

Investment in people and infrastructure for the UK's largest care home provider

When HC-One acquired 110 care homes from BUPA in 2017, the £300 million deal became the biggest in care home history, making HC-One the largest social care provider in the UK.

It marked six years of hard work for a leadership team who, back in 2011, rescued the failing Southern Cross Healthcare business, gaining financial backers who invested over £130 million refurbishing and upgrading 260 homes, improving training and development for 15,000 employees, and raising the quality of lives of 11,000 residents. It's a story of turnaround and transformation, and as CFO David Smith tells Nigel Wright, in many ways it's only getting started.

HC-One is The Kind Care Company. Making a positive difference to the lives of its residents, while being an employer of choice for nursing and care staff, are two factors which drive the culture of the business. They're top of mind for all employees every day, explains David, and is why he believes HC-One represents the very best in social care provision in the UK. A former senior manager at PwC, David joined the 'Big 4' accountancy firm from University and enjoyed a ten-year career with the business, living all over the world. It was a yearning to return to his northern roots and "make a difference through meaningful work," however, that led him to join Southern Cross in 2006. 13 years on, he's never looked back:

"Kindness and caring are everywhere in the sector. At HC-One, for example, these qualities are ingrained in all employees' internal and external interactions. This creates bonds, cultivates friendships and builds positive relationships while encouraging a feeling of harmony within the homes, which of course is paramount. It must be one of the most rewarding jobs in the world because, regardless of your role, the lives of our elderly, often vulnerable, residents are improved because of your actions. I can't imagine doing anything else."

While some – especially those with a blue-chip pedigree like David – may find all that a little 'woolly,' David is under no illusion that HC-One is a commercial enterprise; private equity backed, heavily scrutinised and operating in a competitive underfunded market. All his fiscal adroitness, therefore, was needed as the leadership team executed an ambitious plan which has seen HC-One overcome inherited quality and occupancy issues in its



David Smith



homes, as well as general business challenges, to achieve growth. As CFO, David's focus has since been on capital raising and financing acquisitions. Having made four in five years, he's pleased with progress:

"Acquisitions were achieved through combining additional equity and some third-party debt placed at a prudent level. Because of our strong robust balance-sheet and business model, financial backers have engaged with confidence in the long-term future of HC-One. We're delighted with our achievements in gaining investment as well as how we've chosen to spend that money. Private equity, too, should feel pride in its efforts in raising the funds we need to deliver high quality services."

With assets now totalling over 350 care homes, comprising 20,000 residents, in mid-2017 HC-One began bolstering its headquarters in Darlington, hiring 130 new staff and expanding and refurbishing its offices to mirror its size and ambitions. New jobs cover a variety of support functions including IT, property, procurement, HR, finance and administration. The business is also introducing back-office employees from BUPA, with colleagues in residence at the new-look site. David confirmed HC-One has agreed a ten-year lease with its landlord in a deal encompassing adding an extra floor to its three-floor occupancy, as well as a complete renovation of the whole building. All four floors are now open plan with breakout areas and meeting rooms. Showers have been installed and there's also a company congregation area which acts as a training centre. In David's words:

"Announcing 130 new jobs in Darlington reinforced our reputation as one of the leading employers in the area and strengthened our commitment to the local community. Acquiring BUPA's homes increased the number of our residents and care home workers by 80%. Consequently, increasing the capability of our support function as well as the capacity of our offices was essential. It's a significant investment and without a doubt the nicest office environment I've ever worked in."

Are further acquisitions on the horizon in 2018? With the top five UK care providers accounting for less than 20% of the sector, ongoing consolidation is likely but David says it won't distract HC-One from its main priorities. Future acquisition opportunities, he says, will be reviewed within the context of how they contribute to the business's mission of being The Kind Care Company: "Giving secure, consistent and excellent care to our residents, and supporting our colleagues are always at the heart of commercial decisions. Any deal activity is predicated on satisfying those principles."

