



## **‘Exiting your Business’**

### **Thinking of Exiting the Market when your business is no longer viable?**

Signposting information for care providers thinking of exiting the market  
September 2025

Developed in partnership with [BTG Advisory](#), and other valued partners, this guidance document has been developed to offer care providers thinking of exiting the market with signposting information. It includes Five Key considerations if your business is no longer viable and is in critical financial distress together with a check list for CQC registered providers.

#### **Disclaimer**

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We include external organisations and resources for your convenience — this doesn't mean we recommend or endorse them, and we're not responsible for their content, advice, or services.

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## Developing an exit strategy when your business is no longer viable

### Five Key Considerations



#### 1. Assess Financial and Legal Position

- Conduct a thorough review of your financials to understand viability and cash flow assets, and liabilities.
- Consult legal and financial advisors to ensure compliance with regulations and understand implications of insolvency, including director responsibilities.
- Consider seeking specialist independent legal advice
- Understand personal and corporate liabilities

#### 2. Communicate Early and Transparently

- Notify key stakeholders (employees, customers, suppliers, partners, funders) as early as possible to maintain trust and manage reputational risk.
- Prepare clear, honest messaging to explain the decision and next steps.

#### 3. Protect Employee and Client Interests

- Follow legal procedures for redundancies and notice periods.
- Ensure safe handover or continuity of care if applicable (e.g. in health or social care services) and provide support to staff in finding new employment if possible.



#### 4. Liquidate or Transfer Assets

- Identify and value all tangible and intangible assets (e.g. equipment, intellectual property, brand reputation).
- Consider selling assets or transferring contracts to recover value or settle debts, supported with independent valuations.

#### 5. Formalise the Closure Process

- Deregister the business officially (e.g. through Companies House if in the UK).
- File final tax returns, settle outstanding obligations, and retain documentation for the required period.
- If applicable, appoint a licensed insolvency practitioner to manage the business sale or voluntary liquidation.

A well-structured exit strategy helps minimise personal and financial damage, supports your legacy, and protects those who rely on your business.

## Exit Strategy Checklist for CQC Registered Care Home Owners

### 1. Initial Planning and Advice

- Seek legal (Fiduciary duty) and financial advice on business closure, insolvency, or sale options.
- Notify your accountant and assess liabilities, including staff redundancy, tax, pensions, and contracts. See link to [Citation](#) website for more details.
- Consider appointing an insolvency practitioner if closure is linked to financial distress.



## 2. CQC and Regulatory Notifications

- Notify CQC in writing of your intention to cancel your registration at least 28 days in advance (Regulation 15, Health and Social Care Act 2008).
- Submit a Notification of Intention to Cancel Registration (Form CQC-PR) or apply online.
- Ensure compliance with all CQC regulations until the service officially closes.

## 3. Resident Transition Planning

- Plan early for safe and person-centred relocation of residents.
- Hold meetings with residents, families, advocates, and social workers to discuss care options.
- Work with local authorities and ICBs to coordinate transfers to appropriate services.
- Maintain detailed records of discussions, assessments, and decisions.

## 4. Staff and HR Responsibilities – seek specialist legal advice to ensure you are acting in line with current legislation

- Inform staff of the closure and begin redundancy consultation in line with employment law. See link to HR support at [Citation](#) or an insolvency practitioner can also facilitate this process if this is your preferred option.
- Issue proper notice periods and calculate redundancy pay (statutory or contractual). See Government website calculator: <https://www.gov.uk/calculate-your-redundancy-pay>
- Provide references and support staff with employment resources.

## 5. Communication and Stakeholder Management

Inform key stakeholders:

- Local authority commissioners
- Integrated Care Board (ICB)
- Residents' families
- Suppliers and contractors



- **\*Insurers** and banks (when communicating with your bank, you may be placed into '**Business Support Team**' Ensure you fully understand the Banks process and agenda.

Develop a communications plan to manage public and media queries.

## 6. Service Wind-Down and Asset Disposal

- Review and manage all contracts (leases, suppliers, utilities, insurance).
- Arrange secure storage or destruction of confidential records (retain resident care files for at least 8 years).
- Dispose of medication, medical equipment, and waste appropriately.
- Sell or transfer physical assets (beds, furniture, equipment). Subject to independent valuation.

