



Case C-055

Proposed Acquisition of La Haule and Silver Springs Care Homes by LV Group

Decision

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Jersey Competition Regulatory Authority
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1 Executive Summary

- 1.1 LV Group Limited (**LV Group**) is proposing to acquire 100% of the business and assets¹ of Silver Springs Care Home and La Haule Care Home (together, the **targets**) from Silver Springs Limited (**Silver Springs**), who are ultimately owned by the Four Seasons Health Care Group (**FSHC Group**) (the **proposed transaction**). Both LV Group and Silver Springs are active in the provision of care home services to Jersey.
- 1.2 The proposed transaction was notified to the Jersey Competition Regulatory Authority (the **Authority**) for approval pursuant to Article 21 of the Competition (Jersey) Law 2005 (the **competition law**). Having reviewed the proposed transaction, the Authority determined it may lead to a substantial lessening of competition in Jersey's care home market. The two principle competition concerns identified were in relation to private pricing and availability of care for long term care (**LTC**) funded residents.
- 1.3 This conclusion provides the Authority with grounds to refuse to approve the proposed transaction under Article 22 of the competition law. However, Article 22 also enables the Authority to attach conditions to its approval of a transaction, if it is satisfied that without conditions, the transaction could not be approved.
- 1.4 In this case, the Authority is satisfied that the legally binding and continuing conditions set out in chapter 10 and summarised below are capable of addressing the identified competition concerns and, has conditionally approved the proposed transaction. The conditions are:
 - **Condition 1** – For the targets, LV Group has committed to maintaining private prices for new residents at no higher than the current weekly average to the end of 2025 and thereafter restricting any increase in private prices to the annual LTC increase.
 - **Condition 2** – For the targets, LV Group has committed to reserving a minimum of 60% of the beds at the targets (equivalent to 90 beds) at all times for LTC funded residents, with a further safeguard with respect to wholly LTC funded residents.
 - **Condition 3** - LV Group must submit an annual report to the Minister for Health and Care and, upon reasonable request, demonstrate compliance with conditions 1 and 2 to the Authority.
- 1.5 Condition 1 is designed to limit the ability to increase private prices at the targets after the completion of the proposed transaction, while condition 2 is designed to ensure the proposed transaction does not limit capacity for LTC funded residents. Condition 3 formalises LV Group's ongoing commitment to demonstrate its compliance with conditions 1 and 2. The Authority has determined that the conditions are capable of addressing its competition concerns.
- 1.6 The conditions are legally binding on LV Group and its subsidiaries and its directors and officers under Article 22(3) of the competition law. Pursuant to Article 38, if the Authority decides that either LV Group, a subsidiary of LV Group, or a director or officer of LV Group is not complying with the conditions, at any time, the Authority may issue directions as it considers appropriate to ensure compliance with the conditions, Instead of, or in addition to, the issuance of a direction, the Authority may impose a financial penalty for any breach of the conditions.

¹ Excluding real estate

2 The application

- 2.1 The application, submitted on a joint basis by the parties, has been progressed in accordance with the Authority's guideline on mergers and acquisitions (the **merger guideline**).²
- 2.2 Following pre-notification discussions, the Authority received an application in respect of the proposed transaction on 6 February 2025. The proposed transaction was notified on the Authority's website the next day which initiated a 10-working day public consultation. The notice of application was also listed on the Jersey Gazette and posted on the Authority's LinkedIn.
- 2.3 As set out in the merger guideline, the Authority may approach third parties who may be in possession of information regarding the markets in which the parties are active during the public consultation. In this case, a questionnaire was developed and sent to other all other providers of comparable care home services to the parties in Jersey.³ In addition, engagements sessions were held with the:
- Jersey Care Commission (**JCC**), Jersey's independent care regulator⁴;
 - Government's long-term care team, who manages Jersey's long-term care scheme⁵;
 - Government's Adult Social Care, who manage the referral process to care homes which includes an assessment of individual needs⁶; and
 - Jersey Care Federation, the industry body representing Jersey's care industry.⁷
- 2.4 The public consultation closed on 21 February 2025, with a total of seven comments received from third parties (two responses to the notice of application and five to the questionnaire). The third party feedback obtained through the consultation process has been taken into account by the Authority when making its decision on the proposed transaction (see chapter 6).
- 2.5 Following the end of the public consultation and stakeholder meeting, competition concerns were identified which led to a realistic possibility that the proposed transaction would not receive approval at the end of first detailed review, or would only be approved with conditions. The two principle competition concerns identified were in relation to private pricing and availability of care for LTC funded residents (see chapter 8).
- 2.6 On 27 February 2025, the parties were made aware of the competition concerns and a state of play meeting was organised for 4 March 2025. The purpose of the state of play meeting was to provide the parties with as much information as possible about the competition concerns, including feedback from the public consultation and to provide an update on next steps.
- 2.7 Ahead of the state of play meeting, on 28 February 2025, LV Group provided preliminary conditions. In possession of the preliminary conditions, the Authority required further

² [Guideline 8 - Mergers & Acquisitions](#)

³ To support this engagement Officers also contacted by phone each care home provider to bring their attention to the survey.

⁴ [Jersey Care Commission | Jersey's Independent Care Regulator](#)

⁵ [Long-term care scheme](#)

⁶ [Adult Social Care](#)

⁷ The Jersey Care Federation (JCF) is the industry body representing Jersey's care sector, with membership representation across the sector. See: [JERSEY CARE FEDERATION](#)

information from the parties to make a decision. Therefore, on 3 March 2025, the application process was placed on hold.

- 2.8 LV Group's preliminary conditions were subject of discussion at the state of play meeting and LV Group was requested to submit the full and final conditions, including confirmation of how compliance with the conditions would be monitored on an ongoing basis.
- 2.9 This submission was received on 25 March 2025. The conditions were reviewed by the Authority, who agreed that, subject to the consultation, that the proposed transaction is suitable for conditional approval at phase 1.⁸ Consistent with this, the application process was taken off hold on 31 March.
- 2.10 As set out in the merger guideline where parties offer conditions, the Authority will engage in a process of 'market-testing', under which it will consult competitors, customers and/or suppliers of the merged entity, in order to assess the practicability of the remedies, and whether they adequately address the Authority's concerns.
- 2.11 Accordingly, the conditions proposed by LV Group have been market tested amongst the key stakeholders and the parties competitors.⁹ The consultation was held from 31 March to 4 April. Two responses were received through the market testing. These responses, summarised at chapter 9 below, have been taken into account by the Authority when making its Decision.

⁸ The alternative would have been a referral to phase 2 detailed review as set out in the merger guideline.

⁹ To support market testing, Officers also contacted by phone each care home provider to bring their attention to the consultation.

3 Market context

- 3.1 Care needs arise when, because of frailty or medical issues, older people require help to carry out everyday tasks, such as cooking and taking medication. Significant care is provided in specialist residential accommodation (e.g. care homes).
- 3.2 The care home market is key sector for Jersey, choices on care are an important decision taken by or on behalf of individuals who are often vulnerable. The nature and quality of care has a significant impact on the person's happiness, health, and longevity. This chapter provides an overview of the care home market in Jersey, provided to give context to the Authority's Decision.

