

Latest Care Sector Insight from Chandler & Co.

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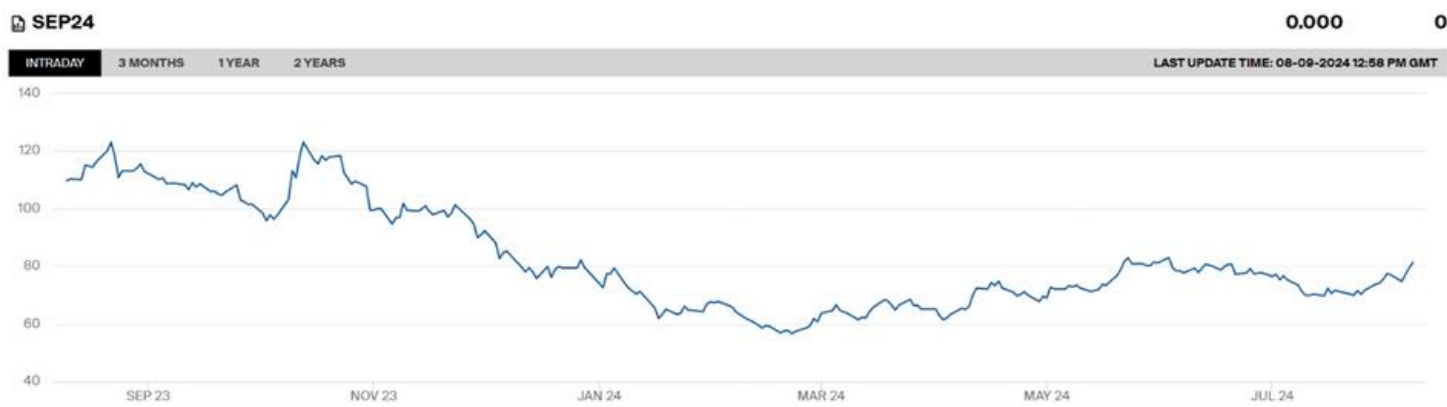
Buyacarehome & Ownacarehome

Mark Hickman and Liz Woollett of specialist care sector finance brokers, Chandler & Co. take a look at the care home sector's year to date performance and outlook:



Liz: "From our perspective, the year to date has gained momentum with pipeline transactions from 2023 and new 2024 projects completing and nearing the finishing line, assisting our clients conclude mortgages supporting acquisitions and refinancing existing debts.

Operational cost challenges continue albeit speaking with a care sector specialist cost savings consultant has the potential to create savings. Catching up with Nick Brookes from [Advantage Buying](#), he commented "that the energy market reached a 2 ½ year low in February/early March 2024 with prices stabilising at a lower level for a long period of time, with recent global events seeing a slight increase in energy costs"



Liz commented that: "This is set against a background of UK inflation reported as 2.2% in the year to July 2024 (Office for National Statistics (ONS)) with July also seeing the welcome cut in BoE Base rate down to 5% from 5.25%.

The current care home market across the UK has maintained its strong buyer interest with Business Transfer Agents finding that there are not enough sales opportunities available to meet demand. Sellers with properties available in popular locations are receiving interest from multiple buyers within weeks of going to market if not before.

Our clients are grateful to have expert support on hand to demonstrate to vendors how they can strengthen their ability to deliver competitive offers, both in terms of a reliable financial agreement but also with a prompt efficient conclusion"



Mark: “Interest in popular locations for sourcing and buying care homes continues unabated within the South East, Home Counties, South West, Eastern England, the Midlands and the North West. Interest in Yorkshire and surrounding areas is also gathering interest.

Of particular note are the varied pricing points across the counties with the more affluent counties generally attracting higher EBITDA and valuations.”

With the right opportunities appetite for care home growth is increasing, now that we are seeing care home occupancy perform better post pandemic ([Carterwood](#) data insight) and EBITDA performance generally demonstrating greater resilience after the cost of living crisis.”

“Feedback from potential buyers continues to focus on location, the selling price compared with their budget, availability of up to date financials and the Regulator rating with care homes scored as a requires improvement required to evidence continuous improvement from mock inspections.”

As part of the acquisition process the level of EBITDA and any add backs is important together with explanations for any variance within the financial figures from an expected benchmark, examples being repairs and maintenance and fluctuations in wage costs from one quarter to the next, especially where Agency fees have impacted the wages/turnover key performance indicator.”



“Occupancy and fee levels split between the self funder and the local authority and NHS continuing healthcare, continue to witness increased polarisation towards the private sector, particularly in affluent areas”

Care home owners able to demonstrate a consistent growth strategy across existing and target care home(s) are continuing to thrive despite ongoing challenges around recruitment & retention and operational costs.

Providers continue to innovate, whether that’s through taking up the quick wins on their [sustainability](#) journey, reflecting on and adjusting shift patterns to make savings, liaising with a cost management company to reduce costs for all areas of the business [Advantage Buying](#), creating new rooms from underutilised spaces, enhancing career options for staff and reducing reliance on agency.”

