Not-For-Profit	93	4,806	1.1%	15.8%
Care Concern Group	For-Profit	81	4,734	1.1%	16.9%
Maria Mallaband	For-Profit	77	4,507	1.0%	17.9%
MHA	Not-For-Profit	81	4,426	1.0%	18.9%
Other Capacity		8,790	357,504	81.1%	100%
TOTAL INDEPENDENT SECTOR		10,138	441,044	100.0%	

Source: LaingBuisson

(1) Bupa UK Care Services is classified as for-profit because Bupa's six care home operating companies are liable to pay corporation tax on any profit they make.

For-profit providers have marginally increased their share of supply over the last decade, while the not-for-profits' share has diminished. In most years, capacity gains from new for-profit registrations have exceeded capacity loss from closures, Figure 1.1. In contrast, not-for-profit closure losses have exceeded their new registration gains, Figure 1.2.

Figure 1.1 Capacity gains and losses - FOR-PROFIT care homes for older people and dementia, UK 2008- 2024

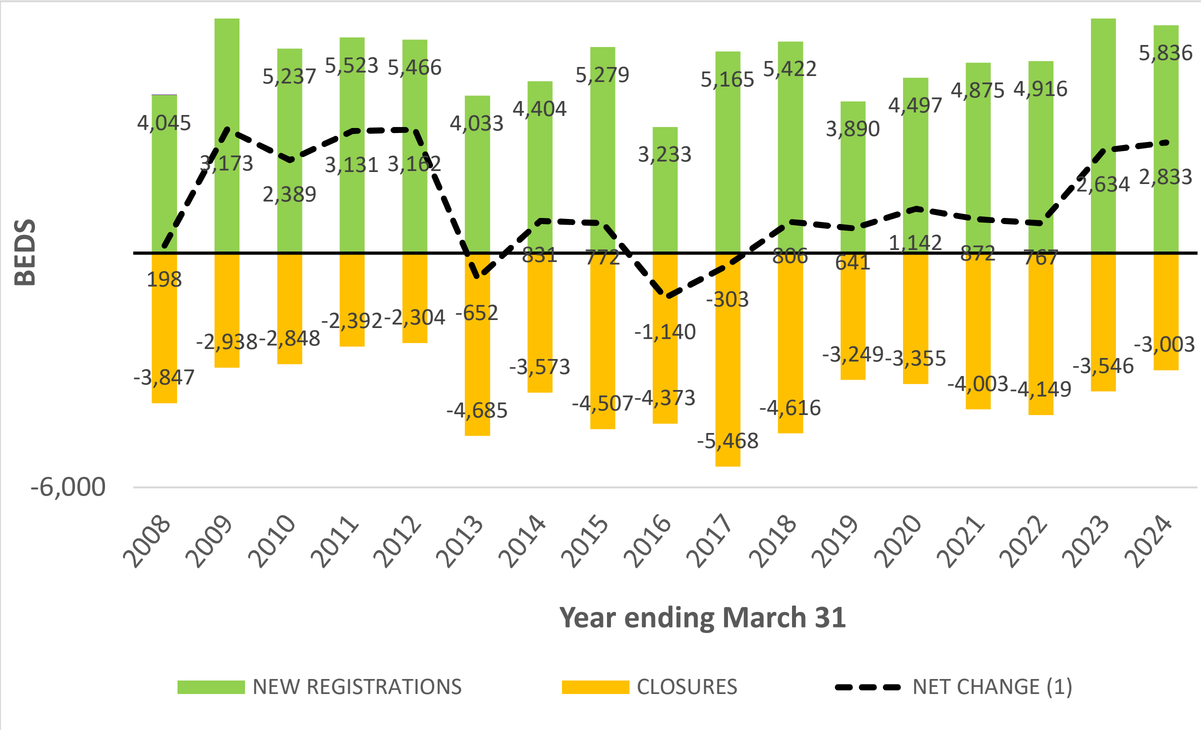
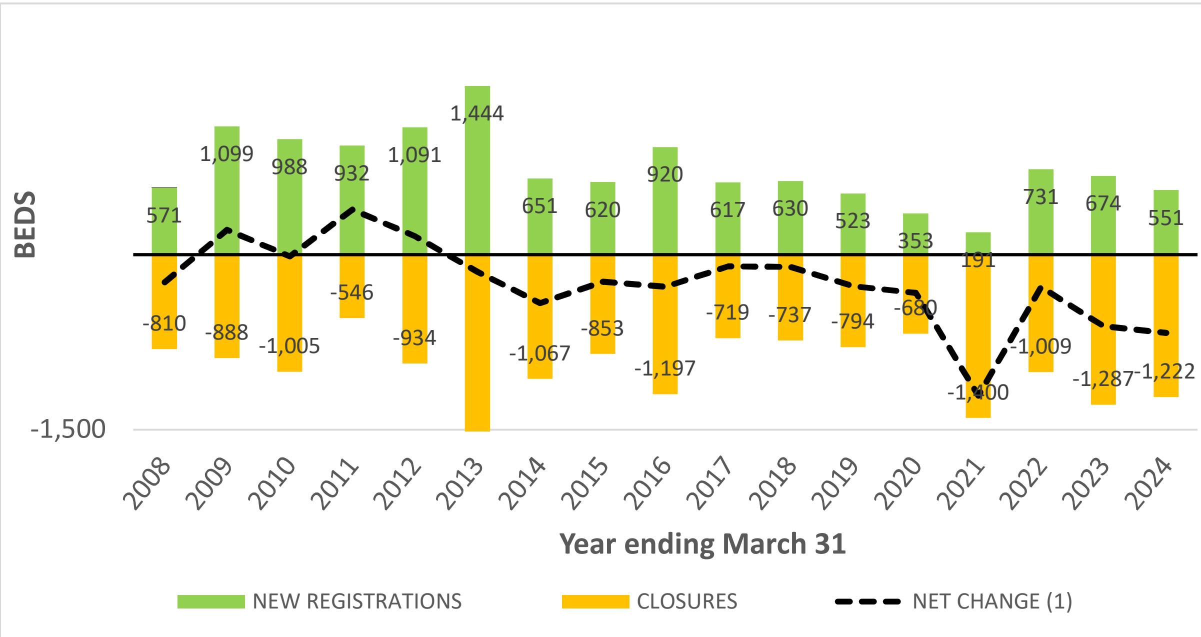


Figure 1.2 Capacity gains and losses – NOT-FOR-PROFIT care homes for older people and dementia, UK 2008- 2024



(1) Net capacity change excludes any extensions and reductions to existing homes and any re-registrations of care homes to and from client groups other than old age and dementia
Source: LaingBuisson database

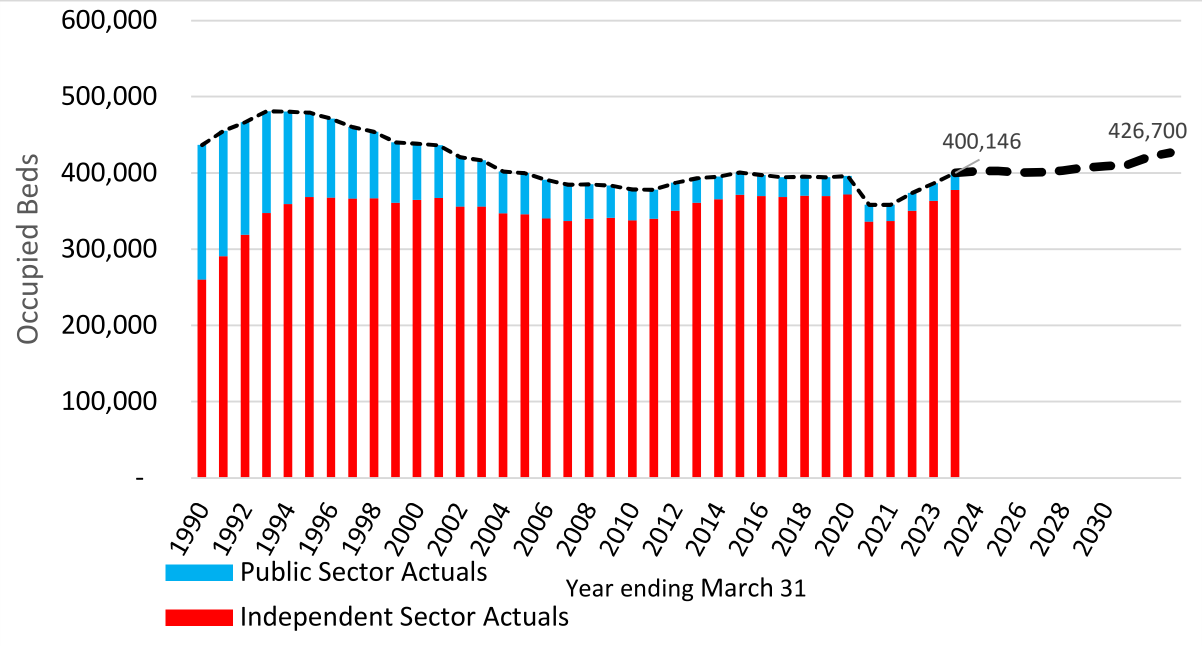
1.2 Demand side

Surprisingly, demand for and supply of care homes for older people has remained flat over the last decade, despite the ageing population, Figure 1.3[1]. Substitution by homecare is the main reason, driven by:

- The public policy agenda, which has been focused on care in the home;
- Financial pressures on councils, which have responded by ratcheting up eligibility criteria, especially for care home placements which are usually the most expensive care option; and
- and the expansion of 'extra care', which has offered a further care option for both council commissioners and private payers.

