Four Seasons Health Care

Q1 2021 Trading and Restructuring Update
Draft, unaudited results for the quarter ended 31 March 2021

21 June 2021

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Q1 2021 Trading Overview[1]

Q1 2021 financial results

- Q1 2021 Group[5] EBITDA[2] of £3.5m is £3.0m lower than Q1 2020, reflecting the negative impact of Covid-19

Income[4]

- Q1 2021 turnover was £0.5m higher than Q1 2020, after adjusting for revenue from homes closed, sold or migrated
- The Q1 2021 average occupancy percentage of 78.5% was a 1.8 percentage point decrease in comparison to Q4 2020. This quarter on quarter decrease is consistent with typical seasonal variations and the death rate has now remained consistently below the four year average since the start of June 2020, with occupancy impacted by reduced admissions rather than an increased number of deaths
- However, along with the rest of the sector, occupancy remains significantly impacted following the decline that was suffered as a result of the first wave of Covid-19 during Q2 2020
- The average weekly fee in Q1 2021 increased by 7.6% year on year and CHD income in Q1 2021 includes c£5m of financial support from Local Authorities and CCGs in respect of exceptional Covid-19 costs incurred. However, reimbursement of these costs does not compensate for the occupancy decline

Payroll, care and facility costs[4]

- Payroll KPIs remain challenging in light of the underlying staffing challenges faced by the sector which have been exacerbated by Covid-19 pressures, with payroll as a percentage of income at 71.7% being 2.0 percentage points higher than the prior quarter
- Agency usage in Q1 2021 and FY 2020 remained well controlled and was significantly below levels prior to the organisational restructure and wider sector averages, with agency as a percentage of payroll at 8.5% during the quarter
- Care and facility overheads were well controlled during the quarter and were consistent with previous quarters at 14.4% of turnover

EBITDARM[4]

- As a result, Q1 2021 EBITDARM[3], excluding the impact of homes closed, sold or migrated, of £11.8m was £6.0m lower than Q1 2020

THG

- Q1 2021 Group EBITDA includes £0.9m (*Q1 2020: £0.2m*) in respect of The Huntercombe Group (THG). A sale process of the remaining 10 freehold/long leasehold and 1 leasehold site operated by THG division completed during Q1 2021 (5th March 2021)

Notes:
1. The Group's results for the year ended 31 December 2019, the year ended 31 December 2020 and the quarter ended 31 March 2021 are draft and unaudited
2. EBITDA before the non-cash onerous and operating lease credit and after closed and closing home costs
3. Before closed and closing home costs
4. In respect of the Care Home Division, comprising FSHC and brighterkind (CHD)
5. Group = Elli Investments Limited (in administration) and its direct or indirect subsidiary undertakings. Includes the results of 10 freehold/long leasehold, and 1 leasehold, THG site for which a sale process completed on 5 March 2021 and the results of any leaseholds up to the date of migration/administration

Restructuring Update (1/2)

Overview

- The Joint Administrators and the Group continue to focus on restructuring the Group
- This has been focused to date on the restructuring of the Group's leasehold estate, the unification of the two care home businesses, the rationalisation of the CHD and shared service central functions and the progression of sale processes in relation to certain parts of the Group notably the THG business and the Northern Ireland portfolio
- The Joint Administrators and the Group are now focused on the maximisation of returns to lenders from the residual operations of the Group which largely comprise 130 freeholds homes in England, Scotland, Jersey and Northern Ireland and a number of leasehold operating care homes

