



THE CHANGING FINANCIAL LANDSCAPE OF UK CARE BUSINESSES

A practical guide for carehome owners, finance directors and operations leaders managing growth and financial complexity across the healthcare sector.

EXECUTIVE SUMMARY

The UK care home sector is operating in a market where demand for care continues to grow. An ageing population, a growing number of people aged 90 and over, and changing demographics are increasing the need for residential and supported care.

For care operators, however, growth brings more than occupancy and revenue opportunities. It also brings greater financial and administrative workload.

Supplier invoices need to be checked and processed. Payroll needs to account for changing rotas, overtime and agency workers. Resident and funding records need to remain accurate. Payments need to be collected across different payer types. Finance teams need timely information across individual homes and the wider group.

This whitepaper looks at the areas where finance teams in UK care businesses commonly face operational pressure from medical supplier invoice processing and accounts payable to payroll, resident accounting, credit control and management reporting. It also explores how outsourced accounting services and outsourced finance and accounting services can provide additional capacity for these activities, while allowing internal finance leaders to retain control over financial decisions and oversight.

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The demand for care in the UK is closely linked to demographic change.

At mid-2024, the UK population stood at approximately 69.3 million, with around 19% aged 65 or over. The number of people aged 90 and over reached approximately 625,000 in 2024 — an increase of 53.7% since 2004.

Life expectancy at birth across the UK was 83.0 years for women and 79.1 years for men, while people reaching 65 could expect a further 21.2 years for women and 18.7 years for men.

The old-age dependency ratio also provides an indication of how the demographic balance is changing. Government Actuary projections put the ratio at 280 people of pensionable age per 1,000 people of working age in mid-2024, rising to 329 per 1,000 by mid-2049.

UK CARE SECTOR AT A GLANCE

DIMENSION	CURRENT POSITION	WHY IT MATTERS
Population	~69.3 million (mid-2024)	Large, mature market with a rising median age
Population aged 65+	~19%	Nearly one in five people already at or above retirement age
Population aged 90+	~19%	Fastest-growing cohort for complex, high-dependency care
Life expectancy at birth	~625,000 (up 53.7% since 2004)	Longer lives extend lifetime care and pension planning horizons
Old-age dependency ratio	83.0 years (women) † 79.1 years (men)	A useful long-term reference point for demand planning
UK care homes	280 per 1,000 (2024) 329 per 1,000 (2049, projected)	A substantial supply base spread across four nations
Care homes outside London	~16,400 – 16,500	The majority of the market operates outside London
Real GDP growth (2025)	1.3%	Broader economic context relevant to cost planning
Economic inactivity, ages 16–64 (late 2025)	~21%	Relevant context for recruitment planning in a labour-intensive sector

For care businesses, these changes have a practical impact. More people requiring care means continued demand for services, while operators must manage the staffing, supplier, billing and financial administration that comes with running those services.



CARE HOMES ACROSS UK

NATION	APPROXIMATE CARE HOMES
England	13,975
Wales	1,010
Scotland	952
Northern Ireland	507
UK Total	16,5000

This is a market made up of four national systems, each maintaining its own register and its own reporting conventions. That structure means market-size estimates are best treated as ranges rather than fixed figures. At a single site, finance teams may already be managing supplier invoices, payroll, resident billing, collections and reporting. Across multiple homes, the same processes need to be repeated consistently while accounting for differences in occupancy, staffing, suppliers and payer arrangements.

Growth therefore creates a finance question alongside the wider operational questions:

Can the finance function keep pace with the volume and complexity of the business?

For many operators, that means looking beyond simply completing transactions and considering how finance information is captured, checked, consolidated and reported.

WHERE FINANCIAL OPERATIONS BECOME COMPLEX

Finance in a care home is closely connected to everyday operations. A change in occupancy can affect staffing requirements. Changes in staffing affect payroll. New residents can introduce different funding arrangements. Higher activity can increase supplier invoices. Delayed payments can affect cash flow. Several finance processes therefore need to work accurately and consistently at the same time.