Jersey's care home sector

- 3.3 Care homes fall into two broad categories: residential and nursing homes:
- Residential homes provide care for people with less acute needs that are not primarily medical; and
 - Nursing homes provide care for people with medical needs outside of a hospital environment.
- 3.4 Currently, there are approximately 1000 residents across 23 care homes which provide nursing and residential care. Table 1 provides an overview of the care providers in the market.

Table 1: Overview of Jersey's care home sector, pre-completion of the proposed transaction¹⁰

| Provider | Care Home(s) | Nursing beds (%) | Residential beds (%) | Total Beds (%) |
|-----------------------------|--|------------------|----------------------|----------------|
| LV | Les Charrieres / St Joseph's / Cheval Roc / Lavender Villa / Petit Bosquet | 157 (45%) | 95 (14%) | 252 (25%) |
| Silver Springs (FSHC Group) | La Haule / Silver Springs | 50 (14%) | 100 (15%) | 150 (15%) |
| Barchester | Lakeside Manor / Lakeside | 30 (9%) | 101 (15%) | 131 (13%) |
| Caring Homes | L'Hermitage / Beaumont Villa | 42 (12%) | 24 (4%) | 66 (7%) |
| Parish of St Helier | St Ewolds | 5 (1%) | 61 (9%) | 66 (7%) |
| Methodist Church | Maison La Corderie / Stuart Court | - | 60 (9%) | 60 (6%) |
| Clifton Care Home Ltd | Clifton / Ronceray | 29 (8%) | 23 (3%) | 52 (5%) |
| Parish of St Brelade | Maison St Brelade | 10 (3%) | 41 (6%) | 51 (5%) |
| St Philips Care | Highlands Care Home | - | 49 (7%) | 49 (5%) |
| Maria Mallaband | Pinewood | - | 46 (7%) | 4% |

¹⁰ Number of beds, taken from JCC Inspection Reports (as of December 2024).

| Provider | Care Home(s) | Nursing beds (%) | Residential beds (%) | Total Beds (%) |
|-------------------|--------------|-------------------|----------------------|----------------|
| Les Houmets | Les Houmets | - | 28 (4%) | 3% |
| Glanville Charity | Glanville | - | 25 (4%) | 2% |
| States of Jersey | Sandybrook | 24 (7%) | - | 2% |
| Abbeyfield Trust | Abbeyfield | - | 11 (2%) | 1% |
| TOTAL | | 347 (100%) | 664 (100%) | 100% |

The Health and Care Department

- 3.5 The Government's Health and Care Department (the **Health Department**)¹¹ aims to enable Islanders to live longer, healthier and productive lives. To achieve this, the Health Department provides safe, sustainable, affordable and integrated services in partnership with others. The Health Department delivers its services through a several key care groups. Most relevant to the proposed transaction, these care groups include Adult Social Care¹². The Health Department works in partnership with other Government departments, including the Employment, Social Security and Housing Department.
- 3.6 The Health Department is held accountable for the delivery of its services by a, non-statutory, advisory board (the board)¹³. The board has responsibility for assuring the quality, safety, performance and development of the Health Department's services, including Adult Social Care.
- 3.7 Currently, the Health Department has no published policies specific to the provision of care home services (or care services more widely).

Regulation of care services in Jersey

- 3.8 Jersey's care sector is regulated by the JCC. The JCC was established by the Regulation of Care (Jersey) Law 2014 (the **Care Law**)¹⁴ which came into being in 2019. The Care Law provides the JCC with powers to administer and uphold it.
- 3.9 The JCC's role is to ensure that care home providers meet the required standards of safety, quality, and governance set out in the Care Law and the Regulation of Care (Standards and Requirements) (Jersey) Regulations 2018¹⁵. The Care Law requires the JCC to regulate a number of activities and requires any person carrying out a regulated activity must be registered to do so. Most relevant to the proposed transaction, the JCC registers, regulates and inspects adult care homes. The Care Law defines care home services as '*a service providing residential accommodation together with care, whether on a temporary or permanent basis...*'¹⁶.

¹¹ [Health and Care Jersey](#)

¹² [Health and Care Jersey Department Overview](#)

¹³ [Advisory board ToR](#)

¹⁴ [Regulation of Care \(Jersey\) Law 2014](#)

¹⁵ [Regulation of Care \(Standards and Requirements\) \(Jersey\) Regulations 2018](#)

¹⁶ Schedule 1, Part 2 Article 4.

3.10 The JCC sets clear expectations about how care services should be provided with its Care Standards¹⁷. The Care Standards show what people should expect from the care they receive and explains to providers how they should meet the expectations of people who use care services and requirements under the Care Law. The Care Standards include how a person will be cared for, physically, mentally and emotionally, the quality of their environment, the food and activities provided as well as the running of the care home and quality of staff.

Jersey's long-term care scheme

3.11 Jersey's long-term care (**LTC**) team sits within the Government's Employment, Social Security and Housing Department. The LTC team administers Jersey's LTC scheme which provides financial support to Jersey residents who need long-term care for the rest of their life, either at home or in a care home. These people need significant help with everyday tasks such as getting out of bed and dressing.

3.12 The scheme aims to remove any worry people may have about the cost of long-term care. The amount of financial help available for an individual, and when they may receive it, depends on their income, assets and what level of care and support they need:

- If individuals cannot pay for care costs, the scheme can help to cover these costs.
- If individuals can contribute to their care costs, the scheme can support them with care costs, once they have paid for care costs for a period of time.¹⁸

3.13 There are four LTC rates, set out in the Long-Term Care (Benefits) Order 2014¹⁹. The level of LTC received by an individual depends on their level of need (assessed by Adult Social Care) and the outcome of a financial assessment (carried out by social services).

3.14 The LTC rates are set by Government and are calculated to provide a good standard of care, but no more. During quarter 3 or 4 of each year, with reference to the average earnings index and RPI, the Government assesses what adjustments should be made to the LTC rates for the following year. These are implemented by a Ministerial Order.²⁰

Adult Social Care

3.15 Most relevant to the proposed transaction, the majority of the work undertaken by Jersey's Adult Social Care team is in relation to elderly people (those 65+)²¹. This group consists of people who need help because of age related frailty, physical disability or illness, mental illness (including dementia) or a learning disability.

3.16 Adult Social care assess a person's level of need based on the frequency with which they need help from others, and in terms of their ability to live safely and independently. Following the needs assessment, social security will carry out the financial assessment. Together, the need

¹⁷ [JCC Care Standards Care Homes \(Adults\)](#)

¹⁸ The length of time that has to be paid fully is dependent on the level of care required and the financial assessment. See: [Long-Term Care](#)

¹⁹ [Long-Term Care \(Benefits\) \(Jersey\) Order 2014](#)

²⁰ For example, the 2025 increases were set via: [Long-Term Care \(Benefits\) \(Jersey\) Amendment Order 2024](#)

²¹ [Adult Social Care](#)

assessment and financial assessment will determine what level of LTC, if any, the person eligible for.

