
Care UK Health & Social Care Investments Limited

BUSINESS

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1 Overview

Care UK continues to occupy a unique position within the health and social care markets, as the largest independent provider of NHS services and as the largest developer of new residential and nursing care homes.

The Group operates a balanced and diverse portfolio encompassing a broader range of specialist clinical and social care services than any other provider. Care UK's portfolio is closely aligned to commissioners' current and anticipated priorities, and focused on patient, service user and customer expectations and choice.

Care UK's breadth of services strongly supports health and social care across the UK by:

- Building social care capacity through the UK's biggest investment in new build residential and nursing care homes
- Improving customer and patient choice in both social care for older people and in a wide range of NHS services
- Delivering consistently high quality elective procedures, without volume guarantees, priced at or marginally below the standard NHS national tariff
- Managing substantially more telephone based clinical triage and consultation calls than any other UK organisation
- Using a unique networked clinical call centre capability to deliver improved capacity, sustainability and access in NHS primary care and greater resilience in urgent NHS care, in particular by:
 - Helping commissioners of NHS urgent care to integrate and extend service provision
 - Designing and implementing new forms of support for NHS primary care and individual GP practices which maximise and integrate the use of new consultation models and effectively address clinical workforce challenges
- Providing more out-of-hours GP services than any other UK organisation
- Supporting the justice system and individual institutions, including 42 prisons, by providing high quality health and rehabilitation care

While the scale of the challenges faced by both the health and social care systems is increasing rapidly, Care UK's long term strategic development has proved prescient in building the right capacity, infrastructure and expertise for commissioners to draw on.

Since its initial incorporation in September 1982, Care UK has developed a mature portfolio of services based on a proven capability to grow and add value to differing specialist clinical and social care services, settings and models of care, while also providing a uniquely differentiated platform for innovation.

The principal shareholding in the company was acquired by Bridgepoint Capital in March 2010.

The current executive team is Chief Executive, Mike Parish (appointed 2001) and Chief Financial Officer, Philip Whitecross (appointed December 2014), supported by a senior team including Jim Easton, Managing Director Health Care and Andrew Knight, Managing Director Residential Care Services.

Care UK is structured as two mature and largely standalone service line based operating divisions – Health Care and Residential Care Services – each performing at a market leading level within its sector. Each division has demonstrated the autonomy to move swiftly to meet the challenges of the market it serves, while retaining the ability to learn from and deploy the Group's wider expertise and experience across both health and social care. This steady and stable corporate structure has enabled each division to address substantial system challenges while evolving with the flexibility and

innovation required in the health and social care environment over the medium to long term.

Both divisions have progressed to sector leadership in their respective markets, by combining mature autonomous operation and governance with a proven ability to innovate. Organisational structures have been refined and overheads successfully rationalised to embed strong governance frameworks and best in class efficiency within both companies. These programmes and changes to Care UK's structure have enabled the Group to reduce overall debt as well as make capital investments in services and facilities.

The scope of each service line is set out in the table below:

Social Care	Health Care
<p>Care UK is one of the largest providers of residential care for older people. We operate 118 care homes with over 7,700 beds providing both residential and nursing care. Our team of 9,000 people delivers care to over 6,000 people every day.</p> <p>Our care homes provide an impressive range of care services to older people, ranging from short stay respite care to nursing care, end of life care, plus specialist care and support for people living with Alzheimer's and other forms of dementia.</p> <p>We are building modern and fit for purpose care homes, with a strategic ambition to reach 50 per cent. of our revenue being generated from self-funding customers by 2020. We have opened 26 new homes since 2011 and have a strong pipeline of opportunities ahead.</p> <p>The quality of our services as rated by CQC in England and CI in Scotland compares favourably with other providers. More of Care UK's homes are rated 'good' or 'outstanding' than those run by the other four largest providers in the UK marketplace.</p>	<p>Care UK is the largest independent provider of NHS services in the country, delivering more than 18 million patient interactions each year. Our services are centred around the key primary and secondary care service streams.</p> <p>Primary Care We are the largest Independent Sector provider of health care services in prisons and secure facilities, delivered at 42 different sites.</p> <p>We provide NHS primary care services including GP and walk-in services to 48 CCGs.</p> <p>We deliver NHS out of hours services to 17 CCGs, providing health advice and support for over 5 million people.</p> <p>Our NHS 111 service provides services to 46 CCGs and handle on average 225,000 calls a month covering a population of over 11.6 million people.</p> <p>Secondary Care Our treatment centres have exceptional clinical outcomes and no cases of hospital acquired MRSA blood stream infections.</p> <p>Our Peninsula treatment centre is the first independent sector surgical hospital to be awarded an 'outstanding' rating by CQC, followed by our Shepton Mallet treatment centre which also achieved an 'outstanding' rating.</p> <p>In the past year, our treatment centres and clinical assessment services delivered around 80,000 procedures for NHS patients.</p>

