

Southern Cross: a symbol of the failing NHS to come

Published: January 13, 2026, 12:42 am

[Southern Cross is one of the UK's largest providers of care homes](#). It has 754 in all with 37,600 beds. For many those beds are home.

And it is failing financially. Over burdened with debt as a result of reckless dealing whilst under private equity control and now facing a downturn in demand as local authorities can no longer afford to pay for respite care, and in some cases care at all, Southern Cross is facing financial failure. It is, in that sense, an example of the likely failing of the NHS in future.

The care of the elderly is not a marginal activity: it is critical to the health and social care provision of the elderly. Once it was largely managed by local authorities. And then it was, largely, privatised. It was argued the private sector could provide these services much better than the state. But being property based, and being based on what was assumed to be a secure income stream the whole process was soon rapidly financially engineered, heavily leveraged, sold and leased back, and very soon over leveraged to the degree that failure now seems inevitable. Upwards only pricing and growth assumptions may be reckless, but that's what markets are.

This is the face of the NHS to come - because for all practical purposes these care homes are health and social provision - and yet here we have one of its largest players, that has been exploited mercilessly for profit - now being hung out to dry and begging for government and local government support.

Has anyone heard this story before - in the banking sector?

Yes, here we have the repetition all over again. Southern Cross is in a very real sense too big to fail. So it is, in effect, asking to be bailed out. The reason is simple - these people cannot be made homeless.

Now I agree, Southern Cross could go into administration and local authorities would then take the care homes over - they'd have to (but deals to protect shareholders would have to be done). However looked at, that's still the upside risk going to

shareholders and the resulting train crash going to the state.

Get used to it. A hospital fails having been sold and leased back, stripped of all value on site and left as a residual facility - and the state will get the husk back, subject to all the constraints in the lease, which will have to be honoured. And so on, and on.

Southern Cross shows the way the NHS is going - the most gigantic asset strip of all time with a securitised income stream for the private sector at cost to the state the inevitable residual consequence.

It's all too obvious to see. But will anyone stop it?