

# BATH AND NORTH EAST SOMERSET

## SPECIAL CABINET

These minutes are draft until confirmed as a correct record at the next meeting.

Thursday, 26th May, 2022

### Present:

Councillor Kevin Guy (Ch)	Leader of the Council, Liberal Democrat Group Leader
Councillor Tim Ball	Cabinet Member for Planning and Licensing
Councillor Alison Born	Cabinet Member for Adult Services and Council House Building
Councillor Tom Davies	Cabinet Member for Adult Services and Council House Building
Councillor Manda Rigby	Cabinet Member for Transport
Councillor Dine Romero	Cabinet Member for Children and Young People, Communities
Councillor Richard Samuel	Deputy Council Leader (statutory) and Cabinet Member for Economic Development and Resources
Councillor David Wood	Cabinet Member for Neighbourhood Services

### 1 WELCOME AND INTRODUCTIONS

The Chair, Cllr Kevin Guy, welcomed everyone to the meeting.

### 2 EMERGENCY EVACUATION PROCEDURE

The Chair drew attention to the emergency evacuation procedure as set out in the agenda.

### 3 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Sarah Warren.

### 4 DECLARATIONS OF INTEREST

Cllr Tim Ball declared an interest regarding item 8 as his grandson uses the paediatric services provided by HCRG.

### 5 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

The Chair stated that there was no urgent business, but that he wished to thank the dedicated HCRG teams for the excellent services they have continued to provide under the extreme pressure of the last two years. He praised the close working relationship between the Council and the CCG which would soon move to an Integrated Care System. He stated that, whilst the CCG decision relating to the HCRG contract had been made earlier in the evening, the Cabinet decision would be made entirely independently. He wished to reassure the public and service users that the collaborative relationship between the two organisations would continue.

## **6 QUESTIONS FROM PUBLIC AND COUNCILLORS**

There were eight questions from Councillors and no questions from members of the public.

Cllr Joanna Wright asked two supplementary questions relating to M1 and M5. Cllr Alison Born confirmed that responses would be provided within five working days of the meeting.

*[Copies of the questions and responses, including supplementary questions and responses if any, have been placed on the Minute book as Appendix 1 and are available on the Council's website.]*

## **7 STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS**

The following members of the public and Councillors made statements regarding the HCRG contract extension:

- Pam Richards (Protect our NHS BANES) *[a copy of which is attached to the minutes as Appendix 2 and on the Council's website]*
- Councillor Paul May *[a copy of which is attached to the minutes as Appendix 3 and on the Council's website]*
- Councillor Robin Moss *[a copy of which is attached to the minutes as Appendix 4 and on the Council's website]*
- Councillor Eleanor Jackson (this statement was read out by Cllr Robin Moss as Cllr Jackson was unable to attend the meeting) *[a copy of which is attached to the minutes as Appendix 5 and on the Council's website]*

## **8 HCRG CARE GROUP OPTIONS APPRAISAL**

Cllr Vic Pritchard made a statement in his capacity as Chair of the Adults, Children, Health and Wellbeing PDS Panel. The statement covered the following issues:

- The role of scrutiny is very important in this process. Having discussed this matter at the Adult, Children, Health and Wellbeing PDS Panel no firm conclusion had been reached. There was a balance of views from Panel members between Options 1 and 3.
- Cllr Pritchard gave a brief outline of the background to the Virgin Care contract and highlighted the importance of this decision.
- He praised the excellent service that had been provided by Virgin Care and HCRG throughout the pandemic.

The Chair clarified that the Cabinet had decided to ask the PDS Panel to consider the HCRG contract options appraisal. He also noted that the statement presented by Cllr Pritchard appeared to be made in his capacity as Leader of the Conservative Group rather than as the Chair of the PDS Panel.

Cllr Alison Born, Cabinet Member for Adult Services and Council House Building, introduced the report and made the following statement:

“This Special Cabinet meeting has been called to determine the future of the community health and care services contract. These services were provided by Sirona, a local Community Interest Company until 2017 when a seven plus three-year contract was jointly awarded to Virgin Care by B&NES CCG and Council. The first seven-year period of the contract comes to an end in March 2024 and Commissioners were required to decide whether or not to exercise the three-year extension by March 2022.

An options appraisal process took place during 2021 and in November, both the CCG and the Council took the decision to exercise the three-year extension. This decision was based on the fact that services provided by Virgin Care were generally good, they were seen as a trusted partner, and it was felt that the extension would offer certainty and continuity at a time of great stress and upheaval across the health and care system.

However, within three weeks of this decision being made, Commissioners were informed that Virgin Care had been sold to a private equity group Twenty:20 capital and was being re-branded as HCRG. This was totally unexpected as the Commissioners had been given no prior indication that Virgin Care was for sale. It brought the decision regarding the contract extension into question. HCRG were informed that the extension would be placed on hold whilst commissioners initiated a due diligence process and obtained legal advice. In February 2022, HCRG agreed to an extension of the deadline for exercising the option until the end of June 2022.

