

MENTAL HEALTH SERVICES

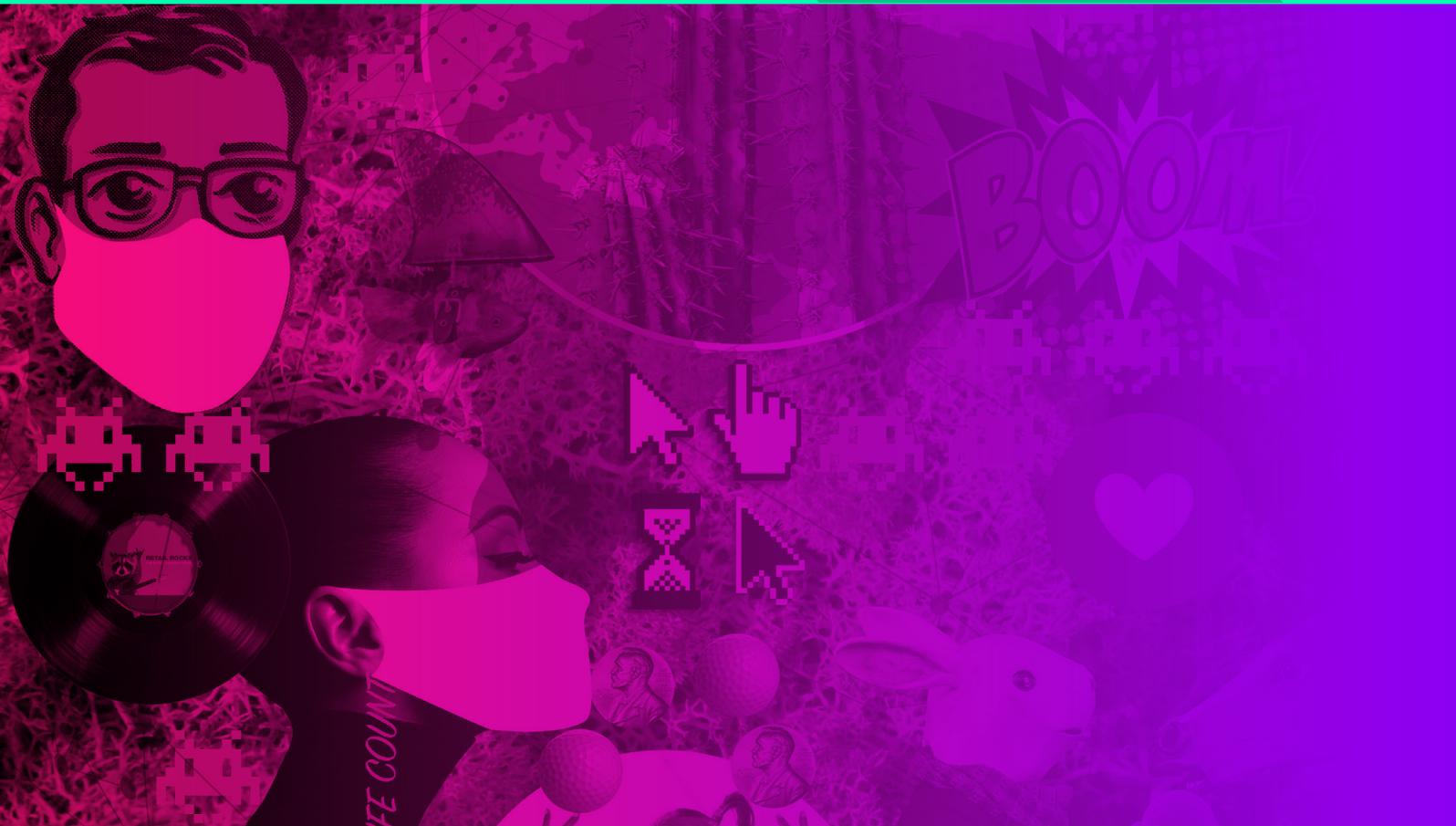
CONTINUING SUPPORT THROUGHOUT THE PANDEMIC

The social care sector needs to “be ready” for COVID-19’s impact on mental health.

