

Held to ransom ^[1]

What happens when investment firms take over UK care homes

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AVAILABILITY

Access full report [PDF] ^[2]

Access briefing paper [PDF] ^[3]

Summary

The involvement of investment firms in the UK's adult social care sector is a cause of mounting concern. Many of the strategies that investment firms use to achieve returns for their investors expose whole chains of care homes to large costs and increase the risk of bankruptcy and closure. This 'financialisation' of care has been implicated in the high-profile collapse of several large care home chains. However, little research has been done looking at the direct impact of these strategies on workers and service users in the care homes themselves.

In this report, we present the findings from a series of interviews with care workers who were working in care homes during, or shortly after, they had been taken over by an investment firm. Our respondents expressed five key concerns about the behaviour of their new employers. Specifically, they felt that their care companies were:

- exploiting care staff;
- cutting corners on service delivery;
- covering up mismanagement;
- failing to communicate; and
- prioritising profit over care.

We also studied the financial accounts of fifteen of the largest care home chains in the UK and uncovered a large and widening disparity between the pay of directors and the wages of employees. This pay gap was growing particularly fast in investment-firm-owned chains. The pay ratios between the highest paid director and the average employee within the care companies in our sample were similar to those ratios found in large forprofit companies in other sectors, but far higher than those found in public services like the UK's National Health Service. This disparity existed even for some not-for-profit groups.

Our analysis paints a picture of a sector that is deeply unfair, not only in terms of who benefits from the financialisation of care, but also in terms of who pays the price. We contend that achieving a care sector that works for workers and service users rather than investors and profiteers means removing the profit motive altogether, reducing the size and complexity of care home groups, and strengthening care workers' rights and voice in the workplace.

Region: Europe ^[4]

Tags: for-profit ^[5]

care economy ^[6]

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