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# An impact performance review of CIM Healthcare Properties

October 2025

This report was commissioned by CIM Healthcare Properties LP (CHP) advised by Civitas Investment Management Limited (CIM or Civitas) and has been prepared by The Good Economy Partnership Limited (The Good Economy, or TGE), a leading independent impact advisory firm.

The findings and opinions conveyed in this report are based on information obtained from stakeholder interviews and portfolio data from CHP. The information reviewed should not be considered as exhaustive and has been accepted in good faith as providing a faithful representation of the investment strategy and its underlying holdings. We have taken steps to ensure we do not intentionally or unintentionally inflate positive impact results or under-report negative impacts. However, we acknowledge there are limitations in the quantity and quality of data available. We have identified and explained the effect of these limitations on the presentation of impact performance to the best of our ability.

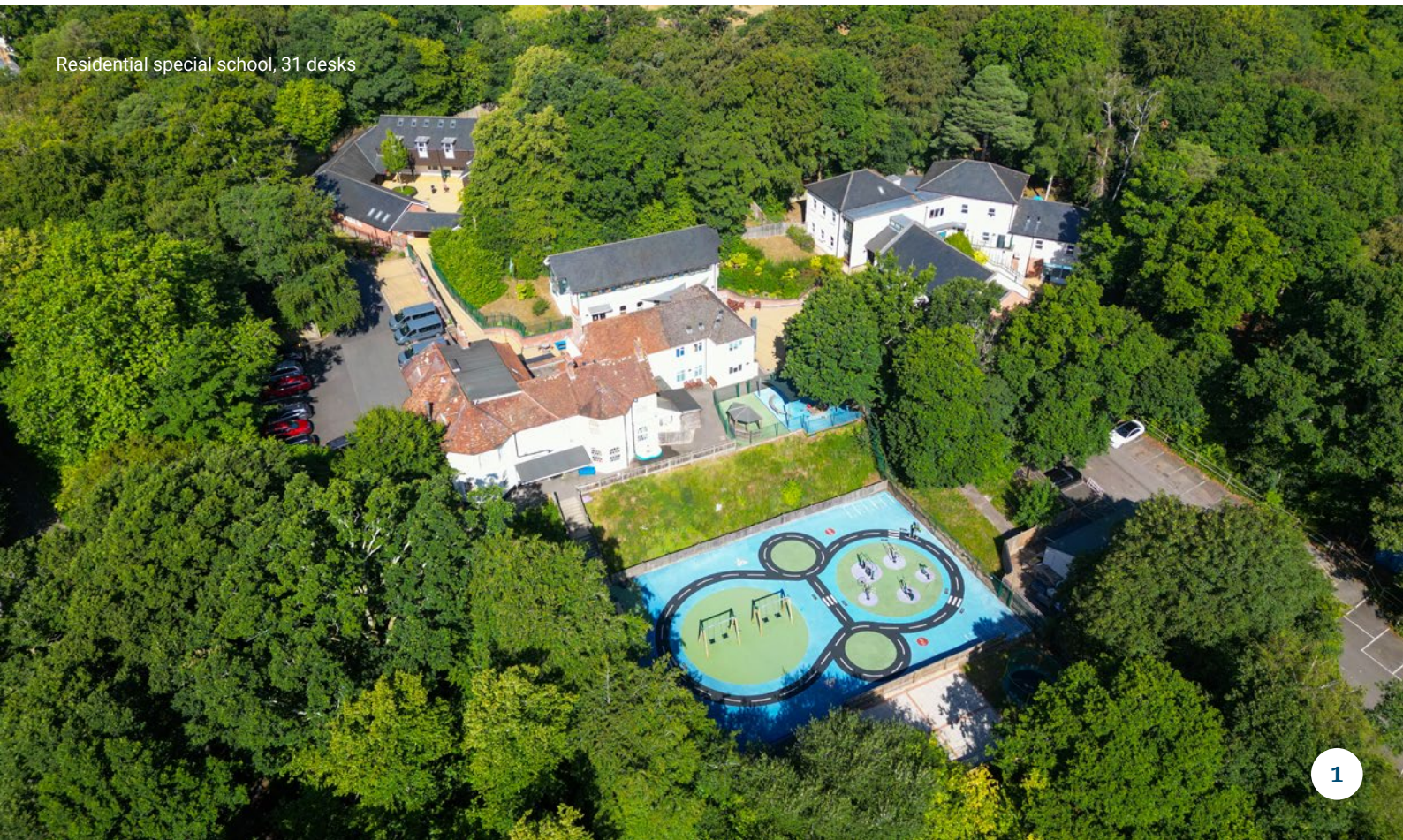
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Residential special school, 31 desks



# Executive Summary

## Overview of CHP and Impact Thesis

CHP is a specialist social infrastructure fund investing in special schools and specialist residential care facilities across the UK. CHP forms long-term, strategic property partnerships with established independent, private sector care and education providers, acquiring and leasing back properties to operators on long-term agreements. All services are 100% funded by the public sector via local authority commissioning arrangements. These properties support individuals with complex needs, including learning disabilities, autism, and mental health conditions. CHP aims to deliver inflation-linked returns while contributing to positive social and environmental impact.

Investment in special education and residential care for children and adults with complex needs is taking place within the context of high and growing social demand. These services are essential for supporting some of the most vulnerable individuals in society, yet local authorities and state-run provision often struggle to meet the scale and complexity of need, turning to the private sector for their specialisms. At the same time, the sector is subject to regular government scrutiny, with national reviews underway to assess how best to deliver and fund care and education in a period of sustained pressure on public finances whilst ensuring the continued provision of quality services.

CHP is advised by CIM, a leading specialist investment advisor with more than £3.5 billion under advisory. This is the first independent impact report commissioned by CHP to explain the impact of CHP's portfolio as of December 2024.

## Outcomes and Social Value Creation

The provision of specialist education and residential care services supports important long-term outcomes including:

- Improved educational attainment, employment, quality of life and independent living
- Enhanced physical and mental health
- Reduced reliance on adult social care and criminal justice services

Section 4 of the report provides case studies of real world outcomes based on site visits.

TGE also calculated the monetised social value of expected lifetime outcomes, including fiscal savings, based on independent empirical methodologies and research.

**CHP's properties are delivering an estimated £163 million of social value each year :**



**£137m**

within the specialist education portfolio.<sup>1</sup>



**£26m**

within the adult residential care home portfolio.<sup>2</sup>

1. Sonnet – Advisory and Impact (2023). 'Reaching my potential: The value of SEND provision demonstrated through learners' stories. A report for the National Association of Independent Schools and Non-Maintained Special Schools (NASS)'

2. This analysis has not been applied to children's residential homes due to a lack of validated external reference points and research required to reliably monetise outcomes.

## CHP at a glance

**£492m**

Invested to date

in **79** properties  
with **7** operating partners

Delivering

**£163m**

of social value each year

## Places in CHP properties

**2,142**

Total number of places



**1,688**

Special school desks



**358**

Adult residential  
care places



**96**

Children's  
residential care places

## CHP portfolio KPIs



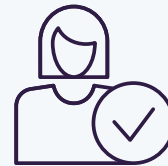
**2.6x**

Average operator rent cover



**100%**

Of placements receive local  
authority funding



**93%**

Portfolio occupancy



**99%**

EPC C+ Current and  
planned\*

## What Ofsted reports say about some of CHP's schools



**95%**

Outstanding or Good regulatory  
quality rating

*“An inspirational educational and therapeutic environment  
in which pupils thrive and enjoy learning”*

*“For the first time, my child has a sense of achievement and  
self-worth”*

*“They have succeeded where multiple other placements  
have failed, offering tailored support that state special  
schools simply can't provide”*

\* Includes contracted energy improvements

# Overview of Impact Performance

To support CHP's impact assessment, The Good Economy (TGE) worked with CHP to understand its investment strategy, Theory of Change, and primary levers for contributing to impact. We assessed CHP's performance against the four Impact Themes outlined below using portfolio data, operator interviews, site visits, local authority engagement, and desktop research.

## 1. Acquire specialist education and residential care properties that meet a social need

CHP aims to address an unmet societal need and local demand for accessible specialist education and residential care for neurodiverse people, particularly those with high acuity and complex needs.

We saw evidence of local need and steady demand for the assets within the portfolio

93% overall portfolio occupancy rate

- 93% specialist education occupancy rate
- 91% adult residential care occupancy rate
- 86% children's residential home occupancy rate

### Assessment:

CHP's investments meet critical social needs, supporting high-acuity and vulnerable groups. It has a structured approach to assessing need prior to investment.

## 2. Partner with high-quality operators

CHP aims to establish long-term partnerships with specialist, private sector education and care providers with high-quality services, good governance, and regulatory compliance. It aims to support the long-term delivery of services by operating partners through well designed leases and sustainable rent levels.

- 7 operating partners
- Care properties: 93% of properties have received 'Outstanding' or 'Good' CQC ratings
- Education properties: 96% of properties have received 'Outstanding' or 'Good' Ofsted ratings
- Children's homes: 93% of properties have received 'Outstanding' or 'Good' Ofsted ratings.

CHP has built partnerships with operators delivering consistently high regulatory outcomes and has a rigorous independent due diligence process focused on service quality, governance, reputation with local commissioners, regulatory compliance, and financial sustainability. CHP relies on local authority commissioners to assess value for money given that fee rates are negotiated by local authorities either on a spot basis or under negotiated framework agreements with services bespoke to each individual placement.

### Assessment:

The due diligence process and operator quality outcomes are strong, and the lease model supports long-term partnerships. While operators deliver high-quality services, TGE highlights the importance of maintaining focus on public value for money and cost-efficiency in a sector facing ongoing scrutiny and a context of strained local government budgets.

### 3. As a long-term landlord, support quality service delivery and sustainable growth

Through ongoing monitoring, CHP aims to support the delivery of quality education and care services by operating partners. CHP aims to support sustainable future growth that increases the ability of local authorities to meet demand.

- All leases are over 25 years, and most (92%) are 30 years.
- 3.2% average Retail Price Index (RPI) linked rent increase in last 12 months<sup>3</sup>
- 2.6x average operator rent cover
- 10% of properties undergoing infrastructure improvements
- Follow on capital committed for 4 recently developed properties
- 50 quality monitoring assessments undertaken up to December 2024

CHP has strengthened quality assurance through the appointment of a Quality Assurance Board and regular site visits by the Quality Director. Investment by CHP has also helped operators expand services, invest in staff, and strengthen their financial resilience.

#### **Assessment:**

Operating partners demonstrate high standards of care and education, with sustainable rent levels supporting the long-term provision of key care and education services. CHP actively monitor and collaborate with providers to ensure high quality of care is delivered.

### 4. Assess energy efficiency

CHP aims to ensure properties meet sustainability standards, reducing carbon emissions and improving energy efficiency, through capital expenditure agreements.

- 69% of the portfolio is rated EPC C+
- 99% of properties with EPC rating C+ that have contracted energy improvements in leases for required energy efficient improvements

#### **Assessment:**

Energy efficiency ratings of EPC 'C' or above across the portfolio are ahead of national averages. CHP has informed TGE that they actively engage with operators to promote energy efficiency across the portfolio as part of the initial investment process and is exploring additional measures aimed at supporting operators to further enhance energy efficiency.

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3. 22% coverage: excludes negotiated fixed rent uplifts above inflation on one operator's portfolio over an initial 5-year period, and portfolios acquired during 2024

## Conclusions

CHP is a responsible landlord that carefully selects and monitors its operating partners, many of whom deliver care and education to vulnerable individuals not well served by local authorities. CHP's Quality Assurance Board is a strong example demonstrating CHP's commitment to delivering impact and bettering resident and student outcomes. Available evidence shows that these services are generally high quality and make a positive difference.