Disposals

- The Joint Administrators refer to previous announcements on potential portfolio sales of parts of the Group's care home business, with an initial focus on Northern Ireland
- The Joint Administrators are pleased to announce that a conditional sale and purchase agreement has been entered into with Ann's Care Homes Limited and Woodside Holdco NI Limited (together, the "Buyer") relating to the sale of the business and assets of thirteen operating sites and one closed site within the Four Seasons business in Northern Ireland for an aggregate value of £16m in cash (the "Transaction"). The Transaction represents a further milestone in the Group's ongoing restructuring process
- Completion of the Transaction is subject to customary closing conditions including regulatory approvals, with completion anticipated to take place in Q3 of 2021 and further announcements will be made in due course
- The Buyer is a privately owned healthcare provider, focusing on the domiciliary and residential care markets in Northern Ireland and the Republic of Ireland
- In line with the THG sale process, it is anticipated that net proceeds will be returned to lenders after the deduction of certain costs of approximately £3m including costs in relation to the unwind of negative working capital of £2.5m, broker fees of approximately £0.2m and legal costs of £0.3m.
- The Group has retained a broker to sell up to 17 facilities (including 14 operational care homes in England and Scotland) that the Group does not believe are strategic to its business going forward (the "Value Portfolio"). The Group believes that the sale of the Value Portfolio will assist in maximising recoveries in respect of these care homes for the benefit of all of its stakeholders. The Value Portfolio includes three properties that are currently closed
- The Group's priority remains the continuity of care for all residents, and the Group will work closely with the buyers and other counter parties as well as all relevant regulators to ensure that the transition of any sites and staff is seamless

Restructuring Update (2/2)

Leasehold estate restructuring

- As per the last update, the Group reported that between December 2019 and 31 March 2020, 113 operational care homes and other facilities (including the portfolios of the four largest landlords where it was not possible to renegotiate rental levels in respect of those portfolios) transitioned away from the Group
- A further 7 operational care homes, 7 specialist units and 4 closed sites have left the Group during Q2 2020 and during 2021
- The leaseholds that have migrated since December 2019 contributed a net EBITDAM of c£2.8m during 2019. However, after capex and costs for closed homes, these care homes and specialist units resulted in a c£6.0m cash outflow for the Group
- Progression of the leasehold estate restructuring was impacted from Q2 2020 onwards by Covid-19. The Group continues to consider all options in relation to the other care homes in its leasehold estate (c22 operational homes). It remains in discussions with the landlords of those homes. Following discussions, the Group has recommenced the payment of rents on certain homes. The Group anticipates that further migrations of care homes to new operators may be agreed in due course, or other arrangements may be agreed with landlords such that some leases are retained in the core portfolio

Liquidity

- In 2020, the Group entered into a Time To Pay arrangement with HMRC to extend the Group's deferral of c£18m of PAYE and national insurance liabilities in respect of March, April and May 2020 with that deferral agreed to late 2020 and early 2021. The deferral has now been fully repaid
- The Group continues to carefully manage its liquidity and expenditure. At the end of March 2021, the Group had a cash balance of £40.7m and as at 11 June 2021 the cash balance increased to £41.3m.
- The Group is currently forecasting that it will have sufficient liquidity to progress the various strands of the restructuring over the course of the next nine months. This remains subject to sensitivities including the ongoing impact of Covid-19

Summary

- The Joint Administrators continue to consider all possible options for the Group's organisational and capital structure. This includes potential sales of all or parts of the Group, internal reorganisations, refinancing, restructuring of the financial debt (which may or may not include a debt for equity swap) and/or a combination of any of the aforementioned
- At this stage, nothing is decided in respect of the options or the timing, and the Joint Administrators and the Group will decide on the most appropriate option in due course, focusing on the interests of the Group and its relevant stakeholders, and on maintaining continuity of care. Further announcements will be made in due course

Statutory Matters

- The Joint Administrators of EFUK have applied to the Court to extend the period of administration and an extension has been granted until 29 April 2023