1. Medical and Care Supplier Invoice Processing

Care homes work with a broad supplier base, including pharmacies, medical equipment providers, catering companies, laundry services, maintenance providers and agency staffing suppliers. Invoices can arrive in different formats and on different schedules.

The finance team needs to establish whether the invoice is accurate, whether the goods or services were received, whether the agreed rate has been applied and whether the invoice has already been processed. At higher volumes, carrying out these checks manually can take considerable finance capacity.

2. Accounts Payable and Accounts Receivable

Accounts payable and accounts receivable have different responsibilities, but both have a direct impact on financial control. AP teams need to ensure suppliers are paid accurately and within agreed terms.

AR teams need to manage resident fees, local authority payments and NHS-funded placements, often with different billing arrangements and payment timelines. For care operators, this means finance teams may be dealing with several payer types at the same time rather than following one standard collection process.

3. Payroll and Shift-Based Staffing

Payroll is another area where care businesses face considerable administrative complexity. Rotas change with occupancy and staff availability. Agency usage can fluctuate with vacancies and sickness. Overtime, sleep-in shifts, enhanced rates and other pay variations also need to be captured correctly.

CQC reported that care home staff vacancy rates in England reduced in 2024/25 but remained just under 5%. For finance teams, the challenge is not simply processing payroll. It is maintaining accurate payroll information while the workforce itself changes regularly.

4. Resident Accounting

Resident accounting requires accurate records of admissions, discharges, fees, funding arrangements and additional charges. A single care home may have self-funded residents alongside local authority and NHS-funded placements.

Changes in funding arrangements or additional charges need to be reflected accurately in billing and accounting records. Errors can otherwise lead to additional reconciliation work or delayed collections.

5. Credit Control

Care businesses can have different payment terms depending on the payer. Self-funded residents, local authorities and NHS-funded placements may follow different billing and payment cycles.

Credit control therefore needs to account for the reason behind an outstanding balance, not simply how many days an invoice has been outstanding.

6. VAT and Compliance

Finance teams also need to maintain accurate records for VAT and other compliance requirements. For regulated care businesses, financial and operational information may also contribute to the documentation and evidence required during regulatory processes.

Maintaining accurate records throughout the year can reduce the amount of time spent gathering and correcting information later.

7. Month-End and Management Reporting

For multi-site operators, group-level numbers alone do not always provide enough information. Finance and operations teams may need to understand performance by individual home, including occupancy, staffing costs, supplier spend, revenue and outstanding receivables.

The value of management reporting comes from receiving this information quickly enough to identify changes and take action.

8. Multi-Site Financial Management

Every additional location increases transaction volumes and introduces another set of suppliers, employees, residents and operational data. Without consistent processes, different homes can begin handling the same finance activity differently.

Over time, that can make group-level reporting more difficult and reduce visibility into what is happening at individual locations.

WHERE OUTSOURCING CAN SUPPORT CARE BUSINESSES

For care operators without the internal scale to build and maintain all of this in-house and even for those who do outsourced finance and accounting services offer a way to extend internal capacity without adding permanent headcount.

A care business can choose specific processes that are creating the greatest workload and use an outsourced team to support those activities alongside the internal finance function.

Bookkeeping and Transaction Processing:

Maintaining accurate and up-to-date financial records provides the foundation for reporting, reconciliation and wider finance activity. Invoice has been outstanding.

Accounts Payable

An outsourced AP team can support invoice processing, checking, coding and validation before invoices move through the approval and payment process.

Accounts Receivable and Resident Accounting:

Outsourced AR and resident accounting support can help maintain billing records across different payer types and follow up outstanding balances.

Payroll Processing

Payroll support can help care operators manage changing rotas, overtime, agency usage and different pay rates while maintaining defined processing timelines.

Credit Control:

An outsourced credit-control function can support regular follow-up of outstanding balances and maintain visibility over the status of different payer accounts.

VAT and Compliance Support:

Finance teams can also use outsourced support for defined VAT, tax and compliance-related activities, helping maintain accurate financial records throughout the year.