The Group's principal sources of revenue are Clinical Commissioning Groups and NHS England for NHS services and local authorities for social care services, with a rapidly growing and strategically important self-funding segment in the Residential Care Services business.

2 Care UK Health Care***Strategy***

Care UK has a deep understanding of the challenges facing NHS organisations, and is continuing to plan and deliver growth by providing effective solutions as a partner to the NHS. Our focus is on long term provision of high quality and efficient services in areas where independent sector provision can show demonstrable benefits to individual commissioners and to the health system as a whole.

Care UK's healthcare strategy has been built on growing provision both of strong front line clinical services including elective procedures, diagnostics, health provision within the challenging prison and justice systems and primary care services, as well as strong, connected, resilient infrastructures, which can support and strengthen NHS services, including meeting the challenges facing urgent and out of hours services. This strategy puts the company in a strong position to deliver the aspirational objectives identified by NHS commissioners, including properly integrated urgent care systems and new models of primary care, and to respond rapidly to emerging areas of need.

Developing and implementing innovative and resilient solutions aligned to key national policy and clinical priorities is a core part of the Group's healthcare strategy that is attracting recognition and engagement from policy makers and senior commissioners.

Environment

Care UK recognises that, at a system level, the tension between increased demand for healthcare services and continuing constraints on overall funding for the NHS in the UK is now creating very acute challenges for many commissioners, as well as starting to restrict access for patients.

The overall direction of Government policy and financing for healthcare remains broadly consistent with that followed in recent years, despite the 2017 General Election. The Government's 2015 spending review confirmed additional funds for the NHS, in line with the requirements of the Five Year Forward View set out by NHS England and core NHS budgets continue to be ring-fenced.

Pressure for further funding increases resulted in additional funding being made available as part of the Autumn 2017 budget. While the scale of the new funding - £2.8bn over three years – is less than NHS leaders had requested, Care UK is well placed to help commissioners utilise it to alleviate winter pressures and reduce waiting lists for planned surgery. Nonetheless, NHS organisations still face a stretching set of efficiency demands, on top of the Forward View's initial target of total savings amounting to £22bn, requiring commissioners to seek efficient sources of supply.

The commitment to additional funding and the importance of finding more efficient ways to deliver services should generate demand for Care UK's healthcare services.

Growth in outsourced healthcare services in the UK has remained positive in trend but incremental in scale. 7.7 per cent. of the NHS budget was spent on independent providers in 2016 compared to 7.6% in 2015 and 6.3 per cent. in 2014. This equates to c£9bn in 2016, a year on year increase of 2.2%. The post 2017 General Election Government has not signalled any change of direction in policy towards the NHS beyond signalling relaxation in pay policy. Care UK believes that policy makers do recognise the potential for longer term engagement with the independent sector with regard to the provision of and support for particular services and for the development of innovative approaches, and that opposition parties recognise the need for the capacity provided by the Independent Sector. Providers' ability to demonstrate innovation as well achieving efficiencies will now be a key driver for increased take up of outsourced services.

At the same time Care UK has demonstrated a proven ability to support the most challenging areas of NHS provision, including providing effective and resilient healthcare and rehabilitation support in many of the UK's most difficult prison environments.

While there has been an NHS policy focus on evolving commissioning structures, including the consolidation of CCGs and the development of Sustainability and Transformation Plans (STPs) and

Accountable Care Systems, the actual procurement pipeline for healthcare services has continued to give substantial opportunities, particularly in areas where Care UK is competitively positioned. There remains some unpredictability in both secondary care volumes and primary care commissioning pace, but Care UK continues to anticipate more strategic opportunities, albeit within a tough overall NHS environment, to assist delivery of elective procedures in partnership with NHS Trusts, support urgent care and drive new access models to primary care.