The modest growth in care home demand projected by LaingBuisson for the remainder of the 2020s and 2030s is due to accelerated population ageing.

Figure 1.3 Volume of demand (occupied places) for care in all (independent and statutory) residential settings for older people and dementia



Source: LaingBuisson projections of care home demand based of age-specific population projections, adjusted downwards to reflect continued substitution by homecare / housing with care.

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[1] The slump in demand and capacity during the 1990s and 2000s was a consequence of the 1993 community care reforms which gave local authorities the primary role in state funding of social care, and introduced assessment of need for residential care for the first time.

1.3 Investment

The scale of investment to date in independent sector capacity is substantial. The results of the 'Fair Cost of Care' exercise mandated by the government in 2022 indicated an average value of £61,000 per bed across England. Values vary widely by region and even more widely within regions according to physical structure, ranging from about £30,000 per bed for low quality legacy stock to £150,000 per bed for new, investment grade, 'future proofed' care homes. The average value of £61,000 implies that the entire stock of 441,000 beds for older people has an aggregate asset value £27 billion. Sources of investment capital (there may be more than one for any given provider) include:

- Providers' equity leveraged by bank loans (the largest source)
- Bond issues (effectively restricted to not-for-profit providers)
- Private equity (11.7% of capacity – see Table 1.3)
- Real Estate Investment Trusts (REITS) and other UK and overseas property investors (the most important source of capital funding for new care homes currently being built, mainly targeted at private payers)

There are no stock exchange listed care home groups.

1.3.1 Private equity

Private equity houses control 17 care home groups for older people with an aggregate 53,773 registered beds, or 12.2% of older people's care home capacity in the UK (as at October 2024). We have adopted a broad definition of private equity, to include Welltower, the USA REIT (Real Estate Investment Trust), listed on the New York Stock Exchange, which in October 2024 acquired Care UK, the third largest British care come group for older people, from private equity company Bridgepoint.

Table 1.3 Private equity holdings – care homes for older people, UK October 2024

Operator	Company number	Owner	Care homes for older people	Bed capacity	Market Share
HC-One (including Ideal Carehomes, acquired in October 2023)	FC034664	Safanad (USA)	286	17,060	3.9%
Care UK	07158140	Welltower (USA)	156	10,810	2.5%
Avery	10513243	Reuben Brothers (USA)	98	8,154	1.8%
Aria Care	6367517	Santerre Health Investors (USA)	66	3,705	0.8%
Four Seasons Health Care	55185	In administration - was Terra Firma (UK)	45	2,485	0.6%

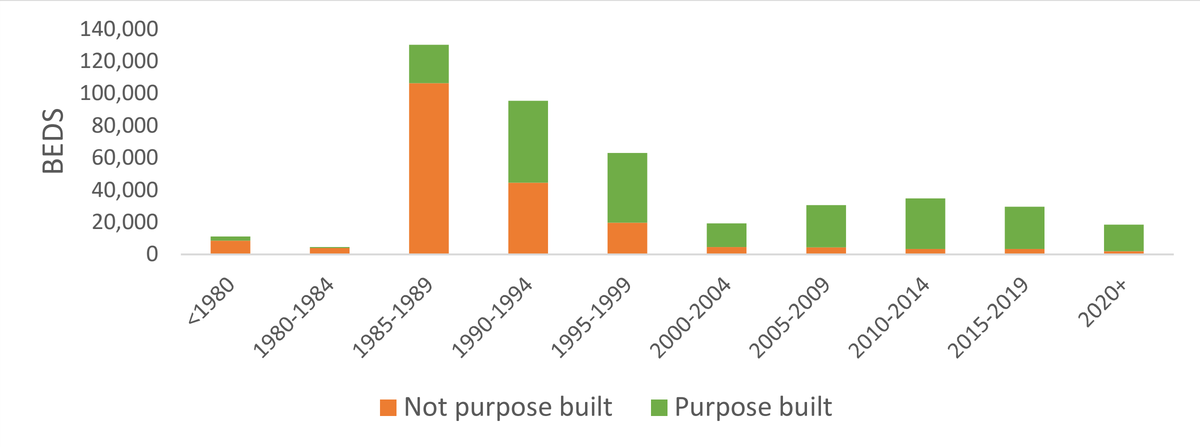
Hamberley Care Homes	11231703	Patron Capital Advisers LLP (UK)	21	1,520	0.3%
Porthaven Care Homes	10982660	Fremont Group (USA)	21	1,410	0.3%
Orchard Care Homes	OC397893	Alchemy Partners LLP (UK)	23	1,279	0.3%
Danforth Care	15566329	Warwick Capital Partners	19	1,254	0.3%
Signature Senior Lifestyle	09381613	Elevation Partners and PGIM	10	925	0.2%
Oakland Care	10127904	Synova Capital LLP (UK)	10	732	0.2%
Lovett Care	12113398	H.I.G. Capital (USA)	10	720	0.2%
Aurem Care	13732569	Gresham House	10	381	0.1%
Allegra Care	12758894	Moorfield Group	6	362	0.1%
Towerview Care	10686030	Weight Partners Capital LLP (UK)	5	317	0.1%
Albion Care Communities	N/A	Albion Capital Group LLP (UK)	4	271	0.1%
TOTAL HELD BY PRIVATE EQUITY			790	51,385	11.7%
TOTAL ADDRESSABLE INDEPENDENT SECTOR MARKET				441,044	

Source: LaingBuisson

1.3.2 Care home stock and future investment needs

Despite substantial investment in new care home assets, there remains a large residue of legacy stock, in the form of converted premises dating from the initial expansion of the independent care home sector in the 1980s. New investment will be required not only to finance the projected capacity expansion illustrated in Figure 1.1, but also to replace sub-standard legacy stock. Forty-four percent of current capacity is not purpose built. While nearly all new capacity coming on stream now is purpose-built, with a replacement rate of 1-2% of total capacity per year it will take several decades to fully modernise the sector.

Figure 1.4 Date of first registration and new-build status of independent sector care home capacity, UK October 2024

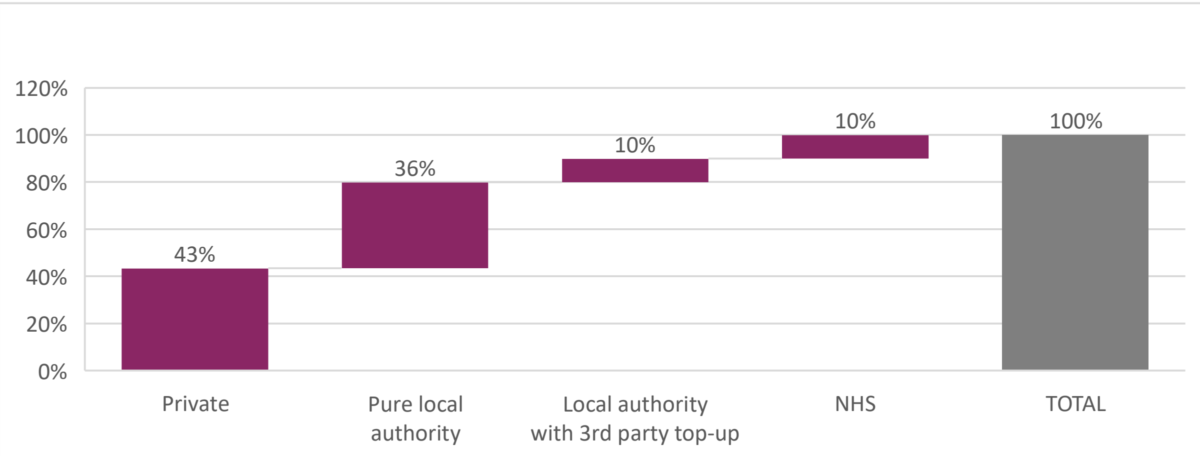


Source: LaingBuisson

1.4 Funding

The majority (57%) of older care home residents are still publicly funded, by local authorities or the NHS, Figure 1.5. The remaining 43% are private payers. Private pay, however, accounts for more than 50% of revenue earned by independent sector providers, because private pay fees are significantly higher than public paid fees. These are average figures for the whole of the UK. The market in the affluent South is weighted towards private pay, while the market in the non-affluent North is weighted towards public pay.