## 7. Financial Closure

- Finalise payroll, pensions, and supplier payments.
- Submit final VAT (if registered) and tax returns.
- Close business bank accounts and cancel direct debits/standing orders.

## 8. Deregistering and Winding Up the Business

- Cancel your CQC registration after all residents have left and care has ceased.
- Notify Companies House and HMRC of business closure (if applicable).
- Retain all necessary records for the legally required duration (financial, clinical, HR).

## If you sponsor overseas workers

If your care business is about to fold and you are sponsoring overseas staff, you must immediately inform UK Visas and Immigration (UKVI) through the Sponsor Management System. This action will likely lead to the curtailment of the sponsored workers' visas by the Home Office.



#### Immediate Action: Informing UKVI:

- The care provider, as a licensed sponsor, has a duty to report any changes in circumstances that affect their sponsorship, including business closure.
- This reporting must be done through the Sponsor Management System within 10 working days of the employment ending.
- Failure to report can lead to penalties for the sponsor.

**NOTE:** Before finalising any exit plans obtain **FIDUCIARY DUTY** via a insolvency/specialist lawyer to understand your obligations as a Director.

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#### **Insurance Considerations - T L Dallas**

##### **Considerations for Businesses Closing Down: An Insurance Broker's Perspective**

Closing a business is complex, with legal, financial, and logistical aspects to manage. It's crucial not to overlook the ongoing importance of insurance. Properly managing insurance policies during and after closure can protect a care business and its past activities from unforeseen liabilities.



## **Communication is Key**

Proactive communication with an insurance broker or insurer is vital. Inform them as soon as the decision to close a business is made. This allows a broker to guide your businesses through the process and advise on necessary policy adjustments. Open and honest communication helps ensure continued coverage and avoids potential gaps.

## **Navigating Policy Cancellation and Reductions**

Many standard business insurance policies can be cancelled immediately and some with a 30-day notice, with refunds of premiums adjusted accordingly, however, premature cancellation of a policy in its first year can result in short term rate return premiums rather than pro-rata. Certain policies, like Employers' Liability insurance, are legally mandated in the UK if there are employees. This coverage is essential until the workforce is no longer in place.

## **Run-off Cover: Protecting the Past**

'Run-off' cover is a critical consideration for closing businesses, especially for Management Liability, Professional Indemnity (PI), Abuse or Medical Malpractice or Treatment risk insurance. These types of insurance can operate on a "claims made" basis, meaning a policy must be active when a claim is made, even if the incident occurred years ago. Run-off cover provides crucial protection against claims relating to work carried out before the business closed but after your policies have lapsed. This is especially important if the business is CQC is regulated or if there are contractual obligations to maintain cover. Negligence claims can surface years after a company ceases trading and won't eliminate responsibility for past work so you may need to arrange "Run-Off" cover for a period of time.

This period is normally at least three years as the normal statute of limitation to make a bodily injury claim. Six years is often recommended as this covers potential claims arising from the statute of limitations for contract and tort law. If you are providing care



to children, you may need to consider a longer run-off period as minors have until they reach their majority (eighteen years old) then another three years.

### **Other Crucial Steps**

- Review existing and potential claims: Address any outstanding or potential claims before the business is formally dissolved.
- Property considerations: Notify insurers if any property becomes unoccupied during the closure process, as this could affect coverage terms.
- Contractual commitments: Review any ongoing contracts and obligations, especially those relating to third-party services or warranties.
- Insolvency advice: Seek professional advice immediately if the company is insolvent.

### **Avoid Vulnerability**

Closing a business is significant. Avoid unnecessary risk by addressing insurance needs. Consult with your insurance broker to discuss specific circumstances and ensure the appropriate run-off cover is in place to manage the transition responsibly. Protecting past work allows business owners to move forward with confidence and peace of mind.

### **Contact Details**

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## Citation

- Email: [care@citation.co.uk](mailto:care@citation.co.uk)
- Website: <https://www.citation.co.uk/hr-and-employment-law/redundancy-pay/>

## Christie & Co

- Name: John Harrison, Director, London and Southeast
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## Useful links to signpost any staff

- Care Workers Charity <https://www.thecareworkerscharity.org.uk/>
- ACAS Helpline <https://www.acas.org.uk/contact>
- Telephone: Helpline: [0300 123 1100](tel:03001231100)

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