

The Case for Insourcing Social Care and Other Essential Public Services

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The problem with social care

- Those who provide it are underpaid, overworked and under appreciated
 - Mostly women
 - Many part time
- Whilst faceless international corporations extract millions from it
 - Private equity driven leveraged buy-outs
 - Specialist real estate investors
- And those who receive it can never be sure what to expect
 - Moveable eligibility criteria
 - Varying with geographical location
 - Front end providers forced into low-cost (to them) strategies

Why is it like this?

- Early assumptions about who should look after older people
 - Family - Women basically
- Never defined in terms of a universal service
 - Health service access based on universal rights
 - Care access based on variable eligibility criteria
- Rising UK life expectancy
 - 68 in 1948, now 80 plus with longer period of need for care
 - Sociological and demographic changes
- The Thatcher push for marketisation
 - CCT
 - Private good/public bad mentality
 - Structural issues with market for public contracts

What can we do about it?

- Put it on the same legal footing as health
 - Universal
 - Geographically consistent
 - Same for everybody regardless of means
 - Free at the point of delivery

A national care service then?

- Yes, but what does that really mean?
- Who provides?
 - Public/private/third sector - does it matter?
 - Local/national/regional maybe
- Who commissions – whatever that means
 - Who decides on local need?
- Who is responsible?
 - Accountability
 - Link with control

So, what's missing?

- Overt recognition of the central role of public provision
 - Integration with publicly provided health and preventative services
 - Accountability and two-way communication through local representatives
 - Lowest capital cost
 - Market regulation



The care economy

- The attraction of marketised public services to global investors
- Leveraged buy-out and the debt it creates
- Real estate extraction and the cost it creates
- Impact on front line provision
- Impact on staff

Public spend on care £4.7bn

Delivery point losses minimise tax

approaching half of capacity among medium-to-large for-profit groups... may be subject to leasing arrangements.' - LaingBuisson

'the UK ... has the highest gross yields of all countries' – Aedifca, landlord to Care UK and Maria Malaband

Residential care example: HC-One



Biggest UK care provider

Ultimate owner is Skyfall GP Ltd registered in Cayman Islands



Financed by Safanad

Dubai based private equity with Well Tower US health care real estate specialist debt facility



In 2022 HC-One earned £382m with gross profit of £51m

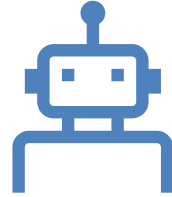
But a loss of £25m

Home Care Examples



Helping Hands

Part of Midshires
Owned by Livingbridge Private
Equity Co.



Home Instead

Franchise operation
Hi Global Holdings
Ultimately part of Honor
Technology Inc. – \$2.1bn
corporation

'the world's largest senior care
network and technology platform'



Cera Care Group

Multiple brands, including Premier
Care and Allied Health Care

Fast growing 'digital first'
European care company

15,000 'patients' a day across UK
and Germany

Private equity funded

Extraction through real estate: Aedifca S.A*

- Social care real estate specialist owns 114 homes in the UK
- Triple net contracts
- Average rent £6748 per bed space
- EBIT profit margin £5635

“We consider that the group EBIT margin is applicable to the UK which has the highest gross yields of all countries”

*Extracting Profits Through Care Home Real Estate: The Billion-Pound Property Speculation Fuelling Britain's Care Crisis, Kotecha V., Centre for International Corporate Tax Accountability and Research, 2023

Highlights from Aedifica Annual Report 2022

465,000 units in
10,500 care facilities

An increasingly ageing population with higher care needs is expected to increase demand for healthcare real estate significantly in the United Kingdom in the near future.



Public funding

European governments continue to finance the care needs of their populations with public funds.