Operational Update

- Since the last update, the Group has continued to make steady operational progress:
  - Whilst Covid-19 remains the backdrop against which we are operating the business, it is no longer the all consuming challenge that it was during large parts of 2020. That said, the pressure on the teams' at home level remains unrelenting as the sector starts to return to normal and visiting, in particular, begins to return. Lateral flow and PCR testing and adherence to infection control protocols continue to stretch the team's resources
  - Vaccination levels across the Group are high, with over 95% of residents having had at least one jab and close to 80% of team members likewise. We are continuing to work with Local Authorities to improve staff uptake in the few homes where take up remains lower than the average. It was announced last week that vaccines are going to be mandated as a condition of employment in social care, with the effective date likely to be towards the end of October. We will now have no choice but to work towards this outcome
- We have continued to move the Group back as much as possible to a business as usual footing, with more face to face meetings and more regional support being deployed to the homes accompanied by a return to more normalised activity
- The Group has undergone significant change over the past twelve months, with substantial central function restructuring accompanied by the termination of out sourcing contracts in facilities management and catering, replacement of multiple systems and most importantly of all the development of a new 'way of working' built on openness, honesty and trust
- Change on the scale that we have undertaken takes time to bed in at the best of times, let alone during a global pandemic, and it is only now that we are starting to be able to get senior leaders together face to face with any degree of frequency. Much of the messaging is focused on 'what good looks like' and ensuring that it is applied consistently across the Group. This necessarily involves home visits and on site inspections, which have now started in earnest
- It will take time for the full results of the changes to be felt but there are a number of encouraging early signs:
  - Relationships with external regulators and third party stakeholders continue to improve
  - The majority of the Group's long standing admissions suspensions have been removed and enforcement action across the estate has reduced substantially
  - The Group's reputation, as measured through external third party sites such as carehome.co.uk, Glassdoor and Indeed, has improved significantly
  - Internal feedback on the change in culture and way that we are working continues to be very strong with the overwhelming majority of teams' feeling better supported, and clearer in the expectations being asked of them. They are also much clearer on the link between responsibility and accountability
- The twin foci over the coming months are on delivering sustained improvement in care quality and driving occupancy growth as we look to bridge the gap back towards the levels that the business enjoyed prior to the Covid-19 pandemic. Activity across all parts of the business is focused on 'making the boat go faster'. The team feel empowered to dispense with the unnecessary and focus on the things that really matter / make a difference

Covid-19

- Along with the rest of the sector, the care home business has been significantly affected by the impact of Covid-19, primarily in three areas:

– Occupancy decline:

  - Reduced occupancy levels, with Q2 2020 closing spot occupancy of 79.8% representing a c8.5% decrease from the opening occupancy of 88.3% as a result of the first wave of Covid-19. Occupancy only partly recovered during Q3 2020, with a closing spot occupancy of 80.8%. Whilst average occupancy during Q4 2020 was stable at 80.3%, the closing Q4 2020 spot occupancy of 78.4% represented a 2.0 percentage point decline
  - Both the initial decline as a result of the first wave of Covid-19, and subsequent movements, are consistent with those seen by other operators
  - The most recent spot occupancy of 79.5% shows early encouraging signs of recovery, with a c1 percentage point increase since the close of Q1 2021
  - The death rate has remained consistently below the four year average since the start of June 2020, with occupancy impacted by reduced admissions not an increased number of deaths. 'Excess' deaths which were 635 at the peak of the virus in April & May 2020 reduced to 310 over the course of 2020, and excess deaths measured against the four year average since the beginning of January 2020 now stand at negative 63. In other words, the total number of deaths in the last fourteen months from all causes is below the four year average. The Group has not registered a Covid-19 death in any of its services since March 5th 2021
  - Admissions, which dropped to c70% below pre Covid-19 levels, had recovered to levels which were only slightly below historical levels by September 2020 however they decreased again during Q4 2020, to 60%-70% of what would normally be expected during that time of year. The key impediment then to a sustained recovery was the 28 day quarantine period imposed by Public Health England (PHE) on any home where there was a Covid-19 outbreak, an outbreak being defined as two positive test results or more. This period has recently been reduced to 14 days
  - Encouragingly, admissions since the start of Q2 2021 have returned to at or close to pre-Covid-19 levels

– Increase in payroll and other care costs:

  - Increase in care costs is predominantly linked to the purchase of personal protective equipment ('PPE') and enhanced infection control procedures
  - During 2020, the care home business spent an additional c£4m on PPE. PPE costs continue to run significantly in excess of where they were pre the pandemic
  - Shielding and self isolation pushed staff absenteeism up to just under 11%, although this has now fallen back. Agency usage has been well controlled throughout the period and continues to be lower than pre Covid-19 levels

