

# THE SOCIAL CARE SNAPSHOT 2024

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State of the Industry Report  
December 2024



**TRISTONE**

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CAPITAL

# Introduction

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Social care is a vast and complex sector, made up of both complementary and opposing parts. On the one hand, you have children's social care that has been the subject of multiple independent reviews in recent years – reports that have highlighted a desperate need for greater funding, much better use of that funding, as well as Government intervention, which have long been recognised by those individuals who play a vital part in the industry.

On the other you have social care for the elderly – a healthcare system in need of fundamental reform, but an issue that has been kicked down the road by politicians for decades. In the middle sits adult social care, specifically designed for those people with learning disabilities, mental health issues and other support needs. Often losing the limelight to the more headline-grabbing sectors of children's and elderly social care, it provides vital support for vulnerable individuals and much-needed respite for unpaid carers. Like its counterparts, it also requires much-needed attention and an injection of funding that is well spent. When money is used without producing good outcomes, this is simply wasted funding. When money is used to deliver positive outcomes this not only saves money in the long term, but there are also many other benefits for the individuals involved and the system, which flow from it.

It is a complicated picture, bound by red tape and restricted by costly hierarchical and complex decision-making – a system that desperately needs to be reformed and slimmed down to help streamline services. But what marries the three distinct sub-sectors together are common themes and pain-points that are not exclusive to one over the other. These include: recruitment, business confidence, output and demand, as well as the ability to grow and remain profitable

In a bid to understand the sentiments of businesses, specifically in children's and adult social care, Tristone Capital has carried out an in-depth survey to understand the views of individuals within the market across those key themes. The aim is to create a State of the Industry Report that provides us with a snapshot of the challenges and opportunities that exist in the sector.

'The Social Care Snapshot 2024' opens the door on a sector that offers so much to many, but is often hamstrung by the actions of others. Here, we find out what drives companies, what keeps business owners awake at night, and what ambitions they have for the future.



# Survey Insight

Our survey has highlighted a number of key themes that play a central part in the success of organisations and their ability to provide positive outcomes for the individuals within their care. So what does the data show us?

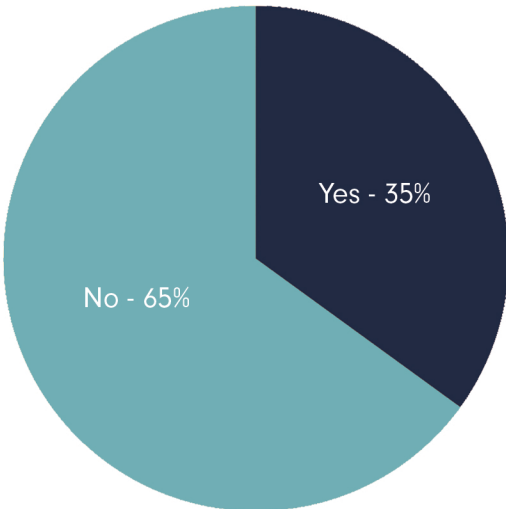
## Business priorities



## Challenges



## Will profit targets be met this year?



## What influences profit levels?

**39%**

Industry-wide perception of what's ethical

**35%**

Director or shareholder returns

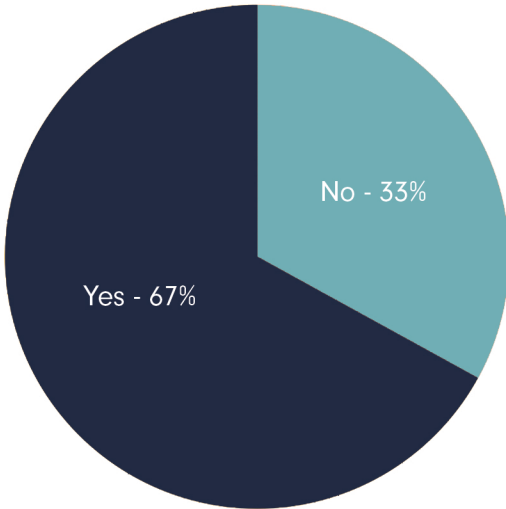
**35%**

The potential for open-book accounting with commissioners

**32%**

How much we need to invest to run a sustainable operation

## Investment intentions – will you invest this year?



## Investment priorities

**1**

Investing in improving outcomes for service users

**2**

Investing in opening new settings

**3**

Investing in people

**4**

Investing in operational efficiencies

**5**

We've had to put investing plans on hold

## Workforce challenges

**37%**

Immigration restrictions stop us from recruiting enough people

**36%**

We cannot hire people with the right skills

**36%**

We cannot recruit enough people

**30%**

It is too expensive for us to hire staff

# Key Takeways

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## Business confidence

As with any sector, business confidence breeds success. If ambitions outweigh challenges, then companies are more likely to strive towards their goals and set out achievable and, at times, far-reaching priorities.