- 3.17 Adult Social Care then assist in matching individuals with suitable care home accommodation to meet their needs. A review of needs will be conducted six weeks after an individual has been placed in a home and periodically thereafter to monitor any changes.

4 The parties

The purchaser

- 4.1 The purchaser, LV Group²², is a Jersey-incorporated company (110275) which provides care services for Jersey. LV Group currently operates or manages the operation of five care homes across Jersey which provide a mixture of residential and nursing care (including dementia care). In addition, LV Group provides home care services, operates a pharmacy and a mental health and well-being service.
- 4.2 Each of the five care homes operated or managed by LV Group are registered with the JCC:
- Les Charrieres Residential and Nursing Home;
 - St Joseph's Residential and Nursing;
 - Lavender Villa;
 - Le Petit Bosquet; and
 - Cheval Roc Residential and Nursing.
- 4.3 LV Group is owned and managed locally by two Jersey-resident directors. In addition, [REDACTED] is a majority shareholder.
- 4.4 LV Group's annual worldwide turnover in 2023 was approximately [REDACTED] and is expected to be approximately [REDACTED] in 2024. Approximately [REDACTED] of this revenue in 2024 is generated in the Isle of Man, the balance of the revenue for 2024 of approximately [REDACTED] being generated in Jersey.

The seller

- 4.5 The seller, Silver Springs, is a Jersey incorporated company (1847) which provides care home services for Jersey. The seller's sole assets are the targets. Silver Springs annual turnover in 2023 was circa [REDACTED] and is expected to be circa [REDACTED] in 2024. All such turnover was and will be in Jersey.
- 4.6 Silver Springs is part of the FSHC Group which owns and operates 46 care homes across England, Scotland and Jersey. The targets are the only members of the FSHC Group which operate in Jersey.
- 4.7 The FSHC Group has been pursuing a restructuring since 2017, with significant outstanding financial indebtedness in excess of [REDACTED]. Consequently, since 20 June 2024, FSHC Group has been undertaking an asset sale process, of which the proposed transaction forms part.

The targets

- 4.8 The proposed transaction is for the business and assets (excluding real property assets) of:

²² [LV Care Group – Jersey](#)

- Silver Springs Care Home, is a 93-bed care home in Jersey which offers a mixture of residential and nursing care.²³
- La Haule Care Home, is a 58-bed care home which specialises in providing dementia care.²⁴

4.9 Both care homes are owned by Silver Springs and therefore are also part of the FSHC Group. Both are also registered with the JCC.

Reasons for the proposed transaction

4.10 Silver Springs is part of the FSHC Group and the proposed transaction is being pursued as part of a long-running restructuring and asset sale process. The principal objective of the FSHC Group in pursuing sales process is to maximise value for the Group's creditors while at the same time ensuring continuity of care for all its residents.

4.11 The parties submit that LV Group is an experienced provider of care services in Jersey. It has invested regularly in the Jersey care environment, building new facilities. It believes the acquisition of the targets will support the Jersey market place being able to offer sufficient beds to meet the needs of the Jersey community. LV Group also considers that its own excellent reputation and standing with local regulators will make it a good custodian of the targets.

²³ [Care Home in St Brelade | Silver Springs | Four Seasons](#)

²⁴ [Care Home in St Brelade | La Haule | Four Seasons](#)

5 Requirement for Authority approval

- 5.1 Under Article 2(1)(b) of the competition law, a merger or acquisition (referred to in this paper as a 'merger') occurs where a person who controls an undertaking acquires direct or indirect control of the whole or part of another undertaking. On completion of the proposed transaction, the targets will be owned and controlled by LV Group. The proposed transaction, therefore, constitutes a merger as defined by the competition law.
- 5.2 According to Article 20(1) of the competition law, a person must not execute certain mergers or acquisitions except and in accordance with the approval of the Authority. Most relevant to the proposed transaction is Article 2 of the Competition (Mergers and Acquisitions) (Jersey) Order 2010 (the **order**)²⁵. Article 2 of the order requires a transaction to be notified which would create an undertaking with a share of 25% or more of the supply or purchase of good or service in Jersey. This is known as the 'horizontal test'.
- 5.3 The parties submit their application for approval on the basis the horizontal test is satisfied as LV Group already holds approximately 25% share of the care home market (see Table 1). This market share would increase following the proposed transaction and therefore the proposed transaction requires the approval of the Authority prior to its execution.

²⁵ [Competition \(Mergers and Acquisitions\) \(Jersey\) Order 2010](#)

6 Third party views

6.1 As noted in chapter 2, the Authority issued a notice of application inviting comments on the proposed transaction. To support this process, a questionnaire was developed and sent to other all other providers of comparable care home services to the parties in Jersey.²⁶

6.2 Two responses were received to the notice of application:

- JCC, the response noted:

'The Jersey Care Commission (the Commission) is aware of the proposed acquisition of Silver Springs and La Haule Care Homes by LV Group and welcomes the review being carried out by the JCRA.

As the independent regulator for care services in Jersey, the Commission's role is to ensure that providers meet the required standards of safety, quality, and governance. Should the acquisition proceed, the new provider will be expected to demonstrate compliance with all relevant regulatory requirements. The Commission will continue to work with all parties to ensure continuity of care for residents.'

- Member of the public: Raised concern regarding the lack of competition if the proposed transaction took place. Particularly, regarding the standard of care that would be provided if there were less alternative options.

6.3 Five responses were received to the questionnaire, which are summarised in Table 2.

Table 2: Overview of responses to the Authority questionnaire

| Respondent | Response summary |
|------------|--|
| [REDACTED] | <p>Conversion of residential to nursing care beds - can be done easily if the environment lends itself to minor adaptations.</p> <p>Pricing - private prices are set according to yearly budget, need to charge over the LTC rate to ensure financial viability of the home. Running a care home is complex with lots of hidden costs.</p> <p>Impact of fewer care home providers in Jersey – expected to be a downward trend in the need for nursing beds in future.</p> <p>General views - does not feel LV Group <i>'should have the monopoly of care homes in the Island'</i> as it <i>'narrows choice'</i> for both service users and employees in the sector. Government should take a more active role in those with acute needs.</p> |
| [REDACTED] | <p>Conversion of residential to nursing care beds - <i>'very difficult'</i> (not qualified)</p> <p>Pricing - non-profit so charge LTC prices only.</p> <p>Impact of fewer care home providers in Jersey – <i>'less choice, less competition, , wages would go down'</i>.</p> <p>Barriers to entry - <i>'Extremely difficult'</i></p> <p>General views - does not feel it is <i>'right for one provider to have such a monopoly'</i>.</p> |
| [REDACTED] | <p>Conversion of residential to nursing care beds - only registered for nursing.</p> <p>Pricing - LTC prices charged.</p> <p>Impact of fewer care home providers in Jersey – <i>'the fees would go higher and cause a reduction in good quality care'</i></p> |

²⁶ Further market testing was carried out with third parties as part of the consideration of conditions, see chapter 9.