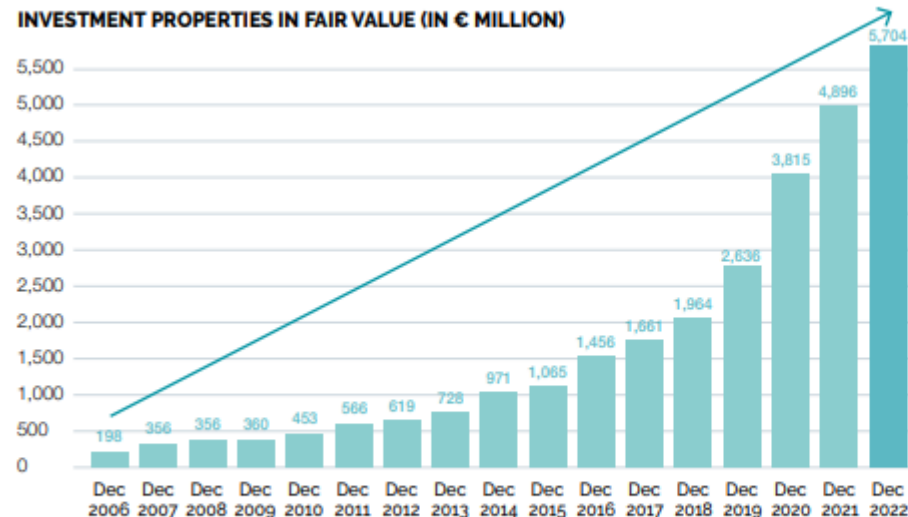
Solid and stable returns for investors

Our portfolio generates predictable long-term revenues, offering attractive opportunities for current and future investors.

€273m
rental income

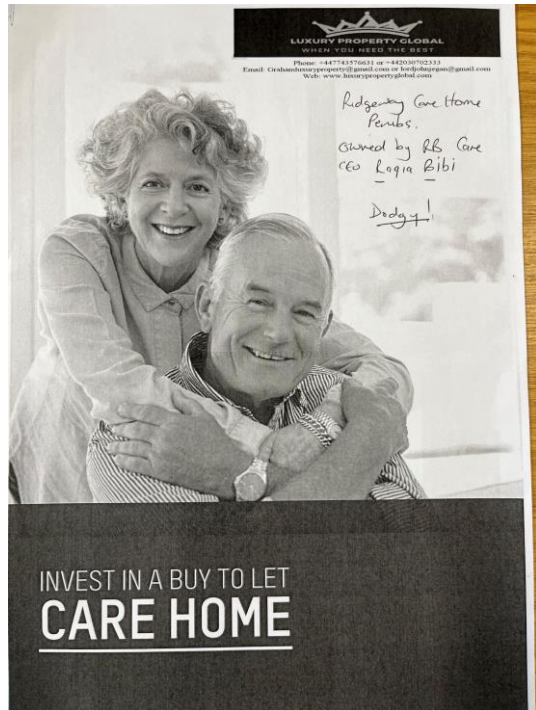
€3.70
gross dividend/share

INVESTMENT PROPERTIES IN FAIR VALUE (IN € MILLION)



23%
compound
annual
growth rate

For smaller investors?



LUXURY PROPERTY GLOBAL
WHEN YOU NEED THE BEST
Phone: +447743576631 or +442030702333
Email: Grahamluxuryproperty@gmail.com or lordjohnjegan@gmail.com
Web: www.luxurypropertyglobal.com

Ridgeway Care Home
Pembury,
Owned by RB Care
CEO Logan Bibi
Dodgy!

INVEST IN A BUY TO LET CARE HOME

RESIDENTIAL HEALTHCARE PROVIDERS?

WHAT MAKES RENT-A-CARE-ROOM DIFFERENT FROM OTHER?

We invest in our staff as well as in our properties. We secure and retain the best possible minds in the industry, individuals chosen specifically for our company to drive the quality of our services and the success of our care homes.

The healthcare industry relies on a knowledgeable, skilled, and competent workforce which in turn must be driven by a strong, ethical, and cultured management team.

A quote from our Statement of Purpose:

"...Person-centred quality care provision, delivered in a safe environment by qualified staff in a well – managed, homely setting..."

PEACE OF MIND

Our properties are not newly built empty developments. We only purchase pre-existing care homes that are both operational and occupied, therefore there is no risk to investors that the 'development' is not completed.

What You Receive?

