

HEALTH AND SOCIAL CARE POST PANDEMIC SOCIAL REFORM

JUNE 2021

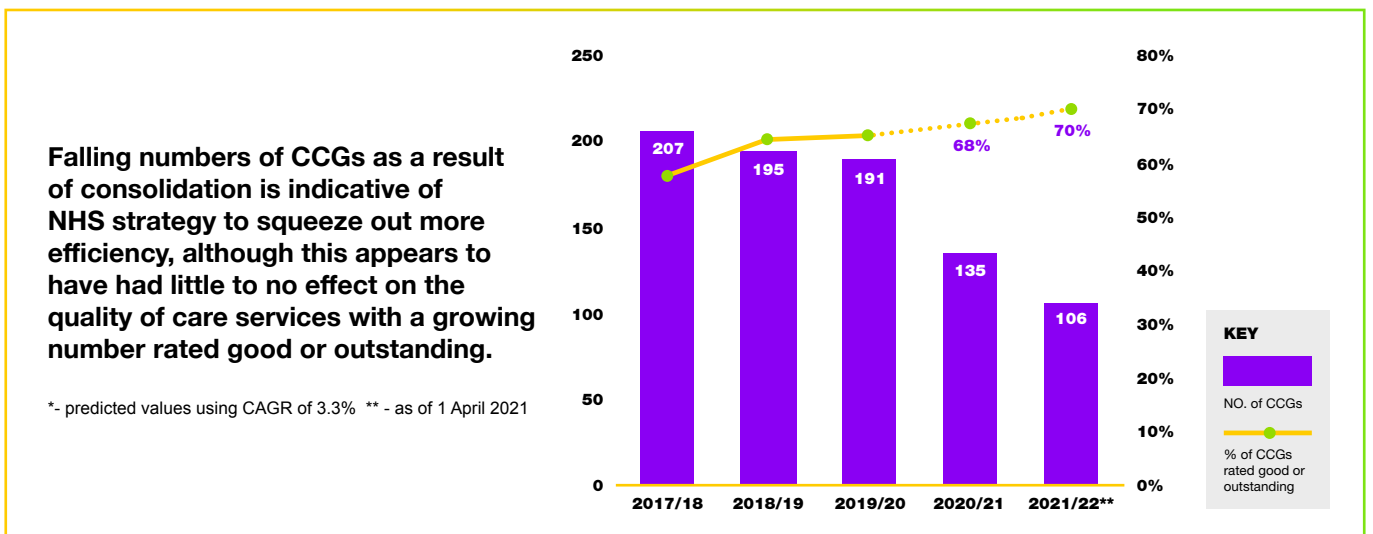