| | |
|------------|---|
| | General views - <i>'LV care will hold a monopoly to care provision with the care home sector causing raised prices, lack of choice and reduction in care equality'</i> . |
| [REDACTED] | <p>Conversion of residential to nursing care beds - if registered for both, a simple process.</p> <p>Pricing - Prices are set on a variety of conditions, medical history, nursing requirements, decor, size of room, any other contributing factors may affect the pricing.</p> <p>Impact of fewer care home providers in Jersey – increased demand for private allocated beds for care and respite. Increased bed blocking within the Hospital.</p> <p>Barriers to entry - <i>'In my opinion, Jersey based care providers better understand the market and Jersey compliance as opposed to a new contender who is UK based who struggle with the adjustment.'</i></p> <p>General views - <i>'I welcome this acquisition.'</i></p> |
| [REDACTED] | <p>Conversion of residential to nursing care beds - to convert, a review of the JCC registration requirements, environment and equipment and staffing would need to be undertaken.</p> <p>Pricing - <i>'it is extremely challenging to set pricing for care provision'</i>. Cost of living and cost of running a care home (staff expenses the biggest costs) are significant factors in setting private prices.</p> <p>Impact of fewer care home providers in Jersey – there would be a real risk of price manipulation with no authorising body who could intervene. This would have a <i>'devastating impact'</i> on Jersey's ageing population.</p> <p>Barriers to entry - <i>'The key barriers are the monumental cost, bureaucracy, and staffing (able and qualified professionals).'</i></p> <p>General views - Government should take steps to support the smaller care home providers, in order to preserve choice in the island.</p> |

- 6.4 Of the responses received through the public consultation process, the JCC was neutral on the proposed transaction whilst the individual respondent raised concern with regard to the potential impact on quality of care. The potential impact on the standard of care has been a key consideration for the Authority through the merger review process (see chapter 8).
- 6.5 The views expressed with regards to the conversion of nursing to residential beds has helped shape the Authority's view on the appropriate frame of reference within which to assess the proposed transaction (see chapter 7). Similarly, the views expressed regarding barriers to entering Jersey's care home market and private pricing, have informed the Authority's considerations on the effect on competition (see chapter 8).
- 6.6 In considering the concerns regarding a potential reduction in employment opportunities, the Authority notes that, following the proposed transaction, a large number of care home providers (and therefore potential employers) would remain in the market. Additionally, the adult 60+ care home sector, is one market of a much larger care sector which also includes home care, adult day care, the charity care sector and the Government.
- 6.7 The Authority notes the views expressed with regard to the needs for increased Government focus and/or oversight of the care home sector in Jersey. This will, in part, be facilitated by the role Government will have in monitoring the conditions (see chapter 10).

7 Market definition

Approach

- 7.1 Under Article 22(4) of the competition law, the Authority must determine if the merger would substantially lessen competition in Jersey or in any part of Jersey. As an initial step, the Authority will identify and define the markets which are likely to be affected by the merger. Market definition provides a framework within which the competitive effects of a merger can be assessed.
- 7.2 When defining a market, the Authority may take note of its own previous decision-making practice and/or market definitions applied by other competition authorities. These previous decisions are not precedents and are not binding, either on the merging parties or on the Authority. Competition conditions may change over time, changing the market definition, and market definition will always depend on the prevailing facts.²⁷

Views of the parties

Product market

- 7.3 The parties view is that the relevant market should be regarded as the provision of care home services, in which the services comprise residential and nursing care (which may in turn include the provision of dementia care in either case). In support of this the parties note:
- It is common practice for care homes in Jersey to have dual registration with the JCC for the provision of both residential and nursing care;
 - The relationship between the 'residential' and 'nursing' classifications is inherently fluid. In practical terms, a residential bed can quickly be converted into a care bed (or vice versa), subject to any conditions imposed by the JCC; and
 - Noting the above, if there were to be separate markets it would be difficult to assess market shares.
- 7.4 The parties have also considered the CMA precedent with respect to care homes, both with respect to the Care Homes Market Study (**CMA market study**)²⁸ and decision on the acquisition by FC Oval Bidco Limited of Bupa Care Homes Limited (ME/6710/17) (the **Bupa Decision**).²⁹ Notably, in the Bupa Decision, the CMA treated residential care and nursing care as separate frames of reference. The parties view is that the Bupa Decision is not applicable to Jersey as:
- Many care homes in Jersey are dual-registered, so residential patients and nursing patients can receive the appropriate level of care in the same care home;

²⁷ This approach is consistent with that taken under EU law – see, for example, Joined Cases T-125/97 and T-127/97 [2000] ECR II-01733, paragraphs 81-82. Article 60 of the Competition Law requires the Authority to attempt to ensure that so far as possible questions arising in relation to competition are dealt with in a manner that is consistent with the treatment of corresponding questions arising under European Union law in relation to competition within the European Union.

²⁸ [Care homes market study - GOV.UK](#)

²⁹ [FC Oval / Bupa merger inquiry - GOV.UK](#)

- LTC funding is higher in Jersey relative to the UK, such that the impact of price differentials between residential and nursing care may not be as impactful for Jersey patients; and
- It is increasingly common for residential patients to take nursing beds when available, due to the lack of care beds in Jersey as a whole.

7.5 The parties further considered segmenting the market by dementia and alcohol and related care. It was noted that patients use the same fundamental services as other patients. Consistent with this, the parties note the JCC generally considers dementia care part of residential services. With respect to alcohol and related care, certain residential care needs, including dementia care, can be attributed to alcohol use and it is the parties' view these care needs are included in the general care home market.

Geographic market

7.6 With respect to the geographic market the parties view is should be the whole of Jersey. This is because the operations are located in Jersey and consumers who will utilise the services offered will be resident in Jersey.

Authority consideration

Product market

- 7.7 Markets are defined to the extent necessary depending in the circumstances of a given case. With respect to care home mergers, key considerations are demand-side substitution (from end users between residential and nursing) and supply side substitution (from providers being able to switch between offering residential and nursing beds).
- 7.8 With respect to demand-side substitution, the Bupa Decision sets out that there is minimal to no demand-side substitution between residential care home services and nursing home services. Patients needing nursing care wouldn't get the necessary care in a residential home, while those needing only residential care would be paying for unnecessary nursing services in a nursing home, which they typically prefer to avoid.
- 7.9 With respect to supply-side substitution, in the Bupa Decision it was noted that residential and nursing homes have separate registrations. Despite this, a shortage of qualified nurses has led some operators to convert nursing beds to residential beds. This aligns with the CMA market study, where local authorities identified shortages in care homes for those with nursing and dementia needs. Consistent with this, the CMA treated residential care and nursing care as separate frames of reference.
- 7.10 The Authority notes, the CMA's reasoning with respect to demand-side substitution would hold for Jersey. With respect to supply-side substitution, the Authority explored this further as part of the questionnaire sent to market participants. This noted there were a number of factors, affecting the ease of conversion, including:
- Environment – ease of conversion depends on layout of home and dimensions of rooms/bathrooms.
 - Equipment – increased equipment requirements for nursing, need to have relevant equipment available.

- Registration restrictions – if registered to provide both, can be relatively simple.
- Staff – need to have appropriately qualified and experienced staff.

