



## General FAQs

### **What is happening and why?**

In 2019, MHA began a strategic review of our services. This included looking at where our homes and retirement living schemes are based and their size, how close they are to other services for older people, their financial viability, the quality of our buildings, and how they fit with emerging trends regarding the types of care and support that older people will want in the future.

The work of the review was inevitably paused by the pandemic, and this has now been completed. The outcome is a number of decisions taken by the Board of Trustees with support from the Executive Leadership Team.

The first of these decisions is to withdraw from 10 of our 88 care homes. Two of these are owned by local authorities, and we are in talks with them to explore whether they can take on these particular homes. The remaining eight are now being put up for sale.

There will be no immediate changes to the way the homes operate and run. It will be business as usual for them for the next few months, providing the critical care and support our residents need. Homes will continue to take in new residents, recruit new staff and volunteers and be part of MHA.

Another key decision arising from the review is that MHA has placed Auchlochan Garden Village in Scotland into administration. This means MHA is withdrawing from Auchlochan and the administrators will take responsibility for securing the long-term sustainability of the scheme. This includes the two care homes at Auchlochan – Bankhouse and Lower Johnshill.

MHA took over Auchlochan Garden Village in 2009 to prevent it from going into administration. However, the operating model for Auchlochan means it has a range of complex legal, operating and funding issues across the village, which MHA has been unable to resolve, despite investing considerable resources over the past 14 years. As a charity, we cannot continue to do this.

To support the continuation of services during the process of administration, Auchlochan will be able to draw on a contingency fund of £5 million from MHA. This will provide the best opportunity for new operators to be found, which includes the potential for leaseholders to set up their own management company.

The changes in Scotland also include MHA withdrawing from our three smaller retirement living schemes, with a view to selling these to alternative providers.

The schemes would be difficult to support without the larger infrastructure which Auchlochan gives us in Scotland.

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Together, these changes mean that MHA will no longer have any services in Scotland.

These difficult decisions have been made so that MHA continues to be a healthy and vibrant charity, with money raised from the sale of these services being invested in the fabric of our remaining homes and schemes and in new services for the benefit of residents and members.

MHA will continue to review and assess our homes and schemes to ensure they meet and adapt to people's changing needs, ensure financial viability, and remain valuing places to live.

### **What is the timeline around care homes?**

We are aiming to transfer care homes to new operators by early 2024 and are confident this can be achieved. If we are unable to find buyers for any of the homes, then they will have to sadly close. When we know further details on this, we will let you know.

### **What will happen if you can't find buyer(s) for the care homes?**

We are confident that in most instances we will be able to find new local providers for our care homes. Where a new provider cannot be found and we need to close a home, we will help our residents and their families find alternative care arrangements, keeping support networks together where possible. We will also help our staff find alternative employment, including looking at redeployment opportunities within MHA.

### **Why have these care homes been selected?**

These homes were identified as a result of the strategic review. This looked at issues such as the location and size of our care homes and retirement living schemes, their proximity to other services for older people, their financial viability, the quality of our buildings, and their fit with emerging trends regarding the types of care and support that older people will want in the future.

### **Are there any plans for new services at this time?**

We do not expect to be developing new care services in the immediate future. But these changes will put MHA in a better position for the long term. Our business plan talks about the changing nature of MHA's housing with care offer, which we plan to start developing in the next two years. This will focus on delivering a quality, affordable offer for older people.

### **What is the housing with care blueprint?**

The Government's social care white paper suggests a future where society will move towards a reduction in residential care with new services which are in the housing with care arena. MHA's Board has agreed our approach to housing with care and we envisage the development of our first of these schemes in the next two years.

### **Why have you put the Auchlochan retirement living village into administration?**

MHA took over Auchlochan Garden Village in 2009 to prevent it from going into administration. However, the operating model for Auchlochan means it has a range of complex legal, operating and funding issues across the village, which MHA has been unable to resolve despite investing considerable resources over the past 14 years. As a charity, we cannot continue to do this.

To support the continuation of services during the process of administration, Auchlochan will be able to draw on a contingency fund of £5 million from MHA. This will provide the best opportunity for new operators to be found, which includes the potential for leaseholders to set up their own management company.

The changes in Scotland also include MHA withdrawing from our three smaller retirement living schemes, with a view to selling these to alternative providers. The schemes would be difficult to support without the larger infrastructure which Auchlochan gives us in Scotland.

Together, these changes mean that MHA will no longer have any services in Scotland.

### **What happens next at Auchlochan?**

Administrators Azets have been appointed to take over the management of the scheme. To support the continuation of services during the process of administration, Auchlochan will be able to draw on a contingency fund of £5 million from MHA. This will provide the best opportunity for new operators to be found, which includes the potential for leaseholders to set up their own management company.

### **What happens at Auchlochan if an alternative provider cannot be secured?**

We want to provide the best possible conditions for an alternative provider to be found. A collaboration between the Administrator, leaseholders and alternative providers, has the best opportunity for a solution to be found.

### **What about the rest of MHA? Will there be other changes in future?**

Where possible, our aim is to protect and enhance our services, but like any organisation we will continue to review them to ensure that, as a charity, we are able to provide the very best possible services in the future.

## **Care home FAQs**

### **What will happen if you can't find buyer(s) for the care homes? Will you have to close any? How long will you try and sell the homes for before you make any more decisions like closure?**

We will be seeking to transfer care homes to new operators this financial year. In the small number of instances where we are not able to find alternative providers the care homes will sadly need to close. Where services are transferred to a new provider, staff will have the option of transferring employment to the new provider.

Where, in the small number of instances a care home closes, we will explore deployment options across MHA. If that is not possible then we will support staff to provide alternative employment with other care providers.

