

**Departmental minute from the Department of Health and Social Care:
notification of contingent liability**

**Nottingham Rehab Limited, Nottingham Healthcare Limited (“together
referred to as NRS”) - Insolvency**

**Presented to Parliament by the Secretary of State for Health and Social
Care by Command of His Majesty**

1. It is normal practice, when a government department proposes to undertake a contingent liability in excess of £300,000, for which there is no specific statutory authority, for the Minister concerned to present a departmental Minute to Parliament giving particulars of the liability created and explaining the circumstances; and to refrain from incurring the liability until 14 Parliamentary sitting days after the issue of the Minute, except in cases of special urgency.
2. It has not been possible for the House to be given the normal time to approve these liabilities. As I set out further below, the urgent situation which arose in relation to the financial position of NRS Healthcare at the start of August resulted in the need for immediate intervention by the Government during Parliamentary recess.
3. NRS Healthcare (also known as Nottingham Rehab Limited) provided essential services and equipment, such as wheelchairs, hoists, and technology that supported disabled and older people to live at home. This helped avoid admissions to hospitals or care homes and assisted people in returning home after leaving hospital.
4. On the 1st August the Directors of NRS filed for insolvency and the court made an order placing the company into liquidation and appointing the Official Receiver as liquidator, who is supported by Special Managers.
5. Immediately prior to their insolvency, 44 local authorities held contracts with NRS and relied on their services. Via these contracts, NRS supplied around 50% of hospitals with equipment used in Adult Social Care in England, Wales, Scotland, and Northern Ireland.

6. In the absence of additional support for the Official Receiver, there was a significant risk that in line with their statutory duties the Official Receiver would have had no choice but to close services immediately. The Department, our insolvency advisors and NHS England considered that this could have resulted in an immediate and significant impact on hospital flow, and the safety of people in the community who were drawing on NRS services.
7. The Government's top priority in this situation was safeguarding people. In that context, in order to avoid the risk of an immediate cessation of services as set out above, the Government decided to provide additional support to enable the Official Receiver to continue trading the business and ensure an orderly wind-down in line with their statutory duties. In particular, it was necessary for the Government to indemnify the Official Receiver for actions he undertakes as Official Receiver and Liquidator, in respect of any claims that are made personally against the Official Receiver or the liquidation of the estate of NRS and any other affiliated or related companies in respect of which he was appointed Official Receiver. This indemnity is a standard mechanism in high-risk or complex insolvencies where appointees are expected to act in the national interest without undue risk to the appointees. It is not possible to quantify the value of the claims that may arise in the future: however, the Government and the Official Receiver believe that the likelihood of the indemnity being called upon is low. The DHSC has therefore accounted for it as a contingent liability. So that the Official Receiver may carry out their duties without financial risk to themselves or creditors in the liquidation, the liability shall be unlimited and will remain in place until the Official Receiver's services are no longer required.
8. Separate arrangements have been made in relation to the costs and expenses incurred by the Official Receiver in carrying out their statutory duties as liquidator. This has been provided by a letter of comfort. At present, the final costs associated with the liquidation of NRS and any affiliated or related companies in respect of which the Official Receiver is appointed or for the transfer of services from NRS and its affiliated and related to companies to

alternative suppliers remain unclear and are subject to the overall strategy that the OR has taken. Therefore, as it stands, the DHSC accounts for this as an additional, separate contingent liability. So that the Official Receiver may carry out their duties without financial risk to themselves or creditors in the liquidation, this second liability shall also be unlimited and will remain in place until the Official Receiver's services are no longer required.

9. Neither the indemnity or letter of comfort extend to any costs which may legitimately be charged to the company or companies in liquidation. However, If the liability is called, provision for any payment will be sought through the normal Supply procedure. The Treasury has approved this arrangement.
10. It was not possible to provide the usual 14 days' notice of the contingent liability to Parliament, as the risk of insolvency to NRS Healthcare occurred at short notice during recess and needed confidentiality to avoid accelerating the insolvency. We wrote to the chairs of both the PAC and department select committee to inform them when the contingent liabilities were entered into. We are now laying this Minute on return from Recess. There is precedent for this.
11. I apologise that it has not been possible for the House to be given the normal time to approve this liability. If, within 14 sitting days a Member signifies an objection by giving notice of a Parliamentary Question or by otherwise raising the matter in Parliament, I undertake to examine that objection and respond to the Member concerned.

Stephen Kinnock MP
Minister of State for Care
1 September 2025