Overall these factors suggest that supply side substitution may be greater in Jersey than in the UK.

- 7.11 In relation to dementia and alcohol and related care, the Bupa Decision discussed whether these should be considered in a separate product market from nursing care patients. After considering demand and supply side substitution, for example the ease of turning a nursing bed into an elderly and mentally infirm nursing bed, the CMA concluded it would be appropriate to consider nursing care and elderly and mentally infirm within a single frame of reference.
- 7.12 For the reasons outlined above, the Authority considers that competition takes place at the care home level, and at the residential and nursing level. However, in this instance, it is not necessary for the Authority to define the precise relevant product market because the product market definition adopted will not alter the Authority's assessment of the proposed transaction and this is reflected in the frames of reference used to assess the proposed transaction.

Geographic market

- 7.13 In the Bupa Decision, consistent with the approach adopted in previous cases, the CMA defined relevant markets based on average catchment areas, defined by drive times. Given the relative size of Jersey, and as the consumers will be resident in Jersey, the Authority's view is the appropriate geographic reference is Jersey.

Authority conclusion

- 7.14 For the reasons set out above, the Authority has considered the impact of the merger in the following frames of reference:
- A single market for care home services in Jersey, and within this category:
 - Residential care home services; and
 - Nursing care home services, including elderly and mentally infirm.

8 Effect on competition

Approach

- 8.1 After defining the relevant market, the Authority considers the respective market shares of the competitors in that market, both before and after the proposed transaction taking into account the relevant counterfactual. These shares can be used as an indication of the overall level of market concentration which will be brought about as a result of the merger.
- 8.2 The analysis will consider whether the merger creates or enhances the ability or incentive to exercise market power, either unilaterally or in co-ordination with competitors, and whether other market forces (such as the entry of new competitors or countervailing power of customers) will eliminate this risk. The assessment will also consider any pro-competitive effects or efficiencies that may result from the merger.
- 8.3 For horizontal mergers, the Authority can assess two potential types of anti-competitive effects – unilateral effects (i.e. the ability of the merged entity to raise prices unilaterally) and coordinated effects (i.e. the ability of the merged entity to raise prices with either the implicit or explicit co-operation of other competitors).
- 8.4 When assessing mergers, the Authority will have regard to the guidelines produced by the European Commission. It may also consider the substantive merger guidelines applied by the Competition and Markets Authority in the UK, as well as those of other competition authorities.

The counterfactual

- 8.5 The Authority assesses a merger's impact relative to the situation that would prevail absent the merger (i.e. the counterfactual). The Authority generally adopts the prevailing conditions of competition as the counterfactual against which to assess the impact of the merger. However, the Authority will assess the merger against an alternative counterfactual where, based on the evidence available to it, if it believes that, in the absence of the merger, the prospect of these conditions continuing is not realistic.
- 8.6 *[REDACTED]*
- 8.7 However, the Authority has not been provided with sufficiently compelling evidence to give it reason to believe that the status quo would not present a reasonable counterfactual for the purpose of assessing the proposed transaction. Therefore, the Authority has carried out the assessment against a counterfactual of the prevailing competitive pre-merger conditions i.e. the targets remain open.

Market shares

8.8 Market shares and concentration levels provide useful first indications of the market structure and of the competitive importance of both the merging parties and their competitors. Table 3 shows the estimated market shares and concentration ratios, provided by the parties, before and after the proposed transaction, where:

- Market shares have been estimated on the basis of number of beds, taken from JCC Inspection Reports for each provider³⁰; and
- Concentration ratios are based on the Herfindahl-Hirschman Index (**HHI**). The HHI is calculated by summing the squares of the individual market shares of all the firms in the market. The absolute level of the HHI can give an initial indication of the competitive pressure in the market post-merger, and the change in the HHI (known as the ‘delta’) is a useful proxy for the change in concentration directly brought about by the merger.

Table 3 – Market share (%) and concentration ratios

| Single market for care home services in Jersey | | | | |
|---|---|------------------------------|--------------------------|---------------------------|
| Provider | Pre-completion market share | Post-completion market share | Pre-completion HHI value | Post-completion HHI Value |
| LV Group | 25% | 40% | 621 | 1581 (+960) |
| Silver Springs | 15% | - | 220 | - |
| Others | There are 12 other providers. The next largest provider is Barchester, which has a market share of 13%. The other 11 providers are smaller, with market shares ranging from 7 to 1%. See Table 1 for further details. | | | |
| Residential care home services in Jersey | | | | |
| Provider | Pre-completion market share | Post-completion market share | Pre-completion HHI value | Post-completion HHI Value |
| LV Group | 14% | 29% | 204 | 862 (+658) |
| Silver Springs | 15% | - | - | - |
| Others | There are 11 other providers offering residential care services. The next largest provider is Barchester, which has a market share of 15%. The other 10 providers are smaller, with market shares ranging from 10 to 2%. See Table 1 for further details. | | | |
| Nursing care home services, including elderly and mentally infirm in Jersey | | | | |
| Provider | Pre-completion market share | Post-completion market share | Pre-completion HHI value | Post-completion HHI Value |
| LV Group | 45% | 60% | 2045 | 3558 (+1513) |
| Silver Springs | 15% | - | 208 | - |
| Others | There are 6 other providers offering nursing care home services. The next largest provider is Caring Homes, which has a market share of 12%. The other 5 providers are smaller, with market shares ranging from 9 to 1%. See Table 1 for further details. | | | |

³⁰ Estimated using number of beds, taken from JCC Inspection Reports (as of December 2024).

- 8.9 Silver Springs is currently the second largest provider in the market. Consistent with this, the proposed transaction will result in a material increase in the LV Group's market shares:
- For the single market, from 25% (pre-merger) to 40%;
 - For residential, from 14% to 29%; and
 - For nursing, from 45% to 60%.
- 8.10 The Authority notes that the EU Commission Horizontal Merger Guidelines (the **EU Guidelines**) set out that where the market share of the undertakings concerned exceeds 50%, the market share may in itself, be evidence of the existence of a dominant market position. A merger involving a firm whose market share will remain below 50% after the merger may also raise competition concerns in view of other factors such as the strength and number of competitors, the presence of capacity constraints or the extent of substitution.
- 8.11 Supporting the analysis of market shares, are the estimated concentration ratios. The EU Guidelines set out that horizontal concerns are unlikely where the HHI is below 1000, or when the post-merger HHI is between 1000 and 2000 with a change in HHI of below 250. These criteria do not apply to the proposed transaction which has a change of +960 in the single market context, with an even larger increases when considering nursing alone. These are indicators of potential competition concerns.

Unilateral effects

- 8.12 A merger may affect competition in a market by removing important competitive constraints between one or more players who, as a result of the transaction, have increased market power. In such a case, the most direct effect of the merger will typically be the loss of competition between the merging firms, which removes a direct competitive constraint, allowing the merged entity to profitably raise prices or degrade non-price aspects (such as quality, range, service and innovation) on its own and without needing to coordinate with its rivals.