Figure 1.5 Sources of funding by resident numbers, care in all independent and statutory sector residential settings for older people UK 2023



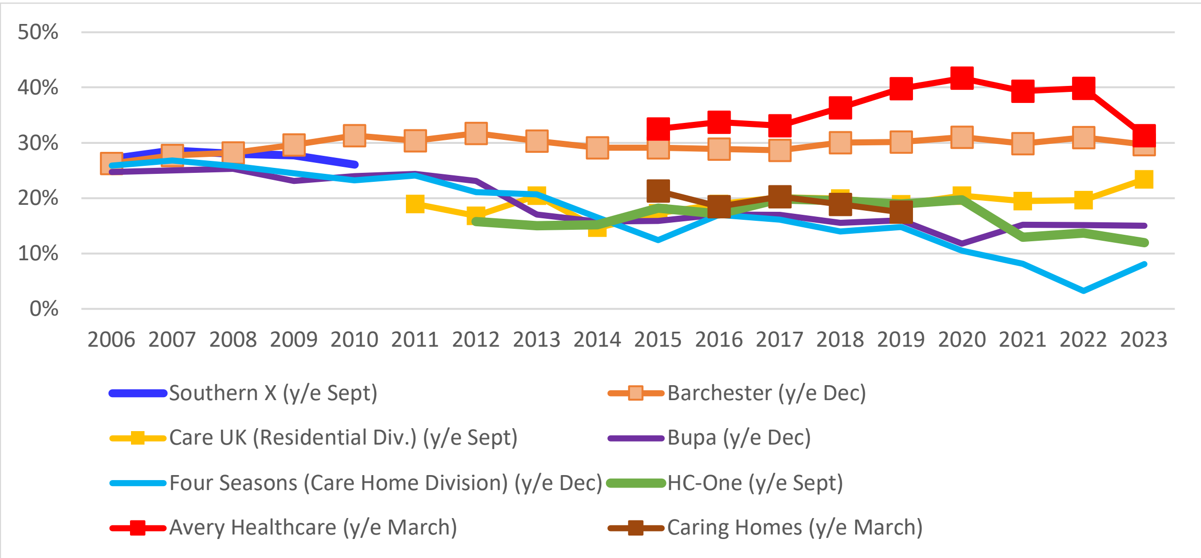
Source: LaingBuisson

1.5 Profitability

The preferred measure of underlying profitability for asset heavy businesses like care homes, is EBITDAR (Earnings Before Interest, Tax, Depreciation, Amortisation of goodwill and Rent on leased premises). LaingBuisson maintains information spanning more than two decades from the statutory accounts of independent health and social care providers which are sufficiently large to post profit and loss at Companies House. Weighted average EBITDAR margins for the most recent accounting year of all care home groups for older people which are large enough to post profit and loss at Companies House (with aggregate annual revenue of £6.7 billion) work out at an average of 17%, see Appendix 1. This is the average operating profit from which providers cover their capital financing costs including rent (on leased premises) interest on loans (mainly secured on property assets), depreciation and amortisation. Any balance remaining represents profit before tax (PBT).

Analysis of the statutory accounts of the largest providers over time show a polarisation between providers such as Barchester, Avery and Care UK which are mainly focused on private payers (EBITDAR margins higher and relatively stable over time) and providers such as HC-One, Bupa and Four Seasons Healthcare which are focused on public payers (EBITDAR margins lower and declining over time), Figure 1.6.

Figure 1.6 EBITDAR margins posted by major UK older people's care home groups, 2006 - 2023



Public pay shares in 2023 were:

- Barchester Healthcare, not revealed though known to be focused on the private pay market
- Avery, not revealed though known to be focused on the private pay market
- Bupa, 60% public pay
- Residue of Four Seasons Healthcare (in administration), not revealed though known to be mainly public pay
- HC-One, 75.5% public pay
- Care UK, historically was mainly public pay through long term contracts, but development focus has been on private pay for several years and the proportion of residents who are publicly paid is now less than 50%

Source: LaingBuisson

2. Care homes for younger adults

The majority of younger adult (aged 18-64) care home residents are learning disabled, including those on the autistic spectrum. Other service users include those with physical disabilities, acquired brain injury, enduring mental health problems and substance misusers.

The key operational differentiator is the small scale of care homes for younger adults, average 11 places, compared with an average of 43 places for care homes for older people. This is driven by commissioners' and regulators' preference for small-scale homes for learning disabled people, who make up the majority of younger adult service users.

There is also a much higher prevalence of converted premises. In effect, public sector commissioners, supported by regulators, have traded economies of scale and new-build for 'normalised', non-institutionalised, physical environments. As a consequence, younger adult care home property is less attractive to property investors looking for 'investment grade' assets than older people's care home property.

2.1 Supply side

For-profit providers dominate the younger adult care home market (71% of residents), followed by not-for-profits (25%), Table 1. Statutory providers, which five decades ago accounted for the bulk of provision, now account for 4%. These figures are for England only. The breakdown of the market is similar in devolved administrations and across all regions of England.

Table 2.1 Younger adults (age 18-64) in residential settings by provider sector, ENGLAND 2024

	Homes	Places	Residents	£ million	Penetration (residents)
For-profit nursing	433	12,610	10,851	958	
For-profit residential[2] (without nursing)	3,845	35,135	30,813	2,395	
TOTAL FOR-PROFIT SUPPLY	4,278	47,745	41,664	3,353	71%
Not-for-profit nursing	143	3,386	2,986	215	
Not-for-profit residential[2] (without nursing)	1,404	13,038	11,396	834	
TOTAL NOT-FOR-PROFIT SUPPLY	1,546	16,423	14,382	1,049	25%

NHS residential care	26	1,016	743	80	
Local authority staffed premises	185	1,860	1,672	177	
TOTAL PUBLIC SUPPLY	211	2,876	2,415	257	4%
Total care in residential settings England	6,034	67,044	58,461	4,659	100%

Source: LaingBuisson

The younger adult care home market is as fragmented and competitive as the older people's care home market. The leading ten providers, by bed numbers, have an 18% market share sector at national level, Table 2. The market is fragmented and competitive at local level as well.

Table 2.2 League table of independent sector providers of care homes for younger adults (18-64), UK October 2024

Organisation	Sector	Homes	Registered Beds	Share of Registered Beds	Cumulative Share
		No.	No.	%	%
Voyage Care	For-Profit	260	2,045	3.2%	3.2%
Priory Group	For-Profit	195	2,013	3.1%	6.3%
Achieve Together	For-Profit	172	1,372	2.1%	8.5%
CareTech	For-Profit	144	1,309	2.0%	10.5%
Exemplar Health Care	For-Profit	37	1,041	1.6%	12.1%
Leonard Cheshire	Not-For-Profit	55	1,022	1.6%	13.7%
ivolve Group	For-Profit	74	770	1.2%	14.9%
Keys Group	For-Profit	96	716	1.1%	16.0%
Salutem	For-Profit	74	681	1.1%	17.1%
Elysium Healthcare	For-Profit	43	654	1.0%	18.1%
PrimeLife	For-Profit	28	625	1.0%	19.1%
Cygnet	For-Profit	57	585	0.9%	20.0%