Each Care Room will be issued lease hold ownership

Legal Title Pack

LUXURY PROPERTY GLOBAL
5 Merchants Square London UK
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Web: www.luxurypropertyglobal.com

Actual UK Sterling Sum Invested	Assured Returns		
	Year 1	Year 2 & 3	Year 4 & 5
£75,000	8%	9%	10%
£100,000	9%	9.5%	10%
£125,000	9.5%	10%	10%
£150,000	10%	10%	10%

Actual UK Sterling Sum Invested	Guaranteed Buy-back				
	In 3 Years	In 5 Years	In 9 Years	In 15 Years	In 20 Years
£75,000	9% £81,750	15% £86,250	23% £92,250	30% £97,300	40% £105,000
£100,000	9% £109,000	15% £115,000	23% £123,000	30% £130,000	40% £140,000
£125,000	9% £136,250	15% £143,750	23% £153,000	30% £162,000	40% £175,000
£150,000	9% £163,500	15% £172,500	23% £184,500	30% £195,000	40% £210,000

EXIT STRATEGIES

	OPTION 1	OPTION 2
RETURN	Guaranteed buy back options from RB Carehomes (3, 5, 9, 15 & 20 years). RB Carehomes, as the care home owner will guarantee the buyback of care homes at a fixed price (appreciation)	Selling at your own discretion. As the owner, you can sell the care home(s) as and when you wish, to any third party. Just inform RB Carehomes of the proposed sale and the company will draft the relevant transfer documents

RETURNS JAN APR JUL OCT

Children's social care: GB News 9/11/23

"This is replicated across all upper-
A Department for Education spokesman
in the children's homes market is wh
Cambridgeshire CEO Stephen Moir
which is why we are working with Of
develop a new financial oversight re
"This "More widely, we are investing £259m
financial authorities to create more placement
perspective, and safe homes and ma
view, social care reform plans with £200m
needs there is a better support for families, r
crisis response at a later stage."

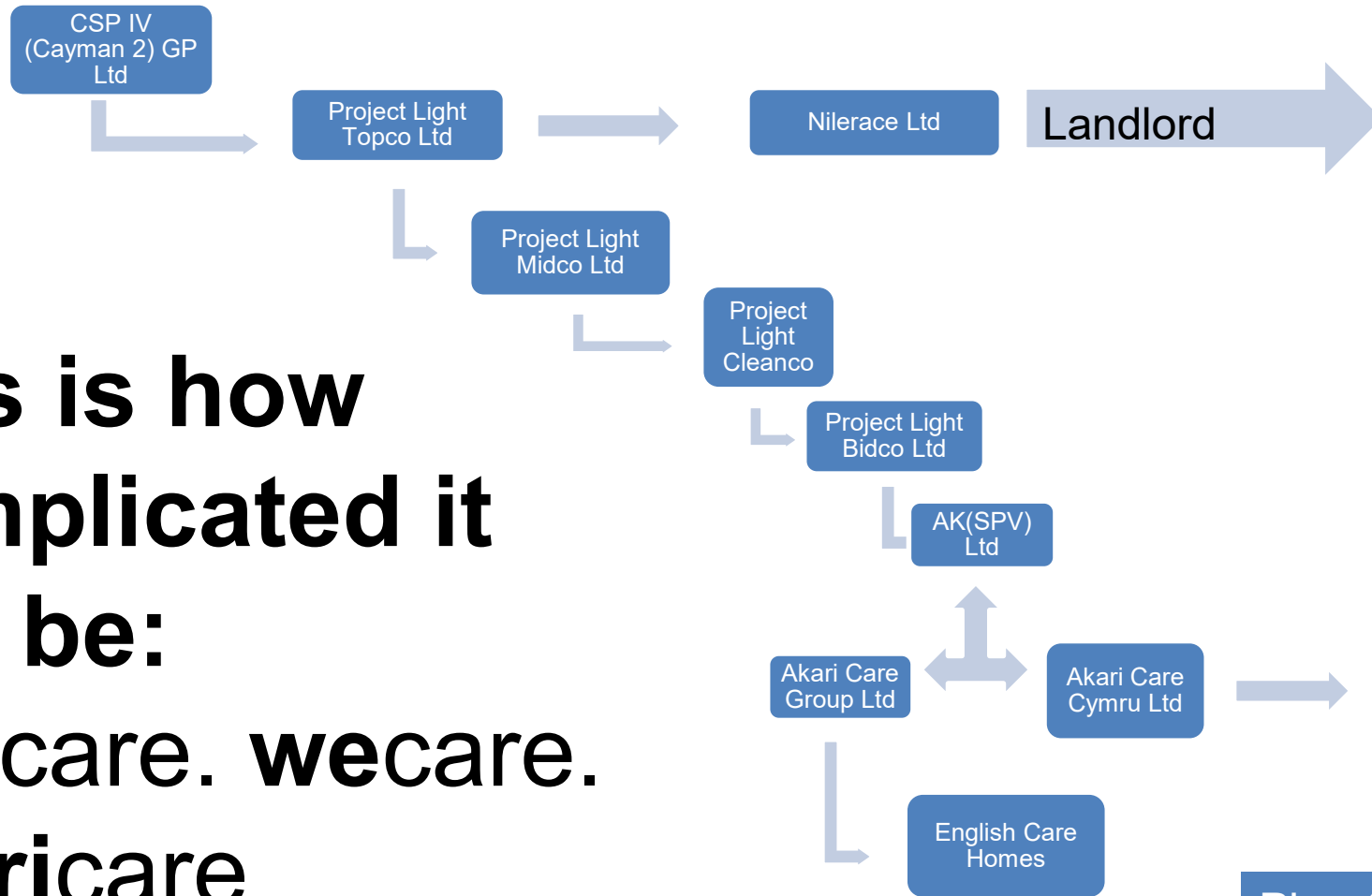
**Cash strapped council blasts
spending £85,000 on week
just ONE child**