There is likely to be a timeline between what we are seeing and how that manifests. It will take time to see the full toll of this crisis on individuals.

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MENTAL HEALTH: MARKET TRENDS

HEIGHTENED DEMAND FOR MENTAL HEALTH SERVICES

The pandemic has put immense strain on mental health and learning disabilities services. We have seen challenges that have tested the limits of the sector's capacity including managing a shortage of nurses and carers across the industry, supporting service users who have little to no understanding of the pandemic, all whilst maintaining the highest standards of infection control.

As a result of Covid-19, demand for mental health services has increased. Quite significantly, people experiencing isolation and loneliness are substantially more likely to develop mental health disorders. And therefore mental health services are reaching their capacity. A recent survey from the Royal College of Psychiatrists has found that the vast majority (92%) of psychiatrists estimated there were less than 5% of beds available in their trust, while the recommended threshold is set by the College at 15%.

Nearly 400,000 children and 2.2m adults have sought help for mental health problems during the pandemic. And urgent crisis referrals made for adults are at an all time high, 159,347 – an increase of 2% on 2019.

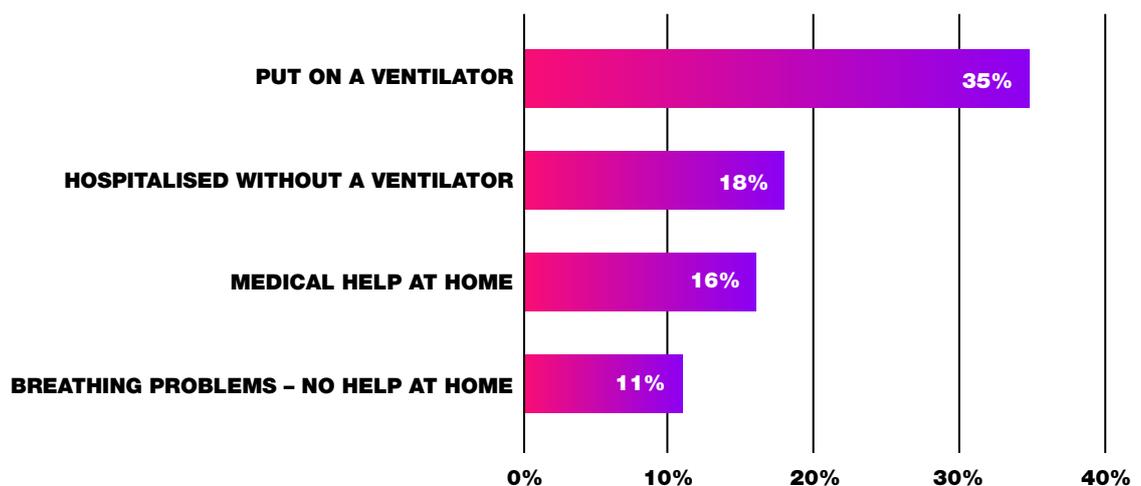
To battle this increase in demand, mental health service providers are working to deliver additional sessions and appointments, with 1.68m more mental health sessions delivered during the pandemic.

INCREASE IN PTSD FOLLOWING COVID INFECTION

The pandemic has spurred on mental health demand for numerous reasons but one of the most significant is the rise in PTSD. According to new research by Imperial College London and the University of Southampton, 1 in 3 (35%) Covid-19 patients put on a ventilator experience extensive symptoms of post-traumatic stress disorder (PTSD).

Extensive symptoms of PTSD were found in 35% of patients put on a ventilator and 18% of patients hospitalised without requiring a ventilator. They also found lower levels of extensive symptoms of PTSD for patients given medical help at home (16%) and patients who required no help at home but experienced breathing problems (11%).

The most common PTSD symptom experienced by Covid-19 patients was intrusive images, sometimes known as 'flashbacks'. For example, this could be intrusive images of the ICU environment, ICU doctors wearing full PPE or other patients in the ICU.



