



Insourcing of Adult Residential and Home Care in Scotland – Recent Examples

CONTRACTS BROUGHT BACK IN-HOUSE

Insourcing Example 1:

Intensive specialist nursing care – NHS Lanarkshire

Hospital Based Complex Clinical Care (HBCCC) is specialist intensive on-going healthcare for old age psychiatry patients with a dementia diagnosis and associated behaviours. It is provided to patients whose needs can *only* be met within a hospital or hospital-style setting. Prior to 2015, HBCCC was known as NHS Continuing Healthcare.

NHS Lanarkshire outsourced Hospital Based Complex Clinical Care, first to BUPA and then to another of the largest private healthcare groups, HC-One, who delivered it at its Hatton Lea Care Home in Bellshill.¹ The HC-One service was part of the Specialist Dementia Unit Improvement Programme run by Healthcare Improvement Scotland (2016-2019).

The HBCCC contract was taken back in-house in 2024 by University HSC North Lanarkshire after HC-One unexpectedly [announced](#) its intention to end the contract. HC-One's Hatton Lea Home was comprised of 5 units, 3 of which were funded by NHS Lanarkshire, each with 25 beds. HC-One announced its intention to close the NHS units, while keeping the other two open, as part of HC-One.

SL HSCP undertook a re-assessment of patients to establish whether they still required the specialist intensive care provided in HBCCC or whether they could be moved to a mainstream nursing care home. Rather than put the contract out to tender, NHS Lanarkshire developed an in-house service, reviewing practice in other areas of Scotland, and found a central location for the service in a comfortable and homely environment within the Board's existing mental health facilities. The HC-One staff were transferred to the employment of NHS Lanarkshire.

<https://news.stv.tv/west-central/dementia-they-told-us-hatton-lea-care-home-in-bellshill-would-be-my-mums-forever-home-now-i-dont-know-where-shell-go>

<https://www.glasgowtimes.co.uk/news/24273933.union-demands-patients-closing-bellshill-care-home/>
[Mental Welfare Commission inspection 2018](#)

<https://ihub.scot/media/7020/specialist-dementia-unit-improvement-programme-summary-report.pdf>

¹ HC-One appear to have purchased Hatton Lea Care Home from BUPA sometime between 2015-2018 and took over the NHS Lanarkshire contract. HC-One is ultimately owned via an offshore tax haven by private equity funds [Formation Capital](#) and [Safanad Limited](#) and a 'social care turnaround company' called [Court Cavendish](#).

Insourcing Example 2:

Borders Council

Home Care: Support Services First Choice Ltd

In order to maintain provision, Borders Council in 2024 brought back inhouse the hours contracted out to a private care at home operator in Hawick, [Support Services First Choice Limited](#), after the company lost its status being able to offer employer-sponsored VISAs and was put under investigation by the Home Office. Support Service First Choice provided healthcare workers to support people living in their own homes across the Borders region. But its international sponsorship licence, which allowed it to use relaxed immigration rules to fill vacancies, was suspended after concerns were raised over how staff were treated.

Background: According to [a press report](#), in March 2009, SBC's in-house home care team was delivering the majority of care hours in the region - 10,000 hours a week, while external operators provided about 3,000 hours. The council took the decision that year to increase the hours contracted out to the private sector from around a third to a half. The council's social work budget assumed savings of more than £250,000 across the next three financial years because of the outsourcing decision.

<https://www.bbc.co.uk/news/articles/c2803m0kl4no>

Insourcing Example 3:

North Ayrshire HSCP – All Home Care returned inhouse

The last three remaining home care contracts were returned inhouse and the transfer of staff to local government employment completed by 30 June 2024.

This followed a decision of the IJB in March 2023 after considering a review of Care at Home Service Delivery and how the service should be delivered in future, with external provider contracts due to end in 2024. The outputs from the review provided an overview of both current service delivery and contractual arrangements and historical information and data including reflections on how the service has responded and adapted through the pandemic. The IJB was supportive of the option whereby people who choose Self Directed Support Option 3 (where the choice of support for care is arranged by the local authority), Care at Home services would be delivered entirely by the Health and Social Care Partnership's inhouse Care at Home Team.