*Recommendation:* Continuing to build close working relationships and monitoring good governance and quality of operating partners must remain a priority for CHP. The greatest impact and reputational risk for the fund is that of negative experience and outcomes for the individuals and families concerned.

CHP's investment model sits at the intersection of social need, private sector delivery, and the ongoing challenge of ensuring value for money in publicly funded services. Many parents of children with complex needs prefer independent special schools due to better support, despite higher costs. Local authority commissioners believe these schools often represent good value given the quality of support and facilities.

However, this is a publicly funded and complex market with constrained supply and limited explicit regulation of pricing, which could create conditions for inflated pricing and excess returns although local authorities are required to demonstrate that they achieve value for money on public expenditure. To maintain public trust, fees, rents, and returns must remain transparent and proportionate.

*Recommendation:* As CHP grows, it could partner with mission-aligned, long-term investors like Local Government Pension Schemes. This would promote national ownership, sustainable returns, and public confidence in the model.

CHP has demonstrated additionality in some of its investments, helping to expand services and improving facilities. It is also taking steps to improve energy efficiency and is developing a sustainability strategy.

*Recommendation:* CHP should prioritise investments where its capital enables new or improved services—especially new specialist schools or care homes. CHP could also place greater emphasis on energy efficiency and renewable energy use which would enhance environmental outcomes while also supporting cost savings for operators, particularly in light of rising energy costs.



# 1. Overview and Impact Thesis

## 1.1. About CHP

CHP has established a portfolio of UK 'behavioural health properties' for the provision of specialist education and care to people with complex needs, including learning disabilities, autism, and behavioural or mental health conditions.

CHP's aim is to provide long-term predictable inflation linked returns for investors at sustainable rent levels for the operators, whilst contributing to positive environmental and social impact. Since its launch in 2022, CHP has invested £492 million to acquire 79 properties let to seven operating partners across England, Scotland, and Wales. CHP's investments comprise £320 million in specialist schools, £127 million in adult residential care homes, and £45 million in children's residential care homes.

CHP is advised by CIM, who has >£3.5bn of assets under advisory and manages >1,300 properties across several funds, as one of the largest investors in care-based housing, healthcare facilities and specialist schools in the UK, and more recently has expanded into Europe.

The CHP model provides a market-driven solution to deliver essential SEND education and residential care provision. It operates within a sector facing growing public sector financial pressure and scrutiny over high-cost independent SEND provision. By addressing the gap between growing demand and limited supply, CHP aims to strengthen the long-term financial stability of education and carer provision through sale-and-leaseback arrangements. Refer to pages 22-23 for details on the social need and sustainability risks associated with independent SEND schools and page 39 for risks and mitigation strategies.

### Investment advisor with a significant track record in UK care and education



Residential special school for 8 children



## Provision Overview

Services provided by CHP's operators support individuals with high and often complex needs and are 100% funded by local authorities.

### Specialist education needs and disabilities (SEND)

CHP owns 23 day schools and three residential schools located across England which are leased to three different education providers. Overall, there are 1,688 places for pupils within these schools.

These independent SEND schools provide education and care to young people aged between three and 18. The majority of children supported have autism or social, emotional and mental health (SEMH) needs, often with multiple or complex diagnoses. Residential settings typically support children requiring 24 hour care, offering integrated education, accommodation, and therapeutic care on site. Most of the children in the schools have struggled to maintain attendance and wellbeing in mainstream settings.

On average, the day schools have 71 places, ranging from 20 to 141, and the residential schools have 18 places, ranging from six to 29.

### Adult residential care homes

CHP owns 21 residential homes, 11 nursing homes, and two supported living properties across England and Wales totalling 358 accommodation spaces. These properties are leased to four care providers.

The residential homes and supported living properties primarily support adults with learning disabilities and mental health needs, providing long-term care with a focus on community integration and life skills development. The nursing homes specialise in neurological rehabilitation, often following a brain or spinal injury, offering clinical and therapeutic support.

### Children's residential care homes

CHP owns 19 children's care homes (96 spaces) which are operated by two different care providers. 13 are located in Scotland and six in England.

These homes provide 24-hour care for children and young people aged approximately eight to 25, many of whom present SEMH needs or trauma related behaviours. These homes offer stable, family-style environments that prioritise emotional wellbeing, education continuity and preparation for independent living where appropriate. On average the properties have five bedrooms.



Residential special school for 31 children

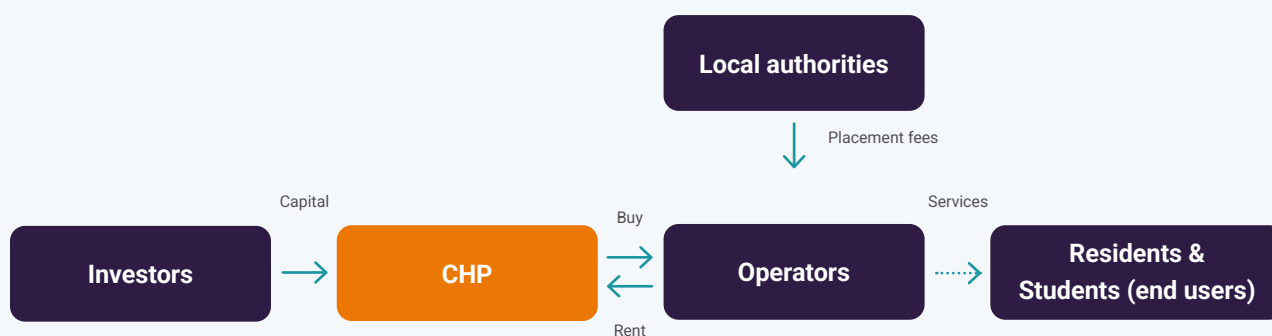
## 1.2. Impact Thesis

CHP's model involves forming long-term, strategic property partnerships with established care and education providers. CHP invests by acquiring properties from experienced operators who are already delivering specialist care and education services. The properties support vulnerable people for whom there is a demonstrated need and a statutory obligation on local authorities to fund care. These properties are then leased back to the same operators on long-term agreements, typically ranging from 25 to 30 years, to ensure continuity of service delivery. For smaller operators, it is common for CHP to acquire the operator's entire portfolio, while for larger operators, it is more common to acquire a portion of the operator's portfolio.

Sale proceeds from these transactions can support operators' wider service development, including expanding capacity or investing in infrastructure. In some cases, CHP has committed additional capital to fund future expansion alongside operators – enabling both the continuation and expansion of vital services.

The Fund is a purpose-driven investment vehicle operating within the impact economy, targeting commercial, risk-adjusted returns. It seeks to manage ESG risks, enable positive outcomes and selectively contribute to systemic solutions – aligning with investor intentions to act responsibly, meet regulatory requirements, and support long-term sustainable performance.

Figure 1: CHP Investment Model



## 1.3. Context

Investment in special education and in residential care for children and adults with complex needs is taking place within a context of high and growing social demand. These services are essential for supporting some of the most vulnerable individuals in society, yet local authorities and state-run provision often struggle to meet the scale and complexity of need, turning to the private sector for their specialisms. At the same time, the sector is under increased government scrutiny, with national reviews underway to assess how best to deliver and fund care and education in a period of sustained pressure on public finances. Within this landscape, CHP focuses on providing funding for the properties used by private providers operating in this market, helping to ensure that high-quality, fit-for-purpose environments are available to meet rising demand. This investment model sits at the intersection of public need, private delivery, and the ongoing challenge of ensuring value for money in publicly funded services.

## Specialist schools

Children with Special Education Needs and Disabilities ('SEND') are characterised by having difficulties or conditions that make it harder for them to learn relative to their peer group and require extra learning support. The UK faces an increasing demand for specialist education due to the rising diagnosis of neurodevelopmental conditions, mental health diagnoses, and complex behavioural needs. Under the Children and Families Act 2014, local authorities are legally required to arrange and fund appropriate education for children with SEND needs. Approximately 1.8m (1 in 5 school aged children in England) are identified as having SEND of which ~600k have an EHCP and ~186,000 pupils attend special schools in England. Independent special schools represent 26,000 pupils, equating to 15% of SEND education funding and 3% of total education spending. They typically provide support for higher acuity need pupils (see Box 2 on page 22 for a detailed commentary on the SEND provision).

### Overview of special school provision in England

	LA Maintained special schools	Non- maintained special schools	Independent special schools	Special schools total
Complexity of SEND provision	Low complexity	Medium complexity	High complexity	
Class size	15-25	10-15	3-10	
Annual cost per pupil	£20-35k	£35-65k	£50-70k	
Number of special schools	1,060	50	790	<b>1,900</b>
Number of pupils with EHCP	156,000	4,000	26,000	<b>186,000</b>
% of DSG funding*	8%	0%	3%	<b>11%</b>
High needs block funding to special schools	£4.9bn	£0.2bn	£1.6bn	<b>£6.7bn</b>
% of High Needs Block funding to special schools	73%	3%	24%	<b>100%</b>
Annual growth rate Pupils 2017-2024	6%	1%	13%	<b>7%</b>
Annual growth rate Funding 2017-2024	8%	2%	17%	<b>9%</b>

Source: LEK report commissioned by CHP (September 2023, updated July 2025)

\*Dedicated Schools Grant

***“Independent special schools are set up and established to provide more focused and specialised education provision, generally for higher-complexity pupils”***

- SEND commissioner<sup>4</sup>



4. Source: CHP commissioned independent due diligence (September 2023, updated July 2025)

## Adult’s residential care

The demand for adult residential care remains high, with approximately 1.3 million people with a learning disability in England, including over 950,000 adults.<sup>5</sup> Many of these people require specialist housing and care provision, particularly those with more complex needs or who are unable to live independently. Residential care properties, that are tailored to people with diverse needs, including learning disabilities, physical disabilities, and mental health conditions, are essential for enabling people to live safely and within their communities.

Despite this need, there is a shortage of suitable provision, especially for people with high support needs. A 2022 report from the National Audit Office found that local authorities face significant challenges in meeting their statutory duties under the Care Act 2014, with rising demand (29% more adults aged 18 to 64 projected to require care in 2038 compared with 2018),<sup>6</sup> limited provider capacity – particularly for complex needs,<sup>7</sup> and constrained local authority budgets (the total costs of care projected to rise by 90% for adults aged 18 to 64, from £9.6 billion to £18.1 billion from 2018 to 2038).<sup>8</sup>

## Children’s homes

There are around 84,000 looked after children in England as of March 2023.<sup>9</sup> The vast majority of these children are in foster care or other settings, and approximately 12,000 of these children are accommodated within approximately 2,900 children’s homes. The independent sector provides approximately 85% of children’s homes.<sup>10</sup> From 2022 to 2023 there was a 9% increase in the number of children’s homes and a 5% increase in places.<sup>11</sup> Despite the increase in supply, local authorities are struggling to place children near their communities due to limited local capacity.<sup>12</sup> These settings often support children with complex needs, including trauma, mental health issues, and behavioural challenges.

By contrast, in Scotland, the other region in which CHP has invested in children’s homes, there are approximately 1,300 children in registered children’s homes. The independent sector supplies 60% of capacity and the majority of placements in Scotland are commissioned through a national procurement framework.

The children’s social care sector naturally receives significant scrutiny in terms of funding and policy, including a market review by the CMA and an Independent Review led by Josh MacAlister, both in 2022. The Children’s Commissioner has highlighted that this reliance on private provision may create long-term financial pressures for local authorities, especially given rising placement costs.<sup>13</sup> To date, policy reform has focussed on improving investment in early intervention and tightening regulatory scrutiny of providers.