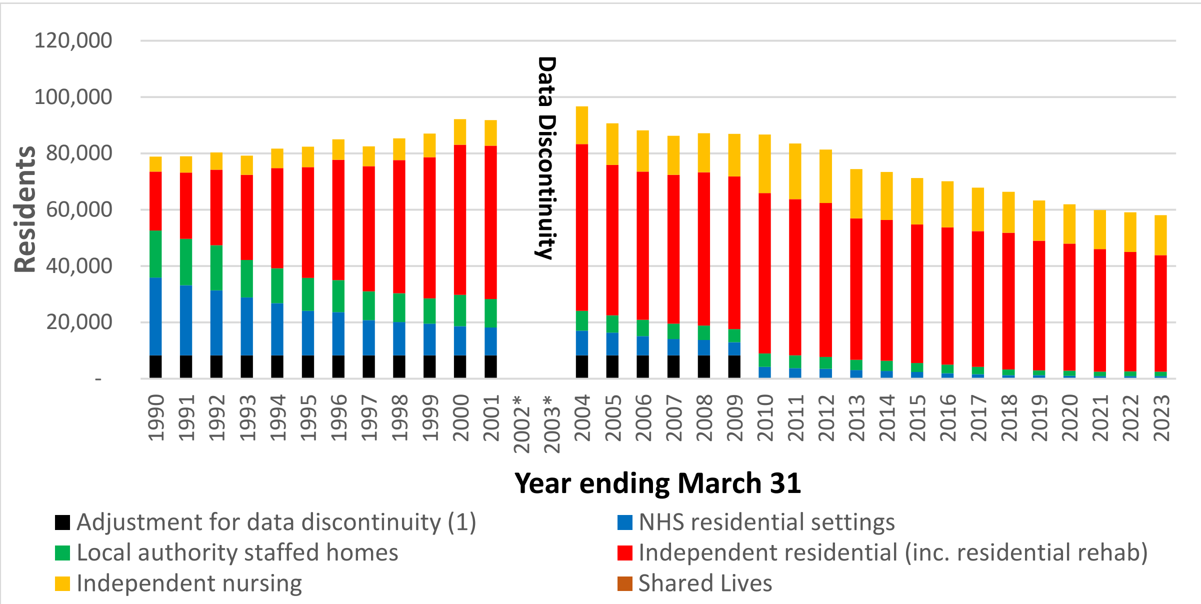
Choice Care	For-Profit	68	583	0.9%	20.9%
Consensus	For-Profit	65	539	0.8%	21.7%
Lifeways Group	For-Profit	53	526	0.8%	22.6%
Other capacity		4,403	49,687	77.4%	100%
TOTAL INDEPENDENT SECTOR		5,824	64,168	100.0%	

Source: LaingBuisson

2.2 Demand side

Demand and supply for care homes for younger adults has been declining since the peak reached at the end of the last century, when transfers from the old NHS mental handicap hospitals were nearing exhaustion, Figure 2.1. The number of younger adult residents in care homes is expected to continue to decline in the future as more service users opt for supported living, which is projected to continue growing, see Section 3.

Figure 2.1 Demand for care in all (independent and statutory) residential settings for younger adults (age 18-64), England 1990-2023



[1] The discontinuity in time trends in 2002 and 2003 results from implementation of the Care Standards Act, when a number of services were re-categorised for regulatory purposes. The new regulatory bodies created under the Care Standards Act failed to provide full and accurate information on registered care homes throughout the UK for a period of about 2 years. Data from 2004 onwards are not comparable with data prior to 2002. The discontinuity in 2010 results from the re-registration process which took place when the Care Quality Commission took over as the English regulator of care services.

Source: LaingBuisson

Most younger adult care home groups have diversified into the supported living space, where service users live in their own (usually rented) accommodation and receive support at home. The two business models (care homes and supported living) diverge. The latter (supported living) is described in Section 3.

2.3 Investment

Despite the declining scale of younger adult residential care sector, new care home facilities continue to be developed while others exit the market. Sources of investment capital (there may be more than one for any given provider) include:

- Providers' equity leveraged by bank loans (the largest source)
- Private equity (10.1% of capacity – see Table 2.3)
- Limited capital is available from Real Estate Investment Trusts (REITS) and other UK and overseas property investors. It is limited because small and often converted care homes for younger adults are not viewed as 'investment grade'. There are two London Stock Exchange listed REITs specialising in investment in the younger adult care space, but they are focused mainly on non-registered supported housing assets, with returns effectively underwritten by housing benefit. There are no stock exchange listed younger adult care home groups.

2.3.1 Private equity

At the time of writing, private equity investors controlled 9 care home groups for younger adults with an aggregate 6,463 registered beds, or 10.1% of younger adult care home capacity, table 2.3.

Table 2.3 Private equity holdings – independent sector care homes for younger adults (aged 18-64), UK October 2024

Owner Name	Company Number	Investor	Care homes for younger adults	Bed capacity	Market Share
Voyage Care	13834888	Wren House Infrastructure	262	2,074	3.2%
Achieve Together	11112295	DigitalBridge	174	1,383	2.2%
Exemplar Health Care	12970658	Ares Management	52	1,473	2.3%
Choice Care	11616957	iCON Infrastructure	68	583	0.9%
Consensus	12969264	Stirling Square Capital Partners LLP	65	359	0.6%
Liaise	08499847	Intriva Capital Advisors LLP	34	234	0.4%

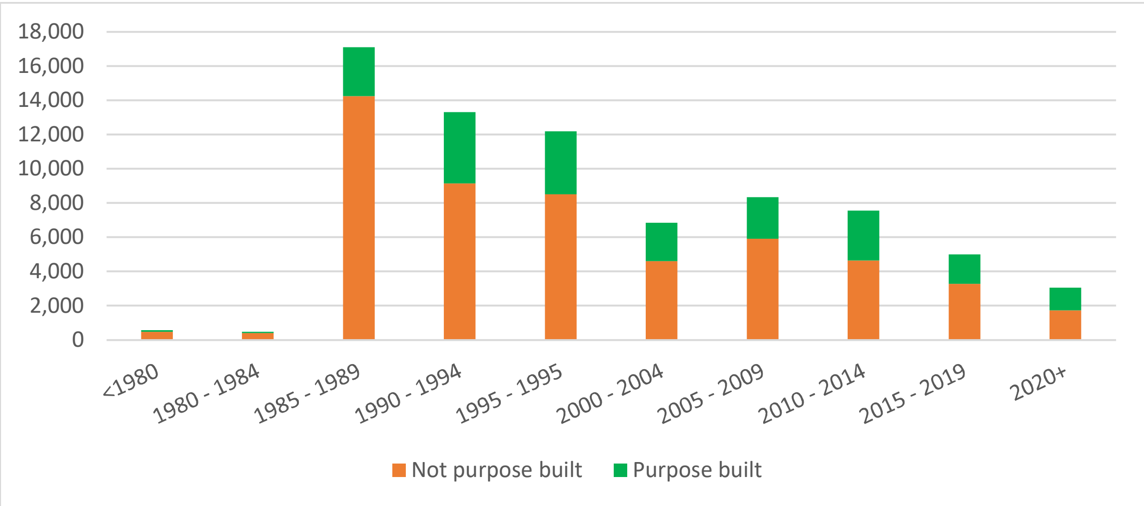
Swanton Care	10800773	Apposite Capital LLP	26	193	0.3%
Outcomes First Group	08516288	Rise Fund	12	97	0.2%
Creative Care	08983297	Spring Ventures LLP	10	67	0.1%
TOTAL HELD BY PRIVATE EQUITY				6,463	**10.1%**
TOTAL ADDRESSABLE INDEPENDENT SECTOR MARKET				64,168	

Source: LaingBuisson

2.3.2 Care home stock and future investment needs

Most care home capacity for younger adults (71% of registered beds) is in converted (rather than purpose built) premises. In contrast to older people's care homes, a majority (56%) of new younger adult care home places that have been developed post-2020 are in converted premises as well.

Figure 2.2 Date of first registration and new-build status of independent sector younger adult care home capacity, UK October 2024

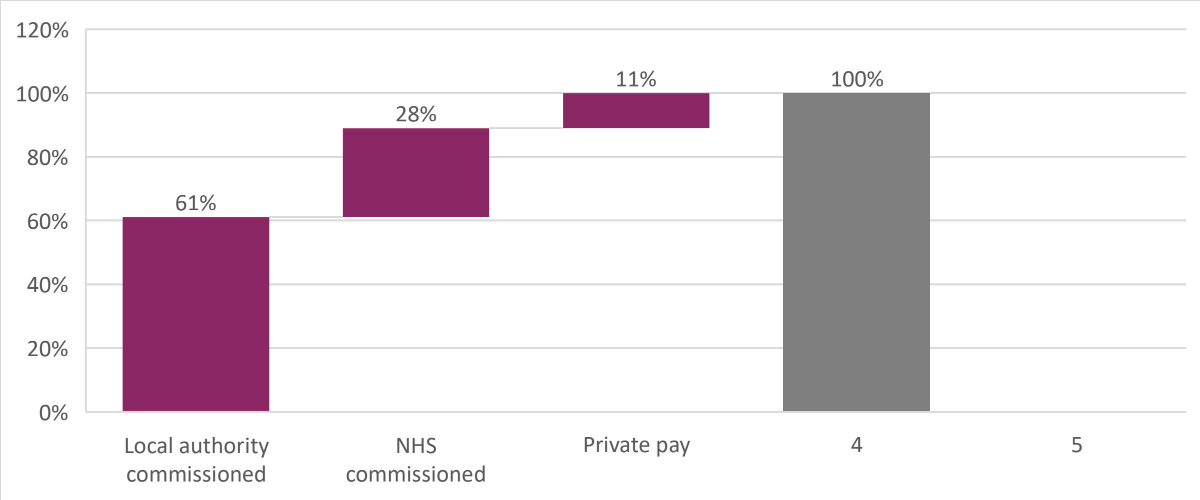


Source: LaingBuisson

2.4 Funding

The great majority (89%) of younger adult care home residents are publicly funded, mainly by local authorities and to a lesser extent by the NHS, Figure 2.3. The private pay share is 11%, weighted upwards by acquired brain injury (frequently funded by accident insurance) and residential substance misuse rehab (frequently funded by users' families).