A further Option Appraisal has been undertaken, taking into account the change of ownership and the circumstances for that change. Four options were considered and two have been discounted, the two that remain are:

Option 1 – To extend for a further three years

Option 3 – To allow the contract to end with no extension beyond 31 March 2024

There are advantages and disadvantages to either of the options under consideration and it is a finely balanced decision. Officers have recommended Option 1 (that is extending the contract for a further 3 years) on the assumption that it contains the financial and operational risks, it minimises disruption to service provision and allows existing relationships to continue. However, they also recognise that the potential disadvantages of Option 1 include risks relating to the provider selling the business on again without the Commissioners' prior knowledge and reduced flexibility and control.

The remaining option still under consideration is Option 3 (that is allowing the contract to end with no extension beyond 31 March 2024). Officers recognise that this offers the opportunity to align contracts with neighbouring providers; to bring in-house adult social care; to give commissioners greater flexibility to adapt community services to changing needs and priorities (including the potential for greater integration or re-commissioning these services at scale); to streamline IT services (enabling better access to data) and to increase workforce security at a time of significant skills and labour shortages.

Officers identify the potential disadvantages of Option 3 to include, concerns about the scale of activity required within the next 21 months to determine the new service model and to transfer staff and services; with the potential impacts on operational services, on key relationships and on the costs of service provision.

In the paper, the financial implications of the two options look markedly different but Option 1 only includes the estimated costs of the procurement process, necessary to determine provision at the end of the 10-year term of the contract. Any additional costs would be borne outside of the 10-year period so have not been quantified, but they would be significant.

By contrast, Option 3 provides the opportunity to explore bringing services in house with one off mobilisation costs, to determine the new service model and to manage the transition, which would be incurred over a three-year period from 2022 to 2025. Plus, the estimated costs (due to additional pay and pension liabilities) of bringing social care staff back in house; these operational costs would be incurred from 2024-2027 and are estimated to equate to less than one million pounds per year. There would be no procurement costs to the Council for option 3 as social care services would be taken in-house and the services would not be re-procured.

Additional staffing costs would undoubtedly apply at the end of the contract period in Option 1, but they would be bought forward by three years in Option 3. It is also worth noting that the Option 3 figures set out in the paper are estimates before any actions are taken to mitigate. Councillor Samuel will be providing more information on the resource implications when he speaks on this matter.

As the risks and benefits between the two options appear to be so finely balanced, it is important to determine which option is more likely to support the development of innovative community health and social care services that are both robust and agile and are capable of responding to the unprecedented post pandemic demand for services, the challenging workforce environment and the requirements and opportunities of the new Health and Care Act.

My sense is that the partnership needed to deliver this service transformation must be open and transparent with high levels of trust between all parties and providers must be able to respond quickly and flexibly to new ways of working.

I am concerned that a provider that is operating under a contract determined pre-pandemic and which we now know (from the totally unexpected sale of Virgin Care) is compelled to withhold commercially sensitive information and cannot be totally open and transparent, will have limitations. I am also concerned that there is nothing to stop the new owner of HCRG from selling the service on again, so the expectation of continuity afforded by Option 1 may well not be delivered and we could face more disruption in the near future, regardless of whether or not the contract is extended.

It is essential that local community health and care services are of high quality, that they meet the needs of our local communities, and that public money is safeguarded for the provision of front-line services. Disruption caused by changes to provider services is very difficult for both staff and service users and does not support effective service delivery. We are incredibly grateful to our community health and

care staff who have worked throughout the pandemic in the most challenging of circumstances.

While Option 1 appears attractive in the short term, I believe that the certainty provided by Option 3, with the opportunity to bring our social care staff in-house, will provide them with greater security and will support the development of services equipped to address the evolving needs of our residents. I also understand that the anticipated costs can be managed and that there may be advantages in starting the transition away from the current flat cash contract at an earlier stage. I move, therefore that Cabinet supports Option 3.”

Cllr Richard Samuel, Cabinet Member for Economic Development and Resources, seconded the motion and made the following statement:

“In seconding the recommendation to approve Option 3 just moved by Cllr Born I want to focus on the financial aspects of this decision as it goes without saying that the ultimate test of success of this service is the quality of service to residents and the context in which that service operates.

When this contract was let by the Conservatives in 2016 it was, even by their standards at that time, an unusual contract. The contract took on services previously provided, as we’ve heard, by the Council’s own arms-length provider Sirona who were a not-for-profit social enterprise. Cllr Pritchard, the lead Cabinet member at the time, decided that the contract should be awarded to Virgin Care, for the reasons he’s explained earlier.

The unusual features of this contract were that the Council component of the shared contract with the CCG was a flat cash contract. This means since its commencement in 2017 that Virgin were required to absorb annual cost rises without receiving any extra payment. Effectively this meant they were required to make savings every year to keep pace with inflationary pressures.

