

Completed acquisition by Voyage Care Limited of Solor Care Holdings Limited

ME/5514-12

The OFT's decision on reference under section 23 given on 28 June 2012. Full text of decision published 10 July 2012.

Please note that the square brackets indicate figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

PARTIES

1. Voyage Care Limited is a subsidiary company within the group trading as Voyage Care (Voyage).¹ Voyage provides care for people with learning disabilities, acquired brain injuries, and other needs requiring specialist care. These services are primarily delivered to service users in small unit registered residential and supported living settings, although Voyage also provides a limited amount of day and domiciliary care.
2. Solor Care Holdings Limited was formerly the parent company of the group now trading as the Solor Care Group (Solor).² Solor provides care for people with learning disabilities, acquired brain injuries, and other needs requiring specialist care. These services are primarily delivered to service users in small unit registered residential and supported living settings, although Solor also provides a limited amount of day and domiciliary care.

TRANSACTION

¹ Prior to 2 May 2012, the name of Voyage Care Limited was VHG Management Limited.

² Prior to February 2010, Solor operated under the 'Robinia' brand.

3. On 20 April 2012, Voyage acquired Solor. On 23 April 2012, Voyage made the acquisition public. The statutory period in which the Office of Fair Trading (OFT) must reach a decision on reference in this case would expire on 23 August 2012.
4. This matter came to the attention of the OFT through its Mergers Intelligence Unit.³

JURISDICTION

5. As a result of the acquisition Voyage and Solor ceased to be distinct.
6. As the UK turnover of Solor for the financial year ended 30 June 2011 (namely, around £37.3 million) was below £70 million, the turnover test set out in section 23(1)(b) of the Enterprise Act 2002 (the Act) is not met in this case.
7. As regards the share of supply test in section 23 of the Act, the parties submitted that they primarily overlap in the UK in the supply of the following services:
 - (a) registered residential care home services for individuals with learning difficulties;
 - (b) supported living care services for individuals with learning difficulties;
 - (c) domiciliary care services for individuals with learning difficulties;
 - (d) day care centre services for individuals with learning difficulties; and
 - (e) care home services for individuals with acquired brain injuries.
8. The OFT questioned the parties on their shares of supply in respect of the above services, at national level and at local level.
9. In particular, previous OFT decisions in this area suggested that the relevant geographic frame of reference may be at county level, local authority local and/or within a radius of no more than 10 miles around the relevant facility. The parties therefore provided data relating to their shares of supply on all potentially relevant geographic frames of reference,

³ The Mergers Intelligence Unit noted, in particular, that public announcements relating to the acquisition included the statement (at, for example, www.voyagecare.com) that '[t]he addition of Solor's 92 services will make our expanded company the UK's clear market leader in supporting people with learning disabilities'.

measured on a number of different bases.⁴ Third parties tended to confirm 10-mile radii as an appropriate frame of reference locally.

Residential care home services for individuals with learning difficulties

10. The parties submitted that, at a national level, they accounted for less than 10 per cent of residential care home services for individuals with learning difficulties, whether measured by revenues, number of sites or number of beds.
11. The parties also submitted that they together accounted for less than 25 per cent of services at a local level, whether measured by number of sites or beds.
12. Third parties confirmed the parties' submissions as regards their presence at national level. No information was received from third parties which contradicted the parties' estimates as regards local presence. Moreover, some third parties informed the OFT that they procured this type of services on a 'spot purchase' basis, and had a choice of many different providers as alternatives to the parties.

Supported living care services for individuals with learning difficulties

13. The parties submitted that, at a national level, they accounted for less than 5 per cent of supported living care services for individuals with learning difficulties, whether measured by revenues, number of users or number of beds.
14. The parties also submitted that they overlapped at county level, in Dorset and the West Midlands, and that in each of these counties they accounted

⁴ More particularly, the parties provided estimates of: (a) industry revenue totals based on estimated purchasing authorities' total spend, based on information contained in the National Adult Social Care Intelligence Service database; (b) total beds in the industry based on information sourced from www.carehome.co.uk; (c) total homes in the industry based on the UK Healthcare Market Review 2010-2011, produced by Laing & Buisson and information sourced from www.carehome.co.uk; (d) total hours of domiciliary care provided based on the National Minimum Data Set for Social Care, produced by Skills for Care in partnership with the Department for Children, Schools and Families; (e) total number of users of supported living care based on the National Emerson et al, 2010, CQC 'Count Me In' Survey 2009, from the Information Centre for Health and Social Care; and (f) total number of users of day care services based on the Community Care Statistics for England 2010-11, from the Information Centre for Health and Social Care.

for less than 15 per cent of services at a local level, based on estimated revenues. The parties submitted that they did not overlap within any local authority area (or within any narrower local area).

15. Third parties confirmed the parties' estimates as regards national presence. Indeed, some third parties suggested that the parties may account for a lower proportion of services nationally than the parties themselves had indicated. In addition, the OFT received no information from third parties which contradicted the parties' submissions as regards the extent of their local presence.

Domiciliary care services for individuals with learning difficulties

16. The parties submitted that, at a national level, they accounted for less than 5 per cent of domiciliary care services for individuals with learning difficulties, whether measured by revenues or number of hours of care provided.
17. The parties submitted that they only overlapped at county level, local authority area or within a 10-mile radius in Hertfordshire. The parties also submitted that, on each of these geographic frames of reference within Hertfordshire, they accounted for less than 15 per cent of local services, based on estimated revenues.
18. The OFT received no information from third parties which contradicted the parties' submissions as regards the extent of the parties' national or local presence.

Day care centre services for individuals with learning difficulties

19. The parties submitted that, at a national level, they accounted for less than 5 per cent of day care centre services for individuals with learning difficulties, whether measured by revenues or number of users.
20. The parties also submitted that they overlapped at county level, in West Yorkshire and the West Midlands, and that in each of these counties they accounted for less than 5 per cent of services at a local level, based on estimated revenues. The parties submitted that they did not overlap within any local authority area (or within any narrower local area).

21. The OFT received no information from third parties which contradicted the parties' submissions. Moreover, some third parties informed the OFT that they generally procured this type of services on a 'spot purchase' basis. Third parties indicated that they generally had a sufficient choice of different providers as alternatives to the parties, and that in-house provision may be another alternative option.

Care home services for individuals with acquired brain injuries

22. The parties submitted that, at a national level, they accounted for less than 5 per cent of care home services for individuals with acquired brain injuries, whether measured by revenues, number of sites or number of beds.

23. The parties also submitted that they did not overlap at county level, local authority level or within any 10-mile radius.

24. The OFT received no information from third parties which contradicted the parties' submissions as regards the extent of their national or local presence.

Conclusion on shares of supply

25. Basis on the information available, the OFT does not believe that the share of supply test is met.

DECISION

26. Therefore, the OFT has decided that that the completed acquisition by Voyage of Solor does not qualify for investigation under the mergers provisions of the Act because neither the UK turnover test nor the share of supply test in section 23 of the Act is met. A relevant merger situation has, therefore, not been created.