Figure 2.3 Sources of funding by resident numbers, care in all independent and statutory sector residential settings for older people UK 2023

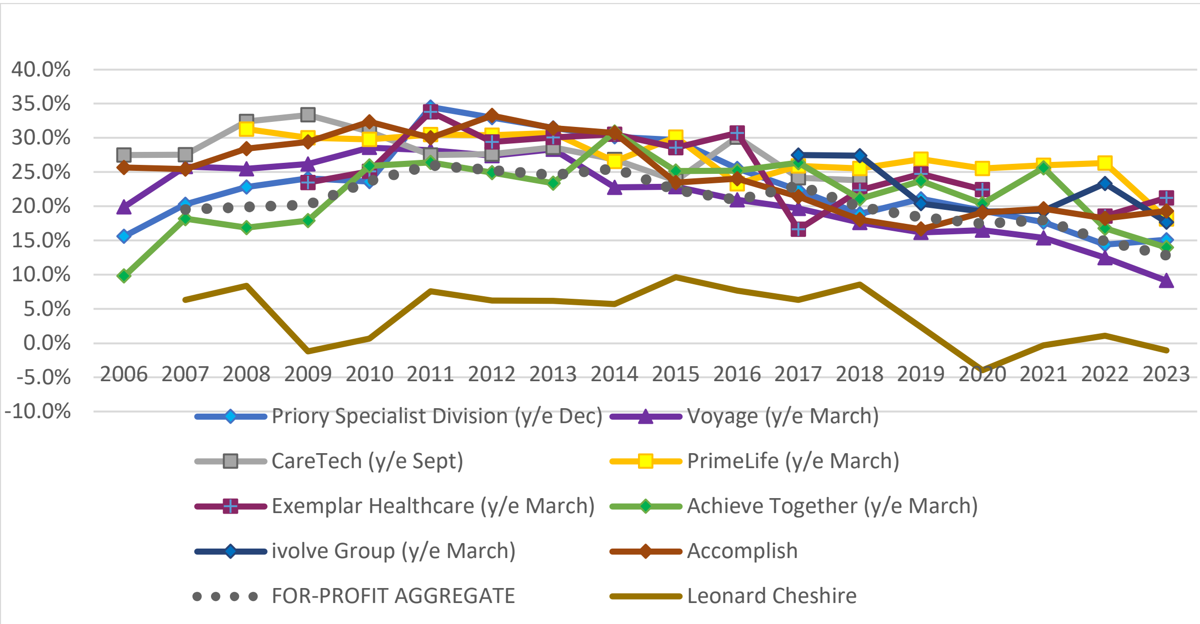


Source: LaingBuisson

2.5 Profitability

Analysis of the statutory accounts of the eight largest providers over time show a declining profitability trend. Weighted average EBITDAR halved from 26% of revenue for accounting years ending in 2011 to 13% for accounting years ending in 2023, Figure 2.4.

Figure 2.4 EBITDAR margins posted by major older people's care home groups, 2006 - 2023



Source: LaingBuisson

Weighted average EBITDAR margins for the most recent accounting year of all younger adult care home groups which are large enough to post profit and loss as Companies House (with aggregate annual revenue of £2.1 billion) work out at an average of 15% of revenue, see Appendix 2. This is the average operating profit from which providers cover their capital financing costs including rent (on leased premises) interest on loans (mainly secured on property assets), depreciation and amortisation. Any balance remaining represents profit before corporation tax (PBT).

3. Homecare and supported living (adults aged 18 and over)

Homecare (alternatively known as domiciliary care) and supported living are classified as a single sector in this report because the business model is essentially the same – the recruitment and delivery of low-paid staff to adults with care and support needs, charged out at an hourly rate[2].

3.1 Supply side

Independent sector providers supply an estimated 97% of all homecare and supported living contact hours in England, Table 3.1. While there is no reliable breakdown, for-profit providers dominate over not-for-profits, Table 1. Statutory providers, which five decades ago accounted for the bulk of provision, now account for 3%. The supplier profile is similar across all regions.

Table 3.1 Estimated supply of homecare and supported living services across all funding sources (councils, NHS and private pay) ENGLAND estimates 2022/23

	Annual contact hours	Annual value	Penetration (Contact hours)
	Millions	£m	%
HOMECARE			
Independent sector	337	6,530	98%
Statutory sector	4	126	2%
Total England	341	6,656	100%
SUPPORTED LIVING			
Independent sector	174	3,370	96%
Statutory sector	4	129	4%

[2] Homecare consists primarily of personal care (which may involve intimate contact), mainly for older people, whereas supported living consists primarily of support with ordinary living tasks (shopping, cooking, filling in forms), mainly for younger adults, with learning disabled people as the largest client group.

Total England	178	3,499	100%
Independent sector	510	9,900	97%
Statutory sector	8	256	3%
Total England	518	10,156	100%
TOTAL UK		12,081	

Source: Homecare and Supported Living Market Report, LaingBuisson January 2024

The homecare and supported living market is fragmented and competitive. The leading ten providers, by value, have an 18% market share sector at national level, Table 1.2. The market is fragmented and competitive at local level as well. There are only a handful of local authorities where the largest provider controls 25% or more of capacity within the council boundaries, which is the Competition Commission threshold for monopoly tendency.

Table 3.2 Market leading independent sector providers of homecare and supported living services by turnover, UK circa 2022/23

Operator	**Principal Activity**	**Estimated annual revenue from homecare and supported living services in financial year 2022/23**	**Market share**
		£ million	**%**
City & County Healthcare	Homecare	350	2.9%
Lifeways Group	Supported Living	227	1.9%
Bluebird Care (franchisor)	Homecare	223	1.8%
Home Instead Senior Care (franchisor)	Homecare	210	1.7%
Cera Care	Homecare	200	1.7%
Dimensions	Supported Living	194	1.6%
Clece Care Services	Homecare	180	1.5%
CareMark (Franchisor)	Homecare	130	1.1%
Community Integrated Care	Adult specialist	130	1.1%
Helping Hands	Homecare	128	1.1%
Other providers		10,108	83.7%
UK TOTAL		12,081	100%

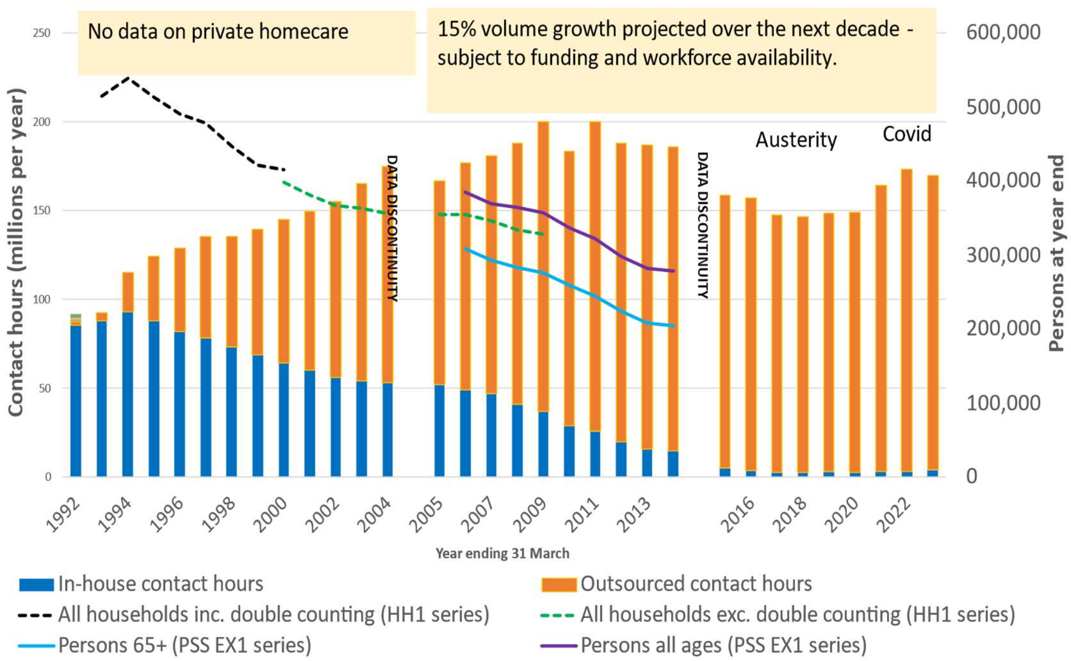
Source: LaingBuisson

3.2 Demand side

In the absence of reliable data on NHS and privately paid services, no trends in overall homecare market size are presented.