YOUNG PEOPLE HIT HARDEST

NHS Digital data shows that while the crisis is affecting people of all ages, it is under-18s who are suffering most. People under the age of 18 have been particularly badly affected, and delays in accessing care are worsening: school closures, disrupted friendships and the uncertainty caused by the pandemic have had on the mental health of our children and young people.

Services were already struggling to cope with the number of children needing help before the pandemic hit, and they risk being overrun unless government ensures the promised money reaches the frontline quickly.

THE ROYAL COLLEGE OF PSYCHIATRISTS' ANALYSIS FOUND THAT:

- 80,226 more children and young people were referred to CYP mental health services between April and December last year, up by 28% on 2019, to 372,438.
- 600,628 more treatment sessions were given to children and young people, up by a fifth on 2019 to 3.58 million.
- 18,269 children and young people needed urgent or emergency crisis care - including assessments to see if someone needs to be sectioned because they or others are at harm - an increase of 18% on 2019, to 18,269.
- The Royal College of Psychiatrists is calling for the additional £500 million in the Government's mental health recovery plan to urgently reach the frontline so that people can get the support they need. This funding is on top of the existing planned investment in mental health services set out in the NHS Long Term Plan.
- More children than ever before are being treated by eating disorder services and waiting for the care they need. There have also been huge increases in the number of people reporting moderate to severe depressive symptoms, and the number of people reporting being lonely has reached record levels.

AN EXTRA 600,000 MENTAL HEALTH TREATMENT SESSIONS WERE PROVIDED TO UNDER-18S IN ENGLAND BETWEEN APRIL AND DECEMBER 2020



THERE WERE 80,226 MORE UNDER-18S REFERRED TO NHS MENTAL HEALTH SERVICES IN ENGLAND BETWEEN APRIL AND DECEMBER 2020 THAN THE SAME PERIOD IN 2019



WORLD-WIDE SHORTAGE OF MENTAL HEALTH PROFESSIONALS

If there has been a positive impact of Covid-19, it was highlighting the importance of those who work in the health and social care sector. This nationwide support of carers has led to an increase in nursing degree applications.

However, this will still not balance the 40,000 deficit of qualified nurses.

WHAT NEEDS TO BE DONE?

Vicky, Cygnet Health Care's youngest Hospital Director and elected Board Member of the Mental Health Network of the NHS Confederation, believes that **“as a private provider, we (Cygnet) need(s) to get to the position where we do not rely on other organisations to provide student nurses. We need to think creatively about working with universities and creating academies to grow our own nurses and grow nurses for others too.”** Another solution is to look at the types of roles our nurses do and whether these can be done by different professionals.

RACIAL INEQUALITIES NEED TO BE ADDRESSED

The sector is aiming to tackle inequalities and racism across mental health services. It is evident that racial disparities in health, and particularly in mental health, are driven in large by social factors which are structurally determined.

The sector needs to get better at helping ethnic minorities in Britain access community services when they need them. The statistics are clear about how different ethnicities access services – you are more likely as a white woman or man to access IAPT, the counselling service, than your BAME counterpart.

Then there's all the other statistics that you are more likely to be detained under the Mental Health Act if you are from a BAME background. There are fundamental problems that the sector needs to get better at addressing.

The new Race and Health Observatory hosted by the NHS Confederation will be an effective vehicle for this.



MARKET DRIVERS

THROUGHOUT THE PANDEMIC, THERE HAVE BEEN EXAMPLES OF GREAT COLLABORATION & TRANSPARENCY BETWEEN STAKEHOLDERS - TRUE COPRODUCTION BETWEEN NHS ENGLAND AND PROVIDERS

THERE HAS BEEN AN IRREVERSIBLE, ACCELERATED ADOPTION OF TECHNOLOGY, SUCH AS REMOTE GP APPOINTMENTS, VIDEOS TO SHARE STAFF EXPERIENCES AND REMOTE WORKING

THE PANDEMIC HAS BROUGHT ABOUT AN INCREASED APPRECIATION OF NHS AND SENSE OF COMMUNITY; THE RESPONSE TO THE PANDEMIC HAS HAD TO BE SOCIETAL NOT INDIVIDUAL