– LA and CCG funding

  - The Group has received support from the Local Authorities and CCGs, in respect of exceptional Covid-19 costs incurred
  - The offers are varied in scale and nature and the Group is currently assessing them all
  - Whilst a significant proportion of Covid-19 exceptional costs may ultimately be covered in one form or another, reimbursement of these costs will not compensate for the occupancy decline

– The Group's estimate of the financial impact of Covid-19 in 2020 was up to £12m and this financial impact has continued during 2021 so far. The full impact of the virus on 2021 and beyond is unknown, and in particular there is significant uncertainty around the rate of occupancy recovery

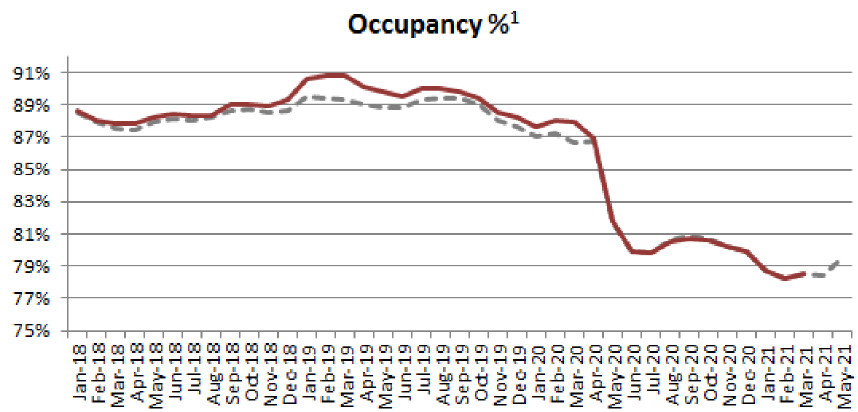
Results – KPIs (CHD[1])

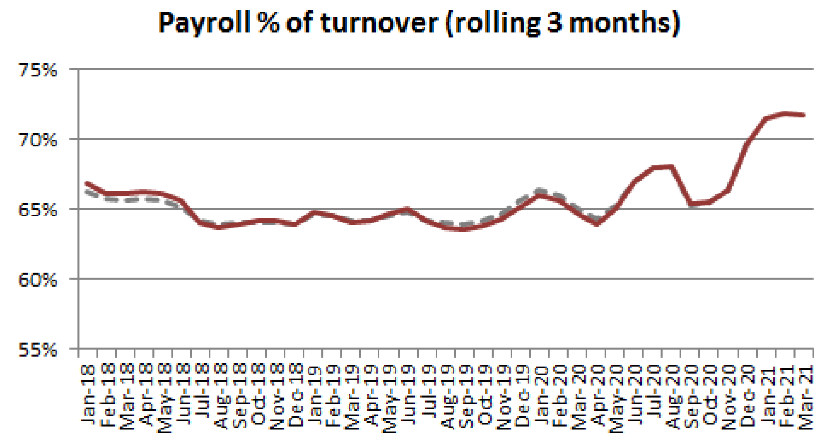
	2019					2020					2021
	Q1	Q2	Q3	Q4	Year (2)	Q1	Q2	Q3	Q4	Year (2)	Q1
Turnover (£m)	135.5	138.0	138.9	132.7	545.2	111.7	93.9	92.5	92.2	390.4	88.6
EBITDAR (£m)(4)(5)	19.1	19.1	23.0	17.0	78.3	12.8	9.7	11.7	6.1	40.3	4.5
EBITDA (£m) (5)(6)(7)	7.4	7.4	11.2	6.4	32.4	6.4	7.3	9.7	4.1	27.4	2.6
Effective beds	15,165	15,073	15,057	14,567	14,965	12,445	9,932	9,813	9,782	10,493	9,653
Occupancy %	89.4%	88.9%	89.4%	88.2%	89.0%	87.0%	82.8%	80.4%	80.3%	82.6%	78.5%
Average weekly fee (£)	767	791	792	792	786	792	845	831	839	827	852
Payroll (% of turnover)(2)	64.1%	64.8%	63.9%	65.6%	64.6%	65.0%	66.9%	65.4%	69.7%	66.8%	71.7%
EBITDARM (% of turnover)(4)	20.8%	21.1%	22.6%	18.9%	20.8%	19.7%	18.3%	20.4%	15.0%	18.4%	13.2%
Agency (% of payroll)(2)	9.5%	9.8%	11.1%	10.1%	10.1%	8.8%	8.6%	7.0%	9.0%	8.4%	8.5%
Expenses (% of turnover)	15.1%	14.1%	13.5%	15.5%	14.5%	15.3%	14.8%	14.2%	14.9%	14.8%	15.0%
Central costs (% of turnover)	6.2%	6.5%	5.5%	5.7%	6.0%	8.1%	7.7%	7.6%	8.2%	7.9%	8.0%
KPIs excluding migrated leaseholds (10)											
Turnover (£m)	87.6	89.5	90.0	88.6	355.8	88.0	90.9	90.7	90.4	359.9	88.5
Effective beds	9,621	9,621	9,621	9,621	9,621	9,607	9,607	9,607	9,607	9,607	9,636
Occupancy %	90.7%	89.8%	90.0%	88.7%	89.8%	87.9%	82.9%	80.3%	80.2%	82.8%	78.5%
Average weekly fee (£)	771	796	798	798	791	800	845	832	837	829	851
Payroll (% of turnover)(2)	64.0%	65.0%	63.6%	65.2%	64.4%	64.6%	66.9%	65.4%	69.7%	66.6%	71.7%
EBITDARM (% of turnover)(4)	20.8%	20.8%	22.8%	19.3%	20.9%	20.2%	18.3%	20.4%	15.1%	18.5%	13.3%
Agency (% of payroll)(2)	9.3%	9.9%	10.8%	9.5%	9.9%	8.3%	8.6%	7.1%	8.9%	8.2%	8.5%
Expenses (% of turnover)	14.5%	13.7%	13.3%	14.9%	14.1%	14.6%	14.2%	13.6%	14.5%	14.2%	14.4%
Memo: THG EBITDA (£m) (9)	(0.5)	(0.3)	(0.0)	0.2	(0.6)	0.2	1.0	2.1	1.2	4.5	0.9