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5. Office for Health Improvement & Disparities, January 2025, [Learning disability guidance](#)

6. National Audit Office, 2021, [The adult social care market in England](#)

7. Care Quality Commission, [State of Care Report 2022 / 23](#)

8. National Audit Office, 2021, [The adult social care market in England](#)

9. Department of Education, 2024, [Children looked after in England including adoptions](#).

10. Ofsted, 2023, [Main findings: children’s social care in England 2023](#)

11. *Ibid.*

12. Ofsted, 2022, [Many children placed in homes far away from their families amid national sufficiency challenge](#)

13. Children’s Commissioner, 2020, [Private provision in children’s social care](#)

## 1.4. This Report

This report has been produced for CHP by The Good Economy. It is the first independent impact report for CHP. The report looks at the activities of CHP from August 2022 to December 2024. The report aims to establish the extent to which CHP is making progress in its ambition to deliver positive impact through its investments.

The report is based on TGE's independent assessment of CHP's performance both against its stated Impact Themes and whether any measurable changes are taking place in outcomes being experienced by service users, local places and the wider environment.

In this report, direct end user data and hence outcomes data is limited. Outcomes monitoring is managed by the operators and is often highly individualised, making standardised reporting more difficult. To mitigate this, TGE has relied on publicly available data, operator interviews, and site visits.

This report has been prepared following guidance provided by Impact Frontiers' [Impact Performance Reporting Norms](#).

Box 1

### Methodology

The impact assessment is based on qualitative and quantitative data sources and insights collected by TGE, as listed below:

- Portfolio data collected by CHP at the property level
- Interviews with senior management at six of the seven operating partners
- Interview with an impact investor shareholder in one of the operating partners
- Interviews with CIM employees
- Interview with two local authority representatives
- Site visits to seven of CHP's properties – including two children's homes, three schools, and two residential care facilities covering five of the seven operators (we were unable to conduct site visits for the largest school provider and smallest residential care provider)
- In-person interviews with staff at each site visit

The results of this research were analysed to assess CHP's impact performance against its impact themes and outcomes. See Appendix 1 for a full list of data sources.

CHP has provided full transparency to TGE on the identity of its tenants and stakeholders, of which a sample have been interviewed. CHP has requested that this information is not disclosed in this report for wider publication.

### Statement of Independence

TGE is an independent advisory firm specialising in impact measurement and management.

TGE has robust process in place to preserve our integrity and independence, as outlined in our Code of Practice. Before commencing with CHP, we examined our suitability to take on the role of an independent review of impact performance and confirmed that there was no conflict of interest.

# 2. Impact Management Approach

## 2.1. Impact Management Themes and Theory of Change

Impact themes are specific and measurable areas that CHP can seek to influence in order to achieve its impact goal. The themes guide CHP's decision making, establish its contribution to outcomes, and provide a basis for engaging with operators on their impact performance.

As a landlord, CHP's ability to directly influence operational outcomes of operating partners is limited. However, CHP critically evaluates operators to ensure partnerships are only made with high quality and reputable providers delivering high quality education and care.

### CHP's Impact Themes

- 1. Acquire specialist education and residential care properties that meet a social need**  
Address a critical unmet societal need and local demand for accessible specialist education and residential care for neurodiverse people.
- 2. Partner with high-quality operators**  
Establish long-term partnerships with specialist education and care providers with high-quality services, governance, and regulatory compliance. Provide the foundation for long-term delivery through well designed leases and sustainable rent levels.
- 3. As a long-term landlord, support quality service delivery and sustainable growth**  
Ongoing monitoring to support the delivery of quality education and care services by operating partners. Support sustainable future growth that increases the ability of local authorities to meet demand.
- 4. Assess energy efficiency**  
Ensure properties meet sustainability standards, reducing carbon emissions and improving energy efficiency, through capital expenditure agreements and lifecycle planning.

CHP's Theory of Change outlines the intended pathway from investment activity to long-term social value creation. It recognises CHP's role as an impact-focused landlord and defines how influence is exercised via investment decisions, partnerships, and asset stewardship.

Impact themes are specific and measurable areas that CHP seeks to influence to achieve its impact goal as reflected in the Theory of Change. The rest of this report will focus on CHP's performance against each of these Impact Themes.

Impact Theme	Inputs	Actions	Outputs	Outcomes	Impact
<b>1. Acquire specialist education and residential care properties that meet a social need</b>	<ul style="list-style-type: none"> <li>Capital investment into SEND schools and residential care homes;</li> <li>Due diligence on social need;</li> <li>Local authority engagement</li> </ul>	<ul style="list-style-type: none"> <li>Commission demand assessments;</li> <li>Engage with commissioners;</li> <li>Engage with leading operators</li> </ul>	<ul style="list-style-type: none"> <li>Expanded portfolio of specialist education and residential care facilities</li> </ul>	<ul style="list-style-type: none"> <li>Increased availability of suitable settings for people with complex needs;</li> <li>Reduce unmet need and placement delays</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced quality of life for neurodiverse individuals through improved future opportunities to meet their potential;</li> <li>Commissioners are able to fulfil statutory obligations;</li> <li>Deliver social value through lifetime outcomes incl fiscal savings</li> </ul>
<b>2. Partner with high-quality operators</b>	<ul style="list-style-type: none"> <li>Rigorous operator screening;</li> <li>Review of regulatory performance and governance;</li> <li>Lease structuring aligned to sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Select operating partners with high quality operations and sustainable governance;</li> <li>Set rent at sustainable levels</li> </ul>	<ul style="list-style-type: none"> <li>Long term leases agreed with operators;</li> <li>Sustained high levels of compliance and regulatory ratings</li> </ul>	<ul style="list-style-type: none"> <li>Secure long-term service provision;</li> <li>Strong operator stability and growth</li> </ul>	<ul style="list-style-type: none"> <li>Expanded service offerings by high-quality operators;</li> <li>Continuity and quality of care and education outcomes for service users</li> </ul>
<b>3. Support quality service delivery and sustainable growth</b>	<ul style="list-style-type: none"> <li>Provide performance oversight of quality of care delivered;</li> <li>Provide follow on capital for expansion and growth</li> </ul>	<ul style="list-style-type: none"> <li>Conduct regular site visits;</li> <li>Facilitate best practice sharing;</li> <li>Monitor quality ratings;</li> <li>Commit and deploy follow-on capital</li> </ul>	<ul style="list-style-type: none"> <li>Delivery of high-quality services across the portfolio;</li> <li>Building upgrades and expansion</li> </ul>	<ul style="list-style-type: none"> <li>Improved property condition and service quality;</li> <li>Greater operator resilience and expansion</li> </ul>	<ul style="list-style-type: none"> <li>Better service user outcomes and consistent access to education and care locally;</li> <li>Value for money to the public purse;</li> <li>Improved capacity to meet rising public need</li> </ul>
<b>4. Assess energy efficiency</b>	<ul style="list-style-type: none"> <li>EPC assessments and capital planning;</li> <li>Embed energy improvements in leases;</li> <li>Engagement with operators on sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Embed environmental sustainability measures across their property portfolio;</li> <li>Engage with operators to upgrade their portfolios</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing evaluation to improve energy efficiency across the portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Reduced carbon emissions;</li> <li>Lower operational costs for operators</li> </ul>	<ul style="list-style-type: none"> <li>Reductions in environmental impact, which contributes to a sustainable future</li> </ul>

## 2.2. Current Impact Management Practices

CHP's impact management process is embedded throughout the investment lifecycle, to directly support CHP's Impact Themes:

- **Pre-acquisition due diligence:** Thorough in-house and third party due diligence is conducted on potential new investments. This includes assessing the social need and suitability of the underlying service, through direct engagement with commissioners. Further detail is provided under Impact Theme 1: Acquire specialist education and residential care properties that meet a social need (see p.16).
- **Operator screening:** All prospective operators undergo initial screening based on regulatory standing, reputational risk, financial resilience, and governance structures. Operators must demonstrate a robust commitment to service quality and responsible delivery, aligned with CHP's impact objectives.
- **Commissioner engagement:** Independent consultants engage with key stakeholders, including local authorities, to assess demand for services, the quality of education and care outcomes achieved, and the strength of existing working relationships with the operator. This ensures investments align with local strategic priorities.
- **Lease terms:** Lease structures are designed to support the long-term sustainability of rent levels for operators, while balancing investor return expectations. This contributes to the financial viability of services and long-term impact delivery.
- **Ongoing monitoring:** CHP maintains active engagement with operators through site inspections, regular feedback loops, and relationship management. This supports continuous tracking of service quality, evolving demand, and opportunities for growth and improvement.
- **Energy performance:** CHP evaluates the environmental performance of properties through comprehensive reviews of EPC ratings. An independently produced report assesses risks relating to environmental compliance and regulatory standards. For more detail, see Impact Theme 4: Assess Energy Efficiency (p.28).
- **Governance:** The Quality Assurance Board (see Box 3, p.27) provides independent oversight and guidance on all aspects of service quality and impact delivery. This supports continuous improvement and accountability in meeting CHP's social mission.

CHP aims to deliver a sustainable return for its institutional investors over the long-term. These returns are dependent on the ongoing demand for, and sustainability of, the services delivered within its properties. There is therefore a degree of alignment between financial returns and social impact.

# 3. Impact Performance

## 3.1. Acquire specialist education and residential care properties that meet a social need

Address a critical unmet societal need and local demand for accessible specialist education and residential care for neurodiverse people.



Metric	Specialist education	Adult residential care homes	Children's residential care homes	Total
Number of properties	26	34	19	79
Number of beds / desks	1,688	358	96	2,142
Avg # of beds / desks per property	65	11	5	27
Occupancy rate (%)	93%	91%	86%	93%

The portfolio includes 79 properties, all of which are operational. The portfolio has the capacity to benefit 2,142 people, of which 1,688 are children with specialist educational needs, 96 are children within the care system, and 358 are adults which have a range of care needs, including learning disabilities, physical disabilities and mental health diagnoses.

To assess this theme, we consider whether:

1. CHP and its partners have a robust approach to assessing need
2. There is demand for the services being provided by CHP's partners

### 1. Do CHP and its partners have a robust approach to assessing need?

CHP has a structured approach to assessing need for specialist education and residential care before investing, supported by external independent due diligence and local authority engagement.

CHP establishes that there is demand for its social infrastructure before investing. TGE saw evidence of due diligence conducted by external consultants through its investment process. This included comprehensive analysis of the social need of the potential investment through an assessment of the demand for SEND provision in the area, the size of market and local market analysis. CHP's due diligence process also includes engagement with local authorities to confirm the demand for SEND schools in the area. TGE heard that a lack of local demand or absence of local authority support would lead CHP to reject a potential investment, highlighting the role of stakeholder input in investment decisions.

**CHP's operators assess need robustly, taking a more tailored approach to match the needs of the person to be placed and the services of the facility.**

Through interviews with all operators leasing CHP properties, TGE understands that local need for their SEND schools is assessed thoroughly. This assessment of demand is focussed on the highest acuity and most challenging placements, for which there is limited state supply and for which the independent sector is best placed to offer diverse and complex specialisms.

In SEND education, operators evaluate demand using sufficiency plans, occupancy data, and waiting lists, alongside local authority demographic trends and competitor capacity before expanding services. Travel distances are also considered, with schools typically ensuring students can reach properties within 45 minutes to an hour.