Achieving quality of care and ensuring the security and stability of provision were the reasons for the decision.

- The private companies concerned were TLC Scotland, First Homecare, and Delight Supported Living. Together they had provided 2,846 hours of care per week to 287 individuals.
- The majority of home care was already delivered inhouse – 30,000 hours per week to 2,000 individuals plus 5,000 community alarm users in North Ayrshire, Cumbrae & Arran (NA HSCP data).
- [Failings at TLC Scotland](#) had been highlighted by the Care Inspectorate in 2022.
- North Ayrshire had in the preceding few years already increased its inhouse delivery due to five care companies exiting the local market ([2019 Joint Inspection](#))
- In its briefing to elected members the HSCP said the review had shown that inhouse delivery increased stability and continuity to care users, and lessened the risk of changes negatively

affecting them, “which has been a continuous issue in North Ayrshire over the last few years because of companies exiting the market or notifying the HSCP of their inability to provide agreed care packages.”

- The decision provoked strong public criticism and [condemnation from Scottish Care](#) and the companies concerned.
- [In response](#) North Ayrshire HSCP explained:

“The decision not to renew these contracts was not taken lightly and was reached as a result of a significant review process. This took into consideration a number of factors, including the needs of the community across North Ayrshire, feedback from stakeholders, and – most importantly – the sustainability and quality of care and support for service users. Formal inspections undertaken by regulatory body, the Care Inspectorate, have consistently demonstrated a higher quality of care delivered via the Partnership’s in-house Care at Home service in recent years when compared to external Care at Home providers in North Ayrshire.”

“As ever, the safety and wellbeing of service users is our utmost priority, and while we will continue to promote choice through Self-Directed Support options, we fully stand by our robust decision to bring Care at Home services in-house for our Option 3 SDS clients.”

"The decision reflects a move to a fairer approach to care provision across North Ayrshire *and to allow the HSCP to provide greater long-term stability and quality of care provision for service users.*"

Insourcing Example 4:

South Ayrshire Council – Home Care contract returned in-house

In 2022, South Ayrshire Council [took back inhouse](#) the contract of private home care provider **Homecare by Hera Ltd** based in Prestwick after it failed to deliver improvements in the quality of its care to around 100 people. The HSCP inhouse home care service took over delivery of care with up to 9 staff transferring to council employment.

The HSCP public statement: “Our team has been working closely with the company to support improvements. However, following a recent follow-up inspection, the HSCP has made the decision to terminate the contract with this provider.

“Homecare by Hera has subsequently decided to close its doors. Staff currently employed by the organisation will transfer to South Ayrshire Council.

“The Health and Social Care Partnership will work with Homecare by Hera to ensure that residents continue to receive a service during this transfer process. The tipping point came in September, when the Care Inspectorate carried out a spot check and deemed the service as ‘weak’ across several quality indicators (category 2).

Insourcing Example 5:

Edinburgh IJB – Contract for care home operations returned in-house

City of Edinburgh Council recently took back in house two Care Homes previously operated by Four Seasons under contract to CEC (Castlegreen and North Merchiston). The move was completed in May 2023. The buildings were already owned by the council; their operation had been contracted out to a Four Seasons. In 2024 Four Seasons announced it wanted to exit the contract and the CEC took the decision to step in as provider of last resort. The two homes are now managed by Edinburgh HSCP.

The contracting out of the operation of care homes in Edinburgh (part of a wider programme of outsourcing) dates back to the SNP/Lib Dem administration of 2010-2012 when a joint trade union campaign "Our City's Not for Sale" was initiated. The insourcing of this contract in 2023 is against the prevailing trend in Edinburgh, where 85% of care home beds are in the private sector and council owned homes remain under threat.