So why not just regulate the market or outlaw profit?

- Because this is a global market with huge global players
 - They have their own strategic objectives
- Because prospective trading partners wouldn't like it
 - No more EU but if we want a trade agreement with the US....
 - Procurement Act 2023 allows authorities to disregard bids from non-UK *or treaty state* providers
 - Procurement Act 2023 does not allow submission of audited accounts to be a requirement unless otherwise required to have audited accounts by law
 - Procurement Act 2023 does include provision for reserving awards to “qualifying public service mutuals”
- Because the capital would dry up
 - The capital is attracted by the yield
- Because it would be really difficult

This is how complicated it can be: youcare. wecare. akaricare



Landlord



• 32 UK Care homes

Plus 14 Dormant Companies

Four Seasons

- 322 residential facilities in December 2018
- Around 150 care homes UK wide
 - **Four Seasons Health Care** – a national network of homes offering high quality nursing and dementia care together with other specialist capabilities to meet the anticipated growing demand of people requiring elderly care;
 - **Brighterkind** – a group of homes offering high quality elderly care together with higher standard services and activity **programmes focussed on self-funded residents**;
 - **The Huntercombe Group** – specialist units providing care, treatment and rehabilitation services in mental health, acquired brain injury and neurodisability.

Who owns Four Seasons?

Four Seasons (Bamford) Limited ++	Operator of healthcare facilities	UK (England)		
Four Seasons (DFK) Limited +++	Operator of healthcare facilities	UK (England)		
Four Seasons (Evedale) Limited	Operator of healthcare facilities	UK (England)		
Four Seasons (FJBK) Limited +++	Operator of healthcare facilities	UK (England)	FSHC (UK) Limited	Holding company
Four Seasons (GJP) Limited	Operator of healthcare facilities	UK (England)	FSHC Developments Limited	Operator of healthcare facilities
Four Seasons (H2) Limited	Operator of healthcare facilities	UK (England)	FSHC Holdings (UK) Limited	Holding company
Four Seasons (JB) Limited	Operator of healthcare facilities	UK (England)	FSHC Holdings Limited	Holding company
Four Seasons (JRC) Limited	Non-trading	UK (N. Ireland)	FSHC LH Holdco Limited #	Holding company
Four Seasons (KS) Limited	Non-trading	UK (England)	FSHC Management Services (CM) Limited	Retirement village management
Four Seasons (No. 11) Limited	Operator of healthcare facilities	UK (England)	FSHC Management Services (Galashiels) Limited	Retirement village management
Four Seasons (No. 9) Limited	Operator of healthcare facilities	UK (N. Ireland)	FSHC Management Services (Kings Reach) Limited	Retirement village management
Four Seasons (No.10) Limited	Operator of healthcare facilities	UK (N. Ireland)	FSHC Management Services (Saddle Mews) Limited	Retirement village management
Four Seasons (No.7) Limited	Operator of healthcare facilities	UK (N. Ireland)		
Four Seasons (No.8) Limited	Operator of healthcare facilities	UK (N. Ireland)		
Four Seasons (North East) Limited	Non-trading	UK (England)		
Four Seasons (Tronas) Limited	Non-trading	UK (England)		
Four Seasons 2000 Limited	Operator of healthcare facilities	UK (England)		
Four Seasons Beechcare Limited	Operator of healthcare facilities	UK (England)		
Four Seasons Cherry Tree Homes Limited+	Non-trading	UK (England)		
Four Seasons Group Holdings Limited #	Holding company	UK (England)		
Four Seasons Health Care (Capital) Limited	Holding company	UK (England)		
Four Seasons Health Care Group Treasury Limited #	Treasury management company	UK (England)		
Four Seasons Health Care (Central Services) Limited#	Management services	UK (England)		
Four Seasons Health Care (England) Limited	Operator of healthcare facilities	Isle of Man		
Four Seasons Health Care (Isle of Man) Limited	Operator of healthcare facilities	Isle of Man		
Four Seasons Health Care (Northern Ireland) Limited	Operator of healthcare facilities	Isle of Man		
Four Seasons Health Care (Scotland) Limited	Operator of healthcare facilities	UK (Scotland)		
Four Seasons Health Care Group Limited ++	Holding company	UK (England)		
Four Seasons Health Care Holdings Limited #	Treasury management company	UK (England)		
Four Seasons Health Care Limited # ++	Non-trading company	UK (England)		
Four Seasons Homes No. 4 Limited	Operator of healthcare facilities	UK (England)		
Four Seasons Homes No. 6 Limited	Operator of healthcare facilities	UK (England)		