In residential care, operators receive direct referrals from local authorities, particularly those who have experienced multiple placement breakdowns and, in some cases, act as emergency providers for people with complex behavioural needs and autism.

## **2. Is there ongoing demand for the services provided by CHP's partners?**

### **Occupancy levels indicate a steady demand for the majority of CHP's properties.**

**SEND Schools:** The specialist education properties in CHP's portfolio report an average occupancy rate of 93%, with residential schools at 87% occupancy (3 residential schools out of 26 total specialist education properties). This is lower than state special schools, for which national data indicates that approximately

two thirds in England are operating at or above their intended capacity.<sup>14</sup> TGE heard from operators that maintaining smaller class sizes and ensuring services are provided only to those whose needs match the offering enables them to preserve the quality of care and education that pupils receive, given the complexity of conditions.

In light of the assessment of local authority expenditure on SEND education currently being conducted by the Department for Education<sup>15</sup> and conversations that TGE has had with local authority representatives, there may be a risk of a reduction in demand for independent SEND schools by increasing the availability of other options, including incorporating more SEND into state mainstream provision. However, any shifts are likely to be gradual, and unlikely to affect all high acuity provision, where local authorities rely most on the independent sector. See pages 20 in section 3.2 and 39 in section 5 for more information.

Through its due diligence processes and ongoing feedback from operating partners and local commissioners, TGE heard that CHP are confident that there will be a continued long-term role for independent SEND provision alongside mainstream and state-funded settings, even as the sector faces potential reforms aimed at ensuring the long-term sustainability of the sector whilst continuing to meet the varying needs of children and young persons with SEND.

**Adult residential care:** Residential care properties demonstrate occupancy of 91%, which is above the sector benchmark for adult specialist care of 86%.<sup>16</sup>

***“There is really high demand in the area for SEMH needs – this is the greatest area of need for us. We have a higher number of EHC Plans than the national figures.”***

***“Another factor that makes it difficult to find the right placement is the increasingly complex needs of children.”***

- SEND commissioner<sup>17</sup>

14. Department for Education, [annual School Capacity survey](#), May 2023. Whilst an occupancy / capacity level is not available at a school level, the data shows the number of places available and the number of children on roll for special schools at the local authority, regional and national level.

15. The Guardian, March 2025, [Ministers plan major changes to SEND education in England](#), HM Government, March 2023, [Special Educational Needs and Disabilities \(SEND\) and Alternative Provision \(AP\) Improvement Plan: Right Support, Right Place, Right Time](#)

16. Care Quality Commission, [The state of health care and adult social care in England 2023/24](#)

17. Source: CHP commissioned independent due diligence (September 2023, updated July 2025)

## 3.2. Partner with high-quality operators

Establish long-term partnerships with specialist education and care providers with high-quality services, governance, and regulatory compliance. Provide the foundation for long-term delivery through well designed leases and sustainable rent levels.



Metrics	Special education	Adult residential care homes	Children's residential care homes	Total
Number of operating partners	3	4	2	7
Care rating Outstanding & Good	100%	93%	93%	94%
Education rating Outstanding & Good	96%	n/a	n/a	96%
Weighted average length of lease outstanding	29 years	25 years	29 years	28 years
Average latest available rent cover (operators' EBITDARM / CHP rent)	2.6x	2.3x	2.7x	2.6x

CHP has no direct relationship with its end users as a landlord to operators who deliver the services. Therefore, its operator partnerships are crucial to ensuring that target outcomes are achieved. Quality partners must be selected, and the relationships managed effectively to reduce the impact risk of poor-quality service delivery which could cause harm.

To assess this theme, we consider whether:

1. There is a strong due diligence process for identifying potential partners
2. The leases promote sustainable partnerships
3. The CHP model supports long-term sustainability and public value

### 1. Is there a strong due diligence process for identifying potential partners?

CHP applies a structured due diligence process to assess the quality, reputation, and sustainability of operators.

Before investing, CHP evaluates potential opportunities based on input from commissioners and stakeholders, focusing on:

- Quality of care (governance structures, local and senior leadership, regulatory concerns)
- Commissioner feedback (reputation, quality outcomes, value for money, long-term demand)
- Sustainability of operator (e.g. profit margins, credit rating, reputation, and track record)

CHP regularly engages with national and local operators as well as investors and advisors within its target markets, tracking potential market leading operating partners over many years. New investments are typically identified through existing strategic relationships with operating partners, rather than through open competitive tendering processes. CHP screens all potential acquisitions internally. Overall, CHP's approach to selecting partners is driven more by strategic alignment and arising opportunities rather than by a formal partner selection process.

CHP actively assesses the quality of provision including regulatory ratings, governance structures, leadership, and culture along with site-level inspections, with quality due diligence findings considered by the Investment Committee (IC) prior to approval of any new investment. Regulatory concerns can influence decisions, and TGE heard evidence of investments being rejected where operators had poor ratings, safeguarding issues, or reputational risks. In cases of larger portfolios, specific properties have also been excluded from the acquisition perimeter following due diligence assessments identifying local quality or leadership concerns.

**Strong regulatory rating performance from CHP operators indicates CHP is partnering with high quality operators.**

CHP's portfolio demonstrates that operators receive strong Ofsted and CQC ratings, suggesting that CHP has partnered with high-quality education and care providers. Compared to national averages, the regulatory assessments of CHP's operators indicate above average performance:

- 96% of CHP special education properties are rated 'Good' or 'Outstanding' compared to 77% of state-funded special schools nationally<sup>18</sup>
- 93% of CHP's residential care properties are rated 'Good' or 'Outstanding' compared to 85% nationally<sup>19</sup>
- 93% of CHP's children's residential care properties are rated 'Good' (no market benchmark available)

If performance issues do arise (such as an inadequate regulatory rating that is not resolved within two years<sup>20</sup>), CHP has mechanisms in place to protect service quality, including the ability to step in, take back the lease, and transfer it to a new operator if necessary.

**CHP has a rigorous due diligence process.**

CHP's due diligence process places a strong emphasis on quality, with the standard expectation that all new investments meet 'Good' or 'Outstanding' regulatory ratings. While these ratings are a core consideration in the investment decision-making process of CHP, in limited cases, CHP has proceeded with investments in properties rated below this level where thorough due diligence indicates that the rating is outdated and

not reflective of the current quality of provision. See 'ongoing monitoring' on page 15 for further details on regulatory oversight and management.

**2. Do the leases promote sustainable partnerships?**

**CHP's leases are standard for the sector and rent increases are inflation linked.**

CHP has set rent levels and lease terms in line with industry standards. Rent is determined based on a rent cover multiple linked to operator profits, balancing financial viability for CHP with affordability for operators. Rent levels are also evaluated by an independent valuer as part of the investment process, providing an additional layer of oversight. Average rent cover across the portfolio is 2.6x, meaning that CHP rent represents 40% of the operator's profit before rent, with the remaining profit retained by the operator. CHP aims to set sustainable rent levels aligned with the financial position of the operator.

CHP's leases are primarily indexed to the Retail Price Index (RPI), with caps and collars in place to moderate fluctuations. Average rent increases have been 3.2%, which is broadly in line with CPIH (consumer prices index including owner occupiers' housing costs) and RPI (retail prices index) inflation for the same period. This figure excludes a negotiated fixed rent uplift above inflation on one operator's portfolio over an initial 5-year period.

**Leases may place long-term financial risks on operators.**

TGE heard from operators that lease terms and rents are generally viewed as sustainable, as they make up a small proportion of overall operating costs, and there are currently no rent arrears across the portfolio. While RPI inflation-linked increases provide stability for investors, they may create financial pressure for operators over time, especially if public funding does not keep pace with rent inflation.

Over a 30-year period, even moderate inflation rates can lead to substantial increases in rental costs – a challenge that is not unique to CHP. This highlights the importance of partnering with organisations who are well governed and able to take long-term financial decisions.

18. Ofsted, December 2024, [Main findings: state-funded schools inspections and outcomes as at 31 December 2024](#)

19. Department of Health & Social Care, October 2024, [Review into the operational effectiveness of the Care Quality Commission: full report](#)

20. Resolutions can happen beyond this timeframe if CHP consider it an exceptional case

Under the FRI (fully repairing and insuring lease) leases, operators bear full responsibility for property maintenance which is reflected in the investment and rent level agreed between CHP and the operators. Given the nature of the services, operators prefer to retain complete control over these operational aspects and take on the corresponding risk. Accordingly, the rent charged to operators does not include any additional charge to cover long term maintenance costs. This model, which is standard across the sector, gives operators long-term responsibility for ongoing operational costs following a sale and leaseback transaction, as they are required to cover both expected and unexpected refurbishment and maintenance costs.

However, there is a strong incentive for both CHP and operators to ensure the leases remain financially sustainable – with flexibility to make changes or adjustments to lease terms should the need arise.

### **Does the CHP model support long-term sustainability and public value?**

#### **Lack of value-for-money consideration presents long-term efficiency risks.**

CHP's operating partners focus on delivering high-quality education and care, often for young people with the most complex requirements, where the provision of high acuity care and education isn't readily available in other settings to meet resident and pupil needs (see Box 4 Profiles of Students attending a CHP school). Fee levels are typically agreed with local authorities based on the level of support required, and operators are expected to report on care delivery and outcomes – such as improved education and reduction in behavioural incidents. CHP and its operators have reported that the higher complexity needs and level of support delivered justifies the higher fees compared to state SEND schools (see Box 2 for fees).

Independent due diligence commissioned by CHP, and reviewed by TGE, confirms that commissioners think the fees reflect the good quality of support and are good value for money. Commissioners interviewed for CHP's due diligence described independent provision as an essential part of the system – particularly for the most complex children – and noted that the public sector currently lacks the agility, resourcing, and capacity to meet this demand. As one commissioner noted: “for children with the highest level of need, the

independent sector is best at providing a bespoke service that meets their individual needs”. Others acknowledge that while fees may be higher, they are often accompanied by “dedicated teaching resources to guarantee better quality and outcomes”. When lifetime outcomes of independent SEND school pupils are considered, TGE estimated a long-term social value of £137 million for the portfolio.

However, efficiency risks within the sector due to high levels of profits have been raised by other commissioners in an interview with TGE and several media sources,<sup>21</sup> which could result in low-value-for-money for the taxpayer. These reports are not specific to CHP owned schools, but the sector more broadly.

CHP's focus is on delivering quality specialist education and care services for some of the most vulnerable pupils and residents in society within the existing local authority commissioning framework. When asked, none of the SEND school or children's home operators reported actively considering taxpayer value-for-money within their financial planning or business models.

Local authorities must consider the range of options available to them, however, they have limited levers to influence the sector especially where demand outstrips supply. Nevertheless, CHP has informed TGE that they actively seek to partner only with responsible operators and investors that are aware of the need to demonstrate value for the public purse as an implicit requirement to deliver long-term shareholder value. CHP also trusts its approach of assessing each potential investment, including commissioner referencing and a deep understanding of national and local government policy, to mitigate the perceived risks identified around value for money and long-term sustainability of the model.

(See 'Social need and sustainability risks of independent SEND schools' Box 2 for further details and page 26 in section 3.3 for impact of CHP's capital investment on provider growth and service development, and the wider implications for sustainability).

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21. The Times (March 2025) [Private companies cash in on demand for special-needs schools](#), Schools Week (2017) [More special needs pupils forced to go to private schools](#), Financial Times (January 2025) [The booming business of special needs education in England](#)

**CHP operators are contributing to sector thought leadership and government consultations, helping to shape a sustainable future for specialist education provision.**

CHP partners with many of the major operators in the SEND and specialist care sectors who are playing a leading role in shaping and contributing towards government policy to ensure the long-term sustainability of the sector. These operators have contributed to all government SEND and social care reviews, publish thought leadership on the challenges within the sector and develop innovative models to support the state provision of specialist services.