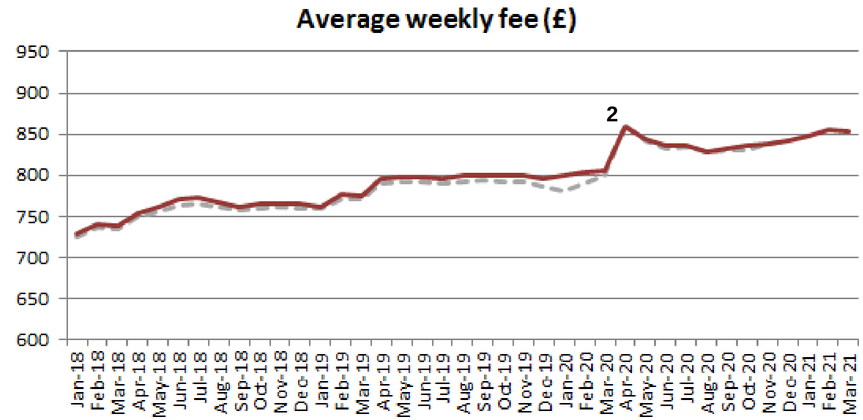
Notes

1. KPIs presented for the combined CHD (FSHC and brighterkind) only following disposal of THG division on 5 March 2021
2. Payroll excludes central payroll
3. Full year numbers may include minor rounding differences compared to the four quarter aggregate
4. EBITDAR(M) = Pre-exceptional Earnings Before Interest, Tax, Depreciation, Amortisation, Rent (and Central costs) and before closed and closing home costs
5. Due to their on-going nature, certain costs relating to closed and closing homes are included within EBITDA(R)
6. EBITDA before the non-cash onerous and operating lease credit and after closed and closing home costs
7. Rent on migrated leaseholds is accrued up to the date of the migration
8. The Group's results for the year ended 31 December 2019, the year ended 31 December 2020 and the quarter ended 31 March 2021 are draft and unaudited
9. Includes the results of 10 freehold/long leasehold, and 1 leasehold, THG site for which a sale process completed on 5 March 2021
10. KPIs excluding all leasehold care homes which have been migrated to alternative operators in Q4 2019 (45 operating and 13 closed care homes), Q1 2020 (66 care homes and 11 closed care homes), and Q2, Q3 and Q4 2020 (5 operational care homes and 7 closed sites), and 2 care homes in Q1 2021