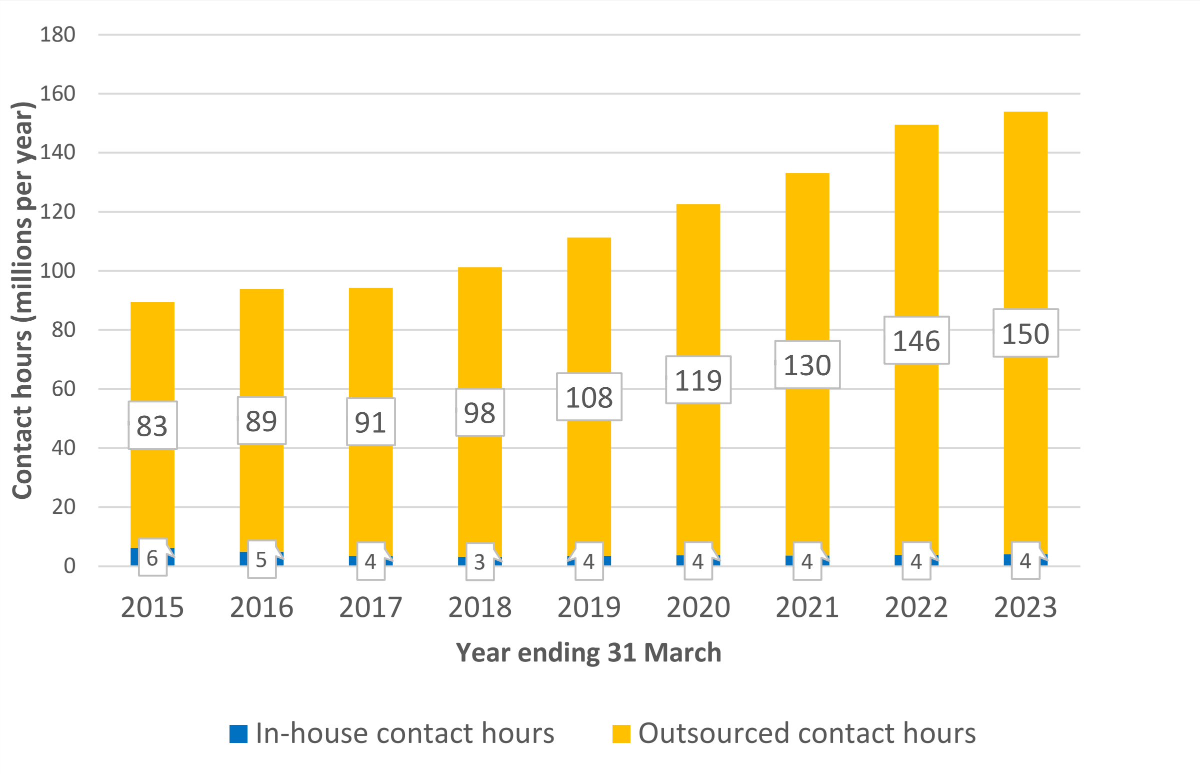
Trends in local authority paid homecare only (excluding homecare funded by Direct Payments) are illustrated in Figure 3.1, showing a sharp drop in the volume of council paid homecare hours during the period of government spending austerity. The new decade witnessed some recovery in council paid expressed demand, though it remains below pre-austerity levels. The striking reduction in the number of people in receipt of council-paid homecare during the 1990s and 2000s was due to the withdrawal of low-level 'home help' and the collective decisions of councils to focus spending on personal care.

Figure 3.1 Local authority commissioned homecare, England 1992 - 2023



Meanwhile, the volume of supported living demand paid by councils has been on a strongly rising trend since statistics started to be collected in 2015, Figure 3.2.

Figure 3.2 Local authority commissioned supported living, England 1992-2023



Source: LaingBuisson

3.3 Investment

Homecare and supported living services are 'asset-light', with no requirement for bricks and mortar investment. Working capital and systems investment needs are typically funded from owners' equity and bank loans. Private equity has played a role in backing group consolidation via 'buy and build'. There are no stock exchange listed homecare or supported living groups. Uniquely, within the broad health and social sector, homecare supports a number of large-scale franchise operations focusing on the private pay market.

3.3.1 Private equity

Private equity houses control 14 homecare or supported living groups with aggregate revenue of £1.2 billion in 2023, accounting for 12.2% of total independent sector revenue in this market segment.

Table 3.3 Private equity holdings – homecare and supported living, UK October 2024

Owner Name	Principal activity	Company Number	Investor Name	Estimated annual revenue from homecare and supported living	Year end	Market share
				£ million		%
City & County Healthcare Group	Homecare	08794967	Summit Partners	350	Mar-23	3.5%
Lifeways Group	Supported living	FC040489	Vita Topco Ltd (Jersey)	227	Feb-23	2.3%
Bluebird Care	Homecare	09708747	Wellspring Capital Management	223	Dec-22	2.3%
Helping Hands	Homecare	11208300	Livingbridge	128	Dec-22	1.3%
Grosvenor Health & Social Care [1]	Homecare	06829537	Weight Partners Capital LLP	49.6	Dec-23	0.5%
Eden Futures	Supported living	13447848	Sovereign Capital Partners LLP	44	Mar-23	0.4%
Alina Homecare Services	Homecare	08688249	Bridges Fund Management Ltd	39.5	Apr-23	0.4%
Trinity Homecare	Homecare	12476350	Limerston Capital	32.6	Mar-23	0.3%
Prestige Nursing & Care	Homecare	01006953	The Halifax Group	31.1	Aug-23	0.3%
Aspirations Care	Supported living	11701290	Elysian Capital LLP	29.4	Mar-23	0.3%
The Good Care Group	Homecare	07093184	The Halifax Group	25.8	Aug-23	0.3%
Optimo	Homecare	07269145	Oxygen Enterprise Partners Ltd	18	Jul-23	0.2%
Oxford Aunts Care	Homecare	02903352	The Halifax Group	6.4	Aug-23	0.1%
HomeTouch Care Ltd	Homecare	N/A	Passion Capital	N/A	N/A	NA
TOTAL HELD BY PRIVATE EQUITY				1,204		12.2%
TOTAL ADDRESSABLE INDEPENDENT SECTOR MARKET				9,900		

Source: LaingBuisson

3.3.2 Future investment needs

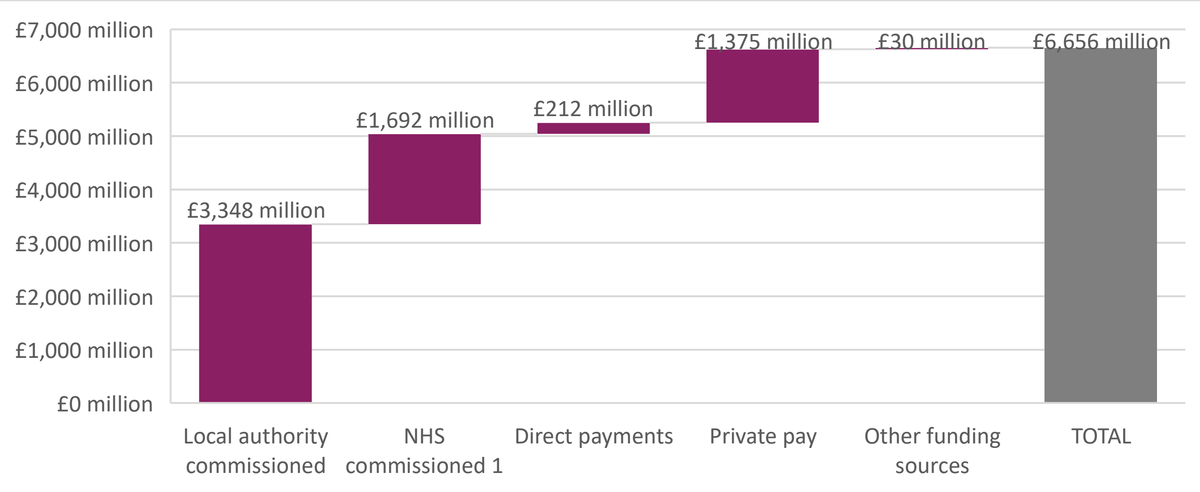
Bricks and mortar investment is not a significant requirement of homecare or supported living providers. There are significant investment needs relating to consolidation and the development of operational systems.

3.4 Funding

LaingBuisson's best estimate is that 79% of homecare and 96% of supported living is publicly funded in England, mainly by local authorities, Figures 3.3 and 3.4.