Social care is no different. On the one hand you have opportunities, on the other you have obstacles. The national picture shows us that managing costs is currently the biggest challenge facing the sector (35%), closely followed by accessing new sources of capital to fund growth (34%). This is mirrored across several regions in the UK, including the North West, the Midlands, the East of England and the South East, where 67% of respondents said that increased operating costs was the greatest pressure facing their business over the next six months – the highest of any region.

**“Social care providers have faced a litany of economic and political pressures over the last few years, driven by the COVID-19 pandemic and exacerbated by the cost-of-living crisis, while other external factors have contributed to creating a strained outlook that has been instrumental in how businesses function.”**

While inflationary pressures have eased in recent months, the damage has already been done for many, with more than a quarter of respondents (29%) admitting that this is the biggest challenge facing their business.

While the sector is no stranger to political upheaval – in the last 10 years alone, there have been 12 different ministers overseeing the area of children and families – there is a sense that a new Government will bring a fresh perspective to social care. Former social care worker Janet Daby has been charged with leading change and improvements in children’s social care, with Stephen Kinnock taking on the broader role of Minister for Social Care. Amongst industry leaders there is a feeling of expectation and hope, together with a sense of realism over what has come before.

But that feeling of expectation offers an opportunity to refine business priorities and approach the next six to 12 months with renewed purpose. Central to that is improving the outcomes of service users. More than a third of respondents (34%) ranked this as their top priority, peaking at 60% in both the North West and the East of England. This is arguably the most important objective in social care, regardless of the political or economic backdrop; however, what is interesting to note is the added desire to grow and expand, with raising new finance for growth (32%) and opening new services (32%) making up the top three.

## Investment intentions

In order to meet growth ambitions, whether that's expanding services, employing more people, or improving outcomes for service users, social care businesses must be profitable – a topic of contention in social care, particularly when those profits are made by private sector providers.

As Sir Martin Narey said in his 2016 report on children's residential care, "the presence of the private sector in the children's home market is a source of considerable suspicion and sometimes mistrust."

This is often driven by confusing the terms 'profit' and 'profiteering'. Yes, there will always be a few bad actors in any sector, who fuel that confusion, but the reality for many is summed up perfectly by the Children's Home Association.

**"When local authorities have not been willing or are not able to run their own children's homes, the level of investment and financial security necessary to sustain that provision by independent providers is significant."**

It's precisely that point – the level of investment and financial security needed to create a sustainable and well-functioning social care sector is considerable and being profitable is essential in making that work. Unsurprisingly, in the current climate, there is a certain degree of pessimism about whether businesses will be able to reach profit targets this year, with nearly two-thirds (65%) admitting they won't. This is mirrored in both the Midlands and the South East, although there is more confidence amongst businesses in the North West, East of England and London.

Interestingly, the issue of industry-wide perception of what's ethical when it comes to financial status is regarded as the biggest influence on profit levels at 39%. This is a staggering 100% in the North West. Industry-wide perception is closely followed by director or shareholder returns (35%), the potential for open-book accounting with commissioners (35%), and how much is needed to run a sustainable operation (32%).

What is reassuring to see is, despite the ongoing pressures and questions surrounding profits, investment intentions are high, with businesses both nationally and regionally planning to inject capital in the next 12 months to meet growth ambitions. But what are the priorities for social care businesses?

As with wider business priorities, improving outcomes and opening new settings make up the top two, with people and processes also being considered. The intention is clearly there, the biggest question over the coming months will be how that ambition is funded, particularly when over a third of respondents (34%) say that accessing new sources of capital is the biggest challenge facing their business. Unsurprisingly, this has led to a quarter of social care businesses having to put their investment plans on hold.

There's no doubt that accessing finance can be a complex and challenging task. Identifying the right type of funding, whether that's grants, bank loans, crowdfunding, or private equity, is hugely important – not to mention understanding what's appropriate for the company's situation and circumstances, before marrying the two to create an appropriate funding package to achieve your aims.

## Workforce challenges

**“People are central to social care – whether it's vulnerable individuals in need of support or those delivering care.”**

Needless to say, recruitment and skills have been, and remain, a huge priority for the sector, with 36% of respondents admitting that they cannot hire enough people with the right skills.

The national picture shows that immigration remains the biggest workforce issue, more than four years after Brexit. Over a third of businesses (37%) state that immigration restrictions stop them from recruiting enough people. This is compounded by the cost of recruitment, the high use of agency staff, as well as a COVID-19 hangover that continues to impact the jobs market. The difficulty of replacing staff after the pandemic spikes, in particular, in the North West at 60%.