The initial view from council officers was that they should create an ALEO operator to run the homes; insourcing was seen as too expensive. However this view changed. The reasons cited by CEC were "to ensure continuity of care and safety for the residents, who are frail and vulnerable, many with dementia, and to provide assurance for families and employees. By retaining as many staff as possible, the aim was to add confidence for continuity of care."²

142 Four Seasons staff were TUPE'd over; 117 staff to the employment of CEC and 17 staff to NHS Lothian, a substantial improvement in terms and conditions. Many Four Seasons staff were on temporary work VISAs and the UNISON branch successfully lobbied for the council to take on responsibility for the VISAs of the Four Seasons staff.³ As a result CEC is now a provider of employer-sponsored VISAs across services council-wide, not just social care.

From both the branch and employer side, the process was seen as a good example of joint working between trade unions (GMB & UNISON) and IJB/council/NHS to take care homes inhouse/TUPE-transfer staff – but it was very much counter to the prevailing trend.

City of Edinburgh Council committee paper, [Castlegreen and North Merchiston Care Homes Transfer Update, 31 Aug 2023](#)
<https://www.edinburghlive.co.uk/news/edinburgh-news/two-edinburgh-care-homes-brought-27550936>
<https://news.stv.tv/west-central/over-1m-improvements-needed-at-two-edinburgh-care-homes-brought-back-in-house-to-council>

Insourcing Example 6:

Argyll & Bute Council - HC-One nursing home purchased

Kintyre Care Centre in Campbeltown – a 40-room residential and nursing care home - was brought inhouse by Argyll and Bute Health and Social Care Partnership in 2023 [after the owners HC-One decided to sell up](#).

It was the only way to preserve nursing care provision in Campbeltown and the west of Argyll and Bute, guarantee security of provision and avoid out of area placements, which the Scottish Government has asked HSCPs to end. The insourcing of care from the private sector was the only way to retain the right care in the

² [mgConvert2PDF.aspx](#)

³ [Edinburgh care homes: Foreign staff at North Merchiston and Castlegreen homes fear deportation, Unison warns](#)

right place and avoid the prospect of elderly residents having to find places at great distance from relatives and friends.

Argyll & Bute Health and Social Care Partnership [provided the funding for the purchase](#). As the HSCP is a partnership between Argyll and Bute Council and NHS Highland it cannot legally own the Care Centre in its own right. Therefore Argyll and Bute Council took legal responsibility for the building. The IJB took the decision in Sept 2022, and ownership and the transfer of staff to the council and NHS Highland concluded successfully in March 2023.

Argyll & Bute Integration Joint Board approved the decision at its meeting on 21 September and Argyll and Bute Council on 29 September 2022.

HC-One statement: [https://www.hc-one.co.uk/our-news/corporate-news/nursing-home-services-secured-in-west-argyll-a-\(1\)](https://www.hc-one.co.uk/our-news/corporate-news/nursing-home-services-secured-in-west-argyll-a-(1))

NHS Highland: <https://www.nhshighland.scot.nhs.uk/news/2023/03/kintyre-care-centre-formally-handed-over-to-argyll-and-bute-hscp/>

[Argyll & Bute Council: Nursing home services secured in West Argyll and Bute](#)

Insourcing Example 7:

Highland Council & NHS Highland - Lochaber HC-One care home purchased

With funding from Scottish Govt, Highland Council and NHS Highland are taking into public ownership an HC-One Care Home in Caol, Lochaber. Moss Park was the only remaining nursing home in the Lochaber area and was threatened with closure after HC-One failed to find a buyer. The transfer of ownership will be completed in 2025 when NHS Highland will take over the operation of the 39-bed home.

In 2021 HC-One announced the closure of 52 of its 328 care homes. Moss Park was one of 4 of these located in Highland, the others being in Inverness, Fort William and Invergordon with another also closing in the Western Isles. In 2023 HC-One announced the closure of a further 19 homes as it re-positioned itself in the market.

The longer-term plan may be to outsource the operation. Although HC-One in announcing the closure said that it had struggled for years to attract and retain a permanent team of staff in Lochaber.

The scale of exit of providers led to the Joint Monitoring Committee (NHS Highland and Highland Council) asking the Scottish Government in 2022 to intervene to prevent the potential collapse of the care market. Additional national relief funding has been provided year on year to private providers. The main factors specific to Highland were identified as an inability to recruit and retain staff, no accommodation for staff, short notice closures, insufficient care home capacity, lack of funding to replace provision, and the nature of rural demand. Adult social care providers in rural areas are at the highest risk, because the geography prevents them from operating economies of scale.