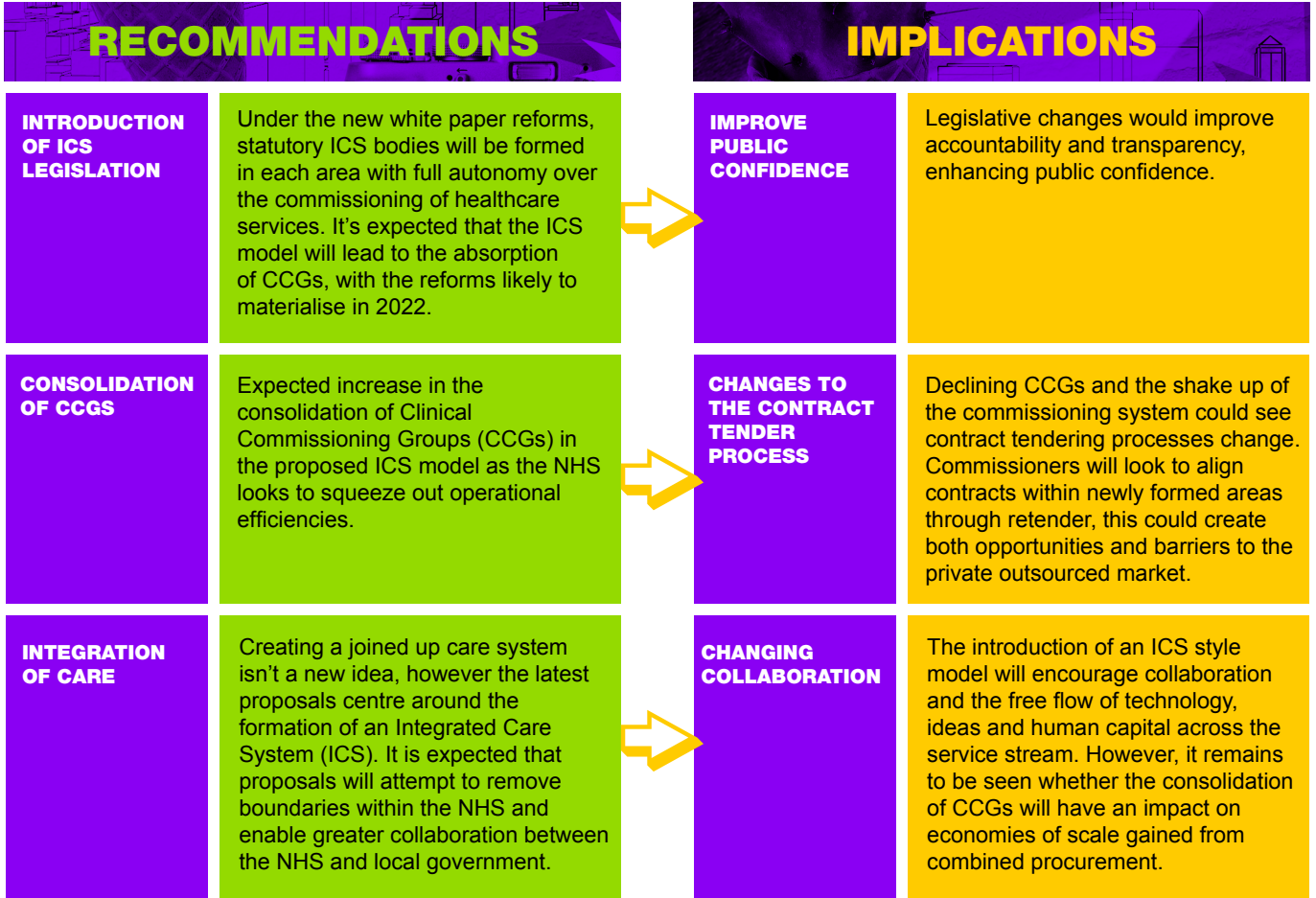
COOPER PARRY
CORPORATE FINANCE