SOCIAL CARE JOB APPLICATIONS UP 39% AS PUBLIC PERCEPTIONS OF SECTOR IMPROVE

BRAND SUCCESS IN ENGLISH MARKET FOR QUALITY, EVIDENCE-BASED, SAFE CARE WILL HAVE INTERNATIONAL VALUE

SINCE THE START OF COVID, THERE HAS BEEN A RENEWED FOCUS ON WELL-BEING AND MENTAL HEALTH OVERALL

SPOTLIGHT ON TRANSACTIONS IN THE SPACE



17/03/2021

Ita mental health is a network of healthcare resources highly specialized in the treatment of eating disorders.



15/12/2020

Inicea is the leading private operator dedicated to psychiatric care in France.

COMPANY DESCRIPTION

French company specialized in Nursing home care for the elderly, named EHPAD in France. Korian has nursing homes six European countries

ACQUISITION STRATEGY

“This acquisition follows our strategy to enlarge our offering from elderly care to continuous care for different conditions on a European wide basis.

Both of these acquisitions reflect the focus of the Group on specialised medical care and the development of ambulatory and outpatient care capacity.”



31/07/2018

Danshell Group is a UK-based operator of nursing care facilities, residential care activities for learning difficulties, mental health substance abuse and for the elderly and disabled.

COMPANY DESCRIPTION

Cynet Health Care is an independent provider of mental health services which operates over 150 centres with more than 2,500 beds across the UK. It is a subsidiary of Universal Health Services.

ACQUISITION STRATEGY

“A key element of our growth strategy is expansion through the acquisition of additional hospitals in select markets. The competition to acquire hospitals is significant. We face competition for acquisition candidates primarily from other for-profit health care companies, as well as from not-for-profit entities. Some of our competitors have greater resources than we do. We intend to selectively seek opportunities to expand our base of operations by adhering to our disciplined program of rational growth, but may not be successful in accomplishing acquisitions on favourable terms”

SPOTLIGHT ON TRANSACTIONS IN THE SPACE



06/11/2020

TogetherAll is a UK-based developer of a mental health SaaS platform.

COMPANY DESCRIPTION

FPE Capital is a specialist lower mid-market growth equity investor in B2B software and services. It invests in high growth companies in the UK and Ireland and has particular expertise in SaaS, Data, and technology services.

“ We had looked at several assets in the broader (digital) mental health sector, so when we first met Togetherall we were very familiar with the structural gap between the large and growing demand for mental health provision and the relatively constrained supply of high quality therapists to fulfil that demand. Many companies in the sector have sought to develop advanced AI/ ML products to provide automated solutions, but we have viewed those models as relatively capital intensive and technically challenging to productise.

Togetherall, by contrast, offers a highly scalable, safe, and anonymous solution which greatly increases the ability of its customers to reach their underlying users (e.g. students in the case of the university market), and catch low acuity mental health conditions at an earlier stage than conventional therapy. ”

CHRIS KAY, FPE CAPITAL



RECENT TRANSACTIONS: MENTAL HEALTH TECHNOLOGY

DATE	TARGET	TARGET ACTIVITY	ACQUIRER	EV (£M)
24/03/2021	Ginger.io, Inc.	US-based Health tech company providing behavioral analytics platform	Blackstone Group L.P.	73
9/03/2021	Inkblot Technologies Inc.	Canada-based personalized mental health company that merges machine learning and a unique business model to deliver full spectrum corporate mental health services.	Green Shield Canada	n/d
08/03/2021	CE Resources, Inc.	US-based education platform focused on the healthcare industry, specializing in the education of nurses, physicians and mental health professionals	Therapeutic Research Center	n/d
06/11/2020	Togetherall Limited	US-based developer of mental health SaaS platform	FPE Capital LLP	n/d
05/11/2020	Koa Health	Spain-based digital mental healthcare provider of Spanish teleco Telefonica	Wellington Partners	n/d
08/10/2020	NOCD LLC	US-based company providing application that connects patients with mental health professionals	Health Enterprise Partners Chicago Ventures Hyde Park Angels	9
06/10/2020	Smartbox Assistive Technology Ltd	UK-based develops communication aids and software that help people with disabilities	CareTech Holdings Plc	11
15/09/2020	LifeSpeak, Inc.	Canada-based software-as-a-service (SaaS) platform for employee mental health and wellness	Roynat Inc Kensington Capital Partners Limited Round13 Capital Inc	25
08/09/2020	Mental Health Data Services, Inc.	US-based behavioral care management software firm	Ascension Health Ventures, LLC Portland Seed Fund First Trust Capital Partners	11
25/08/2020	Lyra Health, Inc.	US-based company providing digital health care services	Greylock Partners Adams Street Partners, LLC Meritech Capital Partners Institutional Venture Partners	84
08/04/2020	Silvercloud Health Limited	Ireland-based developer of platform to provide clinically proven, evidenced-based content, programs and support within the area of mental health and long term/chronic illness care	ACT Venture Capital Limited LRVHealth MemorialCare Innovation Fund	13



