

AGENDA ITEM

REPORT TO CABINET

8th September 2011

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Adult Services & Health – Lead Cabinet Member – Councillor Jim Beall

Southern Cross Healthcare

1. Summary

The report provides background to Southern Cross Healthcare's operating model, details care homes currently operated by Southern Cross Healthcare in Stockton and gives an update on how these care homes will be operated from 1.11.11.

2. Recommendation

It is recommended that Cabinet notes the content of the report.

3. Reasons for the Recommendations/Decision(s)

This report is for information only.

4. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

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SUMMARY

The report provides background to Southern Cross Healthcare's operating model, details Stockton's care homes currently operated by Southern Cross Healthcare in Stockton and gives an update on how these care homes will be operated from 1.11.11.

RECOMMENDATIONS

It is recommended that Cabinet note the content of the report.

DETAIL

Southern Cross Health Healthcare is currently the largest provider of care home services nationally. During the period 2006-2008 the company pursued an aggressive acquisition strategy involving the purchase of a number of care homes across the country, including the North East of England, where Southern Cross Healthcare has a substantial share of the market. The company's approach to acquiring the finances for this strategy led to financial problems during 2008, leaving the company heavily in debt and with falling share prices. At that time Southern Cross Healthcare gave assurances that the company was profitable and financially viable, however the company was also beset nationally by a number of serious safeguarding and quality issues which were the subject of considerable media coverage.

In March 2011, further media reports of the company's financial difficulties began to emerge and in June 2011 Southern Cross reported that it was entering into a series of discussions with its landlords, which it was hoped over a period of up to four months would see the group restructured and continuing to trade, having divested itself of some of its most unaffordable homes and with some care homes being transferred back to landlords. The intention was that landlords that were care home providers would directly provide the care themselves and those that were not would engage alternative care providers to do so on their behalf. The anticipated completion date for this re-structuring exercise was October 2011. Nationally the company operate 752 care homes and of those homes, 250 are owned by landlords who are also existing care providers.

In July 2011 Southern Cross Healthcare announced that it would cease providing care home services after October 2011 and suspended trading in the company's shares. This is a matter of the corporate governance requirements for the UK Listing Authority and does not have an impact on the day to day trading or operation of the care homes themselves. Until alternative operators are engaged, Southern Cross Healthcare will continue to trade as a company and work with landlords and local authorities to manage the process of transfer to other operators. The Care Quality Commission has agreed to make additional resources available to ensure that new

providers are registered in a timely manner. New providers will also have to undertake the council's care home accreditation process.

The Southern Cross Healthcare care homes operating in Stockton on Tees are:

- Wellburn House, Wellburn Road, Fairfield, TS19 7PP
- Allington House Marsh House Avenue, Billingham, TS23 3ET
- Hadrian Park, Marsh House Avenue, Billingham, TS23 3DF
- Stockton Lodge, Redhill Road, Roseworth, Stockton-on-Tees, TS19 9BY
- Piper Court, Sycamore Way, Stockton-on-Tees, TS19 8FR
- Victoria House, Bath Lane, Stockton -on-Tees, TS18 2DX
- Ayresome Court, Green Lane, Yarm, Stockton-on-Tees, TS15 9EH
- Highfield Nursing Home, Harker Close, The Meadowings, Yarm, TS15 9XH

Appendix 1 provides details of the type of care home provision, the landlord of each care home, the new operator, occupancy and the current overall vacant capacity in Stockton care homes.

Discussions are continuing between the council, the Primary Care Trust (PCT), Southern Cross Healthcare, their landlords and prospective new care providers to ensure the care of residents is not disrupted. We have been given assurances that the care homes in Stockton are considered viable businesses. Letters have gone to all residents of Southern Cross Healthcare care homes in Stockton and council officers have worked with colleagues in other councils to ensure that residents placed out of area are included in the relevant communications. Information is also available on the council website. Elected Members have received communication by email and the Leader of the Council and the Lead Cabinet Member have received regular updates on progress. The Council and PCT communications departments have worked together to manage external communication. Council and PCT officers have collaborated regionally to identify and address potential risks to the continuity of service provision.

FINANCIAL IMPLICATIONS

It is not expected that there will be financial implications of care homes transferring to a new operator.

LEGAL IMPLICATIONS

New operators will need to undertake the council's accreditation process and enter into a joint council and Primary Care Trust contract to provide services.

RISK ASSESSMENT

As entered on the corporate risk register. A contingency plan is in place that details care home occupancy and vacancies in Stockton across all provision. Officers are working with the PCT to ensure that nursing and dementia nursing alternative capacity is monitored locally and Tees-wide. Regional information is available via the Association of Directors of Adult Social Services (ADASS) and Strategic Health Authority networks.

COMMUNITY STRATEGY IMPLICATIONS

Sustainable provision of care home services across Stockton is necessary to promote the health and well being of older and disabled adults who require care in a care home setting, as part of the overall portfolio of care and support services.

EQUALITIES IMPACT ASSESSMENT

This is attached as appendix 2

CONSULTATION INCLUDING WARD/COUNCILLORS

Councillors have been kept informed of the position.

Name of Contact Officer: Liz Hanley
Post Title: Adult Strategy Manager
Telephone No. 01642 527055
Email Address: liz.hanley@stockton.gov.uk

Background Papers

There are no background papers

Ward(s) and Ward Councillors:

This update relates to services provided across the Borough.

Property

This report does not relate to council property.