

IN THE HOME CARE

AT THE FOREFRONT OF INVESTMENT

Those fighting on the front lines of this pandemic, have brought the healthcare sector to the forefront of investors' minds.

It is now clear that the home care sector has many high quality assets which are standing up even in the face of adversity.

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IMPACT OF COVID-19

Increased awareness of the home care sector

During the pandemic, the appeal of home care has been seen by many. With better protection and safety from infection, home care will become the preferred option rather than the unknown option.

Private equity houses are now looking at live in care as a growth area, as this has offered additional reassurance for families, during the pandemic.

According to analysis published by the Office of National Statistics on June 25, the prevalence of COVID-19 among Domiciliary Care staff was 0.1% last month, which was in line with infection rates among the general population (0.09%). Proving it is the safer option in these times.

Surge of Enquiries

Following increased awareness of the home care sector and its appeals, providers are seeing a surge of enquiries for their services from adult children who want their parents in a safe environment and NHS clinicians preserving critical care hospital beds. And we expect this new trend to continue beyond the pandemic.

This can be seen by Buckinghamshire-based Ashridge Home Care, which says: "Enquiries for home care have increased by 40% in our business."

Good Oaks Home Care, Home Instead and Helping Hands in the private home social care arena have seen similarly high volumes of enquiries.

Funding Revaluations

Historically, there has been a significant disparity between government spend on high-focus NHS and social care, from £140bn on NHS compared to £3bn on home care. These under-invested and under-funded services have still shown resilience and strength in our time of need. As a result, governments and local authorities can no longer ignore pleas for funding and resources.

The current system cannot sustain itself at current levels. Therefore, post-pandemic, it is likely the government will increase funding in the private health and social care sector.

Wave of New Start-Ups

With a big shake-up in the labour market, Homeinsight.co.uk predicts a new wave of start-ups in the sector. A rising number of people are looking to set up a home care business, which will boost care provision and create new jobs in the industry.

Despite this rising number, there are still strict barriers to entry to the sector which will make success of a new start-up difficult.

Barrier to entry

Strength

1

Regulation is stringent due to the complexity and sensitivity of this market. Any new providers have to adhere to strict regulations and be accredited by the CQC.

Medium

2

There is a shortage of skilled nurses and carers in the market. Large firms have the capital to offer better benefits and higher wages to staff.

High

3

A new firm would need capital to invest, primarily in staff. Given care is delivered within the service user's home, capital costs are lower than for other care settings.

Low

4

Care packages are operationally challenging to deliver given set-up required and complexity of care.

Medium

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MARKET DRIVERS ARE INDICATING SIGNIFICANT GROWTH FOR HOME CARE

Market

Underlying Demand	Population growth	↗	The UK population is growing at c0.7% and is forecast to continue to do so.
	Life expectancy	↗	Life expectancy has improved. People are living for longer with more complex care needs. The 65+ population is growing at c1.5%, driving conditions linked with older age.
	Survival rates	↗	Healthcare advances have improved survival rates for traumatic injuries & other conditions that can require complex care.
Funding	Funding	↗	The pandemic has shone a spotlight onto home care. This will have a direct impact on public funding, which finances more than two thirds of the sector.
	Number receiving CHC funding	→/↗	The number of adults eligible for CHC over a year has grown, though the number eligible at any one time is broadly stable. Feedback indicates growing eligibility for children.
Regulation	Legal requirements	→	CCGs and Trusts are now lawfully entitled to not carry out CHC eligibility assessments during this period, which should provide protection from risk of legal challenges by patients.

Supply

Labour supply	Recruitment	↗	There is a marked trend of individuals from industries that have suffered massive redundancies – such as travel, hospitality and retail – realising their skills are transferable to a long-term career in social care, and making the transition. Recruitment in the sector has been able to digitalise - allowing carers to recruit, train and deploy through a purely digital platform.
		↘	Care workers have not been included in the list of professions that can qualify for a fast-track health and care visa under the UK's post-Brexit immigration system. The visa will make it easier and cheaper for health professionals to work in the UK, ensuring the NHS has continued access to 'top global talent', the government said.