While unrealistically priced procurements have been a feature of what is not yet a mature and fully functional market, Care UK maintains a disciplined approach to its own growth strategy, focusing only on those opportunities where the resources required to run services on a sustainable, high quality basis are matched with appropriate funding envelopes. The overall portfolio is reviewed on an ongoing basis and decisions to re-bid, or exit, services at contract end points are made on the basis of future sustainability at an appropriate margin. As a result, some service lines see period contraction in volumes in order to maintain a strong operational and financial position.

Policy in both healthcare and local government continues to focus on ways to make greater integration of health and social care services to achieve greater benefits for commissioner, patients and service users.

Care UK's portfolio and capabilities remain well aligned to these political priorities as well as to further integration and reconfiguration opportunities within the NHS, where the Group's unrivalled capability to support further integration of NHS urgent care services is already being utilised in new, more joined up, configurations of the NHS 111 service, out of hours GP provision and seven day access to GP practices. The increased challenges facing in-hours NHS primary care as a result of GP workforce shortages, and pressure from patients and policy makers for innovation and increased convenience and access, offer an opportunity for organisations able to combine new clinical models, more attractive employment options for GPs and resilient and scalable telephony and digital capability.

Quality

Care UK's Health Care services operate within a robust, externally validated governance structure which provides a strong focus on clinical safety, transparency, learning and improvement. Care UK's Health Care services are subject to clinical regulation by the Care Quality Commission (CQC) in England. CQC is inspecting services using a new system, as set out in section four.

In common with other independent sector providers, Care UK's Health Care services typically out-perform other NHS services on a range of indicators. Robust measures and monitoring of outcomes, including both NHS standards and additional Care UK benchmarking, evaluate and improve clinical quality and effectiveness throughout Care UK services. A regular cycle of quality governance and assurance meetings, for treatment centres and diagnostic services, reviews safety, quality and performance and drives continuous service development.

In addition, the Care UK Health Care company's Responsible Officer (RO) function is recognised by NHS England as demonstrating good practice as an RO and has maintained higher than average rates for completion of NHS appraisals for doctors working within Care UK services. Care UK has adopted the revised NHS Serious Incident Framework and the statutory Duty of Candour.

Services and performance

Care UK provides both primary and secondary healthcare services to the NHS, supporting the needs of commissioners, primarily Clinical Commissioning Groups and NHS England, and providing choice, accessibility and quality to more than 11 million patients in England. Historically, treatment provided by Care UK Health Care has almost always been free to patients at point of access; however Care UK is developing the opportunity to give patients choice and control over their treatment through a self-funding alternative currently being trialled, initially on a small scale.

Primary care

Care UK provides a diverse and growing number of primary healthcare services to the NHS in England, including GP practices, health services in prisons and other parts of the justice system, clinical assessment and treatment services (CATS), diagnostic centres, urgent care centres, out of hours GP care, the NHS 111 urgent telephone service and new models of integrated urgent care.

GP practices

Care UK both directly manages and works with GP practices to support NHS England's primary care strategy. The Practice Assist model supports individual GP practices in several parts of England (run either directly by Care UK or by GP partners) by fully utilising remote and telephone consultations for appropriate patients through a Care UK operated clinical hub, providing high consultation closure rates and full integration with patients' medical notes and GP's software platforms.

Existing services treat around 30,000 registered patients at four GP practices, alongside walk-in services which provide treatment, information and advice without appointments. Care UK's GP services are typically open seven days a week, and were among the first to meet the government's strategic objective for greater access to primary care.

In addition, Care UK is building on the expertise gained through the direct management of GP practices to develop new models of primary care which are of significant interest to NHS policy makers, local commissioners and existing GPs.

Urgent care

Care UK operates 11 urgent care/out of hours GP services and operates a significant number of NHS 111 contracts through five clinical call centres, a combined portfolio which serves a population of more than 13 million people.

Urgent care centres complement local GP and hospital services while out of hours services are available overnight and through weekends and holidays. Both services relieve pressures on acute hospital care and are now increasingly integrated with the operation of the NHS 111 urgent care telephone line.

Uniquely among providers, Care UK's clinical call centres handling incoming calls are fully networked and are able to flex their operation to meet variations in geographic demand, providing unique system resilience and ensuring an efficient utilisation of both call handling and clinical resource. The combination of this networked infrastructure and the new integrated urgent care model centred on a well-resourced clinical hub has positioned Care UK as the first provider to meet the new standards for the procurement of more joined up out of hours and NHS 111 services.