Results – Care homes







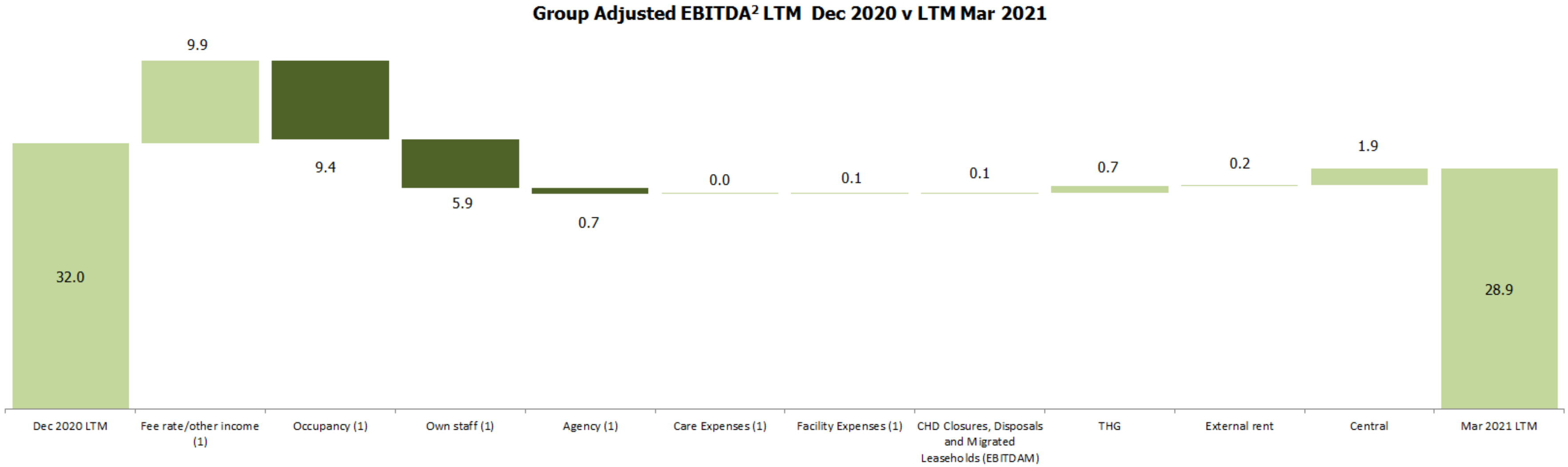
- - - Full historical CHD estate —— Excluding Migrated Leaseholds

Note 1 – Jun-21 occupancy % represents 13 June 2021 spot occupancy %

Note 2 - In April 2020 a c£15 (9%) increase to the Funded Nursing Care ("FNC") average weekly fee was announced. The increase is effective from 1 April 2019. Due to the timing of this announcement, the additional fee income has been reflected in Q2 2020 results and KPIs. The estimated EBITDARM impact is c£0.4m per quarter

- Average Q1 2021 occupancy in the care home business of 78.5% was 1.8 percentage points lower than the previous quarter. However the current spot occupancy of 79.5% represents a c1 percentage point increase since the close of Q1 2021
- Covid-19 continues to significantly impact the underlying occupancy of the business, although the death rate is below the last four year average and admissions have returned to levels at or close to pre-Covid-19 levels since the start of Q2 2021
- AWF of £852 in Q1 2021 was 7.6% higher than Q1 2020
- Payroll as a percentage of turnover in Q1 2021 was 2.0 percentage points higher than Q4 2020, reflecting the occupancy reduction and costs of staff shielding and self-isolation as a result of Covid-19
- However, agency as a percentage of total payroll of 8.5% for the quarter was an improvement of 0.5 percentage points compared to the prior quarter and remains below sector averages