Its career opportunities too, David argues, make the business attractive for prospective employees. A recent investment in training and development means HC-One now boasts the best training platform in the care sector. Touchstone is an online learning management system that assigns, delivers, records and reports on individual learning, giving everyone a tailored programme dependent on their role. Diverse subjects include infection control, emergency procedures and caring for those at End of Life. The platform is online, too, allowing staff the



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flexibility to learn when is convenient for them, while providing training managers instant visibility of employee progress. With around 50 bespoke online modules, video clips, mini movies, animations, workbook activities and links to many helpful websites, David believes it’s one of the best training systems across any industry:

“Since Touchtone launched HC-One has delivered 1.8million learning events for employees. Because we’ve developed the content for our programmes we know they’re unique, relevant and personal. Most are accredited too — we’re the only UK care provider offering training courses with Skills for Care Centre of Excellence status. We’re also recognised by the CIPD, Investors in People and the Royal Pharmaceutical Society, winning no less than eight international and national awards in the last few years. Bottom line is we provide achievable career pathways, free to those committed to learning and growing in confidence and competence with HC-One.”

In addition to specialist skills for care staff, all employees – from the CEO to field-based support – must complete mandatory basic training which focuses on areas of compliance, safeguarding and nutrition for residents. This, David notes, is tied in to HC-One’s organisational structure which places residents at the top with the Board at the bottom, while reinforcing the point that everyone is responsible for making a positive difference to

residents’ lives. Furthermore, the HC-One Nurse Assistant Programme, first launched in 2016 in response to the national and international shortage of nurses, and soon to be revitalised later this year, is the first of its kind in the sector. Courses focus on upskilling Senior Carers to enable them to fulfil some introductory tasks, such as wound care and the administering of non-controlled drugs, freeing up nurses’ time to utilise their higher-level skills.

With Glasgow based Senior Care Home Manager, Robert Murray, winning Leader of the Year at the 2017 Scottish Care Awards and Julie Noble, a nurse at HC-One’s Jack Dormand Care Home in Horden, announced as Nurse of the Year at the 2017 National Care Awards too, it’s clear HC-One’s investments and approach are working. Third-party endorsements are important, says David, and he sees these awards as exemplifying the business’s commitment to providing industry leading social care services.

Perhaps unsurprisingly, therefore, since the BUPA acquisition, some senior BUPA employees have applied for and been appointed into top roles at HC-One. Professor Graham Stokes is indicative of the overall quality. Recognised as a leader in dementia care, he brings significant experience and value to the business as it seeks to expand its dementia care provision. Six months earlier, another industry ‘big hitter’ joined HC-One’s Board. CEO Justin Hutchens moved from North America where he’d enjoyed a 20+ year career in the industry, starting as





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a care giver and working his way up through Home Manager and Regional Director to CEO. David confirmed HC-One is thrilled with these appointments, both of which offer broad operational experience and knowledge of the sector.

Following its flurry of successes in 2017, what does the future hold for HC-One? David says one key issue needs addressing to ensure the future prosperity of care service providers and their residents. A lack of funding from central and local government is exasperated by a rising demand for social care. The UK’s ageing population means by 2025 the number of people 85 or over will have tripled. With local authorities closing homes across the country, and no public-sector investment forthcoming to support an industry which relies on public pay, it’s the elderly people in care communities that

suffer. There’s a need for private investment into high quality services, according to David, and while he expects more investment opportunities in the short term, he sees a long-term combined solution for health and social care as being the ultimate panacea:

“The care sector is under pressure and Government needs to start paying attention. Recent chronic issues within the NHS, too, has reinforced the challenges both sectors face. The average cost of keeping an elderly person in an acute hospital bed is three times what it is to keep an elderly person in a care home. We need a funding environment that acknowledges this and a coherent long-term strategy to ease pressures on both sectors. Hopefully, the recent Government re-shuffle and forthcoming green paper will lead to the changes we would like to see.”