### **What exactly is the problem with this set of care homes?**

These homes were identified as a result of the strategic review. This looked at issues such as the location and size of our care homes and retirement living schemes, their proximity to other services for older people, their financial viability, the quality of our buildings, and their fit with emerging trends regarding the types of care and support that older people will want in the future.

### **If you can't make it work how will an alternative provider?**

Different providers of care homes have different models under which they operate. Buyers of the home will be making sure they will be able to run the home on a financial basis.

### **Will you ensure that you only talk to care providers with a good reputation for delivering good quality care services? How will you decide on who to sell to?**

We care very much for the future of the home and its sustainability, making sure it is able to provide quality care for residents. In addition, we care for our colleagues in making sure they have a long-term future. As part of the process of selling the home, we will seek to ensure due diligence in relation to any future provider.

### **How will you keep us informed of progress?**

You will continue to have regular meetings with your home manager and these will be a focus for us to give you updates, as well as emails from MHA centrally.

## **Auchlochan Garden Village FAQs**

### **What have you done to make AGV work?**

MHA took over Auchlochan Garden Village in 2009 to prevent it from going into administration. However, the operating model for Auchlochan means it has a range of complex legal, operating and funding issues across the village, which MHA has been unable to resolve despite investing considerable resources over the past 14 years. As a charity, we cannot continue to do this.

To support the continuation of services during the process of administration, Auchlochan will be able to draw on a contingency fund of £5 million from MHA. This will provide the best opportunity for new operators to be found, which includes the potential for leaseholders to set up their own management company.

The changes in Scotland also include MHA withdrawing from our three smaller retirement living schemes, with a view to selling these to alternative providers. These are Wesley Court in Granton near Edinburgh, Taransay Court in Milton near Glasgow, and St Andrew's Court in East Kilbride.

The schemes would be difficult to support without the larger infrastructure which Auchlochan gives us in Scotland. Again, we will keep all residents, their families, and our colleagues fully informed as this work progresses.

Together, these changes mean that MHA will no longer have any services in Scotland.

### **Why is AGV making a loss? Why has it been performing so poorly?**

The operating model for Auchlochan means it has several complex legal, operating and funding issues across the village, which MHA has spent considerable resources trying to resolve. As a charity, we cannot continue to do this, despite having explored all the options over the years for the long-term benefit of the residents.

### **Can we have our guaranteed buy back?**

The scheme is now in the hands of Administrators which means that MHA is no longer in a position to buy back properties.

### **What will the £5 million pay for and how did you arrive at the £5m figure?**

It is anticipated that the £5 million will help the administrators run Auchlochan for the next three years. The £5m is the balance in the Auchlochan bank account at the end of the 2022/23 financial year which the Group did not recall to partly pay off the intercompany loan.

### **What will the administrators be doing?**

The scheme will be run for the next three years as it is now. Initially it will continue to be business as usual for the village while the Administrators look at the changes which are needed. While running the scheme they will look for alternative providers to take on the long-term operational management, including exploring the possibility of a resident-run management company.

**If you couldn't make it work, what is to say someone else will?**

There are several complex legal and financial issues at Auchlochan which need to be resolved. We are confident that the Administrators will be able to work through these to resolve them, thus making the retirement village more financially viable for a new provider.

**Homes at Auchlochan are now essentially worthless – what can people do if they need to sell in the next three years. Will the Administrator buy back homes?**

That is a matter for the Administrator.

**It appears the scheme was unviable when you took on Auchlochan – why did you take it on at the time?**

We took it on because the provision of high-quality retirement living is totally aligned to the values of MHA. We believed that we would be able to work with residents on historic contracts to make the changes needed that would make the scheme viable and to change the village's operating model. Unfortunately, we have not been able to do that. Now the scheme, very sadly, has been put into Administration we hope that a new opportunity will emerge to reconsider these issues to ensure that the scheme becomes viable.

**When did you become aware that Administration was an option – when was it first discussed at Board level? How many homes were sold after that point? Why did you continue selling homes?**

The decision to place Auchlochan into administration was made by MHA's Board of Trustees on Friday 28 April 2023. The next available day for it to go to court to seek administration was Tuesday 2 May 2023.

**When did you last raise funding issues with leaseholders on historic contracts in order to increase fees to make the scheme viable? If not, why not?**

We have been in discussion with residents at Auchlochan for a number of years to try and resolve the issues but unfortunately this has not been possible.

**If a new provider cannot be found what will happen to people living in Auchlochan once the Administrators step away?**

To support the continuation of services during the process of administration, Auchlochan will be able to draw on a contingency fund of £5 million from MHA. This will provide the best opportunity for new operators to be found, which includes the potential for leaseholders to set up their own management company.

**Will staff transfer over to the Administrator during the period in which the Administrator takes over the scheme and will there be any changes in the way services are delivered?**

Staff will continue in their roles providing care and support to the residents at Auchlochan Garden Village initially. The Administrators will then look at what changes need to be made and discuss these with residents. MHA will not be involved in this process.

**Who is to blame for this - MHA mismanagement or the Scottish Government given that social care is a devolved issue or a combination of both?**

The reason Auchlochan, very sadly, has been placed into Administration is because of several complex financial and legal issues which MHA has tried to resolve over the years. For residents receiving care, the under-funding of the sector has placed additional financial burden on the finances of the village, along with the cap the Scottish government has put on social rents.

**Why don't you help find a solution rather than stepping away?**

We have attempted to do the very best for people living at Auchlochan for the past 15 years and tried to resolve the complex issues. As a charity we simply can no longer afford to continue the immense financial and human resources we put into the village each year which is to the detriment of all the other services we provide across England, Scotland and Wales.