

Title <b>Southern Cross Care Homes Briefing Paper</b>	To <b>Health and Adult Social Care scrutiny</b>
From <b>Susanna White Strategic Director of Health and Community Services</b>	Date <b>23 September 2011</b>

## 1. FOREWARD

Southern Cross run three care homes in Southwark, out of a total of 16 in Greater London and 753 nationally. The 3 Southwark homes contain a mix of residential and nursing beds, as summarised below.

### **Southern Cross Placements by the Council. (1 August 2011)**

<b>Southern Cross Placements</b>	Total	Residential Permanent	Residential Respite	Residential Temporary	Nursing Permanent	Nursing Respite	Nursing Temporary
Tower Bridge	56	24	1	2	29	0	0
Camberwell Green	27	3	0	0	23	1	0
Burgess Park	23	0	0	0	22	0	1
Other Southern Cross Homes	3	2	0	0	1	0	0
<b>Total</b>	<b>109</b>	<b>29</b>	<b>1</b>	<b>2</b>	<b>75</b>	<b>1</b>	<b>1</b>

Southern Cross currently provide **74%** (181) of all the **243** available nursing bed spaces in the borough and **21 (6.5%)** of the total of 290 beds residential care beds available for Southwark to use in the borough.

Southwark is the primary referring authority to these homes, although there are clients from other boroughs also placed. (Primarily Lambeth PCT and Lewisham, Greenwich and Westminster Council's) with a small number of self funders who have paid for their placement independently. All three homes carry voids at an average rate of **38%** (approx 92 beds)

## 2. UTILISATION BY SOUTHWARK RESIDENTS

Southwark Council currently purchase a total of **109 beds**. All but three of these beds are in the 3 homes situated in borough. There are a further 12 Southwark residents who have been placed by the PCT (Business Support Unit) in Southern Cross Homes. Virtually all of the placements are older people.

- **Nursing Beds:** Southwark has **77** service users placed in nursing care beds in the three homes. This equates to approximately **33%** of the Council's total placements of nursing care for older people.
- **Residential Care:** The Council currently has 32 older people placed in Southern Cross residential care beds, which constitutes approximately 9% of the boroughs residential placements of older people.

The Council is projecting to spend approximately **£3.6 m** on these placements in 2011-12. (Just under £2 m of which on the Tower Bridge Care home) All the placements have been on a spot contracting arrangement. The Council has never held a block contract with Southern Cross.

The Council has operated embargos against the local homes over the last year, due to concerns regarding the quality of care. These embargos had been lifted earlier this year for Tower Bridge and Camberwell Green, although the embargo continues at Burgess Park for all but very exceptional placements that are being requested by the family. The quality standards in the homes continue to be closely monitored to ensure that the organisational problems do not impact upon the care being delivered on the ground.

### **3. CURRENT RISK TO SOUTHWARK HOMES**

Some years ago Southern Cross devised an operating model whereby it sold the properties in which it run its homes and leased back the buildings. The properties were sold to private equity 'vehicles' largely set up specifically for the purpose. Rental agreements were set with an upward trajectory of rents. With the downturn in the economy, and Council policies of using less institutional care, Southern Cross ran into difficulties in paying its rents. This year it tried to get agreement from its landlords for rent to be withheld over the summer. Ultimately the landlords did not agree and Southern Cross notified the Council formally on 14 July 2011, that it would cease operating, whilst also giving assurances that the three homes in Southwark would continue to operate after their cessation of trading.

Since then, the Council has continued to work with Southern Cross directly, and through the Association of Directors of Adult Social Care (ADASS) in relation to transfer of the local homes. There is a landlord committee working to devise a way forward for all homes. The landlords have said they will bring in new operating companies. There are a few major landlords, and a number of smaller ones. NHP, the biggest single landlord, is working with Court Cavendish, an established provider, to set up a new operating company.

The web of parent and subsidiary companies involved in Southern Cross is wide and complex. It can make tracing ownership and liabilities difficult.

The current situation is as follows:

#### **Tower Bridge and Camberwell Green**

The Council has now received notification from Court Cavendish and NHP, that they will be forming a new registered care provider that will be operating under the name of "HC-One" . A provisional date for this arrangement has been set for 1st November 2011. From the information provided it would appear that the intention is

that this new company will take on the ownership of the homes, rather than there being a landlord/care provider relationship that existed previously. The situation remains under close review and officers will be pleased to further update the Scrutiny Meeting as these issues are finalised.

## **Burgess Park**

The Council has been informed formally by Southern Cross that Four Seasons will be taking over the Burgess Park Care Home. The Council has also received confirmation of this through separate and independent initial discussions with Four Seasons. It is understood that the timelines are likely to again be in early November, although as yet no final date has been set. They are now undertaking a period of due diligence in relation to TUPE requirements etc. The situation remains under close review and officers will be pleased to further update the Scrutiny Meeting as these issues are finalised.

## **4. RISKS FOR THE COUNCIL**

The risks to the Council of cessation of operations locally can be summarised as being twofold:

### **Risk 1 - Service delivery**

The greatest risk the Council would face would be in the in the provision of Nursing Care beds as Southern Cross is the major local supplier and has responsibility for 77 residents (23 of which are in Burgess Park).

The risk in relation to residential care placements would be less acute, as there is likely to be capacity in other homes within the borough (Primarily Anchor)

The impact upon the health and well being of the residents if any home were to close would be considerable. There are no very local nursing home alternatives.

### **Risk 2 - Cost pressures**

The second significant risk for the Council would be in relation to increased costs of alternative placements. The average weekly placement fee for Southern Cross Homes paid by Southwark is **£488** p.w. This is less than the fee charged by most other spot nursing care providers, where average unit costs are between **£500** and **£600** per week. The fees under the Anchor contract for residential care are again higher than those charged by Southern Cross, and vary from **£516** per bed per week to **£623** per bed per week.

These rates again do not account for market pressures pushing up costs if Southern Cross withdrew from other boroughs concurrently. The competition for beds between boroughs is likely to result in an upward inflationary pressure on bed prices.

## **4. CONTINGENCY PLANS**

Since the problems with Southern Cross were first known, the Council has been undertaking extensive contingency planning measures. These have followed the

principals of engagement issued to Local Authorities by ADASS in May 2011. The contingency plans are updated and reviewed regularly by senior officers of the Council. The priority would be to support Southern Cross in keeping the homes operating, given the lack of alternatives. The specific areas addressed through these plans include:

- Working with neighbouring boroughs, to jointly manage risk and ensure the continuity of service for the Council's out of borough placements. (The most affected boroughs being Lewisham, Greenwich and Bexley)
- Undertaking an assessment of the needs of the current Southwark residents in the three homes, to establish appropriate contingency plans for each resident.
- Work with Southern Cross in relation to ensuring that timely and accessible information is made available to family and other stakeholders.
- Enhancing monitoring of the homes to ensure that quality standards do not slip below acceptable levels as a result of the organisational uncertainty.
- The Council's brokerage service is identifying and monitoring bed availability in alternative homes.

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