Results – LTM Adjusted EBITDA December 2020 v LTM March 2021



- The LTM movement, excluding closures, disposals (including THG disposal) and migrations, was largely a result of the following drivers:
  - Income was £0.5m higher in Mar 2021 LTM than Dec 2020 LTM:
    - Group fee rates were higher leading to an overall favourable fee rate variance of £4.9m
    - Income of c£5.0m was received from LAs and CCGs in respect of an element of the exceptional Covid-19 costs
    - Lower occupancy in Q1 2021 compared to Q1 2020 resulted in an adverse occupancy variance of £9.4m, predominantly as a consequence of the negative impact of Covid-19 upon occupancy during Q2 2020
  - Own staff payroll costs increased by £5.9m, in part driven by an increased National Living Wage from April 2020 and the on-going pressures of Covid-19
  - Agency as a percentage of total payroll was consistent albeit resulting in a £0.7m decrease to LTM EBITDA and remains a challenge
  - Care and facility expenses were consistent with the comparative quarter despite inflationary pressures and additional PPE costs
- There was a £1.9m decrease in central costs predominantly as a result of the organisational restructure and cost control
- The EBITDAM impact of closures, disposals and migrations was neutral during the period, whilst the EBITDA of THG resulted in a £0.7m increase in the period

Notes
1. Excludes closures/disposals of care homes and migrations
2. Adjusted EBITDA is EBITDA before the non-cash onerous and operating lease credit and after closed and closing home costs
3. Rent on migrated leaseholds is accrued up to the date of the migration

FY 2019, FY 2020 and Q1 2021 EBITDA and cash flow analysis

	2019					2020					2021
£m	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1
EBITDARM	31.5	32.8	35.0	28.8	128.1	25.5	21.3	23.7	17.3	87.7	14.1
Closed home costs	(1.3)	(1.5)	(0.9)	(0.8)	(4.5)	(0.4)	(0.5)	(0.3)	(0.3)	(1.6)	(0.3)
Rent[1][2][3]	(13.1)	(13.2)	(13.3)	(12.1)	(51.7)	(7.7)	(3.5)	(3.1)	(2.8)	(17.2)	(2.0)
Central costs	(10.2)	(11.0)	(9.6)	(9.4)	(40.2)	(10.7)	(8.9)	(8.5)	(8.9)	(37.0)	(8.2)
Adjusted EBITDA[3]	**6.9**	**7.0**	**11.2**	**6.6**	**31.7**	**6.6**	**8.3**	**11.8**	**5.3**	**32.0**	**3.5**
Maintenance Capex	(3.2)	(5.7)	(6.0)	(7.1)	(21.9)	(2.7)	(2.4)	(1.9)	(5.4)	(12.4)	(2.2)
Central Capex	(0.3)	(0.1)	(0.3)	(0.2)	(0.8)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.0)
Capex	**(3.4)**	**(5.8)**	**(6.2)**	**(7.2)**	**(22.6)**	**(2.7)**	**(2.4)**	**(1.9)**	**(5.5)**	**(12.6)**	**(2.2)**
Exceptionals - restructuring	(5.5)	(8.9)	(9.4)	(10.4)	(34.2)	(14.0)	(6.4)	(4.4)	(8.8)	(33.6)	(5.0)
Exceptionals - other	0.2	0.0	(0.0)	1.4	1.6	0.3	-	-	-	0.3	-
Exceptionals	**(5.3)**	**(8.9)**	**(9.5)**	**(9.0)**	**(32.7)**	**(13.7)**	**(6.4)**	**(4.4)**	**(8.8)**	**(33.3)**	**(5.0)**
Debt drawdown/(repayment)	30.0	-	-	-	30.0	-	-	-	-	-	(31.6)
Taxation	(0.2)	0.4	(0.2)	-	0.1	(0.2)	-	(0.2)	-	(0.4)	-
Interest	(0.8)	0.0	0.0	0.0	(0.6)	-	-	-	-	-	-
Disposal proceeds	0.4	-	-	-	0.4	-	-	-	-	-	35.0
Working capital movement	(15.2)	(1.0)	0.8	12.9	(2.5)	11.0	11.5	(0.8)	4.7	26.4	(5.4)
Net cash flow	**12.4**	**(8.2)**	**(3.8)**	**3.3**	**3.7**	**1.0**	**11.0**	**4.4**	**(4.3)**	**12.1**	**(5.7)**
Opening cash balance	30.5	42.9	34.7	30.9		34.2	35.2	46.2	50.6		46.3
Closing cash balance	42.9	34.7	30.9	34.2		35.2	46.2	50.6	46.3		40.7