[Caol's Moss Park Care Home could be saved from closure - BBC News](#)

[Last-minute reprieve for threatened Moss Park care home | The Herald](#)

<https://www.nhshighland.scot.nhs.uk/about/highland-health-and-social-care-partnership/highland-hscp-publications/moss-park-care-home/>

INVESTMENT IN IN-HOUSE CARE CAPACITY

FIFE

Fife Council has a programme of replacing its existing residential care homes with new build energy efficient intergenerational care villages owned and run by Fife HSCP and Fife Council. An example of joint working between services and integrated planning between the IJB, NHS Fife and Fife Council and assisted by funding from the Scottish Govt's Affordable Housing Supply Programme.

Four Care Villages have already opened: Kirkcaldy Extra Care Village (2015), [Lumphinans Care Village](#) (2018), Glenrothes (2019) and Methilhaven (opened 2023). Work on a fifth, in Cupar, began in 2024. <https://www.fifehealthandsocialcare.org/news-updates/news/2024/03/work-begins-on-cupar-care-village/>

<https://www.fifehousingregister.org.uk/options-care-villages/>

Methilhaven Care Village includes a 36-bed care home, an integrated nursery, extra care housing properties for older people and four specific needs bungalows, around a village green. The care home also has a day care service, hairdressers and a community cafe for the wider community.

<https://www.fifehealthandsocialcare.org/news-updates/news/2023/09/community-come-together-to-celebrate-fife-s-first-care-village/>

<https://www.fife.gov.uk/facilities/extra-care-housing/methil-care-village#:~:text=Methil%20Care%20Village%20consists%20of,%2C%20Kirkcaldy%2C%20and%20surrounding%20areas.>

This public investment has come under fire from the private care sector in Fife with public attacks made on Fife Council by Robert Kilgour, owner of the company Renaissance Care Ltd. Kilgour opened his first care home, in Kirkcaldy in 1989 which grew into Four Seasons Ltd, one of the largest UK private providers with 322 homes when it went into administration in 2019.

<https://www.thecourier.co.uk/fp/news/fife/2037199/fife-under-fire-for-building-scotlands-most-expensive-care-home/>

COMHAIRLE NAN EILEAN SIAR

Goathill Development Project, Stornoway

Opened March 2024. Consists of a 52-bedroom Care Home, a 50-unit 'Housing with Extra Care' development and 74 affordable homes. The Dementia Services Development Centre, University of Stirling helped achieve a dementia-friendly environment; the Care Home was designed with four wings for small group living, arranged around safe courtyard spaces. It accommodates a daycare facility occupied by Solas (Alzheimer Scotland), a corporate training suite and a new location for the Faire community alarm service.

The development was delivered by Comhairle nan Eilean Siar & Hebridean Housing Partnership in conjunction with the Western Isles IJB and the Scottish Government More Homes Division.

Having this new in-house capacity at Goathill has helped the HSCP respond to [the closure of the HC-One Blar Buidhe Care Home in Stornoway](#).

[First Gold Audit Accreditation in the Scottish Western Isles — Dementia Services Development Centre](#)

SOUTH LANARKSHIRE

Care and Housing Campus, Blantyre – opened 2023

Project led by South Lanarkshire IJB and HSCP and involving Glasgow Science Centre, comprises a 20 bedded facility providing short term transitional care and 20 new technology enabled properties, all equipped with state-of-the-art telecare systems to support independent living. Range of houses and flats to suit different needs. On the same site there is a further development of 25 new council homes creating new social housing at the centre of Blantyre. At the centre of the development is the Blantyre Care Hub, a centre of excellence for supporting unpaid carers and the development of health and social care skills, with a Technology Enabled Care (TEC) zone that will support people across South Lanarkshire to live well in their own communities.

Built with funding from the Scottish Govt's Affordable Housing Supply Programme.

