

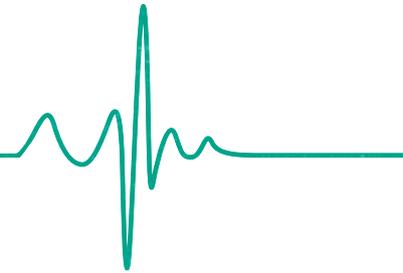


Grant Thornton

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Healthcare Insights

Issue 1



The specialist care sector has been under particular public scrutiny since the BBC Panorama programme of May 2011 regarding client abuse at the Winterbourne View Hospital, part of the former Castlebeck Group.

Grant Thornton has worked with Castlebeck for the last two years to refocus the business and after a six month administration trading period has now successfully secured the future continued operations under new ownership.

Quality of care must be the highest priority

Our role supporting care operators

Castlebeck operated 20 independent hospital assessment, treatment, rehabilitation and residential care units located in the Midlands, North East and Scotland, supporting high dependency learning disability and mental health clients.

Process overview

Since September 2011, Grant Thornton has been working with the company to support its recovery plan and refocus on care quality. This ensured front line quality care provision was fully supported by robust management and clinical governance procedures being placed at the centre of operations. In parallel, Grant Thornton worked to identify suitable providers to acquire the two peripheral operating divisions so a

continuation of mainstream learning disability care could be maintained through the administration period and onward to a new owner.

Outcome

The Mental Health and Adolescent care divisions were acquired by a private operator in November 2012 and February 2013 respectively. The Castlebeck business was acquired by The Danshell Group in September 2013.

"Professional engagement with all stakeholders was necessary to drive the operations through the critical trading administration period, whilst retaining the trust and confidence of commissioners to optimise occupancy levels. At the heart of a successful private care provider must be the quality of care. Private operators looking after vulnerable individuals have a huge responsibility to those people they look after."

Daniel Smith
Recovery and Restructuring Partner,
Castlebeck Administrator

What does good quality care look like?

- **Proven care pathways** – ideally to a community setting
- **Individually tailored and focussed care plans** – that can be monitored and progress reviewed
- **Quality of care home managers and staff** – cannot be underestimated
- **Clinical Governance and safeguarding measures** – need to be at the forefront of corporate structure
- **Flexibility of estate** – commissioning requirements are changing and the successful operator needs to be able to adapt its homes
- **Innovation** – care packages need to be adapted to meet individual's requirements and commissioner needs
- **Open engagement with commissioners** – partnership approach to help commissioners 'commission' well
- **Transparency** – open approach to any issues that are then tackled head on
- **Open dialogue with regulators** – regulator role is evolving and scope increasing
- **Company structure** – ensuring management is close to the business and active in the day to day running
- **Reporting** – to enable monitoring of home performance with KPIs to make sure any potential problems are identified early and successful initiatives can be rolled out
- **Staff training and culture** – maintaining staff training is essential to deliver quality care, as is a 'zero tolerance' on staff misdemeanours which could result in reputational damage

What other issues does the sector face in 2013?

- **Increased administration burden** – the need for extensive clinical governance, safeguarding procedures and reporting can be difficult for smaller operators to implement, and larger operators to achieve
- **Fee rates** – move to framework agreements and standardised fee rates does not take into account that care is being provided for individuals with tailored care requirements
- **Increased acuity of care and care requirement** – the cost saving agenda has led commissioners towards supported living where possible, meaning that long term residential care is increasingly higher acuity with commensurate cost
- **Role of the regulators** – the regulators are also under the spotlight and their role is evolving and scope increasing, to include monitoring of financial stability as an example
- **Media spotlight** – the media have highlighted a number

of chronic failures within residential care in the last two years. This has refocused attention on care quality, management and clinical governance. However there still appears to be a continued negative agenda towards private care provision despite the numerous examples of private operators providing excellent quality care at increasingly competitive prices

- **Commissioning environment** – remains uncertain and commissioners themselves are unsure of their long term positions, meaning they need help to ensure the right care package is commissioned in the short and longer term

"The industry is increasingly seeing the best quality operators with efficient and fit for purpose assets rise to the top. Those failing to deliver quality care are facing increasingly tough regulators determined to drive up standards and drive out sub-standard providers."

Mark Naughton

Head of Grant Thornton's
Healthcare Corporate
Finance team

Grant Thornton's Healthcare specialists

Grant Thornton has considerable experience of working with the private care sector with a range of advisory services that include fundraising, mergers and acquisitions, exit planning, restructuring and recovery. These services are designed to help providers save money, reduce risk and restructure their businesses by taking advantage of current market opportunities. Over the last two years, our Corporate Finance care specialists have been particularly active completing over 25 deals in the sector whilst the Restructuring team has completed 14 private care assignments with complex operating issues.

To find out more about how our experienced healthcare advisers can help your business grow successfully within the specialist care sector please contact:



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