Views of the parties

- 8.13 The parties consider that any large market shares must be viewed in the context of the link between LTC levels and the broader market. There is also the broader policy of fast-developing community services which the Government promote upon the same basis.
- 8.14 It is noted there is a high degree of substitutability, given that pricing is principally driven by LTC levels, but price is not the only relevant factor for prospective residents. The parties consider that residents will also consider location, quality of care and accessibility for family members. The market is also highly regulated, with quality levels subject to supervision by the JCC.
- 8.15 The parties also note competitor operators within the relevant market (e.g. Barchester, Maria Mallaband, Aria Care are predominately UK based) that are significantly larger and with greater financial resources (including post-completion of the proposed transaction).

Authority consideration

- 8.16 The Authority considers that the proposed transaction, as notified and absent appropriate remedies, is likely to give rise to unilateral effects. These effects would manifest as:

- Silver Springs has a substantial market share. It is the second largest operator in the market. Post-merger, the combined entity will hold the largest market share and while there are still 12 other providers, the next largest (Barchester) has only 13% market share (single market). The other 11 providers are smaller, with market shares ranging from 7 to 1%;
- Silver Springs will be removed as a competitive force from the market. Data on occupancy rates and stakeholder engagement has highlighted that the market has capacity constraints – which means there will be a less effective constraint from competitors. Available data also indicates that the market has relatively high margins³¹, suggesting unilateral effects are more likely and this is supported by high barriers to entry (set out below); and
- The targets have historically provided for LTC funded residents. If the proposed transaction is approved unconditionally, there is a risk that LTC funded residents would be negatively affected through reduced bed availability.

8.17 In relation to the proposed transaction, the Authority has identified the following key potential unilateral effects which are the identified competition concerns:

- **Competition concern 1: Price increases for private residents**
 - The proposed transaction would remove a close competitor to LV and a key alternative for private residents.
 - With fewer competing care homes in a local market, the merged entity faces less pressure to offer competitive pricing.
 - Private residents may face higher fees due to reduced competition.
- **Competition concern 2: Input foreclosure for Long-term Care (LTC) funded residents**
 - The proposed transaction may limit the capacity available for LTC funded residents.
 - Pre-merger, the homes accepted a mix of private and LTC funded residents at reasonable ratios.
 - Post merger the new entity may prioritise higher paying private residents, reducing bed availability for LTC funded patients.

8.18 The proposed transaction would remove a competitor in the market, therefore the Authority has considered the impact of the proposed transaction on choice in the market. In considering this, the Authority notes that the CMA market study found what mattered most to people when choosing a care home was location, environment, staff and appropriateness of facilities, with the deciding factor often being the ‘feel’ of the home. Care home provider was not identified as a factor carefully considered when choosing a care home. With this in mind, the Authority notes that, following the proposed transaction, 23 care homes would remain in the market, each at different locations across the island, offering different environments, facilities and staff to choose from. On this basis, the Authority has no concerns with regard to loss of choice in the market.

³¹ Information supplied by the parties suggests the margins for the targets are circa [REDACTED]

- 8.19 The Authority has also considered the impact of the proposed transaction on quality and innovation in this market. With respect to this, the Authority notes the significant role played by the JCC which will mitigate the potential for risk in this area. The JCC ensures care home providers meet the required standards of safety, quality, and governance and has an active inspection programme. The JCC also has a detailed standards document, which sets out clear expectations about how care services should be provided.³²
- 8.20 The Authority further notes the role of the Jersey Care Model, which has identified heavy reliance on the residential and nursing care in Jersey. Whilst the Jersey Care Model is not seeking to prevent this type of care, it is seeking to reduce dependency and provide Islanders with a choice of future care both at home and in care homes. The Authority notes that any innovation in care has the opportunity to benefit both private and LTC funded residents.

Coordinated effects

- 8.21 In a concentrated market a merger may substantially lessen competition, through the creation or the strengthening of a collective dominant position, as it increases the likelihood that firms are able to coordinate their behaviour and raise prices, even without entering into an agreement or resorting to a concerted practice

Views of the parties

- 8.22 The parties view is that coordinated effects are unlikely, given the role of Government, and its buyer power (through the LTC), and the asymmetry between LV Group and its competitors.

Authority consideration

- 8.23 The Authority notes that after the proposed transaction there will still remain a large number of providers (>10), which as the parties note are of a smaller size than LV Group. Coordinated effects are unlikely in a market with these characteristics, as for example, when the number of firms increases, it becomes harder to monitor each other's behaviour, and incentives become less aligned. Providers are more likely to engage in competitive strategies, such as price differentiation or innovation, to gain market share. Consequently, the Authority has not identified any concerns regarding coordinated effects.

Barriers to entry

- 8.24 Barriers to entry are specific features of the market, which give incumbent firms advantages over potential competitors. When entry barriers are low, the merging parties are more likely to be constrained by entry. Conversely, when entry barriers are high, price increases by the merging firms would not be significantly constrained by entry.

Views of the parties

- 8.25 The parties submit that there are high barriers to entry, with the main barriers being:
- The set up costs, e.g. cost of the site, any building/development costs and the necessary equipment;

³² See: [JCC Care Home Standards](#)

- The availability of an appropriate site and obtaining planning permission;
- Working capital demands; and
- The requirement to be licensed and ongoing regulation.

8.26 To a lesser extent, the parties note further barriers of the requirement to be licensed by the JCC and the ongoing regulation and the exposure to changing government and health service policy.

Authority consideration

8.27 The Authority's view is barriers to entry are high, and this supported by the parties, the stakeholder discussions and the feedback through the consultation. Key barriers include the availability of appropriate accommodation and qualified staff, building/development costs and set up and running costs, with the biggest running cost being staff.

8.28 In addition, any care home provider in the market, would require a licence from the JCC to operate. The licencing process requires details on staff, fees and income as well as detailed information about the premise, its location and surroundings. All information submitted is to be supported by documentary evidence. Whilst this is a high barrier to entry, it is not an insurmountable barrier that would preclude an existing care home provider from expanding or an experienced care home provider from entering into Jersey's care home market.

Merger specific benefits

8.29 The Authority's merger assessment considers any pro-competitive effects that may benefit consumers, provided these effects are likely and substantial enough to outweigh potential harm to competition.

Views of the parties

8.30 The parties note that an orderly sale of the care homes will support continuity of care and ensure the availability of the beds for the Jersey community. The Jersey residential care sector is already lacking in beds, leading to consequential effects for Jersey Hospital and Island-wide care delivery. It is estimated a further 500 new beds need to be developed in Jersey over the coming decade to meet demand. LV Group, as the buyer, also has a good standing with JCC and is a key Jersey employer and partner.

Authority consideration

8.31 LV Group currently operates or manages the operation of five care homes in Jersey. It is an established care home provider in Jersey which is familiar with the regulatory requirements and environment. With this in mind, the proposed transaction is likely to facilitate a smooth transition between care home providers which will provide continuity of care and security for residents at the targets. Nevertheless, the Authority's view is that the customer benefits cited by the parties would not be sufficient to offset a potential substantial lessening of competition.