GLOBAL
M&A
PARTNERS



GOVERNMENT WHITE PAPER PROPOSALS & POTENTIAL IMPLICATIONS

The Department for Health and Social Care released their long-awaited white paper on social care reform in February 2021, titled 'Integration and Innovation: working together to improve health and social care for all'. With the sector set for a transformative few years, let's take a look at some of the key recommendations and their implications:



SOURCES 1 DHSC: Integration and Innovation: working together to improve social care for all – 2 NHS England



THE HEALTH & SOCIAL CARE OUTLOOK

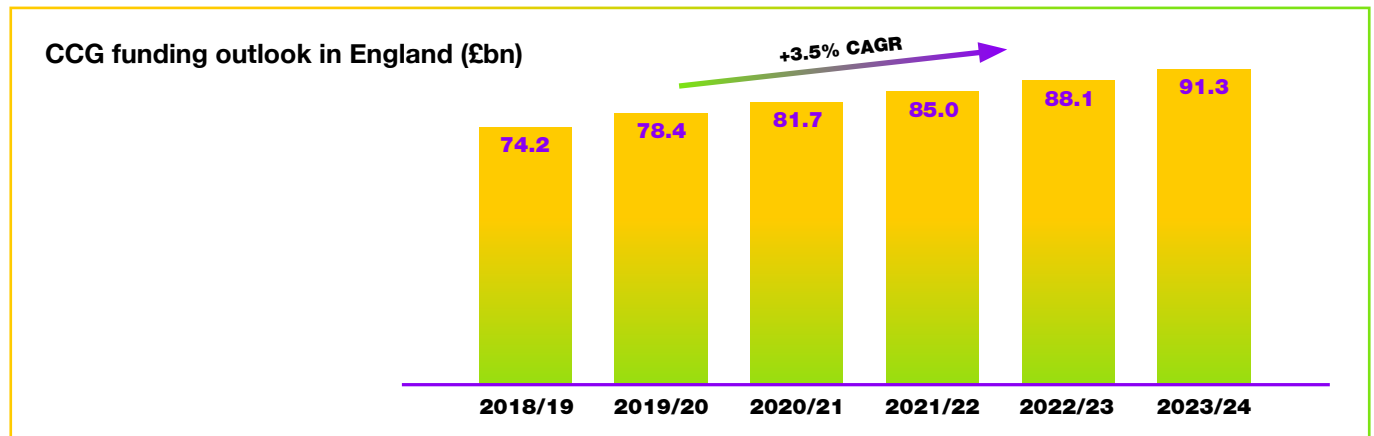
IMPACT ON CCG FUNDING & PROCUREMENT

FUNDING

Pre-pandemic funding pressure remains.

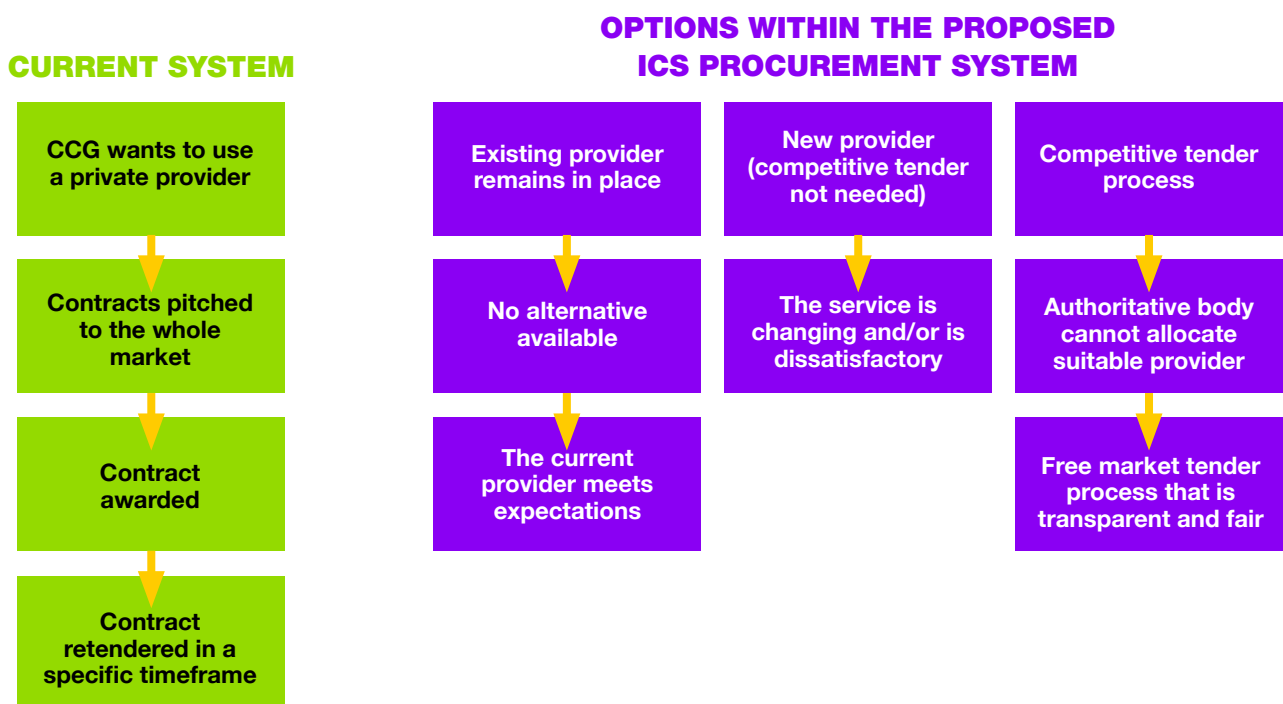
The last 10 years has seen a funding deficit grow whereby, despite funding increases, demand on the DHSC has left funding shortfalls.

