



Compass
Carter
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HealthInvestor
Awards 2024 
WINNER
Executive Search Firm of the Year

Market Update

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Introduction

Incredibly it has already been a year since I joined Compass Carter Osborne and returned to the health & social care sector. To say it has been eventful would be an understatement. During 2024 we received investment from private equity, acquired a close competitor, rebranded, launched a new website, ran a full events programme (which included [an excellent session on transitioning from executive to non-executive roles](#)), expanded our life sciences division and were named HealthInvestor's 'Executive Search Firm of the Year'. Never a dull moment...

A few months into my time at CCO, I [wrote an article](#) detailing three of the main themes that had emerged from my first few-dozen meetings. The first concerned the prospect of a Labour government and the positivity, or at least cautious optimism, that I felt across the sector at the time. The second predicted an uptick in independent sector & NHS collaboration, with increased investor interest in outsourcing/insourcing, primary care and diagnostics providers, while the third explored the concept of board and executive committee composition, namely balancing health & social care experience with fresh, out of sector perspectives.

Revisiting those themes

I'm not a fan of making bold predictions at the beginning of each year, as I'm invariably wrong and it's embarrassing to have to keep admitting it. However, I do think there is value in revisiting those trends I observed early last year and looking at how they evolved as 2024 unfolded.

The fallout from the election and the new government's first budget could fill a whole follow-up article on its own.

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“Suffice to say that the increase to employer's national insurance came as a surprise and has left a bad taste in the mouths of sector leaders. This is being particularly keenly felt in social care, where margins are already razor thin and providers have been left scrambling to find millions of pounds in cost savings just to stand still.”



The news that the sector will now wait until 2028 for an independent commission on a new 'national care service' has done little to reassure providers that adult social care hasn't once again found itself stuck on the government's 'too difficult' pile.

Healthcare providers are slightly more positive, for reasons that relate to last year's second theme. The modest but steady flow of acquisitions in the diagnostics and clinics markets throughout the year demonstrated the increased investor interest in the space. As if to vindicate that interest, we began 2025 with the news that [the NHS and the independent sector have agreed a new deal](#), which will seek to help the health service reduce waiting lists by better utilising private sector capacity.

“Positive signals for sure”

says one sector CEO,

'but the devil will as always be in the detail. We're ready to go, today'. Community diagnostic centres are still very much in vogue; there is a concerted push to build more and to keep them open for longer.

Senior team composition remains a hotly debated topic. The sense is that HR and finance are still the most 'sector agnostic' seats on the executive committee and we continue to advocate for out of sector hiring wherever appropriate. I was particularly proud of one people director search this year, where neither of the final two candidates in process had ever worked in health & social care previously. To its credit, the client's board of directors welcomed this with open arms, found itself with a very difficult choice to make and is now benefiting from a fresh perspective on the executive team.

Operations, operations, operations

While the broader recruitment market felt the impact of an economic slowdown, executive search remained pleasingly busy. Last time around, I noted significant client interest in filling commercial, sales and business development positions. This proved to be the case throughout the year, but was eclipsed by the number of COO (and other operational leadership) searches I found myself mandated on, in sub-sectors as varied as surgical hospitals, residential care, mental health and consumer healthcare businesses. The ability to deliver quality against a backdrop of tight cost control was perhaps unsurprisingly a key focus in every instance.

From a remuneration perspective, private hospital groups in particular are beginning to construct pay deals to rival similar-sized businesses in the FTSE 250. There is a commendable acknowledgement that the familiar client refrain of 'we want the best' needs to be accompanied by a commensurate reward package. Budgets are naturally tighter in social care, but even in this space I have observed a closer relationship between candidate and client expectations.

Gyms in rude health

In health & fitness, gym and health club operators are

experiencing a revival following the desolate Covid years, with member numbers and market value reaching all-time highs in 2024.

In the private sector there are roughly 4,500 health clubs in the UK, with the largest 10 operators accounting for 60% of the sector's £4.5bn market value.

2024 saw a series of positive market updates from providers and this has

continued into January '25, with The Gym Group becoming the latest operator to report positive trading momentum.

In leadership terms there are considerable parallels with the position the private hospital sector was in five or ten years ago, with an outsized number of 'sector lifers' to be found in executive roles, in many cases beginning their careers as personal trainers or club managers and ascending the ranks to the executive committee. There is increased appetite for bringing out of sector experience into these businesses to complement that deep fitness expertise; I would expect to see this continue throughout this year.



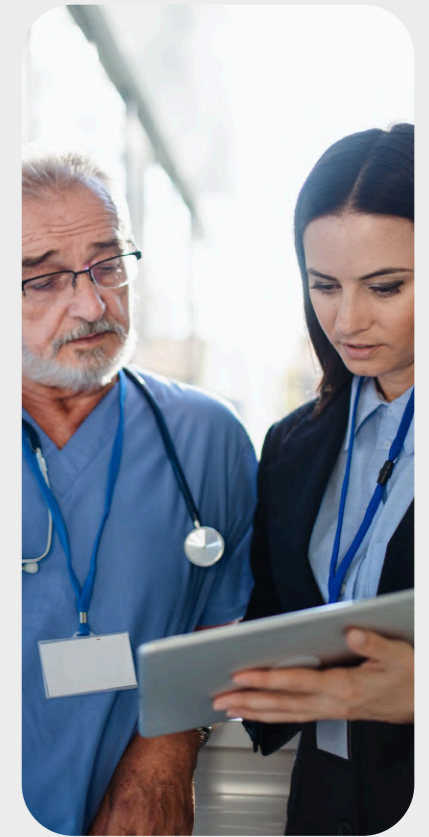
Looking ahead

There is little doubt that the outlook for 2025 remains choppy, due in no small part to the aforementioned budget. According to Deloitte's latest CFO survey, taken in December '24, 'plans for corporate investment, discretionary spending and hiring in the next 12 months have been trimmed. Employment expectations have seen the sharpest fall since the start of the pandemic in early 2020'.

There is nonetheless justification for optimism. The fundamental factors that make health & social care an attractive home for investment

capital remain intact. I'm informed by trusted sources that there are international hospital operators, from the U.S. and Turkey for example, exploring entry to the UK market. Similarly, sub-sectors such as private oncology, ophthalmology, psychiatry and teleradiology look set to continue their growth trajectory.

At the risk of sounding like a broken record, what unites each of these operators and sub-sectors is the need for high-quality leadership. We look forward to another year of working with investors, chairpersons, boards and CEOs to appoint best in class leaders for their businesses.



Award winning executive search for the investor backed healthcare and life sciences sectors

Additional Resources



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