

# Council cutbacks blamed as Four Seasons Health Care collapses

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Four Seasons Health Care said its care homes were not expected to close REX FEATURES

One of Britain's biggest care home operators has gone into administration after racking up debts of £600 million.

Four Seasons Health Care has appointed administrators in what is the largest care home group collapse since Southern Cross failed in 2011. Four Seasons looks after 17,000 residents and patients in 300 care homes in England, Scotland and Northern Ireland. It employs more than 20,000 staff.

Yesterday it said that the insolvency was not expected to lead to the closure of any of its care homes or to changes to care arrangements for patients. It has agreed a funding arrangement to keep its care homes running while Alvarez and Marsal, the administrators, try to find a buyer for the company.

“Today's news does not change the way we operate or how our homes are run or prompt any change for residents, families, employees and indeed suppliers,” said Claire Royston, the company's medical director. “It marks the latest stage in the group's restructuring process and allows us to move ahead with an orderly, independent sale process.”

Four Seasons has struggled with the rising cost of providing care as wage bills and the national living wage have risen and council funding has been cut.

The collapse highlights the precarious nature of the care home sector, in which operators are battling against the squeeze on councils. Southern Cross, once Britain's largest care home business with 31,000 residents, went bust in 2011 because of a similar combination of rising costs and public sector cuts.

In recent years Four Seasons has warned about its finances and said that it could not meet large interest repayments on its mounting debts. It looked likely to go bust in 2017 but was saved by a £70 million lifeline from an American investment firm that owns most of its debt.

Four Seasons is owned by Terra Firma, a private equity firm led by Guy Hands, one of the most high-profile venture capitalists in Britain. Terra Firma bought the business in 2012 for £825 million believing that it could capitalise on an ageing population, but apparently underestimating the growing debt pile. Last year Mr Hand's fund ceded control to H/2 Capital Partners, a hedge fund that holds substantial investments in north America.

The Care Quality Commission, which regulates health and social care in England, said that it would monitor developments at the company closely in the coming weeks.

It has a duty to inform local authorities if it believes that care services are likely to be affected. Debbie Westhead, the regulator's chief inspector of adult social care, said: "We will continue to keep this under review and remain in regular contact with Four Seasons throughout the process."

The group runs 322 care homes and hospitals under the Four Seasons, Brighterkind and Huntercombe brands. Huntercombe provides specialist mental healthcare for adults and children from 23 sites, while Brighterkind has 46 care homes for patients who pay privately.

The GMB trade union called for the government to step in to reassure Four Seasons' staff and residents. Rehana Aazam, the GMB's national secretary, said: "The collapse of Four Seasons shows our care system is in crisis. It is crumbling beneath us because the funding isn't there. Lack of funding in the care sector is putting the profession, and all our futures, in serious danger."