

Investors in Healthcare: Reviewing the strength of your security

Whilst the care home and healthcare sector generally is currently buoyant, banks and funders providing finance to care home and hospital operators clearly need to keep the value of their security under review.

An essential part of this is understanding the regulatory framework within which the care homes and hospitals operate. This will include reviewing:

- That the business is appropriately registered with CSCI/the Healthcare Commission.
- That there is an appropriate registered person and appropriate registered manager as required by the Care Standards Act 2000.
- That the premises comply with the statutory regulation and requirements for care homes/private hospitals i.e. National Minimum Standards. Rectifying failings can be expensive.
- Copies of the last full inspection reports provided by CSCI/the Healthcare Commission.
- Copy of the business' "statement of purpose" and "service user guide" as required under statute.
- Confirmation that staff are properly CRB checked.
- Confirmation of any outstanding issues raised by CSCI/the Healthcare Commission from inspections and/or any investigations by those organisations.
- Confirmation that all appropriate planning consents for the business have been obtained and complied with.
- Where health professionals are employed, confirmation that all are appropriately registered with a professional body and are appropriately trained for the role in which they work. Are they employees or contractors? What insurance cover is in place?
- Evidence that patients'/clients' records have been kept up to date and are appropriately stored as required by the Care Standards Act and accompanying Regulations.
- Regulation 26 visit reports – Understanding what to look for in these monthly reports: often potential problems can be identified before they arise by reading "between the lines" and these reports can be an invaluable tool in assessing operational issues which can ultimately affect the value of the Bank's security.
- Details of any Care Standards' Tribunal actions pending.

- Details of the number of NHS beds and the number of private fee paying beds and/or number of local authority beds. What contracts are in place? When can the fees be reviewed or the contract terminated?
- Details of all referrals made to the POVA list by the business.
- Details of training provided to the employees as required by statute and the National Minimum Standards.
- Regulation 37 (Untoward Incident) reports to CSCI to obtain early warning of health and safety problems and the obvious impact on the value of the security.

RadcliffesLeBrasseur specialise in advising care home operators and healthcare providers. As such we have significant expertise in this specialist sector and training is available for those investing or providing finance to this market to ensure that they understand the trading conditions and regulatory framework.

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Readers are advised to take specific advice before acting in reliance on the matters set out in this briefing.

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