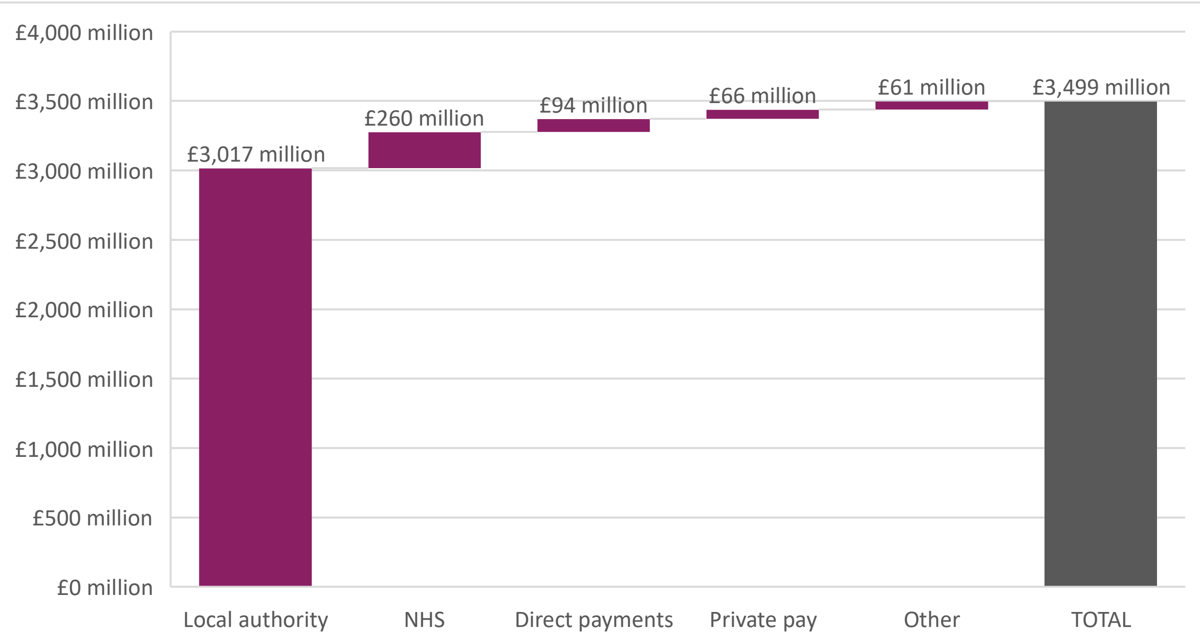
Homecare's private pay share is higher in the affluent south than the non-affluent North, but public pay still dominates in all regions.

Figure 3.3 Sources of funding for homecare providers, England 2022/23



Source: LaingBuisson

Figure 3.3 Sources of funding for supported living providers, England 2022/23



Source: LaingBuisson

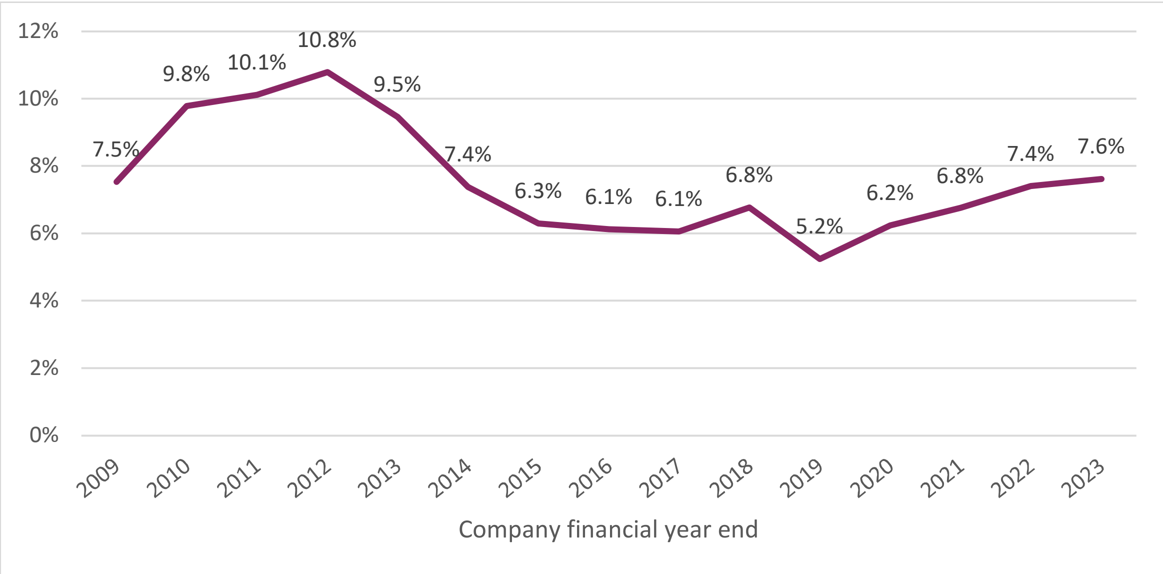
3.5 Profitability

The preferred measure of underlying profitability for asset-light businesses like homecare and supported living is EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation of goodwill).

LaingBuisson maintains information spanning more than two decades from the statutory accounts of independent health and social care providers which are sufficiently large to post profit and loss at Companies House[3].

Weighted average EBITDA margins rose in the aftermath of the global credit crisis, as pay was depressed and National Minimum Wage uplifts were held down. EBITDA margins fell during the years of austerity, as cash-strapped local authorities held fee rates down. EBITDA margins have recovered in recent years – though not to the peak recorded for company financial periods ending in 2011 and 2012. The weighted average EBITDA margin for company financial periods ending in 2023 (the latest for most stands at 7.6% for providers' most recent statutory accounts for financial years ending during 2023.

Figure 3.5 EBITDA[1] margins posted by homecare[2] and supported living groups, UK, company financial years ending 2009 – 2023



Source: Statutory accounts of companies large enough to post profit and loss
[1] EBITDA (Earnings Before Tax, Interest, Depreciation and Amortisation of goodwill..
[2] Homecare groups exclude those classified as Complex Care Groups, which offer typically nurse-led homecare services funded by the NHS

[3] Homecare franchise groups are excluded because their profit and loss statements are based on franchise fees rather than franchisees gross income from homecare services. Since franchise groups focus on the more profitable private pay segment of the market, their exclusion results in some under-statement of average EBITDA margins.

Appendix 1 Profitability of care home groups (older people).

Operator	Sector	Year end	period (months)	Operating Revenue £ million	EBITDAR[1] margin %	EBITDA[2] margin %
Barchester	For-Profit	2022	12	766.8	31	14
HC-One	For-Profit	2023	12	666.8	12	9
Care UK	For-Profit	2023	12	490.5	23	10
Runwood Homes Ltd	For-Profit	2023	18	260.1	27	25
Avery	For-Profit	2023	12	197.3	31	4
One Housing Group Ltd	Non-profit	2022	12	178.8	28	24
Caring Homes	For-Profit	2022	12	159.0	14	-14
Four Seasons Health Care	For-Profit	2024	9	136.5	16	15
Shaw Healthcare	For-Profit	2023	12	128.2	11	10
Healthcare Homes	For-Profit	2023	12	128.1	15	-1
Aria Care	For-Profit	2023	12	124.9	5	-6
Minster Care Group Ltd	For-Profit	2023	12	122.9	19	5
Signature Senior Lifestyle	For-Profit	2022	12	119.0	2	1
Hallmark Care Homes	For-Profit	2023	12	112.3	13	13
Advinia Health Care	For-Profit	2023	12	103.4	8	8
PrimeLife	For-Profit	2023	12	89.7	18	11
Pobl	Non-profit	2023	12	84.3	35	31
Somerset Care Limited	Non-profit	2023	12	81.3	8	5
Meallmore Ltd	For-Profit	2023	12	76	19	19
B & M Care Group	For-Profit	2023	12	75.5	27	27
Colten Care	For-Profit	2023	12	75.1	10	10
Ideal Carehomes	For-Profit	2023	12	74.6	31	7
Porthaven Care Homes	For-Profit	2022	12	68.7	30	30
Akari Care	For-Profit	2023	12	66.8	-42	-42
Carebase	For-Profit	2022	12	65.4	30	30
Select Healthcare Ltd	For-Profit	2023	12	62	18	18
Quantum Care Ltd	Not-For-Profit	2022	12	57.9	13	2
Crown Care Group	For-Profit	2023	12	56.2	29	29
Optalis Ltd	Local Authority	2023	12	53.8	1	0
Sunderland Care and Support Ltd	Local Authority	2023	12	52.1	-5	-6
Balhousie Care Group	For-Profit	2022	12	51.2	20	16
Graham Care	For-Profit	2023	12	51.1	33	33
Abbeyfield	Non-profit	2023	12	50.6	-8	-9
Gainford Care Homes	For-Profit	2023	12	49.3	27	27
Canford Healthcare	For-Profit	2023	12	48.1	25	1
Roseberry Care Centres	For-Profit	2022	12	47.8	3	3
Rushcliffe Care Group	For-Profit	2022	12	47.3	21	21
Gold Care Homes	For-Profit	2023	12	46.9	3	3
Orchard Care Homes	For-Profit	2023	12	46.1	2	2