“Upon change management as a care portfolio grows applying a consistent and strong brand for a growing care home group is a contributory factor towards success, and at Chandler & Co. we keep in touch with our clients before and after their care home acquisition supporting them for the lifetime of their business journey.”



“With the launch of “Future Proofing Care” from Care England and contributory industry experts, including Ownacarehome partner, Tony Thiru of [Fulcrum Care](#), and Buyacarehome & Ownacarehome Bharti Moore and Hazel Phillips of [RWK Goodman](#), whether a care home provider is buying or selling a care home ensuring that the care provision is fully compliant with the regulatory requirements with systems in place to optimise occupancy, the EBITDA (Earnings Before Interest Tax Depreciation Amortisation) impact is clear to see when obtaining funding for a care provision.”

Dan will be hosting a webinar on Friday 13th September about Care Home marketing.

In today's competitive healthcare market, care homes must stand out while maintaining a cohesive identity across multiple locations. This webinar will explore umbrella branding and its benefits for care homes.

It is intended to help care home owners or marketing professionals of independent or small care home groups who are looking to expand their portfolio and elevate their brand presence whilst ensuring consistent messaging across multiple homes.

To find out more and to register for a place [CLICK HERE](#)

WEBINAR
Care Home Marketing:
Does Your Care Home Need
An Umbrella Brand?

Hosted By
Dan Hewitt, Senior Broker
Chandler & Co
Care Sector Mortgage Brokers

Sibbhan Siring
Founder & Director
Sharp Minds
Communications

York Woodford-Smith
Founder & Managing Director
FIVE ON A BIKE
VIDEOS FOR THOSE WHO CARE...

Date:
Friday 13th September 2024

Time:
12:00

Register via the Eventbrite link in the description!

As detailed in the “Future Proofing Care” paper

“A specialist team with care sector experience can greatly assist in securing finance for development and operational needs.”

The pace of year to date care home acquisitions in 2024 have gathered momentum and, at the time of going to print, there is an air of business optimism in the care sector market place, witnessed below by a glimpse at some of the [Chandler & Co.](#) care home funding instructions and deal completions:

Some of our recent funding instructions & deal completions

OFFER ACCEPTED
£13m
and funding applications
underway Existing Care
Home owner has offer
accepted on group of 4
care homes

COMPLETION
Commercial Mortgage of
£1,130,000
Refinance of care home for existing
operator

Deal sanctioned
for a mortgage of
£3,275,000
To support existing care
home operators as they
acquire 2 further care
homes

Commercial Mortgage
Completion
£3,000,000
Our client acquired his
second care home with
100% funding

New Instruction
£3,300.000
Commercial Mortgage
Refinance for
Group Operator

DEAL AGREED
for loan of
£1,570,000
for existing care
provider

Deal agreed for loan of
£4,300,000
for the purchase of two
more care homes for
existing operator

AGREED DEAL
loan amount
£7,000,000
To refinance the Care Home
Group of a long standing client

Commercial Mortgage
Completion
£2,240,000
Refinance & Capital
Raise for existing
operator to acquire their
second Care Home

COMPLETION
of mortgage
£1,207,805 For an
Existing operator / new
entrant partnership



Mark continues: “With Buyer demand continuing to outstrip units available, at Chandler & Co. we have taken the opportunity to launch a new [Care Home Property Finding Service](#), headed up by Julie Hopkins, an expert in the care sector built up over nearly 25 years, supporting care providers growing their care home portfolios as well as new entrants to the care sector.”



Mark: “I also have the pleasure in announcing a new member joining the Chandler&Co broker team as we continue to listen to and act upon the needs of care home owners.”



Long standing specialist and independent commercial finance brokers Chandler & Co have recruited Dan Hewitt, formerly Commercial Banking Relationship Director, Cynergy Bank.

The appointment represents a major investment for the firm which are best known for financing businesses in the social care sector, signalling its commitment to the care sector for decades to come.

Dan Hewitt’s appointment gives greater capacity to support more businesses and to finance other assets such as Hotels, Pubs, Schools, Nurseries and Real Estate.

Dan Hewitt, Senior Broker, said:

“This is a great opportunity to support more business owners with the funding they need. Cash is the lifeblood for survival or to grow via acquisition or development. Chandler & Co are synonymous with funding care homes, being the market leaders in this sector for nearly 30 years. There is also an opportunity to fund other businesses in the community and I’m looking forward to supporting clients with what is now a fragmented and multi-tiered funding landscape.

Board Director, Mark Hickman, said:

“We’re extremely proud and excited to bring Dan into the Broker team. Having known Dan’s high reputation in the banking sector for many years as such he is a valued member of our growing team, enabling Chandler & Co to continue to expand our expert broker offering to the care sector and beyond going from strength to strength across the UK.” [Find out more about Dan here.](#)

CQC and the Single Assessment Framework

With the commencement of the CQC Single Assessment Framework the regulator has recognised implementation issues and is taking on board feedback from care providers across England.