Neurological care nursing home with 18 places

## Social need and sustainability risks of independent SEND schools

### 1. Supply and demand pressures

Access to state-funded SEND provision is formalised through Education, Health and Care Plans (EHC Plans), which are issued by local authorities and set out the specific support a child is entitled to. Local authorities must arrange educational placements in accordance with the specific requirements of the EHC plan while ensuring efficient use of resources. Parents have a legal right to request a particular school, which is then considered by the local authority, and can appeal placement decisions made by a local authority.

The number of children and young people (0-25 years old) with EHC Plans has risen by 140% since 2015.<sup>22</sup> This rising demand has led to a notable increase in provision across the sector to meet these needs.

Data from the SEND Futures Longitudinal Study<sup>23</sup> shows significantly higher satisfaction among parents whose children attend special schools, with 90% feeling their child was well supported, compared to 59% in mainstream settings. In some cases, placements in independent SEND schools follow appeals or tribunals under the framework established by the Children and Families Act 2014, which strengthened parental rights to express a preference for specific education settings.<sup>24</sup> This reflects the strong reputation and quality of specialist provision in independent SEND schools.

The proportion of learners with EHCPs attending independent schools rose from 5.3% in 2015 to 7.7% in 2024.<sup>25</sup> The increase in placements in independent schools is both reflective of increasing numbers of children with EHC plans, as well as limited capacity across mainstream and state-funded SEND schools and, to a lesser extent, by the increased rights of parents of children with EHC plans to choose where they are educated.<sup>26</sup>

### 2. High fees and value for money

Reports from the National Audit Office,<sup>27</sup> Public Accounts Committee,<sup>28</sup> and the Institute for Fiscal Studies<sup>29</sup> acknowledge that independent SEND schools offer intensive support – often for young people with the most complex needs. This level of provision typically involves smaller class sizes, and more support and staffing, which is reflected in higher fees. However, these reports also raise concerns that independent SEND school placements are ‘extremely high cost’,<sup>30</sup> and assert that there is increasing reliance on these placements due to supply gaps in state provision. These dynamics reflect a broader challenge in an under-supplied market with limited inbuilt price controls, in which fees are shaped by the growing demand and local authorities have “limited levers” to influence the system and drive value for money in an under supplied market.<sup>31</sup>

22. National Audit Office, 2024, [Support for children and young people with special educational needs](#).

23. Department for Education, 2023, [SEND Futures longitudinal study – discovery phase](#).

24. Ministry of Justice (2023), [Tribunal Statistics Quarterly, July to September 2023, Annual Special Educational Needs and Disability \(SEND\) Statistics - In 2022/23, HMCTS recorded 12,000 outcomes in relation to SEN appeals, an increase of 29% compared to 2021/22. Of these outcomes, 68% \(8,000\) of cases were decided by the tribunal, up 6 percentage points on 2021/22. Of the cases decided, 98% \(7,800\) were in favour of the appellant, up 2 percentage points on 2021/22.](#)

25. Department of Education (August 2024) [Special educational needs and disability: an analysis and summary of data sources](#)

26. Included in the 2014 bill

27. National Audit Office, 2024, [Support for children and young people with special educational needs](#).

28. Public Accounts Committee, January 2025, [Support for children and young people with special educational needs](#).

29. Institute for Fiscal Studies, 2024, [Spending on special educational needs in England: something has to change](#)

30. *Ibid.*

31. County Council Network, July 2024, Towards an effective and financially sustainable approach to send in England

Independent SEND schools generally support young people with the most complex needs, and therefore have the highest fees, at an estimated £61,500 per pupil per year.<sup>32</sup> The average cost of supporting children with an EHC plan is £19,100 in mainstream secondary schools and £23,900 in state special schools. Direct comparisons with state provision can be challenging, as independent schools typically serve higher-acuity needs which should be in fee comparisons.

TGE considers value for money to the taxpayer as an important impact consideration in the context of public service delivery. The financial models behind operators are key to assessing potential risks to value for money for the public purse (see page 25 in section 3.1.3 for more information).

### 3. Pressure on local authority budgets

SEND education is predominantly funded out of central government's Dedicated Schools Grant and is allocated to local authorities. However, state funding to local authorities has failed to keep pace with increasing demand. Government funding for high-needs education totalled nearly £11 billion in 2024-25, reflecting a £4 billion real-term rise from 2015-16. As a result of this increase in SEND spending, many local authorities have accumulated large deficits in their high-need budgets - estimated to reach £4.6 billion in March 2026.<sup>33</sup>

SEND funding increased by £2.8 billion in real terms between 2015-16 and 2022-23, comprising equal increases of circa £0.9 billion in mainstream schools, state special schools and independent special schools.

The temporary finance support offered through the government's 'safety valve' programme<sup>34</sup> and the statutory override to keep SEND deficits "off balance sheet" reflect the government's acknowledgement of the importance of funding specialist care and education. The statutory override has recently been extended from ending in 2026 to end of 2027/28.

### 4. Potential regulatory and policy changes

Increasing expenditure in the sector at a time of large local government deficits has led to increasing scrutiny from both the media and the government about the sustainability of the current SEND system.<sup>35</sup> An upcoming government white paper on SEND reform is thought to include proposals on increasing the financial sustainability of the sector. It is expected to create more specialist places in mainstream schools,<sup>37</sup> particularly to relieve pressure on the system and increase capacity in lower-cost settings, as the Department for Education wants to rely less on independent SEND provision for lower needs pupils.<sup>38</sup>

While changes are likely to focus on supporting lower acuity needs, this shift could slow the growth of independent special school placements and potentially reduce local authorities' reliance on private providers over time. CHP remains confident that long term demand for independent provision will persist, given the sector's proven ability to address complex needs that state provision does not currently fully accommodate.

32. Institute for Fiscal Studies, 2024, [Spending on special educational needs in England: something has to change](#)

33. Public Accounts Committee, January 2025, [Support for children and young people with special educational needs](#).

34. The UK Government's Safety Valve programme provides additional, conditional funding to local authorities that are overspending on SEND (Special Educational Needs and Disabilities) services. In exchange for this bailout support, councils must agree to implement reforms designed to bring their SEND spending in line with allocated funding and improve the sustainability of their high needs systems.

35. Public Accounts Committee, January 2025, [Support for children and young people with special educational needs](#).

36. As above, The Times (March 2025) [Private companies cash in on demand for special-needs schools](#), Schools Week (2017) [More special needs pupils forced to go to private schools](#), Financial Times (January 2025) [The booming business of special needs education in England](#)

37. The Guardian, March 2025, [Ministers plan major changes to Send education in England](#)

38. Public Accounts Committee, January 2025, [Support for children and young people with special educational needs](#).

### 3.3. As a Long-Term Landlord, Support Quality Service Delivery and Sustainable Growth

Ongoing monitoring to support the delivery of quality education and care services by operating partners. Support sustainable future growth that increases the ability of local authorities to meet demand.

Metrics	Current reporting period
Average length of leases outstanding	28 years
Average inflationary increase in lease*	3.2%
% of properties that are undergoing infrastructure improvements	10%
Quality monitoring assessments since December 2024	50

\* This figure excludes negotiated fixed rent uplifts above inflation over an initial 5-year period on one operator’s portfolio.

To assess this theme, we consider whether:

1. The partners deliver a high standard of services
2. CHP takes actions to ensure a high quality of service continues to be delivered
3. CHP and its partners have appropriate impact governance
4. CHP has supported the growth in delivery of partners

#### 1. Do CHP partners have a high standard of services?

**Operating partners demonstrate high standards of care and education, supported by strong staff training, retention, and care approaches.**

As outlined in section 3.2, the quality of the services provided by the operating partners is being maintained at a high level.

**SEND Schools:** Staff retention and training are key indicators of service quality, ensuring stability in SEND education. Most operators in CHP’s portfolio report lower-than-average turnover, supported by career development, wellbeing support, and training.

**Children’s homes:** Staff turnover has significantly reduced in recent years, attributed to careful profiling

of prospective residents and the use of the Solihull Approach, a model that supports emotional wellbeing and behaviour management which staff received training in.<sup>39</sup>

**Residential Care:** Most residential care providers offer strong training and career progression opportunities, supporting staff retention. Where retention challenges exist, some operators have implemented wellbeing initiatives and salary increases to address them.

While CHP’s operators ensure high-quality service delivery, the cost-effectiveness of independent SEND schools remain under scrutiny - see the Social need and sustainability risks of independent SEND schools section on page 22.

#### 2. Does CHP take action to ensure a high quality of service continues to be delivered?

**CHP has taken positive steps to monitor and support the delivery of quality services by operators through best practice sharing and regulatory monitoring.**

As a landlord, CHP does not take an active role in service delivery, with CHP’s operating partners managing services independently. This is both a regulatory requirement and established industry practice.

<sup>39</sup>. [The Solihull Approach](#)

Operators showed good levels of satisfaction with CHP as a landlord. TGE also heard positive feedback from operators with regards to CHP's Quality Director, who is responsible for quality management and monitoring across CHP's portfolio. CHP's Quality Director brings over 30 years of experience in care quality and compliance, including senior operational roles across a broad range of care settings. Beyond the quarterly property updates, site visits, and ensuring compliance with policies and standards, CHP's Quality Director also offers best practice and knowledge sharing initiatives for the operators. For further information on CHP's quality assurance, see Box 3 on page 27.

In the case of regulatory rating monitoring, TGE heard that CHP conducts a fairly robust monitoring and management approach of operating partners, with policies in place in the case of regulatory downgrades. In the event of downgrades, the operating partner is responsible for providing an action plan outlining how the issues will be addressed, with CHP monitoring the results. If an inadequate regulatory rating remains unresolved for a discretionary period,<sup>40</sup> CHP has mechanisms in place to protect service quality, including the ability to step in, take back the lease, and transfer it to a new operator if necessary.

While we recognise the challenges of collecting standardised outcome and satisfaction data - particularly given the personalised nature of services and the cognitive needs of many residents - there remains scope for improvement in how outcomes and service user satisfaction are understood and reported. These challenges mean that traditional methods, such as surveys or standard metrics, may not be appropriate or effective across all settings.

Outcomes tracking is carried out in a bespoke manner at each school or service, tailored to the needs of individual users. Operators are continuing to develop their internal approaches to aggregating this information, and several acknowledged to TGE that this remains an area for improvement. One key challenge is the absence of standard outcome KPIs given the highly personalised approach to care and education across the portfolio, making it difficult to aggregate or compare outcomes in a consistent way. CHP could encourage operating partners to identify common outcome indicators, such as surveying parents or

relatives for parent satisfaction, and tracking service-specific outcomes like progression to independent living. Collecting this information will enable CHP to continue prioritising partnerships with operators that deliver the best outcomes.

### **3. Do CHP and its partners have appropriate impact governance?**

#### **CHP has strengthened operational quality oversight through their Quality Assurance Board.**

In 2023 CHP appointed a Quality Assurance Board (see Box 3). This board supports with overall monitoring, and in particular, has resulted in additional impact through early identification of risks and suggestions of service improvements. We are very supportive of this development, especially the use of sector expertise to monitor the ongoing quality of partners and to support operators in making changes if there are quality concerns.

#### **CHP informed TGE that it considers social impact in its due diligence and ongoing monitoring.**

Alongside CHP's impact aims, CHP aims to deliver a stable financial return for investors. There is not currently a framework outlining the processes behind achieving and monitoring desired levels of social impact alongside the targeted financial returns. Therefore, there is a risk that financial priorities could outweigh the delivery of social impact for all stakeholders in the long-term.