Larchwood Care	For-Profit	2023	12	44.9	-1	-1
Brunelcare	Non-profit	2023	12	43.3	9	7
RCH Care Homes Ltd	For-Profit	2023	12	41.7	30	19
Joseph Rowntree Housing Trust	Non-profit	2022	12	41.5	45	45
NorseCare Ltd	Local Authority	2023	12	40.4	-2	-2
Forest Healthcare	For-Profit	2022	12	40.4	14	14
Hica Group	Non-profit	2023	12	38.3	5	0
Nellsar	For-Profit	2023	12	36.8	11	11
Precious Homes	For-Profit	2023	12	35.8	8	6
Tricuro Ltd	For-Profit	2023	12	33	9	0
Macc Care Ltd	For-Profit	2022	12	32.2	15	15
Elizabeth Finn Homes	Non-profit	2023	12	31.7	14	0
Halcyon Care Homes	For-Profit	2022	11.6	29.7	11	-3
Holmes Care Group Ltd	For-Profit	2021	12	28.4	7	-5
Adept Care Homes	For-Profit	2024	12	26.9	18	17
Bon Accord Care	Local Authority	2023	12	26.8	-15	-15
Excelcare	For-Profit	2023	12	26.4	20	8
Abbey Total Care Group	For-Profit	2023	12	26	23	23
Beaumont Care Homes	For-Profit	2022	5.46	25.7	-7	-7
Cornerstone Healthcare Group	For-Profit	2024	12	25.7	21	21
C & C	Non-profit	2023	12	25.1	-4	-4
Randolph Hill Nursing Homes Group	For-Profit	2023	12	24.9	13	13
Burlington Homecare	For-Profit	2023	12	24.9	14	-2
Handsale	For-Profit	2023	12	22.5	2	-3
Wellburn Care Homes Limited	For-Profit	2023	12	22.2	13	13
South Coast Nursing Homes Ltd	For-Profit	2022	12	21.2	16	16
Regal Care	For-Profit	2023	13	21.2	15	1
Risedale Estates Ltd	For-Profit	2023	12	21	0	0
Lovett Care	For-Profit	2022	12	20.9	-2	-2
Cornwallis Care Services	For-Profit	2023	12	20.8	8	8
Allegra Care	For-Profit	2023	12	19.2	15	15
Oakland Care	For-Profit	2022	12	18.5	13	-8
ADL Care	For-Profit	2023	12	18.1	28	28
Stow Healthcare	For-Profit	2023	12	18.1	14	14
MioCare Group CIC	Local Authority	2023	12	18	-7	-8
Hill Care	For-Profit	2022	3.9	16.8	18	17
Country Court Care Homes	For-Profit	2023	12	16.7	23	23
Agecare MG1 Ltd	For-Profit	2023	13	16.3	10	10
Leicestershire County Care	Non-profit	2022	12	15.7	4	3
Your Choice (Barnet) Ltd	Local Authority	2023	12	15.1	-5	-5
Swallowcourt	For-Profit	2023	12	13.1	12	11
Central England Healthcare	For-Profit	2023	12	12.8	26	25

Angel Care Plc	For-Profit	2023	12	11.8	23	23
Dukeries Healthcare	For-Profit	2022	12	11.6	16	16
Alpha Care Homes	For-Profit	2023	12	11.2	7	7
Century Healthcare	For-Profit	2023	12	11.1	6	6
Adara Healthcare	For-Profit	2023	12	10	26	26
Roche Healthcare Ltd	For-Profit	2023	12	9.9	16	16
RDCP Care	For-Profit	2022	12	9.8	18	18
Sefton New Directions Ltd	Local Authority	2023	12	9.8	-6	-6
Abbey Healthcare	For-Profit	2022	12	9.7	15	15
Flightcare	For-Profit	2023	12	9.7	14	14
MPS Care Group	For-Profit	2023	12	9.6	14	14
Swan & Cygnet Care	For-Profit	2023	12	9.3	43	43
1st Care Ltd	For-Profit	2023	12	9.2	15	15
Conniston Care	For-Profit	2023	12	8.7	18	18
Springdene Nursing & Care Homes Ltd	For-Profit	2022	12	8.3	1	0
Wilton House Ltd	For-Profit	2023	12	8.1	25	25
Churchlake Care	For-Profit	2020	12	7.9	11	11
Victoria Nursing Group Ltd	For-Profit	2023	12	7.4	11	11
Eastgate Care	For-Profit	2023	12	7	18	17
Dryband One Ltd	For-Profit	2023	12	5.7	14	14
Towerview Care	For-Profit	2022	12	5.4	-10	-10
Middleton Hall	For-Profit	2023	12	4.8	10	10
United Health	For-Profit	2023	12	4.8	20	20
ALA Care	For-Profit	2024	12	4.4	11	11
Hamilton House Medical Ltd	For-Profit	2021	12	4.2	28	28
AGGREGATE				6,703	17%	10%

[1] EBITDAR (Earnings Before Tax, Interest, Depreciation, Amortisation of goodwill and Rent on leased premises.
[2] EBITDA (Earnings Before Tax, Interest, Depreciation and Amortisation of goodwill.
Source: Statutory accounts of companies large enough to post profit and loss.

Appendix 2 Profitability of care home groups (younger adults)

Operator	Sector	Year end	period (months)	Operating Revenue £ million	EBITDAR[1] margin %	EBITDA[2] margin %
Voyage Care	For-Profit	2024	12	348.7	11	11
Achieve Together	For-Profit	2024	12	249.3	15	14
Exemplar Health Care	For-Profit	2023	12	150.5	21	21
ivolve Group	For-Profit	2023	12	132.3	18	5
Accomplish	For-Profit	2021	12	104.6	20	19
Outcomes First	For-Profit	2019	12	89.8	15	13
Sense	Non-profit	2018	12	88.5	9	5
Consensus	For-Profit	2024	12	85.1	23	23
Swanton Care	For-Profit	2023	12	83.5	16	14
National Care Group	For-Profit	2023	12	79	9	7
Choice Care	For-Profit	2023	12	75.3	14	14
Care Management Group	For-Profit	2018	12	69.8	19	16
Salutem	For-Profit	2023	12	48.1	3	1
Waythrough	Non-profit	2023	12	46.3	5	0
Valorum Care Group	For-Profit	2021	12	46.2	20	10
St Anne's Community Services	Non-profit	2023	12	45.4	0	-1
Potens	For-Profit	2023	12	40	11	10
Mental Health Care (UK) Ltd	For-Profit	2023	12	36.9	15	15
Liaise	For-Profit	2023	12	34.8	10	9
UBU	For-Profit	2023	12	26.8	4	4
SHC Clemsfold Group Ltd	For-Profit	2018	12	20.5	12	12
Holmleigh Care Homes Ltd	For-Profit	2022	12	16.9	12	9
Fairways Care (UK) Limited	Non-profit	2020	12	15.3	13	10
Badby Park Ltd	For-Profit	2021	12	14.3	4	-4
Surrey Choices Ltd	Local Authority	2023	12	13.4	7	2
Bolton Cares	Local Authority	2023	12	13.4	1	0
CareLine Lifestyles (UK)	For-Profit	2022	12	11.6	27	23
Nouvita Ltd	For-Profit	2023	12	11.4	19	19
Durham Care Line Ltd	For-Profit	2022	12	11.3	22	18
Zero Three Care Homes LLP	For-Profit	2022	12	10.4	24	24
Trust Care Management Ltd	For-Profit	2023	12	10	14	14
Creative Care	For-Profit	2023	12	9.3	8	5
Stepping Stones Resettlement Unit Limited	For-Profit	2023	12	8.3	15	15
Deepdene Care	For-Profit	2023	12	6.6	29	22
Mysa Care	For-Profit	2023	17	5.3	8	8
Optima Care Group	For-Profit	2023	12	4.8	0	-1

Christchurch Group	For-Profit	2019	12	3.8	27	26
Worcestershire Care Group Limited	For-Profit	2002	12	1.4	30	30
AGGREGATE				2,069	15%	12%

[1] EBITDAR (Earnings Before Tax, Interest, Depreciation, Amortisation of goodwill and Rent on leased premises.

[2] EBITDA (Earnings Before Tax, Interest, Depreciation and Amortisation of goodwill.

Source: Statutory accounts of companies large enough to post profit and loss.