- In FY 2019 the Group generated £9.1m of operating cash before exceptional costs of £32.7m, a working capital outflow of £2.5m and £30m of additional drawings under the Group's term loan facility
- In FY 2020 the Group generated £19.4m of operating cash before exceptional costs of £33.3m and a working capital inflow of £26.4m
- The Q4 2019 and FY 2020 working capital movement was predominantly a result of rents which fell due and were accrued in respect of these quarters but which have not been paid. In addition the Group deferred PAYE and national insurance liabilities of c£18m in FY 2020, of which c£8m was carried into 2021 with full repayment during Q1 2021 and largely accounts for the Q1 2021 working capital movement
- In Q4 2019, the rent paid in cash was c£1.7m compared to the quarterly charge of £12.1m. The corresponding figures in:
  - Q1 2020 were c£1.4m paid and £7.7m charge;
  - Q2 2020 were c£2.0m paid and £3.5m charge;
  - Q3 2020 were c£1.7m paid and £3.1m charge;
  - Q4 2020 were £0.8m paid and £2.8m charge; and
  - Q1 2021 were £1.2m paid and £2.0m charge
- The review of the CHD and shared service central functions and related cost base was completed by the end of April 2020, resulting in cost savings of c£5.9m in Q2-Q4 2020 and Q1 2021 compared to comparative period, although an element of the reduction is due to imposed restrictions on the level of activity arising from Covid-19
- Central costs in FY 2020 include £6.2m attributable to THG (£1.3m in Q4 2020)[4] . Central costs in Q1 2021 include £1.2m attributable to THG

Notes
1. Rent on migrated leaseholds is accrued up to the date of the migration
2. Notwithstanding the level of rent accrued, rent paid in cash in Q4 2019, Q1 2020, Q2 2020, Q3 2020, Q4 2020 and Q1 2021 was c£1.7m, c£1.4m, £2.0m, £1.7m, £0.8m and £1.2m respectively
3. Adjusted EBITDA is EBITDA before the non-cash onerous and operating lease credit and after closed and closing home costs
4. THG central costs include a recharge of CHD/Group costs (£0.9m in FY 2020 and £0.1m in Q1 2021)

Material regulatory action as at 31 May 2021

The table below sets out a summary of the material regulatory action within each business, as at 31 May 2021:

Summary of current material regulatory action as of 31 May 2021				
	Embargoes	Other restrictions	Enforcement actions	Total number of open homes
FSHC	2	4	10	154
brighterkind	-	-	-	26
Total	2	4	10	180

- All care homes are subject to regular inspection by the relevant national regulator
- Each inspection results in a published regulatory rating which differs by regulator based on a compliance approach or relating to the outcome of those supported by the service. Each regulator categorises the services using a different system, but covering care related domains including safety, caring, leadership, effectiveness, responsiveness and environment
- Current regulatory status indicates where a service demonstrates a good or excellent performance against the standards with positive outcomes for residents and patients. Across the Group a proportion of services are rated as being non-compliant or requiring improvement in standards or outcomes
- All regulators have a range of enforcement powers which are utilised in the circumstances of significant breaches in regulatory compliance or risk to those receiving services. This includes the power to restrict admissions (embargo), require information to demonstrate quality recovery or in extreme circumstances impose conditions on, or revoke, the registration of a service

Contacts

- An investor relations page is available on the FSHC website: www.fshc.co.uk