RECENT TRANSACTIONS: MENTAL HEALTH TECHNOLOGY

DATE	TARGET	TARGET ACTIVITY	ACQUIRER	EV (£M)
12/03/2021	Bluejay Mental Health Group Inc.	Core One Labs Inc.	Core One Labs Inc.	6
11/02/2021	Psykoterapiakeskus Vastaamo Oy	Finland-based mental health service provider	KK-Verve Oy	n/d
7/02/2021	SMG Health Pty Ltd	Australia-based company engaged in provision of holistic health solutions	Morneau Shepell Inc.	n/d
07/01/2021	ProCare (Wales) Limited	UK-based high acuity care businesses, delivering care to individuals, between the ages of 16 and 64, who have complex support needs including those with physical and/or learning disabilities, autism, mental health disorders or acquired brain injuries and challenging behaviour.	Tristone Capital	n/d
30/12/2020	The Priory Group Limited	UK-based company engaged in providing behavioural care services and also offers residential, nursing, dementia, respite, and day care facilities to older people with various needs	Waterland Private Equity Investments B.V.	1078
15/12/2020	Inicea Groupe	France-based company engaged in operating psychiatric hospitals	Korian SA	327
14/12/2020	Komppi Oy	Finland-based centre for mental well-being offering research-based psychosocial treatment for a variety of mental health problems, in a timely manner and on a low threshold	Mehilainen Oy	n/d
14/12/2020	Beacon Behavioral Hospital	US-based regional behavioral health provider	Latticework Capital Management LLC	n/d
14/12/2020	Mentaal Beter Beheer BV	Netherlands-based provider of non-clinical mental health care services	Apax Partners SAS	n/d
10/12/2020	Refresh Mental Health, Inc.	US-based company engaged in providing comprehensive mental health services	Kelso & Company	n/d
09/11/2020	Exemplar Health Care Services Limited	UK-based provider of residential nursing care for adults with acute physical and mental disabilities and learning disabilities	Ares Management LLC	n/d
02/11/2020	Premier Care Ltd	UK-based company engaged in providing re-ablement and specialist care and support for adults with mental health problems	Cera Care Operations Holdings Limited	n/d
05/10/2020	Family Behavioral Resources, Inc.	US based company engaged in the provision of community-based outpatient behavioral health services	Pathways Health and Community Support, LLC	n/d
24/09/2020	Snapclarity Inc.	Canada-based company engaged in providing mental wellbeing and healthcare services	CloudMD Software & Services Inc.	4
26/08/2020	Venture-People Limited	UK-based provider of community-based support to patients with complex mental health issues	Mountain Healthcare Limited	n/d
01/07/2020	Highland Hospital Association, Inc	US-based provider of behavioral healthcare services	Summit Behavioral Healthcare, LLC	n/d
08/04/2020	Silvercloud Health Limited	Ireland-based developer of platform to provide clinically proven, evidenced-based content, programs and support within the area of mental health and long term/chronic illness care	ACT Venture Capital Limited LRVHealth MemorialCare Innovation Fund B Capital Group OSF Ventures UnityPoint Health Ventures	13
06/04/2020	Royal Jubilee Hospital	Canada-based hospital	Innisfree Limited	n/d
02/04/2020	Holmleigh Care Homes Limited	UK-based provider of residential care, supported living and domiciliary care services to adults with a varied range of disabilities and challenges	Ancala Partners LLP	n/d
11/03/2020	Vision Mental Healthcare	UK-based company providing solutions to mental health problems.	TLC Care Homes Limited Civitas Social Housing PLC	n/d