This potential tension is further reflected in the ownership structure of some of CHP's operating partners. All of its SEND education operating partners are owned by investment firms, including private equity and social impact investors, while the remaining operating partners in the CHP portfolio are held under a combination of private equity and individual ownership. Private equity investment is fairly common within the specialist education and care sectors. All shareholders have financial return expectations but must also consider long-term value creation. TGE heard from one operator that there was an expectation from their investor owner to maximise profits, which could, if not carefully balanced, lead to further stress on the local authority budgets. TGE heard from another shareholder how they assess both financial returns and social impact of their investment in the operator.

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<sup>40</sup>. In certain circumstances, CHP may apply discretion depending on the nature of the issues, progress made, and the specific context of the downgrade.

In selecting operating partners, CHP evaluates the reputation and experience of their owners to ensure alignment with CHP's investment values. According to CHP, its operating partners are owned by investors who recognise that delivering high quality outcomes and value for money in close partnership with local authority commissioners is essential to achieve financial returns and maximise their value over the short and long term.

However, it is important that any financing in this sector should be aligned to the social need, and reflect fair, long-term returns and avoid short-term profiteering behaviours that may disrupt service delivery. As private equity models often operate on a 5 – 10 years exit timeframe, there can be more pressures to meet financial targets. Although TGE did not specifically investigate the underlying financial models and profits generated by CHP's operators, this remains an area for further exploration to assess long-term sustainability and alignment with social outcomes.

#### 4. Has CHP supported the growth in delivery of partners?

**CHP's investment has supported both growth and financial resilience across its partners, although not all deals have directly driven service expansion.**

CHP is the primary property partner for all operators in its portfolio, and there are ongoing discussions with every provider regarding their new property

pipeline. Through interviews with operators, TGE heard that around half of CHP's operators have used the investment to directly grow their services – opening new sites and expanding school capacity. Others have used the capital to refinance and restructure, or to invest in digital technologies. When CHP acquires a portfolio of properties from an operator, it is common for an element of the investment to be designated to fund new capacity expansion. Furthermore, CHP can commit to acquire future properties once they are successfully registered and usually once they have successfully been filled. While several investment deals are primarily motivated by increased operator financial stability, most have contributed to service growth. CHP's investment has played a role in enabling providers to adapt, expand where needed, and maintain financial resilience in the short to medium term.

In one children's residential care partnership (see Case Study on page 36), the CHP investment notably helped support the implementation of investment in staff training, operational restructuring, and increase in staff pay to address rising overheads. In some cases, CHP has also committed capital either pre-build or during construction phases to support the delivery of new capacity. Overall, operators have reported that the financial flexibility gained through CHP's capital has either helped sustain or improved service delivery.



## Civitas' Quality Assurance Board

The Civitas Quality Assurance Board (QAB) was established by CIM to oversee quality monitoring and the continuous improvement of care services across the portfolio. Structurally, it consists of an Independent Chairperson, an Independent Clinical Consultant, the Quality Director, and the Head of Healthcare, each bringing specialised expertise in clinical governance and operational oversight. The QAB meets monthly and reports to the CIM Board quarterly to review portfolio quality metrics including updates on individual services and operators, ensuring strong oversight of the delivery of care within the buildings in accordance with industry standards and regulatory requirements, and ultimately to protect the value of the investment.

Its overarching objectives focus on safeguarding high care standards, anticipating and mitigating risks, and cultivating lasting relationships with care providers. In pursuit of these aims, the QAB continuously monitors new and existing providers to verify regulatory compliance, proactively addresses emerging issues (e.g. changes in ratings or management), and analyses key indicators such as staffing, occupancy, and leadership effectiveness. An integral part of its remit involves screening prospective care providers, making use of both desktop research and on-site assessments to gauge governance, leadership, and the practical delivery of care.

To strengthen engagement, the QAB holds minimum quarterly touchpoints with each provider - though in practice contact often occurs more frequently. It also undertakes regular site visits to evaluate care standards on the ground, with the exact approach tailored depending on the type of service, scale of the operator, current rating, date of last rating and any potential red flags.

### Civitas Quality Network Event

In Autumn 2024, TGE attended the inaugural Civitas Quality Network Event at the Kings Fund premises. The event brought together clinical and operational leaders from CHP's operating partners, promoting the exchange of best practice, providing industry updates and facilitating networking to strengthen relationships. The CPD-accredited event was well attended by key operating partners as well as the Quality Assurance Board, and will continue as an annual event. TGE found that the event provided an excellent demonstration of Civitas' commitment to promoting best practice and knowledge sharing in the sector. It was positive to see so many key industry players in the room, in particular, to provide a forum to ensure that the voices of experienced clinicians and members with medical training was suitably represented.

Carol Haynes (CIM Quality Director) and Sheila Hendy (Clinical Consultant - Quality Assurance Board) at the Quality Network Event 2024



## 3.4. Assess Energy Efficiency

Ensure properties meet sustainability standards, reducing carbon emissions and improving energy efficiency, through capital expenditure agreements and lifecycle planning.

Metrics	Current reporting period
Percentage of properties with EPC rating C+	69%
Percentage of properties with improvements in EPC rating since acquisition	15%
% of properties with EPC rating C+ that have contracted energy improvements in leases for required energy efficient improvements	99%

To assess this theme, we consider whether:

1. The properties have good levels of energy efficiency
2. CHP has worked with partners to improve energy efficiency

### 1. Do the properties have good levels of energy efficiency?

**The energy performance of CHP properties is better than the national average, however, there remains room for improvement in energy efficiency.**

CHP assesses the EPC ratings of properties as part of its investment approach, commissioning independent reports to evaluate environmental risks and compliance. Most properties are not purpose built, and in assessing the optimal energy efficiency rating, CHP leases include stipulations requiring improvements to a minimum EPC rating of 'C' or above within a 5-year period, which is reflected in the transaction terms.

With 69% of properties rated EPC 'C' or above, the energy performance of CHP's properties is in line with the national average.<sup>41</sup> For several properties, achieving higher EPC rating than this would be difficult as they are period properties.

### 2. Has CHP worked with partners to improve energy efficiency?

**CHP has helped to improve the energy performance of properties by setting improvement requirements, however, further action is needed to align with best practice.**

CHP aims for properties in its portfolio to achieve an EPC rating of at least 'C' or above, which is ahead of current minimum regulatory requirements. Where properties fall below this level at acquisition, CHP allocates capital to fund the necessary energy efficiency improvements upon purchase of the property, with upgrades typically carried out by the operator to minimise disruption to service delivery and ensure day to day operational control. The timeframe for these upgrades varies by partner and are agreed as part of the transaction - ranging from six to twelve months, aligning with legislative requirements, or extending up to five years where needed to minimise disruption to care and education.

<sup>41</sup> [Energy Performance of Buildings Certificates Statistical Release: October to December 2024 England and Wales](#)

Since acquisition, 28 properties have undergone energy rating improvements. Currently 29 properties have requirements to improve EPC ratings, of which 15 have set timeframes and the remaining 14 are linked to legislative requirements. There is no obligation to improve properties already rated C, although approximately 25% of properties are rated A or B.

Looking ahead, CHP is exploring additional measures aimed at supporting operators to enhance the energy efficiency of properties where there is a clear business case. Where energy improvements are considered feasible, CHP will fund some or all the costs through a modest increase in rent. CHP will evaluate potential energy improvements alongside existing operating partners, as well as embedding these measures within future investments. In addition, CHP are actively developing a roadmap to strengthen its approach to environmental sustainability during the course of 2025.

TGE encourages CHP to continue developing this strategy as part of a broader long-term approach to environmental sustainability and drive property energy performance that is above sector averages.



Tayo Bilewu (CIM ESG Director) and Carol Haynes (CIM Quality Director)

# 4. Progress Towards Outcomes

The Impact Themes provide a framework for assessing CHP's activities and the factors under their direct control. This section captures the extent to which CHP is contributing to its targeted, long-term positive impact on people, places, and the planet.

CHP has identified four broad outcome areas which it believes it contributes to through continued provision of much-needed social infrastructure properties. These include:

- 1. SEND Education:** Improved education / development and enhanced career and life outcomes
- 2. Residents in Care Homes:** Improved quality of life and independence
- 3. Local Authorities:** Continued ability to meet their specialist education and residential care demands
- 4. Energy Efficiency:** Reduced operating costs and carbon footprint through energy efficient properties

CHP does not gather outcomes data on the real-world outcomes for people, places, and planet. Assumptions have been made based on publicly available data and through site visits and interviews conducted by TGE. Although this data collection provides us with an overview of the outcomes being experienced, it is not sufficient to give an in-depth understanding and identify all potential areas of risk.

## 4.1.1. SEND Education

Through site visits, regulatory ratings, and limited staff interviews, TGE has seen evidence that SEND education in the CHP properties is delivered to a high standard. In all the interviews with school operators, a focus was put on bespoke support packages for the pupils with individual outcomes being closely monitored and reported on. As a result, the availability of standardised monitoring data was limited, in part due to pupils having different outcome expectations based on their need.

Across three site visits TGE saw evidence of high-quality provision. The schools had a variety of facilities to cater to the wide range of needs amongst their pupils. These included multiple break-out spaces for children, adapted classrooms (e.g. with work booths and interactive learning tools), and support rooms (e.g. sensory rooms, massage therapy, art therapy, music therapy, etc).

Each year CHP's schools deliver



**£137m**

of additional lifetime benefit to society

*“The [schools] absolutely provide a good quality of care and good outcomes. I don't recall any issues.”*

- SEND commissioner <sup>42</sup>

<sup>42</sup>. Source: CHP commissioned independent due diligence (September 2023, updated July 2025)

## Monetising the long-term benefit of independent SEND schools

A report published by Sonnet on behalf of the National Association of Independent Schools and Non-Maintained Special Schools (NASS)<sup>43</sup> concluded that attending independent education that meets their needs, benefited SEND pupils and those around them with a wide range of lifetime outcomes. These include:

- Accessing education, training, or volunteering opportunities
- Living independently in adulthood
- Improved physical and mental health
- Less need for adult social care support
- No or less involvement with the criminal justice system (as victim or perpetrator)

The report found that attending specialist SEND schools gave a net lifetime benefit to society of £380k per learner. These benefits are a felt by a range of stakeholders: the learner themselves, their parents, and the taxpayer.

This methodology was based on comparing the expected outcomes of a pupil who attends an

independent SEND school, and experiences the relevant long-term benefits outlined above, and a realistic alternative provision and the resulting potential outcomes.

As well as comparing the value of the lifetime benefits, the methodology also compared the cost of provision, resulting in an overall costed net lifetime benefit.

The specific benefits were calculated by considering five pupil archetypes, which map student journeys through the independent SEND schooling system. This methodology was developed with input from key sector stakeholders including teachers, parents, and headteachers.

Assuming the archetypes used in the Sonnet methodology are representative of the wider SEND schooling system and CHP's portfolio, TGE has estimated that CHP's schools deliver an additional £137 million of lifetime benefit to society each year.

This analysis has not been applied to children's residential homes due to a lack of validated external reference points and research required to reliably monetise outcomes.