Management and Year-End Accounts

Outsourced accounting services can support management accounts and year-end preparation, giving internal finance teams additional capacity while maintaining oversight of financial performance.

Invoice Processing and Validation:

For high-volume environments, invoice processing and validation can be handled by a dedicated team with defined processes and turnaround times.

Business Analytics and Reporting:

Finance data can also be consolidated into reporting that provides visibility across sites, including costs, labour trends, receivables and revenue.

An outsourced team can take responsibility for defined operational activities while internal finance leaders continue to manage financial decisions, priorities and oversight.



WHAT CARE HOME LEADERS SHOULD CONSIDER BEFORE OUTSOURCING FINANCE

Outsourcing finance and accounting is a significant operational decision. Before engaging an outsourced provider, care operators should consider how the service will work alongside their existing finance team, systems and processes.

1

Scope of work

Clearly define which activities will be outsourced such as AP, AR, payroll, resident accounting or reporting and which will remain internally managed.

2

Data security

Understand how resident, employee and financial information will be accessed, stored and protected.

3

Compliance

Establish how the outsourced process will support existing financial, tax and regulatory requirements.

4

Technology and systems

Confirm whether the provider can work with the accounting, payroll and care-management systems already being used.

5

Process integration

Define how information will move between the internal and outsourced teams and who is responsible for each stage.

6

Reporting

Agree what management information will be provided, how frequently it will be delivered and who will have access to it.

7

Scalability

Consider whether the service can support additional homes, residents and transaction volumes as the business grows.

HOW IMS DECIMAL SUPPORTS UK CARE BUSINESSES

IMS Decimal provides outsourced accounting and finance services for businesses that need additional finance and back-office capacity. The approach is based on taking responsibility for defined finance activities and working alongside the client's existing team. This allows internal finance leaders to retain oversight of the function while an outsourced team manages agreed operational activities.

Finance support built around your requirements

Care businesses do not all have the same finance structure. A single-site operator may need support with bookkeeping and payroll. A multi-site group may require broader AP, AR, resident accounting, reporting and credit-control support.

IMS Decimal can structure the engagement around the processes, transaction volumes, systems and reporting requirements of the individual business.

Supporting finance teams with defined processes

The focus is on consistent execution of agreed activities, with defined workflows, service levels and reporting. The result is additional finance capacity that can work alongside the internal team rather than operating as a separate function.

Experience and operational capability

IMS Decimal brings more than 20 years of experience in outsourced accounting and finance operations, with a workforce of 3,000+ supporting clients across multiple markets. The business operates with ISO 9001:2015 and ISO 27001:2022 certifications, alongside other stated data protection and security standards. These credentials should be confirmed as current before publication.

Internal IMS Decimal materials also cite performance metrics including transaction accuracy, accounting quality, CQC audit success and operating-cost savings. These figures should be validated for their current applicability and whether they specifically represent UK care-sector engagements before being used as external proof points.

A finance function that works alongside yours

CONCLUSION

The UK care sector is operating against a long-term demographic shift that is increasing the need for care services.

For care businesses, meeting that demand involves more than managing occupancy and delivering quality care. It also requires finance operations capable of keeping pace with residents, employees, suppliers, funding arrangements and multiple locations.

Supplier invoices need to be processed accurately. Payroll needs to keep up with changing staffing patterns. Resident and payer records need to remain current. Outstanding balances need to be followed up. Management needs timely information about individual homes and the wider group. As these activities increase in volume, finance teams need processes that are consistent, accurate and scalable.

For some businesses, the answer will be additional internal finance capacity. For others, it may be outsourced accounting services, outsourced financial services, or a combination of internal and outsourced support. The important consideration is not simply where the work is performed.

It is whether the finance function has the capacity and processes to provide accurate transactions, reliable reporting and useful financial visibility as the care business continues to operate and grow.

KEEP YOUR BUSINESS READY FOR WHAT COMES NEXT

As care businesses grow, finance operations need to keep pace. Explore how IMS Decimal can support your finance operations with outsourced accounting and finance services built around your requirements.

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