As a result Care UK has been selected to run fully integrated urgent care services across the West Midlands, covering a population of more than 5 million.

As the new models are implemented, more community health, pharmacy, mental health and public health education services are becoming accessible directly from the 111 telephone number. Care UK believes its existing urgent care configuration and infrastructure is well placed to continue to deliver greater integration and innovation in service provision.

Prison healthcare

Care UK is the largest provider of healthcare services to prisons and other parts of the justice system, supporting almost 30,000 prisoners in 42 prisons and secure facilities as well as running specialist services supporting victims of crime, and has proven experience of delivering effective quality care and supporting patients' dignity within the constraints of the prison environment. Care UK's services encompass Young Offenders Institutions and immigration centres as well as adult prisons.

Care UK's ability to configure primary care, substance misuse and mental health services in an

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effective, recovery centred model has underpinned rapid growth within this service.

Clinical assessment and treatment services and diagnostic centres

Care UK operates clinical assessment and treatment services (CATS) which provide services including gynaecology, ear nose and throat, musculoskeletal, orology, audiology, ophthalmology and dermatology, as well more general therapy and minor surgery. The CATS model helps shorten NHS waiting times, offers greater convenience and easier access, and helps NHS commissioners to treat more patients in community settings rather than as hospital outpatients.

Secondary care

Care UK provides elective procedures through a portfolio of nine, well established NHS treatment centres. In total, Care UK treatment centres undertake a combination of inpatient and outpatient procedures, supporting patient choice and providing essential capacity, at or marginally below, NHS tariff prices, to Clinical Commissioning Groups. Treatment centres have a strategically important role to play in enabling the NHS to manage waiting times for planned surgery efficiently and effectively.

Care UK's treatment centres were initially procured in two waves under the government's ISTC programme. All of the Wave I and Wave II contracts have now expired and all treatment centres are operating without guaranteed volumes.

In moving from previous contractual arrangements to supporting the growing challenges facing planned surgery across the NHS without volume guarantees, Care UK's strategy has been to consolidate and secure the long term future of each treatment centre in line with the NHS principles of choice and the retention of high performing clinical services, as well as to retain those contracts which commissioners retender. All sites are now secured for the long term, following successful retention of the contract to operate the North East London Treatment Centre.

Funding pressures on the NHS are now resulting in longer waiting times and effective rationing of some procedures. Care UK's clinical expertise and capacity enable the company to support commissioners and patients in a number of ways, including providing new options for patients willing to fund their own treatment, helping commissioners use new Government funding to reduce their waiting lists and developing new partnerships with NHS Trusts.

Property and facilities

Care UK Health Care operates services from a variety of premises across England. Most of the premises are occupied under licenses to occupy or leased from landlords. A significant number of services co-locate in existing NHS properties. Our landlords are in the main NHS Property Services (NHS PS) or Community Health Partnerships (CHP) or, in a small number of cases, private landlords. Where possible our preference is for longer leases, however local contracting arrangements may dictate shorter leases to coincide with clinical services contracts from NHS commissioners.

The properties are maintained to very high standards which are regularly audited by Care UK and by external bodies, including through participation in the PLACE audit programme, which enables patients to make their own assessment of the premises.

3 Care UK Residential Care Services

Strategy

The market for residential care in the UK continues to see rising demand, increasingly constrained by severe pressure on public funding, and continues to be fragmented. These challenges are now a strongly emerging political issue for the Government, resulting in short term funding initiatives and a commitment to longer term reform.

Care UK's Residential Care Services division's strategy to build a strong self-funding customer base, allied to the sector's biggest new build programme, anticipated the pressures on the publically funded

part of the market and has built considerable resilience into future outlook. The company is rapidly progressing toward its target of 50% of revenue deriving from self-funding customers by 2020, enabling choice and giving a balanced and secure revenue base for the future. This commercial strategy is underpinned by the most active construction programme of new residential and nursing homes in the UK, the performance of which now demonstrates a predictable and sustained growth in revenue.