[Care and Housing campus taking shape - South Lanarkshire View](#)

[Blantyre Life housing and care campus officially opens | Scottish Housing News](#)

PRIVATE CARE PROVIDERS

Example 1 – evidence of ‘price gauging’

In Edinburgh, 85% of care home services are operated for profit. The city has relatively few care homes for its population: 6 care home beds per 1000 population, compared with 8 per 1000 in Scotland as a whole.

An independent study conducted in 2024 for Edinburgh IJB found that:

- “prices are determined by the scarcity of care, not just the cost of providing it” and this is particularly so with nursing and dementia services where the supply of places is low.
- “Even the most expensive scenario using Council homes, is less costly than purchasing care home services from the independent sector at the prevailing fee of £2,300/week gross.”

It reported that “...since Nov 2022, the funding and operating cost of care homes do not explain the prices.”⁴ By studying cost and price trends, the study found that while cost inflation had slowed since Oct 2022, the fees charged by providers had continued to grow, reflecting the fact that buyers have nowhere else to go.

As a consequence, nearly a fifth of the older people Edinburgh HSCP supports in care homes now cost between 10% and 100% more than the ‘Social Work’ fee rate (£888.50 pw). Those above this rate now contribute a growing proportion of the HSCP’s spending on care for older people. The difference between the social work fee and the price the HSCP agreed to pay, cost the HSCP an extra £3.8m annually. “These fees are for intensive services, for people with dementia, or who need nursing care home services, or both: the services that hospital delayed discharge data indicate are most scarce.”⁵

⁴ An Older People’s Pathway Update, pp169-196.

<https://democracy.edinburgh.gov.uk/documents/g7045/Public%20reports%20pack%2017th-Jun-2024%2010.00%20Edinburgh%20Integration%20Joint%20Board.pdf?T=10>

⁵ Ibid.

Despite it being established that in-house care home provision is less costly than private, EIJB does not have access to the capital funding needed to expand in-house capacity sufficient to meet the projected rise in population needs over the next twenty years. Instead, it is trying to negotiate pricing agreements with the private sector for nursing, dementia and other specialist care home services.

Example 2

Illegal behaviour and breach of migrant worker rules by a home care operator Support Services First Choice Ltd resulted in a contract [being brought inhouse](#) by Borders Council in March 2024.

Example 3

Home care company **Lothian Healthcare Services** based in Balerno, which had contracts in Edinburgh and West Lothian took on contracts, took payments, then dumped the service users and disappeared, no one can track down the owner. The company stopped trading in January 2024 leaving its staff owed around £20,000 in unpaid wages and holiday pay.

Edinburgh HSCP said that the company had given less than 24 hours notice that it was withdrawing from its contract, after the council had paid invoices in advance in a bid to sustain the provider through its financial problems.

UNISON regional manager Peter Hunter [commented at the time](#): “Our social care system is broken. When private care companies close down, for whatever reason it is not only devastating for the residents it is really tough on staff and others. Staff lose jobs and end up with financial problems and some in serious debts. It is one of the reasons why we think these services should run in the public or not for profit sector to be more like the national health services – it helps to avoid these situations.”

<https://www.edinburghlive.co.uk/news/edinburgh-news/edinburgh-carers-fight-thousands-unpaid-29150789>

Example 4

Four Seasons care homes

North Ayrshire – Four Seasons

In 2022, a Care Inspectorate visit to a Four Seasons care home in Irvine, North Ayrshire found “mouldy shower rooms”, “a staff member touching a resident after handling dirty linen”, “bodily fluids entering damaged mattresses”, “a disconnected manager” and residents’ health and dignity not being prioritised.

[Irvine: Mould, bodily fluids and 'lack of dignity' at Cumbrae Lodge care home | Irvine Times](#)

Edinburgh – Four Seasons

In 2024 when Four Seasons handed back the contract to operate two council care homes, Edinburgh IJB faced costs of more than £1m to get the facilities back up to Care Inspectorate standards when they were returned to the public sector.

[Over £1m improvements needed at two Edinburgh care homes brought back in-house to council | STV News](#)

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