But who owns Mericourt?

Mericourt Limited (the Company) is a holding company within a collection of entities formerly known as the Elli Investments Limited group (the EIL group). EIL and an indirect subsidiary of EIL, Elli Finance (UK) Plc (EFUK), have unpaid debts and were placed into administration on 30 April 2019. Following the administration of EIL and EFUK, Mericourt Limited and its subsidiaries (together, the Group) continue to be legally owned by EIL but are no longer controlled by EIL and, following the appointment of administrators, delegated authority for the EIL group's day to day operations was transferred to the Company. The subsidiaries which are headed by Mericourt Limited are therefore no longer deemed to be controlled by EIL and as a result consolidated accounts were prepared for the first time by Mericourt Limited for the year ended 29 December 2019. At 26 December 2021, the company was legally owned by funds managed by Boron Holdings (Guernsey) Limited.

Mericourt accounts December 2021, Companies House

So, who owns Four Seasons?

- Elli Investments Limited (registered in Guernsey)
 - No longer the holding company after going into administration in 2019 with massive debts in excess of £500m
 - Still reporting huge losses in own accounts
- Terra Firma Private Equity
 - Acquired the Elli Group in 2012

Is that it?

- Not quite
 - 124 of Mericourt's 154 care homes were leased from subsidiaries of a group headed by Rhyme (Jersey) Ltd.
 - Rhyme was acquired by Mericourt itself in December 2021
 - 'Funds managed by Boron Holdings (Guernsey) Limited' now the legal owner of Mericourt (December 2021)
 - Four Seasons reportedly appointed Christie's Auctioneer to sell off 110 UK sites in June this year

Nationalisation or a national service

- National service
 - Only government can create universal service framework
 - And ensure funding is available
 - But should they also be a direct provider?
- Nationalisation
 - 1948 model
 - Lack of joined upness
 - Subsequent decentralisation attempts



Municipalisation of a national service

- Local authorities in partnership with health
 - Subsidiarity
 - Accountability
 - Responsiveness
- Integration with prevention and early support
 - Community services that help people stay at home
- Existing infrastructure
 - Many UK councils already provide at some level

Examples

- Halton Borough Council
 - Purchase and operate
- Pembrokeshire County Borough Council
 - Response to warnings about Allied Health Care
- Trafford Council
 - Purchase on the open market
- Skye Council
 - Purchase from HC-One

Why don't we do it then?

- Unaffordable?
 - But public sector capital is cheaper than private sector capital
 - Do we really think that care workers should continue to be underpaid and overworked?
 - Whilst we watch 20 % plus of funding go to profit and extraction through leveraged buy outs and other techniques
 - And there are no incentives on providers to pursue a people centred approach based on prevention and community support
- Is the problem low paid women or over rewarded Private Equity and Real Estate investors?

What happens if we don't do it?

- Additional funding intended to boost pay will cost more than it should
 - Because some of it will be extracted as yield to investors and real estate speculators
- Supply side will continue to consolidate
 - Globalisation and natural tendency to oligopoly
- Pressure on staff costs will continue
 - Because that is the most controllable and biggest cost for operators

Contact details

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