**“The reality is, social care has lost a lot of good people to other sectors in recent years, and needs to regain a competitive advantage when it comes to talent and skills – a point not lost on a quarter of social care businesses that have placed investing in people as their biggest investment priority.”**

Previous Governments have tried and failed to tackle the issue. That's why sector leaders believe that it's essential Labour listens to the workforce challenges being faced by the industry and that politicians work collaboratively with business leaders to ensure it becomes an attractive career prospect for future employees. This includes ensuring that qualifications are robust and accessible, with more apprenticeships and training and development on offer.

There is clearly a lot of work to be done to encourage talented individuals into the industry and inspire and incentivise them to become future leaders. Identifying those people who have the potential to succeed is crucial – the earlier the better – so they can be supported through their career journey and armed with the skills and mindset required to take the business on to the next chapter.

The future of the industry depends on those individuals. Collectively the sector must solve recruitment in social care hand-in-hand with a Government aiming to make its mark.

# In The Spotlight

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Doreen Kelly is managing director of Beyond Limits – part of the Tristone business community and an organisation that provides specialist care to adults with complex needs through bespoke supported living, allowing individuals to live independently. This not only reduces the burden placed on unpaid carers, such as family and friends, but also provides a route out of institutionalised care, enabling people to lead meaningful and rewarding lives. In Doreen’s own words, “we support people through thick and thin.”

A recent report, featuring Beyond Limits – A Deep Dive into the Small Supports Experience in Plymouth – highlighted the difference the provider is making by taking a different approach to bespoke supported living. This included significant cost savings to the public purse, as well as positive outcomes for those individuals in their care. The report stated that the organisation improved wellbeing scores from an average of 2.6 to 8.3 out of 10, generating an economic value of more than £750,000 for nine individuals in just one year.

Social care for adults with complex needs has long been regarded as the poor relation in the sector, with children’s and elderly care readily attracting more attention and headlines. This is a point not lost on Doreen. She is a vehement advocate for people with learning difficulties, mental health issues, and other support needs, fighting not only for their right to live an independent life, but also to have the same human rights as other people – something she believes is compromised in a system that often resigns them to long spells in institutionalised care.

The challenges for Doreen and Beyond Limits are no different to other social care providers in many respects, but there are nuances that come with each sub-sector, which includes transforming the care agenda and ultimately closing care institutions.

“People with learning disabilities and mental health issues can often get stuck in long stay hospitals and large institutions for many years,” she explains. “Aside from it being a big waste of taxpayers’ money, those individuals are not getting good enough care. What we need is an individualised support approach that assigns appropriate budgets to each individual.

**“While there is fantastic work happening every single day to achieve excellent outcomes for people, there is a real need for the sector to modernise its thinking.”**





“We need to move away from the mentality of ‘them and us’ and start to think about how we would design adult social care services if we were doing it for ourselves – it would be entirely different. Fundamentally, more focus needs to be put on people’s human rights and the simple requirements of providing individuals with their own home, a family life, and the power to manage their own personal budgets and choose their own course in life. They are citizens of this country, just like you or me. They have got the right to good quality care, as well as a good home.”

The issue of finding a good home is a significant one for Doreen. “Ensuring there is enough good housing for people with disabilities to live in, so they can lead independent lives with the right support structure around them, is hugely important,” she comments.

Prior to the General Election, Labour touched upon ‘home-first care’ to help people live independently, but it steered away from detail. It’s clear that more needs to be said and done around adult social care across the piste – whether this is by stimulating the investment market through greater mortgage options, or by looking at the part housing benefits have to play in the supported living system.

When it comes to business priorities, Beyond Limits closely aligns with the national picture, which shows that improving outcomes for service users is number one for 34% of social care businesses.

**“Ultimately, funding is not being used to achieve great things and deliver fantastic outcomes, and that needs to be addressed as a matter of urgency.”**

Doreen also agrees with nearly a third of respondents (31%) that more needs to be done to address the endemic recruitment and retention issues in social care.

“More funding is needed in the area of employment in the care sector,” she explains. “The work is taxing, difficult and involves safeguarding the lives of others. Therefore, more money should be injected into the sector to enable providers to pay employees a higher rate of pay to acknowledge the importance of their role, as well as the outstanding work that is carried out day in, day out for some of our most vulnerable people. On the other hand, as a sector, we also need to make sure that what funding we do have is used in a more efficient and innovative way to provide better services, which ultimately save money in the long term.”

The Deep Dive report highlights that this approach works. Beyond Limits has shown that a care model that prioritises holistic wellbeing can be highly effective and lead to both improved quality of life for individuals and significant cost savings of more than £200,000.

If you would you like to discuss the Social Snapshot in more detail, contact Tristone Healthcare on [info@tristonehealthcare.co.uk](mailto:info@tristonehealthcare.co.uk)