Authority conclusion

8.32 For the reasons set out in this chapter, the Authority considers that the proposed transaction, as notified and absent appropriate conditions, is likely to give rise to unilateral effects with respect to the following competition concerns:

- Competition concern 1: Price increases for private residents; and
- Competition concern 2: Input foreclosure for Long-term Care (LTC) funded residents

8.33 This conclusion provides the Authority with grounds to refuse to approve the proposed transaction under Article 22 of the competition law. However, Article 22 also enables the Authority to attach conditions to its approval of a transaction, if it is satisfied that without conditions, the transaction could not be approved. The conditions put forward by the parties are discussed in the next chapter.

9 Conditions

9.1 As noted in chapter 2, to address the competition concerns, LV Group proposed preliminary conditions on 28 February. These were further developed and formally submitted on 25 March. These were preliminary reviewed by the Authority who agreed that, subject to consultation, the proposed transaction is suitable for clearance at phase 1.

9.2 This chapter sets out:

- The proposed conditions for market testing;
- Third party feedback on the proposed conditions;
- Authority consideration; and
- Authority conclusion.

The proposed conditions for market testing

9.3 The conditions that were subject to market testing are set out in Box 1

Box 1: The proposed conditions for market testing

Proposed condition 1 – private pricing

In order to promote transparency on private pricing, the Purchaser proposes to commit to:

- (a) in relation to residential beds, admitting new residents to the target care homes at no higher than the weekly price of £1,900 (which is the rounded up existing average private rate for both Silver Springs and La Haule) such rates to apply for the remainder of 2025;
- (b) in relation to nursing beds, admitting new residents to the target care homes at no higher than the weekly price of £2,020 (which is the rounded up existing average private rate for Silver Springs) such rates to apply for the remainder of 2025; and
- (c) for 2026 and each year thereafter, restricting any increases to private rates at the target care homes to match the annual increase of the LTC rate, so that in each year the private rates increase in line with the LTC rate.

Proposed condition 2 – LTC funded residents

The Buyer proposes to undertake to at all times reserve a minimum of 60% of the beds at both of the target care homes for clients who are funded wholly or partly by LTC subject to the following:

- (i) at any time when a Target Care Home has a vacancy and there are no suitable LTC candidates (such suitability to be assessed by the Target Care Home manager, as being a candidate whose needs can be suitably met by the Target Care Home) the Buyer shall have the option to utilise the bed with a private client, in the event that there is a private client on the waiting list for the Target Care Home. However, provided that there is a vacancy in a Target Care Home, no suitable LTC candidate will be declined. It being understood that the Registered Manager will communicate with an appropriate manager from Adult Social Care to ensure no LTC funded patients who are suitable to be placed are overlooked prior to utilizing a bed for private provision.

In relation to proposed condition 2 and by way of explanation, the reference to clients partly funded by LTC means clients whose room costs are met by a combination of LTC and third party contributions (typically referred to as “top-ups”).

For the avoidance of doubt, the proposed conditions (1(c) and 2 above) are intended to be enduring rather than time-limited, subject to any subsequent change of circumstance that would warrant a

departure from them. In that event, LV Group proposes to contact the Authority to outline the change of circumstance and then seek the approval to discharge or amend the conditions in light of such change of circumstances.

Compliance with the proposed conditions would be overseen by the Minister for Health and Care. To facilitate this, LV Group would submit an annual written report to the Minister by 31 January of each year in respect of the preceding calendar year.

- 9.4 Ahead of market testing, the Authority reviewed the proposed conditions. This review noted, that through the proposed conditions, the risk of a substantial lessening of competition post-merger is reduced.³³ Future price increases at the targets would be capped at the increases of the LTC rates for private residents and the level of beds available for LTC funded residents would be maintained at an appropriate level to ensure bed availability.
- 9.5 With respect to the private pricing concerns, the Authority noted that the annual increases in LTC rates are a structured process, managed by the Government³⁴, with the increases designed to ensure the continued delivery of a good standard of care for LTC funded residents. The increases are implemented through a Ministerial Order and are transparent.
- 9.6 With respect to LTC funded resident availability, the Authority noted the importance of this market segment. The level of 60%, while slightly below the historic trends, sets a minimum level and not a maximum level. In total the condition would result in 90 beds being reserved for LTC funded residents on a continuing basis.
- 9.7 The Authority further noted that while, a bed can be used for private patient, if there is no LTC candidate at a given point in time, this does not mean that the bed will no longer be able to be used for a LTC resident in future. Further, the limit applies to the homes as a whole, and not specific beds.
- 9.8 On monitoring, the Authority received confirmation from the Minister of the Health Department of Health and Care of support for the proposed transaction and agreement for the ongoing annual monitoring of the proposed conditions. This oversight would provide for the effective implementation. Further, as the proposed conditions will be legally binding, with the Authority having the scope to intervene if they are not maintained.

Third party feedback on the proposed conditions

- 9.9 In line with the Merger Guidelines, the Authority has engaged in a process of 'market testing' in order to assess the practicability of the proposed conditions and whether they adequately address the Authority's competition concerns. Each of the parties' competitors and key stakeholders who had been engaged in the review process to date were contacted.
- 9.10 Feedback was sought on a structured consultation paper, with specific consultation questions. In total two responses were received which are summarised in Table 4.

³³ Consistent with the scope of the first detailed review of the proposed transaction, the Authority has focused its consideration on the direct impact of the proposed conditions.

³⁴ [Long-term care scheme](#)

Table 4: Overview of responses to the market testing

| Respondent | Response summary |
|-------------------|---|
| Adult Social Care | <p>Competition concerns – agree with all concerns raised</p> <p>Private pricing proposed condition – sees this as a useful limitation on the price to be charged, which does largely allay the concern.</p> <p>LTC funded resident proposed condition – notes Government would want a high as possible commitment, but sees target of 60% as useful safeguarding against the initial concern and does allay the concern to some extent.</p> <p>Benefits of the transaction – set against potential loss of beds to the sector altogether, the proposed outcomes is extremely favourable.</p> <p>Other comments – notes the importance of the reporting and seeks assurance that no existing residents will have their arrangements changed.</p> |
| [REDACTED] | <p>Competition concerns – set out that the proposed transaction will give LV Group an unfair advantage in the care sector, which may result in an unfair commissioning process and a lack of choice for Islanders.</p> <p>Private pricing proposed condition – view was this is not really relevant as [respondent] will not have access to what is being charged after the process is completed. Noted that pricing is also unclear in terms of future price rises/discounts.</p> <p>LTC funded resident proposed condition – it was noted that most residents will be partially funded (given the structure of the LTC scheme) and the 60% set in the condition is not an effective constraint. This constraint is further weakened by including “wholly or partially funded LTC beds” in the condition. To address this, it was suggested that a distinction should be made in the condition between wholly or partially funded LTC beds. With respect to wholly funded beds, the respondent has suggested that allow LV to invest in the community it should commit to a minimum of 10% that are wholly funded. The respondent also raised concern about how this condition would be monitored.</p> <p>Benefits of the transaction – view is there are no benefits to residents or the sector.</p> <p>Other comments – noted that the structure of the sales process was unclear (had not realised it was not including the real estate assets) and that greater interest would have been secured if it was more widely known.</p> |

Authority consideration

- 9.11 The Authority notes Adult Social Care’s response and its support for both the identified competition concerns and the proposed conditions. Regarding the comment on the impact of the proposed transaction on the existing residents at the targets, LV Group has confirmed that all existing residents at the targets would stay, with no changes to their arrangements.
- 9.12 The Authority notes the concerns raised by the other respondent. With respect to the competition concerns, the Authority notes that this is echoed by its conclusions with respect to the proposed transactions effect on competition (set out in chapter 8). Consistent with this, the Authority identified two competition concerns, which the proposed conditions are designed to address.
- 9.13 On the first condition, the Authority notes the concern around the transparency of the condition. With respect to this, the Authority has been supplied with and reviewed data supporting the starting level of the commitment. Going forwards, the price increases themselves will be tied to the LTC rate, which is publicly available and implemented through a Ministerial

Order. With respect to future monitoring, while this will not be public, there will be a annual report written to the Minister for Health and Care, which will demonstrate compliance.