In addition, Care UK's core estate represents a mix of homes operated under long-term contracts with inflation indices and homes occupied by a mix of publically and self-funded residents. Ranked by number of care homes, Care UK is the fifth largest operator of nursing and residential care homes. Alongside the new build programme, Care UK continues to invest in the core estate to ensure that it remains fit for purpose while maximising efficiency and value, as well as making necessary rationalisation to the overall portfolio both by selective acquisition and disposal of a small number of small scale homes.

Environment

Public funding for social care has been falling substantially over a number of years, placing major pressures on both commissioners and providers. Growing demand for specialist care for those living with advanced dementia is nonetheless clearly underpinned by demographic trends and remains a high political priority. At the same time costs have continued to increase. The National Living Wage was increased to £7.50 in April 2017, and will increase to £7.83 in April 2018 as a first step towards a potential level of around £9.00.

The extent of the resulting funding shortfall has been recognised by policy makers, and is now resulting in better focus and a number of initial funding initiatives from Government, including the introduction and subsequent front-loading of the 'social care precept', which has improved the short term ability of local authorities to increase fees in at least partial recognition of rising costs including the National Living Wage, and additional funding channelled through the Better Care Fund. While increases in fees received from local authorities have been in line with Care UK's expectations, the structural underfunding of the publically funded part of the sector remains.

While the 2017 General Election brought about no further changes in funding policy, the campaign reinforced the Government's commitment to a major Green Paper in 2018. Considerable challenges remain for Government, as well as the sector, in evaluating the long term cost and impact of policy options, the process nonetheless has the potential to repair the resilience and sustainability of the sector over the longer term.

It remains the case that the actual scale and distribution of new funding is neither guaranteed nor certain. Care UK is working closely with other sector organisations, and with Government departments, to maintain pressure for a longer term strategy and to seek assurance that additional funding will be channelled directly and efficiently to providers and that geographical disparities will be addressed.

Major elements of the 2014 Care Act affecting social care funding, including the cap on care costs, remain deferred. Care UK's strategy is largely unaffected by this delay.

On 30 November 2017, the Competition and Markets Authority announced the outcome of their investigation into the care home sector. We are still evaluating the report but do not expect it to have a material impact on the company's financial performance.

The consequences and potential risks arising from the decision in the 2016 referendum to leave the European Union relate principally to the labour market for essential care workers. The likelihood of any adverse impact remains unclear, but the sector is working actively to ensure that measures to support ongoing recruitment and retention of necessary care and nursing staff are in place.

The direction of policy, from government, NHS England, providers, regulators and commissioners, continues to support greater health and social care integration, for which we believe provider quality, innovation and commitment, as well as Care UK's particular service model, will be key advantages.

Quality

The homes run by Care UK Residential Care Services in England are subject to quality regulation by the Care Quality Commission (CQC). CQC is inspecting using a new system, as set out in section four.

Care UK's current CQC care home inspection ratings based on the new CQC methodology have seen material improvement as a result of effective internal audit, governance and investment strategies and now exceed those of other, similar, large providers. The position is moving strongly towards the company's aspiration to be consistently sector leading.

Six homes in Scotland are regulated by the Care Inspectorate (CI). The CI quality ratings are graded using a six point scale, unsatisfactory, weak, adequate, good, very good and excellent. Care UK's ratings reflect overall sector ratings.

Services and performance

Care UK's long term strategy has recognised the growing importance of those families who choose and fund their own care. The Residential Care Services programme of investment in new build, modern residential and nursing care homes has already created 26 new facilities since 2011, with at up to 16 more planned over the next two years.

The level of need and dependency of those entering residential care is continuing to increase, as a result of greater numbers of individuals living with dementia (projected by the Department of Health to reach 1.4 million by 2038) and of the higher criteria applied by local authorities in assessing individual eligibility for care.

Care UK's portfolio is increasingly focused on the provision of nursing and dementia care. This enables higher dependency needs to be met and continuity of care for individuals as their needs change, together with the ability to provide shorter periods of respite care as well as rehabilitation care for individuals who would otherwise remain in a hospital setting. Care UK's overall provision is flexible, meets the expectation of self-funding customers while remaining aligned to the needs of local authorities and continues to reflect clinical priorities in social care, both by enabling flexibility and independence and by meeting the specific longer term needs of those individuals living with advanced dementia.

As at September 2017, Care UK operated 116 homes, enabling flexible approaches to care requirements and supporting independent living within the community. The total number of beds available increased from 7,342 in September 2016 to 7,610 at the end of September 2017.