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HOME CARE OF THE FUTURE



A world of data:

It is widely acknowledged across the industry that there is a shortage of data covering the home care sector.

At the moment, inspections provide a snapshot approach to data which requires significant amounts of time to compile before being released. Meaning this data is often out-dated by the point of its release.

In a recent panel discussion hosted by the UKHCA, William Laing called for real-time data collection for home care, without falling into the trap of large-scale data collections that are published at a delay of several months: "What's needed is real-time data generated as a by-product of digitisation of homecare services," William said.



Home Care tech:

The use of technology is becoming a key differentiator in the home care sector.

In a recent survey carried out by hft, it found that 76% of those surveyed use assistive technologies of some type, but only 19% use it as a core part of service provision. And one in five don't use assistive technologies at all.

There are numerous benefits to incorporating tech into processes; it is shown that paperless operations are much preferred for efficiency and to reduce the possibility of human error.

Those who have the capability, funding and training to integrate tech into the core activities of their home care business have the opportunity to scale more efficiently. Historically, providers have struggled to deliver safe and reliable home care services without visible local presence. Technology may be the solution.

With technology opening the door to scalability and a superior quality of care, in the future it is predicted that 'digitally mature' home care providers will be more attractive to private equity investment.

Examples of technology being utilised by Home Care providers

Artificial intelligence remote care solution



Data collected by the worn wristband is streamed directly to the cloud-based platform via one or more nodes placed around the living space.

Educational tech for vulnerable people



The AutonoMe app helps vulnerable service users to develop independent living skills in the home through tailored instructional content

Personal telecare alarm systems



Pendant worn like a necklace, and if there was a fall or emergency, the button should be pressed. The 24-hour a day customer service team, trained by GPs, would then take the appropriate action.

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CASE STUDY: BESPOKE HEALTH AND SOCIAL CARE

Deal type: MBO

Target: Bespoke Health and Social Care

Investor: WestBridge

Cooper Parry role: Buy-side support to the private equity investor, WestBridge

Established in 2011, Bespoke is a specialist nurse-led service provider, with over 50 employees and 620 trained carers who enable and empower individuals with complex health and social care needs to be supported within their own homes and communities.

Bespoke works in partnership with its clients, their families, circles of support and multi-agency teams, to support children and adults with physical disability, mental health conditions, learning disability and autism. The company is committed to driving the Transforming Care agenda, which aims to provide care in homes, not hospitals.

Headquartered in Nottingham and with a strong reputation for the quality of its provision, the company currently manages contracts from 58 of the UK's Clinical Commissioning Groups (CCGs).

This investment by WestBridge, an award-winning private equity house, will underpin Bespoke's future growth and development.

Tim Whittard, Partner at WestBridge, said:

"We are very pleased to have completed our investment in Bespoke and it was a pleasure working with the Cooper Parry team on this transaction. Their dedication and commitment throughout the process coupled with their strong private equity expertise and strong knowledge of the health and social care market was instrumental in helping us to get the deal completed in this unprecedented environment. We look forward to working with them again in the future."



CONTACT US



ANDY PARKER

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

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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

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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.

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OUR RECENT COMPLETED DEALS IN THE HEALTHCARE SPACE

WestBridge Capital

TARGET COMPANY DETAILS
Target Name: Bespoke Health and Social Care
Country: United Kingdom
Deal Type: MBO

BUYER DETAILS
Buyer Name: Westbridge LLP
Country of Buyer: United Kingdom

SECTORS
Healthcare

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The card features a blue background on the left with the WestBridge Capital logo and text, and a pink background on the right with a heart icon and a photo of a dog.

Tanglewood
CARE HOMES

TARGET COMPANY DETAILS
Target Name: TANGLEWOOD CARE HOMES
Country: United Kingdom
Deal Type: Company Sale

BUYER DETAILS
Buyer Name: Elevation Healthcare Properties
Country of Buyer: United Kingdom

SECTORS
Healthcare

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The card features a yellow background on the left with the Tanglewood Care Homes logo and text, and a pink background on the right with a piano keyboard graphic.

To read more about our recent deals, click here: <https://cooperparry.com/corporate-finance-deals/>



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