



# Market Report

A Snapshot of your Market Sector

## Adult and Domiciliary Care

### Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

This pack has been designed to provide information on setting up a business in the **Adult and Domiciliary Care** industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website ([www.bgateway.com/businessplan](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **October 2022**. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

## What do I need to know about the Adult and Domiciliary Care market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ Mintel estimates the value of **adult social care in the UK to grow by 9.9% between 2022/23 and 2026/27**, with total spend in the market forecast to be worth **£55.1 billion** (excluding the value of informal care). Informal care continues to account for the majority of the total domiciliary care market, at an estimated 74% in 2021/22. Since 2017/18, the **value of informal care has risen by 8%**, reaching **£71.5 billion** in 2021/22. (Mintel, *Adult Social Care, UK*, August 2022).
- ◆ In 2021-22, domiciliary care industry revenue is expected to **rise by 1.8%, reaching £5 billion**. Over the five years through 2026-27, industry revenue is expected to **increase at a compound annual rate of 3% to £5.8 billion**. The industry is expected to continue to face some challenges during the period, including workforce and funding concerns. Nonetheless, opportunities for growth remain. (IBISWorld, *Domiciliary Care in the UK*, February 2022).
- ◆ Over the five years through 2027-28, industry revenue is forecast **to rise at a compound annual rate of 2% to reach £9.4 billion**. The Office for National Statistics revealed that the **percentage of self-funded residents fell from 36.7% in 2019-20 to 34.9% over the year through February 2022**. This is expected to be due to more families struggling with the rising cost of living, reducing the number that are able to afford private care home costs, which is expected to constrain industry revenue growth over the three years through 2022-23. In 2022-23, **labour costs** for care homes are estimated to account for **54.4% of industry revenue**, although these vary by facility. (IBISWorld, *Residential Nursing Care in the UK*, September 2022).
- ◆ A boost in demand for industry services was spurred by the rise in mental health issues related to the pandemic, and rising occupancy rates are expected to lead to **revenue growth of 2.5% in the current year**. **Over the next five years industry revenue is forecast to rise** at a compound annual rate of **1.6%** to reach **£1.3 billion**. UK government pledged additional funding of £2.3 billion a year for mental health services by 2023-24 as part of its NHS Long Term Plan. It has also committed to providing £780 million over the next three years to rebuild the drug treatment system, including expanding treatment places by 20%. This funding may relieve some of the financial pressures currently facing industry operators.
- ◆ The national organisation for this industry is [Scottish Care](#). Other industry bodies include [The Care Inspectorate](#), the [Scottish Social Services Council](#), the [Coalition of Care and Support Providers](#) and [Care Information Scotland](#).



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## Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email [info@bgateway.com](mailto:info@bgateway.com).

- ◆ **Mintel – Adult Social Care UK (2022).** Private sector domiciliary care accounts for a relatively small part of the market, with an estimated 3.5% derived from the sector in 2021/22. However, the value of the private segment of the market has increased by 44% over the five-year review period to £3.38 billion – benefiting from both demographic changes and the growing number of care users ineligible to receive state-funded care. ‘Pure’ private care home clients are thought to have spent £9.3 billion on care in 2022 – an increase of 8% compared with 2018.
- ◆ **IBISWorld – Domiciliary Care in the UK (February 2022).** Age UK estimates that the number of people aged 85 and over will increase by 36% between 2015 and 2025, which is expected to support further growth in demand for the industry's services. In 2021-22, private provision is anticipated to account for 19% of industry revenue. The UK healthcare market is strongly dominated by the public sector, particularly the NHS, and it is therefore unlikely that private services will ever account for the largest proportion of industry revenue. However, should demand for domiciliary care outstrip funding provided by public funds in the coming years as the baby boomer generation ages, demand for private provision may increase.
- ◆ **IBISWorld – Residential Nursing Care in the UK (September 2022).** The top four players in the industry are expected to account for 17% of industry revenue in 2022-23. Four Seasons Health Care Ltd was formerly the industry's largest player, but Barchester Healthcare Homes Ltd has gained market share in recent years and is estimated to contribute 6.7% of industry revenue in the current year.
- ◆ **IBISWorld – Retirement Homes in the UK (September 2022).** Demand for industry services is expected to grow over the next five-year period, driven by an ageing population, with the number of people aged 85 and over expected to rise by 1.4 million between mid-2020 and mid-2045. Moreover, the government's introduction of a new Health and Social Care Levy will raise £5.4 billion for adult social care over the three years through 2024-25. Industry revenue is anticipated to grow at a compound annual rate of 2% over the five years through 2027-28 to reach £10.4 billion, although rising costs and staff shortages remain constraining factors.

There are also a number of online resources you may find helpful:

- ◆ **The Care Inspectorate** – offers a number of publications and statistical reports on various sectors within the care industry in Scotland. ([tinyurl.com/27f7e8z7](https://tinyurl.com/27f7e8z7)).
- ◆ **The Scottish Government** website has a number of statistical datasets relating to health and social care that you can access ([tinyurl.com/y2cyc9jp](https://tinyurl.com/y2cyc9jp))
- ◆ **Public Health Scotland** – publishes regular releases on a variety of topics which present data from across NHSScotland, including statistics on social & community care. ([tinyurl.com/4ffmeef2](https://tinyurl.com/4ffmeef2)).

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## How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as [Yell](#) ,[Thomson Local](#) or [Google Maps](#)
- ◆ Trade specialists like [EuroPages](#) (European directory), [The Wholesaler](#) or [Free Index](#)
- ◆ Business to business (B2B) specialists such as [Kompass](#)

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the [Companies House](#) website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing [info@bgateway.com](mailto:info@bgateway.com) or by calling **0300 013 4753**



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## What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please [info@bgateway.com](mailto:info@bgateway.com) or by calling **0300 013 4753**.

## Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the [National Records of Scotland \(NRS\)](#). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the [Census Area Profiles](#). Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ [Understanding Scottish Places](#) has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ [Scottish Government Statistics](#) provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ [The Scottish Household Survey](#) provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ [Office for National Statistics \(ONS\)](#) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

## How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

### Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Accountant](#)" tool

### Funding

[Practical information](#) on finance and funding for starting and growing your business

### Insurance

[Business insurance guide](#)

### Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

### Pricing

Business Companion [Pricing & payment guide](#).

**Please note:** the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

### Promotion

[BG guides to Marketing](#)

### Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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**Updated by: Eleanor**

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