The proportion of Care UK residential services purchased directly by self-funding customers is growing strongly. Self-funding customers are exercising choice and have expectations of standards and facilities in excess of some historic local authority provision. Care UK's strategy and portfolio has been developed to meet these market trends, and as a result, average weekly fees are more commensurate with the appropriate costs of care. The proportion of revenue derived from self-funding customers has grown from circa 30 per cent in September 2014 to more than 43 per cent in September 2017, representing strong progress towards a target of 50 per cent by 2020.

More than 50 per cent of provision remains through contracts, on either a block or individual (spot) basis, with local authorities. As at September 2017, 27 per cent of Care UK's care home beds were provided through block contracts, typically with terms between 10 and 20 years, with no occupancy risk, giving clear visibility of future revenue.

Approximately 30 per cent of beds are provided to local authorities on a spot basis, typically where an authority's needs exceed the capacity within a block contract, for individual residents, usually at a higher weekly fee than under a block contract.

Weekly fees are determined based on an assessment of residents' needs and the level of care provided. In circumstances where the level of care required increases, fees are reassessed and

adjusted appropriately, in addition to adjustments for inflation. Average weekly fees increased from £777 to £835 for the years ended September 2016 and September 2017 respectively.

In 2012 Care UK and Suffolk County Council signed a long term contract to transform the provision of care for older people in the county, replacing 16 outdated care homes with 10 newly built facilities, each incorporating a day centre, increasing the number of beds available from around 530 to 690. Care UK has funded the development of the new homes by introducing two independent blue chip institutional funding partners and has entered into secure long term leases for the operation of the homes. All homes are now rated 'good' by the Care Quality Commission.

Property and facilities

Care UK maintains a strong asset base, operating 116 residential and nursing homes which are a mix of freehold, leasehold and managed contracts.

The carrying value of the freehold and long leasehold properties is based on a valuation conducted by an external independent valuer in 2010, less accumulated depreciation and impairments. The fair value of the valuation was used as deemed cost.

During 2015 the Group has commissioned an independent 'desk top' valuation of its freehold/long leasehold and commercial leasehold property portfolio which indicates on a current trading basis a valuation surplus of approximately £45m above book value as at 30 September 2015. Allowing for the full maturity of all homes valued, this surplus would be in the region of £115m (see MD&A annual report for bondholders for the year ended 30 September 2015 for further detail).

4 Regulation

Care UK is subject to appropriate regulation by the UK government including the Department of Health. Generally, services provided to the NHS by Care UK are subject to a similar regulatory and quality regime as other NHS services.

NHS Improvement

Care UK is regulated by NHS Improvement (formerly 'Monitor') when providing services to the NHS. NHS Improvement oversees the market for healthcare in the UK, including competition and procurement processes and the performance and sustainability of both providers and commissioners. NHS Improvement's regulatory duties include determining tariffs for key NHS services provided by Care UK.

The Care Act 2014

The 2014 Care Act provides an overarching piece of legislation addressing the way in which care is provided by local authorities and has significant implications for providers. The Act, the first part of which was implemented in April 2015, establishes a principle of wellbeing in law, sets requirements for assessment, eligibility, planning and safeguarding process, creates a market oversight process to manage provider failure, sets out future funding reforms and established a Duty of Candour with which providers must comply.

Implementation of the second part of the Act, principally addressing funding reforms, has been delayed from the planned April 2016 date.

Market oversight

The Care Quality Commission (CQC) is required by the Care Act to operate a statutory market oversight scheme in the social care sector, to assess the financial sustainability of those care organisations, including Care UK, that local authorities would find difficult to replace should they become unable to deliver services.

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Care UK is included within the scheme because it meets eligibility criteria based on size, number of services and number of employees and as such provides CQC with appropriate financial and operational information.

Quality inspections in England, Scotland and Wales

Health and social care services are regulated in England by the Care Quality Commission (CQC), in Scotland by the Care Inspectorate and in Wales by the Care and Social Services Inspectorate Wales. The majority of Care UK's services are inspected by CQC.

In England, CQC has fully introduced new inspection models for health and social care services, asking five key questions of every provider or service: is it safe, is it effective, is it caring, is it responsive and is it well-led. Each question, as well as providing an overall rating for the home, is rated as one of inadequate, requires improvement, good or outstanding. There is little scope to appeal the judgement rating inherent in this system. The ratings are publicised by the CQC on their website in relation to each home that they regulate.