Box 4

### Indicative profiles of students prior to attending a CHP school

Multiple Special Education Needs	Autism	Social, Emotional & Mental Health
<ul style="list-style-type: none"> <li>— Lives at home with mother, father and siblings and has a EHC plan</li> <li>— Diagnosed with multiple SEN including Communication and Interaction, Cognition and Learning, SEND and Sensory / Physical Needs</li> <li>— Attended a mainstream school but has difficulty with attention, expression, communication, emotional regulation, interaction and well-being</li> <li>— Reported to have good learning potential but works at levels below expectation</li> </ul>	<ul style="list-style-type: none"> <li>— Lives at home with mother, father and siblings and has a EHC plan</li> <li>— Diagnosed with autism, not yet independent with some aspects of personal care</li> <li>— Severely limited receptive and expressive language</li> <li>— Attended a mainstream school but unable to participate in full curriculum</li> <li>— Difficulties with communication, social skills, understanding the world around him and ability to focus on single task</li> </ul>	<ul style="list-style-type: none"> <li>— Taken into foster care at an early age following neglect and domestic abuse</li> <li>— EHC Plan issued for SEMH needs by the local council</li> <li>— Multiple foster parent breakdowns</li> <li>— Receives ongoing support from Occupational Therapist</li> <li>— Attended a mainstream school but can exhibit challenging and violent behaviours</li> <li>— Goes into 'fight or flight' mode and displays high levels of adrenaline, requiring police physical intervention</li> </ul>

Source: CHP commissioned independent due diligence (September 2023, updated July 2025)

43. Sonnet – Advisory and Impact, 2023, 'Reaching my potential: The value of SEND provision demonstrated through learners' stories. A report for the National Association of Independent Schools and Non-Maintained Special Schools (NASS)'

## Case Study

### **SEND School**

The school operated by one of CHP's partners, caters to students aged three to 18, focusing on learners whose needs are not met in mainstream education. Many students arrive from mainstream settings, often having experienced multiple school placements and exclusion. The majority come from within a 20-mile radius, with referrals from up to eight local authorities.

The school provides tailored support with a tiered fee structure reflecting different levels of need, ranging from 3:1 staffing ratios to 1:1 support. Facilities and pedagogy are deeply learner-centric, with personalised education pathways, a holistic enrichment programme ("50 things every child should experience"), and ongoing tracking of student progress. Staff reported that none of the school's leavers became "not in employment, education, or training" (NEETs) last year.

#### **A Nurturing and Enabling Environment**

The school offers a wide range of adapted facilities, including sensory rooms, therapy suites, and a life skills apartment designed to prepare older students for independence. The physical environment is inclusive, with retreat rooms and classroom cubicles for students requiring low-stimulation settings. Teachers and teaching assistants create a supportive learning environment with small group and one-to-one teaching structures.

Outdoor spaces, while safe and well-maintained, are somewhat limited in scope due to the town location. Nonetheless, the school ensures that all students engage in structured and free-play outdoor activities. Teachers eat alongside students to model positive social behaviours, contributing to a warm, familial atmosphere.

#### **Staffing and Leadership**

Annual teacher turnover is very low for the sector (4%), with strong internal career progression and a proactive approach to staff wellbeing. Daily wrap-up meetings, regular emotional check-ins, and access to mental health services contribute to a supportive work culture. New teaching assistants receive pre-start training and ongoing professional development, and the organisation has a programme that supports teaching assistants to become qualified teachers.

#### **Parent and Community Engagement**

The school actively supports families, offering advice sessions, emotional support, and regular meet-ups to reduce isolation and foster connection. Many parents have historically been excluded from school life due to the needs of their children but the school reported that inclusion and partnership with families is a core principle.

Feedback from parents highlighted the transformation they had seen in their children, particularly in confidence, life skills, and behaviour. While the school does not currently conduct long-term impact tracking, immediate outcomes for students and families appear positive and meaningful.

#### **Financial Resilience Through Investment**

CHP currently owns a small proportion of the operator's wider portfolio. However, the partnership has supported the organisation's growth and financial stability. The original asset sale helped the operator refinance debt and contributed to the opening of two new schools. In one instance, CHP encouraged a more extensive refurbishment than initially planned to further enhance the quality of the site.

The operator did not raise concerns about lease terms, noting that rents are manageable and represent a small portion of their total costs. As a fee-setting provider, they felt able to absorb potential cost fluctuations and appreciated CHP's sector-standard lease terms.

The relationship with CHP was described as positive and professional, with CHP regarded as a high-quality, well-informed investor.

## 4.1.2. Adult Residential Care Properties

For the two residential care properties we visited, we were impressed with the level of care and dedication of staff. One in particular had made a number of structural modifications to the property to create light and open spaces that fostered community, whilst also having lots of “break out” spaces where groups could relax or participate in activities. At both the sites, residents were allowed to make modifications to their rooms, including painting and hanging pictures. This is important to give residents a sense of ownership over the space and helping them feel at home.

At the sites, there was recognition that collecting outcomes information in a uniform way is challenging due to the highly specialist and personalised nature of services. However, operators also acknowledged this is an area for improvement. Due to the small size of the sites, they were able to give a fairly detailed breakdown of key outcomes experienced that year – for example, listing residents who had moved out to independent living, individuals with increased independence, and reduced safeguarding concerns. Both sites reported actively monitoring the use of medication and aiming to reduce it, with one following the “Stopping over-medication of people with a learning disability and autistic people” (STOMP) programme.<sup>44</sup>

The CHP portfolio accommodates residents with a wide range of specialist needs, and the property configuration and approach to care delivery necessarily differs accordingly. One site we visited had individuals with very high support needs and often confrontational behaviours. This site had a less homely feel due to the high security measures – in particular, there was a lack of decoration throughout the property, magnet lock doors every few meters, and a lack of communal spaces where residents could spend time together. Staff reported that residents were kept separated whilst in the property, reflecting a preference for private space to support individual care and treatment reflective of their highly complex needs.

### Savings to the taxpayer

Residential care homes can also create fiscal savings (the savings generated for public budgets) when residents transition from higher-cost settings such as hospitals into residential provision.

In general, over £2,000 per week of taxpayer’s funds are saved when individuals are moved from hospital provision to residential care homes.<sup>45</sup> Across CHPs portfolio, we estimate that this results in annual savings to the taxpayer of **£26 million**. While these savings are driven primarily by the delivery of services from CHP’s operating partners, CHP’s investment plays a role in enabling continued access to appropriate residential properties.

### Each year CHP’s adult residential care homes deliver



**£26m**

annual savings to the taxpayer

44. [The STOMP Health Campaign](#)

45. Mencap, 2018, [Funding supported housing for all: Specialised Supported Housing for people with a learning disability](#)

## Adult Residential Care

One of CHP's operating partners provides specialist residential care across England and Wales, supporting adults with a wide range of complex needs.

### A Model of Long-Term Residential Support

This particular property supports 26 residents, ranging in age from their early 20s to 80s, with needs spanning schizophrenia, Parkinson's, dementia, and learning disabilities. Care is highly personalised, with most residents receiving 1:1 or 2:1 support. Clinical care is supported by two on-site nurses and a dedicated team of around 30 care staff, many of whom have been with the facility since its opening 18 months ago.

Most residents arrive via hospital referral following a breakdown in previous accommodation. Move-on rates are low, reflecting the long-term nature of the care. Staff emphasised the importance of creating a homely environment - despite regulatory shifts away from using the term "home for life," this remains the effective ethos.

Residents live in self-contained studio flats with private wet room bathrooms and the ability to personalise their space. Communal lounges, kitchens, and an accessible outdoor garden provide opportunities for social interaction and independence. The centre offers in-house activities and access to an off-site wellness centre, which includes a pool.

### Person-Centred Care and Community

The operating partner applies a clinical evidence-based model, which promotes active support and skills development. Residents are encouraged to budget, cook, shop, and maintain their health. For those without degenerative conditions, a key outcome is enhanced independent living - progress is monitored through care plans, with additional metrics such as reductions in medication tracked where relevant.

A community atmosphere is fostered through shared spaces and open-door practices. Families - often living within a 45-minute radius - are closely involved in care planning and can visit at any time. Staff view families as key partners and support home visits where appropriate.

The service aims to improve its quantitative outcome monitoring and is currently fundraising for an interactive screen to support engagement and wellbeing.

### Sustainable Partnership with CHP

CHP, alongside other Funds advised by CIM, is the major landlord for the operating partner's residential portfolio. While CHP specifically owns three properties, the remainder of the operator's portfolio is owned by other funds advised by CIM. CHP has been a long-standing partner since the group's inception. The relationship is valued for its simplicity - working with a single landlord ensures uniform standards and eases compliance. CHP's quarterly visits from the Quality Director also contribute to shared learning and oversight.

Properties are held on 30-year FRI leases with inflation-linked rents. While this model transfers maintenance risk to the operator, CHP has shown flexibility. Rents are generally viewed as fair and aligned with local authority funding thresholds.

### 4.1.3. Children's homes

We visited two children's homes and were impressed with the environment that they created for the children living there. Effort had gone into making the homes as homely as possible – for example limiting the number of formal notices and having lots of images on the walls. We do not have outcomes data for the residents but heard examples of homes providing stability for people with difficult childhoods and supporting tenants with big life-changes.



## Children's Residential Care

TGE visited a five-bed children's home, owned by CHP, providing a safe and supportive environment for young people. The home is designed to provide long-term stability and specialist care for children and young people with complex backgrounds, including those in the National Transfer Scheme (NTS) for unaccompanied asylum-seeking children and those removed from their homes due to serious safeguarding concerns.

### Relationship with CHP

CHP partnered with the operator to acquire the property, supporting the continuation of the business and ongoing provision of care. CHP was favoured due to the favourable terms compared to other investors allowing greater financial sustainability and CHP's familiarity with the needs of social care providers and their experience in this sector.

### Financial sustainability

The lease arrangement with CHP has provided the operator with long-term financial flexibility, allowing them to invest in property improvements. TGE heard that the capital from the transaction has supported organisational improvements, such as:

- A substantial pay increase to improve recruitment and retention
- Investment in training, new vehicles, and property upgrades

The rent has been set at a sustainable level and has been partially offset by an increase in the efficiency of operational structures.

### The property

The property provides a calm and homely atmosphere, with individual bedrooms, communal spaces, a games room, and a small garden. Recent upgrades have included the conversion of a double garage into a games room and office space, while a planned kitchen redevelopment aims to improve functionality for both residents and staff.

The property is well-situated in town with strong transport links, allowing residents access to education and employment opportunities

### Care and wellbeing

At the time of the visit, four of the five available rooms were occupied. Residents included a mix of young people with diverse backgrounds and needs, some of whom have lived at the home for several years. One resident was using the annex as independent accommodation after recently becoming a parent - staff had supported them in maintaining a safe environment for their child to visit.

The registered manager emphasised that the success of the home depends on the right mix of residents, ensuring that placements are carefully managed to maintain stability. This approach helps reduce crisis situations and staff turnover, leading to a more sustainable care environment.

### Staffing

Staff are trained to SVQ/HND level in social care, with many also receiving training in the Solihull Approach.

The manager noted that staff retention has improved significantly, largely due to better profiling of prospective residents and a more structured approach to maintaining a stable environment.

## 4.1.4. Local authorities

The services provided by CHP's operators are meeting a demand from local authorities, however, there are risks that the increased demand and cost of this provision is not financially sustainable and could have a negative impact on local authority budgets. While potential reforms to SEND funding and increased investment in mainstream provision may help ease some future pressures, the financial strain on local authorities remains a key concern. The government has introduced temporary measures such as the Safety Valve programme to manage deficits in the short term as an acknowledgement of the importance and need to fund essential special education and specialist care services, but long-term structural solutions are still needed.