RECENT TRANSACTIONS: MENTAL HEALTH PROVIDERS

DATE	TARGET	TARGET ACTIVITY	ACQUIRER	EV (£M)
09/03/2020	Richmond Behavioral Associates LLC	US-based mental health care clinics	Evolution Research Group, LLC	n/d
11/02/2021	Psykoterapiakeskus Vastaamo Oy	Finland-based mental health service provider	KK-Verve Oy	n/d
05/02/2020	Westhope Properties Limited	UK-based company engaged in residential care activities for learning difficulties, mental health and substance abuse	Accomplish Group Bidco Ltd	n/d
03/02/2020	Esperi Care Oy	Finland-based company providing health services to elderly people and people with mental health and intellectual disabilities	Skandinaviska Enskilda Banken ABDanske Bank A/SIlmarinen Mutual Pension Insurance Company	n/d
08/01/2020	Evolve Treatment Centers	US-based provider of mental health services for adolescents	Galen Partners LLC	n/d
06/01/2020	STAR of CA, Inc.	US-based provider of home, community, and school-based applied behavioral analysis (ABA) and mental health services	The Stepping Stones Group LLC	n/d
23/12/2019	AS Group	UAE-based company operating a mental health outpatient group of clinics. The company also has an out-patient facility in Abu Dhabi	CareTech Holdings Plc	9
16/12/2019	Casa Palmera Care Center	US-based provider of facility evidence-based treatment for adults dealing with drug and alcohol addiction	Discovery Behavioral Health, Inc.	n/d



CONTACT US



ANDY PARKER

Andy has nearly 30 years' Corporate Finance experience and is head of Corporate Finance at Cooper Parry.

Prior to joining Cooper Parry in 2015, Andy was a Corporate Finance Partner at PwC with whom he spent 18 years.

His focus is working with entrepreneurs to realise the value they have created in their businesses and with private equity investors.

His notable deals include debt advisory services in the buy-out of Helping Hands, the investment of Westbridge Capital into Bespoke Health and Social Care and AJ Mobility services, the buy-out of Regard Partnership funded by MML Capital Partners, and the sale of Genesis Dental to August Private Equity

andyp@cooperparry.com



LAURA CLARKE

Laura joined Cooper Parry in 2005 and has a wealth of experience in both advising business owners and deal origination.

Laura organises networking events for Healthcare Leaders and provides regular sector commentary and market news for our entrepreneurial contacts.

Laura is a Chartered Accountant, having trained at Deloitte

laurac@cooperparry.com



MEGHAN PHILLIPS

Meghan joined Cooper Parry Corporate Finance in 2019, assisting the team with deal origination and market research.

She holds a BSc (Hons) in Mathematics and MSc Investments from the University of Birmingham.

meghanp@cooperparry.com

OUR RECENT COMPLETED DEALS IN THE HEALTHCARE SPACE

<p>TARGET COMPANY DETAILS Target Name: Bespoke Health and Social Care Country: United Kingdom Deal Type: MBO</p> <p>BUYER DETAILS Buyer Name: Westbridge LLP Country of Buyer: United Kingdom</p> <p>SECTORS Healthcare</p> <p>COOPER PARRY CORPORATE FINANCE</p>	<p>TARGET COMPANY DETAILS Target Name: TANGLEWOOD CARE HOMES Country: United Kingdom Deal Type: Company Sale</p> <p>BUYER DETAILS Buyer Name: Elevation Healthcare Properties Country of Buyer: United Kingdom</p> <p>SECTORS Healthcare</p> <p>COOPER PARRY CORPORATE FINANCE</p>
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To read more about our recent deals, [CLICK HERE](#).