- 9.14 Further, to strengthen the condition and provide clarity the Authority has amended condition 1, so that it is clearer how the pricing mechanism will apply. The role of the condition as a cap on pricing has also been made clear.
- 9.15 With respect to LTC funded residents, the concerns raised were put to LV Group. LV Group set out that many LTC clients that are presently resident in LV's other care homes and that LV has a long and well-established track record of providing care to LTC clients. To demonstrate this, LV Group amended the proposed condition to include an additional safeguard that a minimum of 10% of the 60% reservation for LTC-funded clients at the targets shall be for wholly-LTC-funded clients, subject to the same caveats to which Condition 2 is already subject i.e. if there are not clients fitting the criteria for the 10% available then LV may fill rooms with partially-funded LTC clients (or, if they are not available, private clients). The Authority notes that this additional commitment and safeguard will help address the concern raised.
- 9.16 Adult Social Care noted the importance of reporting in relation to the proposed conditions whilst the other respondent raised concern about how proposed condition 2 would be monitored. Considering this, the Authority has added Condition 3. Condition 3 formalises the commitment previously made by LV Group to submit an initial and then an annual report to the Minister for Health and Care and, upon reasonable request, demonstrate compliance with conditions 1 and 2.
- 9.17 With respect to the other comments, the Authority notes that the tender process adopted by the seller is not within scope of its consideration of the proposed transaction. The Authority is aware of a previously failed sales process (in 2023) and further evidence of the steps taken by the seller to dispose of the target assets has been supplied to the Authority.

Authority conclusion

- 9.18 For the reasons set out above, and following market testing, the Authority considers it appropriate to approve the proposed transaction with conditions. In line with the reasoning set out this chapter the conditions have been updated from the conditions that were market tested, and the final binding conditions are set out in the next chapter.

10 Authority Decision

10.1 Under Article 22 of the competition law, the Authority conditionally approves the proposed transaction. Specifically, pursuant to Article 22(2) and Article 22(3) of the competition law, the Authority's approval of the proposed transaction is subject to the following, continuing, conditions:

Condition 1 (Private pricing): in order to promote transparency on private pricing, LV Group commit to:

- (a) In relation to residential beds, admitting new residents to the target care homes at no higher than the weekly price of £1,900 (which is the rounded up existing average private rate for both Silver Springs and La Haule) such rates to apply for the remainder of 2025;
- (b) In relation to nursing beds, admitting new residents to the target care homes at no higher than the weekly price of £2,020 (which is the rounded up existing average private rate for Silver Springs) such rates to apply for the remainder of 2025; and
- (c) For 2026 and each year thereafter without limit in time, restricting any increases to each of the weekly private rates set out in (a) and (b) at the target care homes to no more than the annual increase of the weekly LTC rate, so that in each year the private rates increase so as to be no higher than the weekly LTC rate applicable at the date of the increase.

In this condition, the LTC rate means the LTC rate set for the relevant year in the Long-Term Care (Benefits) (Jersey) Amendment Order as applicable.

In these conditions, 'target care homes' means La Haule and Silver Springs care homes.

Condition 2 (LTC funded residents): LV Group will undertake to at all times reserve a minimum of 60% of the beds at both of the target care homes for clients who are funded wholly or partly by LTC, of which a minimum of 10% of that 60% shall be reserved for clients who are funded wholly by LTC, subject to the following.

At any time when a target care home has a vacancy and there are no suitable LTC candidates (such suitability to be assessed by the target care home manager, as being a candidate whose needs can be suitably met by the target care home) LV Group shall have the option to utilise the bed:

- (a) Firstly with respect to the foregoing 10% threshold, with a client who is partially-funded by LTC, in the event that there is a client partially-funded by LTC that is available to take that bed, but not a client that is wholly-funded by LTC; or
- (b) Secondly with respect to the foregoing 60% threshold, with a private client, in the event that there is a private client on the waiting list for the target care home.

However, provided that there is a vacancy in a target care home, no suitable LTC candidate will be declined. It being understood that the target care home manager will communicate with an appropriate manager from Adult Social Care to ensure no LTC funded patients who are suitable to be placed are overlooked prior to utilizing a bed for private provision.

Condition 3 (Ongoing monitoring): To ensure LV's ongoing compliance with Condition 1 and Condition 2, LV Group is required to:

- a) Submit an initial written report to the Health Department, including the Minister for Health and Care, within 10 working days of notification of the Authority's conditional approval of the proposed transaction (the Initial Compliance Report) to demonstrate compliance with Condition 1(a) and 1(b);
- b) Submit an annual written report to the Health Department, including the Minister for Health and Care, by 31 January of each year in respect of the preceding calendar year (the Compliance Report) to demonstrate compliance with the conditions 1(c) and 2. Further, to demonstrate compliance with condition 2, the annual written report shall also include in respect of each of the thresholds set out in that condition, a record of any time that a suitable LTC candidate is not available; and
- c) Provide such information and documents as the Authority may reasonably require, upon written request with reasonable notice, to demonstrate compliance with Condition 1 and 2.

10.2 The Authority may, where appropriate, in response to a written request from LV Group showing good cause, modify or substitute one or more of the conditions set out at paragraph 10.1 of this Decision. The determination of any such application is a matter within the Authority's sole discretion.

10.3 The Authority will engage with the Health Department annually to discuss and review compliance with the conditions. These meetings will provide additional assurance that the conditions have been met. The annual discussions will also serve to strengthen communication and cooperation between the Authority and the Health Department.

10.4 The conditions, as set out at paragraph 10.1, are legally binding on LV Group and its subsidiaries and its directors and officers under Article 22(3) of the competition law. Pursuant to Article 38, if the Authority decides that either LV Group, a subsidiary of LV Group, or a director or officer of LV Group is not complying with the conditions, at any time, the Authority may issue directions as it considers appropriate to ensure compliance with the conditions. Instead of, or in addition to, the issuance of a direction, the Authority may impose a financial penalty on LV, or any subsidiary of LV, for any breach of the conditions.

10 April 2025

By Order of the Jersey Competition Regulatory Authority