Government data forecasts funding growth through to 2023, with an additional £3bn of funding allocated to support services recovering from the Covid crisis in November 2020.



PROCUREMENT & OUTSOURCING

One of the key points from the white paper was the shake up to the tendering process, while in some instances the impact of this could be negative it will also create opportunity for private service providers. Funding constraints inherent in the market are creating market pressures for efficiency of service delivery across the whole DHSC spectrum, favouring providers efficiently delivering a high quality of care.



M&A ACTIVITY THEMES & DRIVERS

Underpinned by strong market dynamics, the sector is poised for investment growth and buoyant M&A activity. Investors with capital to deploy are seeking gold-standard assets that provide capital growth, growing profits and have an outstanding management team in place, with growth opportunities in consolidating the market and executing buy-and-build strategies.

IMPACT ON VALUATIONS

MARKET DYNAMICS

LEGISLATION	Significant regulatory changes such as ICSs have the potential to create a more stable investment environment, where contracts are fewer but last longer.	
DEMOGRAPHIC	An ageing population and the increasing complexity of conditions within H&S care are acting as underlying demand drivers, with capital chasing needs driven assets.	
CAPITAL AVAILABILITY	The resilience of healthcare services and the 'dry powder' available to private equity through the pandemic has created a hot-bed for high valuations and quick deal lead times.	

HEALTHCARE SERVICES SPECIFIC

REVENUE VISIBILITY	Engagement in long-term contracts that aren't pegged to activity volume gives investors full visibility on forecasted revenue streams.	
NATURE OF CONTRACTS	Private service providers with NHS tenders tend to have a block contract structure with little to no variability on fees, demonstrating strong ARR within the sector.	
TECH ENABLEMENT	The pandemic was the catalyst for the digital transformation in healthcare with businesses displaying a tech element such as care planning software being highly sought after by capital.	
OUTSOURCING OPPORTUNITIES	It varies by line of service but in the H&S care space, outsourced contracts provide growth opportunities through extensions and retendering if performance is exceptional.	
GROWTH OPPORTUNITIES	Often there is the opportunity to enter into adjacent service streams, be that telecare, medical devices or community led service streams; where M&A is a great tool to achieving this.	



CONTACT US



ANDY PARKER
andyp@cooperparry.com

Andy has over 25 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.



TOM SUMMERS
toms@cooperparry.com

Tom joined Cooper Parry Corporate Finance in March 2017 from RSM where he was a Manager in the Corporate Finance team. He has over 6 years' experience working in corporate finance advising on private equity transactions, sales to domestic and overseas buyers and management buy-outs.

Tom is a Chartered Accountant originally training in audit and has a BA in Physics from The University of Oxford.

His notable deals include the MBO of Ross Trustees backed by LDC (private equity) and the buy-out of AJ Mobility by Westbridge Capital (private equity).



LOREN DOCKSEY
lorend@cooperparry.com

Loren joined Cooper Parry Corporate Finance in 2020 as an analyst, assisting the team with deal origination and market research.

He holds a BA (Hons) in Economics from The University of Derby.

SOME OF OUR RECENT COMPLETED DEALS IN THE HEALTH AND SOCIAL CARE SECTOR

<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>
---	--

To read more about our recent deals, [CLICK HERE](#).