Four Seasons funding crisis: thousands of elderly care home residents face uncertainty

Frail elderly residents could be rehoused as Britain's biggest operator begins an urgent review of its finances

By Dan Hyde, Consumer Affairs Editor
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Elderly residents at nursing homes run by Britain's largest care provider could have to be rehoused unless the firm's funding crisis is resolved soon, it has emerged.

Four Seasons Health Care is understood to have begun an emergency review after losing £25 million in the three months to June.

The company looks after 20,000 patients at 450 nursing homes. According to reports, loss-making residences could be closed unless Four Season can obtain more funds from investors or the Government.
Executives have already admitted that plans to introduce a national living wage next year will put at risk "hundreds" of homes run by private care operators.

In a letter to George Osborne, Four Seasons joined Bupa UK, HC-One, Care UK and Barchester in warning the extra costs would mean "thousands of older people could be left without a home".

The uncertainty facing frail elderly residents and their families has been compared to the crisis in 2011 when Southern Cross collapsed after running out of money to pay rent on its 750 homes.

The leases on properties housing 31,000 elderly and disabled people were eventually sold off to rival operators, including Four Seasons. According to experts such as Vernon Baxter, editor of HealthInvestor magazine, none of the Southern Cross residents was "forced out on to the street" because the "market came together to provide an ordered solution".

It is unclear whether those living in Four Seasons care homes will be as lucky. The company has repeatedly insisted its business model is different to Southern Cross because it owns the majority of its properties, whereas Southern Cross rented them.

According to The Sunday Times, Four Seasons has already started selling properties it lets to other care home operators as the firm tries to stay afloat.

But a larger disposal of its properties might prove trickier. The entire care industry now faces a greater funding pressures than in 2011 and other companies could decide against buying Four Seasons homes if they cannot see a way of making a profit. In such a scenario, residents may be forced to fall back on NHS facilities.

Ian Smith, chief executive of Four Seasons, said an unusual surge in winter deaths and rising costs meant the whole sector was "in urgent need of government attention".

Just 85 per cent of its rooms are now occupied and its profits are being wiped out by interest on a £500 million debt pile.

In June it was forced to shut down a small property in Aberdeenshire after the home, which had around 30 residents, was rated unsatisfactory by inspectors.

A spokesman said the company had "reluctantly taken this decision" because it was "unable to recruit and retain staff of the right calibre to maintain the standards of care" it expected.

Experts are concerned that the quality of care could decline at other care homes run by private companies as the funding crisis continues.
The Joseph Rowntree Foundation said the way nursing homes were funded and run had left them in a "permanent sense of crisis".

John Kennedy, who conducted an inquiry into the sector last year, said: "The Government, regulators and care home providers need to come together to improve funding and pay, cut bureaucracy and inject humanity back into the system we rely upon to look after our loved ones and ourselves."

A spokesman for Four Seasons was unavailable for comment.

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