



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), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **September 2023**. 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).
- ◆ Revenue in the Domiciliary Care industry is anticipated to **climb at a compound annual rate of 1.9% over the five years through 2023-24 to £5.7 billion**, including a forecast jump of 1.4% in 2023-24. Demand has been supported by an ageing population and rising prevalence of disabilities among the adult population. (IBISWorld, *Domiciliary Care in the UK*, July 2023).
- ◆ Over the five years through 2027-28, residential and nursing care revenue is estimated to **expand at a compound annual rate of 4.6% to £11.1 billion**. Robust demand from an ageing population will continue to accelerate industry growth. Government reforms that have been delayed from October 2023 to 2025 mean more people will be eligible for government funding, which may reduce growth in the private sector. Despite this funding, staff shortages will continue to plague nursing care, with vacancy rates remaining high. (IBISWorld, *Residential Nursing Care in the UK*, March 2023).
- ◆ As the UK population ages, the Residential Nursing Care industry expands. Homes have upped their average weekly fees, contributing to revenue growth. However, growth has been limited by state involvement, which has kept care fees artificially low for a large proportion of nursing home residents. Residential nursing care revenue is anticipated to **grow at a compound annual rate of 0.9% to £8.9 billion over the five years through 2022-23**, including revenue growth of 2.4% in 2022-23. Weak government funding and inflationary wage cost pressures have constrained profitability, which is forecast to reach 2% in 2022-23. Since the introduction of the National Living Wage in 2016, which increased to £9.50 in April 2022, labour supply shortages caused by high turnover rates have been of particular concern. (IBISWorld, *Residential Nursing Care in the UK*, March 2023).
- ◆ 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?

- ◆ **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 (July 2023).** The age group of those 65 and older in the UK is expanding as people are living longer due to improved living conditions and health care. With age, people's general level of health deteriorates. A number of older people are unable to fully care for themselves and require the services of retirement homes. As more members of the baby-boomer generation reach pensionable age, demand for homes is set to increase. A rise in the number of those aged 65 years and over presents an opportunity for revenue growth in 2023-24.
- ◆ **IBISWorld – Residential Nursing Care in the UK (March 2023).** An ageing population and a shortage of public-sector provision have expanded private-sector provider's revenue. Squeezed public-sector budgets have tightened the eligibility criteria for state-funded care. The ONS revealed that the percentage of self-funded residents fell from 36.7% in 2019-20 to 34.9% over the year through February 2022 because families are struggling with the rising cost of living, reducing the number of people that are able to afford private care home costs in 2022-23.
- ◆ **IBISWorld – Retirement Homes in the UK (July 2023).** Demand for retirement homes is expected to climb at a compound annual rate of 2.2% over the five years through 2028-29 to £10.7 billion, 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. Medical advances will make an older population healthier, allowing people to live independently for longer, dampening demand.

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).
- ◆ **The Scottish Government** website has a number of statistical datasets relating to health and social care that you can access (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).

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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 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 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 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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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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