Care UK agrees with the principles underpinning the approach and believes that an effective inspection regime is an appropriate tool to drive and secure high quality, safe services.

CQC is able to impose conditions on services which fail to meet appropriate standards of care, including placing individual services in special measures, placing embargoes on admissions to particular services, requiring and monitoring action and improvement plans and, in extreme cases, suspending or revoking registration (which means in effect closing the home as it is a criminal offence to provide regulated services without registration).

CQC also have prosecution powers and are increasingly investigating care providers where they seem to have failed to provide safe care to residents.

In Scotland, similar functions are carried out by the Care Inspectorate. In Wales, responsibility is held by the Care and Social Services Inspectorate Wales.

Adult safeguarding

The Care Act 2014 has made it a requirement for local authorities to set up a Safeguarding Adults Board. Care UK is required to co-operate with all safeguarding investigations initiated by local authorities and could face sanctions, including an embargo on admissions to a particular service, if very substantial concerns are upheld.

Mental Capacity Act 2005 and Mental Health Act 2007

The Mental Capacity Act sets out the process to determine that an individual no longer has the capacity to make his or her own decisions, and sets out the legal framework to decide the most appropriate course of action. Disputes regarding capacity may need to be decided by the Court of Protection.

The Mental Health Act 2007 sets out Deprivation of Liberty safeguards, which is a regime to ensure that the deprivation of liberty of those who lack capacity is done in accordance with the human rights legislation. The Act means that Care UK must obtain authorisation from the local authority if a service user's care plan amounts to a deprivation of liberty. The local authority will review this in the context of the best interests of the service user and will expect Care UK to be able to demonstrate that care needs are met and that any deprivation of liberty is indeed in the best interests of the individual.

Corporate Manslaughter Act 2007

Under the Corporate Manslaughter Act, Care UK would be guilty of an offence if the way in which the company's activities are managed or organised causes a death and amounts to a gross breach of a relevant duty of care. From 2011 the Act has extended to the services provided by Care UK in prisons

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or other parts of the justice system. Offences under this Act could lead to a fine, potentially determined as a percentage of Group revenue.

Prevention of Illegal Working

In common with other health and social care providers, Care UK employs a number of appropriately experienced and qualified foreign workers. Care UK's use of foreign workers, and in particular its recruitment processes and policies, is in accordance with the relevant legislation. Legislation changes in 2008 made it a criminal offence to knowingly employ an illegal worker.

Health and Safety and Environmental legislation

Care UK is subject to numerous separate laws and regulations relating to occupational health and safety and environmental issues. Under the Health and Safety at Work Acts, Care UK has a duty of care to employees, service users and visitors to facilities. Care UK employs health and safety specialists in both divisions, as well as external consultancies, and continuously tests and updates its policies.

Care UK ensures it only uses approved and licensed waste carriers and recyclers.

Bribery Act 2010

Care UK has a clear anti-bribery policy, overseen by a Compliance Officer, and includes reference to the Bribery Act in all its standard commercial agreements. Care UK takes a zero tolerance approach to bribery and corruption of any kind, and is committed to acting professionally, fairly and with integrity in all its operations and relationships.

Insurance

Care UK carries a variety of insurance policies including property and material damage, business interruption, employers' liability, public liability, directors' and officers' liability and medical malpractice. Care UK maintains insurance coverage of the type that is customary for a business of its nature and size.

Legal proceedings

Care UK is subject to national and local regulatory scrutiny, supervision and control, and will on occasion face legal proceedings arising from individual incidents. The increased levels of scrutiny, and political and public interest, means that inquests have become more complex and costly, and coroners have been frequently making prevention of future deaths reports where these seem appropriate as a result of care failings. The subject matter of those reports and the identity of the care provider is publicised. Media interest may result. Consequent upon increased scrutiny, claims for compensation have increased. A new corporate criminal offence of ill treatment or wilful neglect in health and social care came into force in April 2015. This is a wide ranging offence with no threshold set for a level of harm or detriment to have been suffered by the service user or patient. Previously such offences could only be committed by an individual carer. However, the 2015 legislation brought into force a corporate criminal offence for the first time. This has in turn led to a greater level of police scrutiny, particularly where matters have been referred to adult safeguarding, as referred to above.