A common theme that the brokers at [Chandler & Co.](#) come up against is where a care home vendor has a Requires Improvement in place still, despite evidence of action plans in place and continuous improvement. Not only can this impact the valuation of a care home it can impact the ability of a potential buyer to obtain financial backing. James Bullion, CQC’s Chief Inspector, has provided a CQC regulator update stating that “we will publish an interim statement in August about how frequently we plan to assess each type of service. We will then publish more information on this in September.”

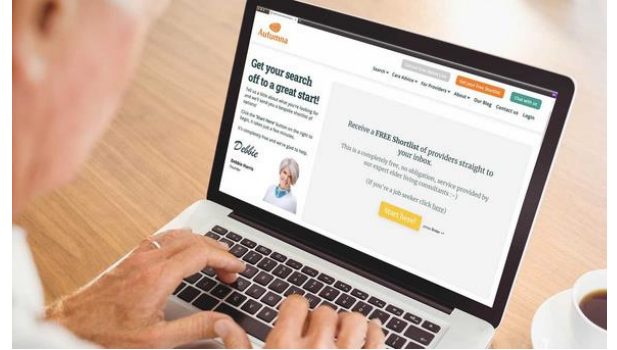
Thus, the back log of re-ratings continues, with lenders, aware of the current CQC internal situation, focusing on care provider experience and Local Authority care home performance reports in addition to consultant mock inspections where necessary.

Robyn Drury of [Care4Quality](#) looks back at [“The New CQC Single Assessment Framework: How it’s going?”](#)

Struggling with your CQC Rating?

Debbie Harris, Founder of the largest UK Directory of Care Homes, [Autumna](#), continues to inspire with her latest innovation “[OpenScore](#).”

Debbie “recognised that many providers are struggling to get an inspection by the CQC, despite having made considerable improvements,” and launched the “nation’s first ever live scoring system for care homes.” Debbie continues: “Called OpenScore, the game changing digitally led initiative provides a live score out of 10, with care providers being able to quickly communicate performance using multiple data points that are aggregated in real time.”



Debbie states that: “With over 60 data points included in the score you are not reliant on your old CQC rating.” “OpenScore is included within a premium listing on Autumna” helping care home providers “demonstrate the quality of their care services, generate leads and drive traffic to their care homes.” “OpenScore includes information about a care services:

- Fees
- Dining choices and food standards rating
- Live ratings (via Digital Reception or e-Reception Book)
- ESG practices
- and IPC measures

being critical information for self-funding families when looking for care”

For further information get in touch with Kelly Cox, [Autumna](#) National Account Manager.



Future Proofing care with Key Insights for the Care Sector

In the wake of Care England’s ground-breaking ‘Future-Proofing Care’ report Tony Thiru, founder of Fulcrum Care , delves into the key insights and solutions designed specifically for Small and Medium Enterprises (SMEs) in the adult social care sector looking at practical strategies to navigate challenges, stay competitive and ensure sustainable growth. You can [read the full insight HERE](#)

Sustainability

Sustainability, being one part of ESG (Environmental, Social and Governance), continues to gain traction in the wider care sector, with questions around ESG increasingly referred to in finance applications for lending. Making small changes to a care provision's sustainable practices including having a clear plan in place can have a significant environmental impact on a care service.



To discuss your sustainable solutions talk to Rondi Allan, co-founder of [Sustainable X](#) alongside your usual Chandler & Co. contact.

What the Independent Finance Brokers say:

And finally, latest tips from the Brokers at [Chandler & Co.](#) forming part of your care home funding acquisition journey:

- “When expanding your care home portfolio ensure that your existing care business has up to date filed statutory accounts with year to date Management Information”
- “Consider the opportunity to unlock the value of [Capital Allowances](#) as part of your care home acquisition due diligence ([read the latest insight on the subject from Rachel Sanders of Jex Capital Allowances](#)).”
- “An inter-company loan will form part of a lender’s debt serviceability review, thus confirm any repayment terms for lender satisfaction.”
- “When looking at funding a care home acquisition, consider how much liquid cash you have available for a deposit, and whether you will need to use equity in an existing care home.”
- “Raising finance to buy into a care home business can be used to:

Increase a shareholder’s stake
Refinance an existing loan
Scale up a care home portfolio
Provide cash out as an example for refurbishment

- “Demonstrate how your organisation and the purpose for which you are seeking finance will have a positive impact.”
- “Consider the strength and continuity of the management structure of your target care home.”

For further information to discuss how [Chandler & Co.](#) can support your funding applications helping with Acquisition, Refinance, Capital Raise, Buyout, Development, Expansion, Restructuring debt and business loans [get in touch with us.](#)

Chandler&Co

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recommended
Care Sector Mortgage Brokers

**Our bespoke finance packages cover all aspects
of funding including:**

- Acquisition
- Refinance
- Development
- Expansion
- Financial Restructuring



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Care Sector
since 1995

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UK's one stop network for care home operators

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