All operators reported that there is more demand from local authorities for their schools than available places and that they hope to expand to help meet this demand. They also regarded the cost savings to the public purse of lifetime outcomes generated to mean that the provision is good value for money for the government (see section 4.1.1 above for more details). CHP provided TGE with two independently conducted due diligence reports (September 2023, updated July 2025), both of which included quotes from interviews with SEND commissioners. For the most part the interviewees expressed positive sentiments about value for money within the schools they were being asked about:

***“... Independent special schools typically charge more than state special schools for the same child, but the facilities are often better, with dedicated teaching resources to guarantee better quality and outcome...”***

***“It didn't feel like we were talking about fees, it felt like we were talking about how best to meet the needs of the child. They were very open to conversation.”***

***“... [fees] are in line with other providers that we place with for a very high level of support. They charge a reasonable price.”***

However, one report quoted a commissioner saying in 2022, a year of high inflation, “... This year the price increase has been astronomical, with uplift requests of 5-35%. I expect this will continue over the next year...”. Another had a more modest estimate of long-term fee increases of 2-4% per year. In an interview with TGE, two commissioners who are not involved with operators in the CHP portfolio commented on risks of low value for money for the taxpayer in the sector in general. These commissioners reported that, although many parents prefer their children to go to independent schools rather than receive state provision, the current level of reliance on independent placements is not financially sustainable. They cited SEND education as one of three expense areas burdening local authorities' finances across the UK. This aligns with wider research on the rising cost of independent SEND education provision. While the need for high-quality specialist support is not in dispute, there is growing recognition that additional funding is needed to increase supply of all types of SEND provision. (See Box 2 on page 23 for more details).

## 4.1.5. Energy Efficiency

CHPs current property EPCs and planned improvements are achieving energy efficiency ratings that are better than the UK average, and ahead of government regulation. CHP could do more to drive this outcome and has plans to develop this further. (See Section 3.4. on page 28 for more details).

# 5. Impact Risk

This section outlines key impact risks associated with CHP's investment activities using the Impact Management Project (IMP) framework. The IMP identifies five types of risk that could undermine the achievement, depth, or durability of social impact: efficiency risk, stakeholder participation risk, evidence risk, drop-off risk, and execution risk.

TGE has assessed each risk in terms of its likelihood and severity, and summarised them in the table below, alongside a brief description and the mitigation strategies currently in place or recommended. This approach helps identify areas where impact could be compromised and supports the development of a more resilient and intentional impact strategy across the portfolio.



IMP Impact Risk Type	Likelihood	Severity	Description	Mitigation
<p><b>Efficiency risk</b> The probability that the impact could have been achieved with fewer resources or at a lower cost</p>	Medium (likelihood is lower for higher acuity placements)	Medium	<p>For CHP, efficiency risk is particularly relevant given ongoing scrutiny of the sector around value for money to the taxpayer.</p> <p>This is a publicly funded and complex market with constrained supply and limited explicit regulation of pricing, this can create conditions for inflated pricing and excess returns although local authorities are required to demonstrate that they achieve value for money on public expenditure.<sup>46</sup></p>	<p>CHP mitigates this risk through commissioning independent due diligence specifically evaluating value for money for high acuity care and education. These include commissioner interviews with a question on value for money of fees.</p> <p>To address this risk further, CHP could enhance its approach by continuing to seek external assurance on the reasonableness of fees and ensuring ongoing engagement with commissioners around the cost-effectiveness and sustainability of services.</p>
<p><b>Drop-off risk</b> The probability that positive impacts do not endure and/or that negative impacts are no longer mitigated</p>	Medium (likelihood is lower for higher acuity placements)	Medium	<p>For CHP, drop-off risk could result from changes in SEND education funding that could reduce local authority spending on independent specialist schools over time.</p> <p>If government policy shifts towards expanding state provision and reducing reliance on independent providers for lower acuity cases, there is a risk that demand for independent SEND placements could decline, impacting the long-term financial sustainability of operators leasing CHP-owned properties.</p> <p>Additionally, CHP's lease structures do not currently account for potential changes in how the model is funded, meaning operators may struggle to absorb financial pressures if there are any changes.</p>	<p>CHP is confident this is a low risk given that its SEND education services focus on supporting children and young people with higher acuity needs. While the pace of demand growth may moderate over time, CHP considers it unlikely that overall demand for these high acuity services will decrease and any impact will likely be at the lower acuity end of the market.</p> <p>It has informed TGE that if financial pressures on operators do arise CHP has the flexibility to respond accordingly.</p>
<p><b>Stakeholder participation risk</b> The probability that expectations and/or experiences of stakeholders are misunderstood or not taken into account</p> <p><b>Evidence Risk</b> The probability that insufficient high-quality data exists to know what impact is occurring</p>	Medium	Low	<p>While we recognise the challenges of collecting standardised outcome and satisfaction data - particularly given the personalised nature of services and the cognitive needs of many residents - there remains scope for improvement in how outcomes and service user satisfaction are understood and reported. These challenges mean that traditional methods such as surveys or standard metrics, may not be appropriate or effective across all settings.</p> <p>This creates a risk of incomplete evidence, meaning CHP may not always have full visibility into whether outcomes are being achieved as intended at the asset level.</p>	<p>CHP continually monitor the sites for quality and have implemented a Quality Assurance Board. In addition, CHP reports that outcomes tracking is carried out in a bespoke manner at each school or service, tailored to the needs of individual users.</p> <p>This impact assessment incorporated site visits. While only a small sample, these interactions provide qualitative insights that support outcome evaluations for specific asset-level case studies and help mitigate the risk of incomplete evidence.</p>

46. Public Accounts Committee, January 2025, [Support for children and young people with special educational needs](#), The Times (March 2025) [Private companies cash in on demand for special-needs schools](#), Schools Week (2017) [More special needs pupils forced to go to private schools](#), Financial Times (January 2025) [The booming business of special needs education in England](#)

## 6. Conclusions & Recommendations

CHP is a responsible landlord, being deliberate about selecting operating partners, and taking active steps to ensure the quality of service provision. A good example of this is the appointment of an independent Quality Assurance Board. CHP's operating partners provide care and education services to some of the most vulnerable and in need residents and pupils, whose requirements have not been met by local authority and state run services. From the evidence that we have seen, the services provided by CHP's partners are of a high quality and making a significant difference to the residents and learners who are highly vulnerable and in significant need of support.

*Recommendation:* Continuing to build close working relationships and monitoring good governance and quality of operating partners must remain a priority for CHP as ultimately the greatest impact and reputational risk for the fund is that of negative experience and outcomes for the individuals and families concerned.

CHP's investment model sits at the intersection of social need, private sector delivery, and the ongoing challenge of ensuring value for money in publicly funded services. Evidence shows that parents tend to prefer independent special schools for children with complex needs, citing higher satisfaction levels, better support, well-invested facilities and improved outcomes compared to mainstream settings (see Box 2). Although fees are high, feedback provided by CHP from local government commissioners as well as TGE interviews found that schools are perceived as providing value for money, given the quality of the facilities and high level of support. However, this is a publicly funded and complex market with constrained supply and limited explicit regulation of pricing, which can create conditions for inflated pricing and excess returns although local authorities are required to demonstrate that they achieve value for money on public expenditure. For long-term sustainability and public trust, TGE believes that it is important that fee levels and investor returns are transparent, proportionate, and defensible from a value for money perspective.

*Recommendation:* In its ambition to scale-up, CHP could consider engaging with long-term, mission-aligned UK investors such as the Local Government Pension Scheme (LGPS). This could support sustainable sector growth in a high priority area of local government spending, and offer the benefits of national ownership of the assets and reinvestment of financial returns into local public sector pensions. Such social infrastructure partnerships may also strengthen confidence in the integrity and long-term contribution of the investment model.

CHP has demonstrated a defining characteristic of impact investing, namely additionality in some of its investments i.e. contributing to a positive change in societal outcomes that would not have happened otherwise. Certain investments have supported the expansion of service provision, improved the quality of facilities, and contributed to enabling operators to increase staff pay. In relation to environmental performance, CHP has contributed to improving energy efficiency and is developing a roadmap to strengthen its approach to environmental sustainability.

*Recommendation:* CHP could enhance its impact investing credentials by prioritising investments where capital plays a catalytic role, for example, by enabling partners to expand the supply of specialist schools and care homes. In parallel, CHP could place greater emphasis on energy efficiency and renewable energy use which would enhance environmental outcomes while also supporting cost savings for operators, particularly in light of rising energy costs.

# Appendix

## Appendix 1 – Methodology

The findings in this report are based on a mix of quantitative and qualitative data. This includes:

- Portfolio data provided by CHP
- Interviews with CHP's partners.
- Interviews with CHP staff.
- Site visits to selected properties/investees.
- Wider desktop research, where relevant.

Data source / evidence	Overview	Evidence risk	Comments
Property-level portfolio data	Portfolio data provided to TGE by CHP. For each property, this data provides the following information: investment data, lease term, address, operating partner details, number of units, / spaces, occupancy, care needs	Low	Reliant on accuracy of data provided by CHP
EPC and EPC upgrade data	Dataset showing distribution of EPC ratings and overview of EPC upgrades and timeline to complete updates	Low	As above
CQC and Ofsted ratings of operating partners	CHP provided publicly available data on the CQC and Ofsted ratings of its operating partners.	Low	Publicly available on CQC, Ofsted website
Interviews with operating partners	Interviews carried out with specialist education, children's residential care and adult residential care operators who deliver support services to residents or SEND students on CHP owned properties. Through these interviews, TGE aim to find out about the operating partners general relationship with CHP, as well as specific details in relation to selected schemes.	Low	TGE spoke to six out of seven operating partners for this report and so TGE has had conversations with a large proportion of CHP operating partners.
Interviews with CHP staff	Interviews carried out with various members of CHP's staff, including the organisation's directors, as well as those from investment teams and quality management teams.	Low	Reliant on the accuracy of the answer provided by CHP staff. Also, though these conversations provide insight into the Fund's processes and activities, they cannot provide the full picture since some info is confidential and cannot be shared.

Data source / evidence	Overview	Evidence risk	Comments
Site visits to selected schemes	Site visits carried out by TGE to selected CHP sites. On these visits, TGE aim to speak to the support staff and residents (where permissible) to understand the real-world impact these homes are having on residents	Medium	<p>TGE aimed to visit at least one property from each operating partner and managed site visits to five out of seven operating partners.</p> <p>Once at a property, there are very few limitations, TGE can develop an accurate and in-depth understanding of the impact delivered. For this report, TGE visited seven properties in total across England, Scotland and Wales. CHP's portfolio consists of 79 properties and so TGE has only visited a small subset.</p>
SROI data of SEND school social benefits	Estimates the lifetime social benefit of pupils attending specialist SEND schools based on Clifford et al (2023) report, commissioned by the National Association of Independent Special Schools (NASS). This report defines five archetypes within the SEND schooling context and identifies the benefits of specialist provision and the costs of counterfactual scenarios.	Medium	The methodology relies heavily on assumptions about long-term outcomes and counterfactual scenarios, which can be subjective. Estimations are sensitive to changes in archetype definitions and costing assumptions.
SROI data of adult residential care fiscal savings	Fiscal savings are estimated using data from CHP's operating partners regarding the previous accommodation types of residents. Costs savings are calculated based on the reduced public spending associated with the transitions from previous accommodation types.	Medium	This method depends on data from CHP's operating partners and assumed cost savings related to hospital and residential care costs. Variability in healthcare costs, changes in government funding, and shifts in care models could impact estimated savings. The 25% attribution to CHP is based on assumed cost distribution, which may not accurately reflect CHP's financial influence in enabling these outcomes.

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