Now from the Council’s perspective of course this was great news. A major service would see no year-on-year cost increase linked to Consumer Price Index movements and that has been the case for the past five years. However, there’s no such thing as a free lunch. When this contract comes to an end, whenever that is, and a new service is procured then the Council can expect to see a hike in costs reflecting the movement of prices over the years of the contract. So, in other words, the full impact of the flat cash contract would be felt at the end of the contract, whether that’s seven years or ten years.

To expand on that point, you need to think about the context. In 2015/16 inflation was low, the labour force was boosted by the presence of EU workers, a number of whom have now left, and social care pressures were growing but they were still contained. In 2022 the polar opposite applies. The labour force has shrunk due to Brexit, inflation is rampant due to the government’s failure to control it, tax rates are their highest for decades and social care pressures are now increasingly unsustainable. The government’s own solution for this has been limp, to say the least.

Against this background the 2016 decision to award this contract looks, unusually, both inept and clever at the same time. Inept because it bequeathed an unsustainable pressure to future Council administrations and fortuitous because it

handed the Tories short term savings, to counter the fact that they were losing control of the Council's finances in 2016/17 and needed to find cash from anywhere they could.

Turning to the financial in this report. In table 5.1 we can see that Option 1 effectively defers the expected movement in costs, that I think several speakers have referred to, until 2026/27 and does clearly save the Council money in the short term; whereas Option 3 brings the increase in costs forward but does have the advantage that were services returned in house in 2024 the Council could build these adverse movements into its budget planning.

The Cabinet should also note the £7.8m set out in the table is, as Cllr Born has said, the unmitigated figure, were the Council to take no action to seek to reduce these modelled costs and it's also a three-year cumulative figure – in other words you divide it by three to get the annual pressure. That annual cost pressure is significant, but it is entirely manageable – the Council of course is unlikely to do nothing and will deal with the pressures against the background of wider budget preparation.

So, my preference is for the Council to plan for a return of these services to direct management in 2024 and that financial and service preparations begin immediately for the repatriation of these services. This enables the Council to reassert control of costs and is aside from any discussions about service configuration which will no doubt take place with health colleagues. I have established that funding exists to establish a transition team and in the event that the Cabinet vote for Option 3, I would like officers to immediately establish such a team and report progress to the September meeting of the Cabinet.

Chair, I have considered the options in this report very carefully and although a ten-year contract may have appeared to be advantageous at the time it was let, that no longer appears a prudent decision. The ever-widening gap between service cost and contract income does inevitably mean that the necessity for any provider to make further future economies will inevitably tend to make services to residents less resilient. I therefore favour Option 3 so that we can begin to prepare as soon as possible.”

Cllr Ball noted that the contract is building up a cost for the future. It is important that services are able to react quickly to changing circumstances and that the Council works closely with its partners. He confirmed his support for Option 3.

Cllr Romero thanked all the HCRG staff for the excellent service they have provide throughout the pandemic. She also confirmed her support for Option 3 for the reasons outlined by Cllrs Born and Samuel in terms of service and financial delivery.

Cllr Davis also thanked officers, Cabinet colleagues, the CCG and professional advisors for the hard work they have undertaken in respect of this contract. The due diligence process that has been carried out since the Council became aware of the change of ownership has been very thorough and professional. Whilst both options contain some element of risk, a range of mitigations can be put in place. Cllr Davis felt that, on balance, Option 3 represents less risk than Option 1. There are opportunities available with Option 3 and the Council would have greater control and he supported this option with both confidence and optimism. He noted that there were just under two years to prepare for the transition and noted that this process would be well resourced and planned going forward.

Cllrs Wood and Rigby both thanked officers for their hard work and, having listened to the debate, expressed their support for Option 3.

**RESOLVED** (unanimously):

- (1) To allow the contract to end with no contract extension beyond 31 March 2024.
- (2) To delegate to Suzanne Westhead, Director Adult Social Care (DASS), in consultation with Cllr Alison Born, Cabinet Member for Adult Services, authority to proceed with the agreed option and to undertake any appropriate risk mitigation.

The meeting ended at 7.15 pm

Chair \_\_\_\_\_

Date Confirmed and Signed \_\_\_\_\_

**Prepared by Democratic Services**

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## SPECIAL CABINET MEETING – 26 MAY 2022

### STATEMENTS FROM PUBLIC AND COUNCILLORS

1. Pam Richards (Protect our NHS BANES) – HCRG Contract Extension
2. Cllr Paul May – HCRG Contract Extension
3. Cllr Robin Moss – HCRG Contract Extension
4. Cllr Eleanor Jackson – HCRG Contract Extension

## QUESTIONS AND ANSWERS - COUNCILLORS

<b>M</b>	<b>01</b>	<b>Question from:</b>	Cllr Joanna Wright
<p>It is not clear in the report how the costs for Option 3 are necessarily additional, as the ongoing costs have not been included in Option 1. Please can a detailed explanation of the costs in Option 1 and costs in Option 3 be given?</p>			
<b>Answer from:</b>			Cllr Alison Born
<p><i>To permit comparison with the other options, the options have been calculated for a 10-year period to 31<sup>st</sup> March 2027, 10 years being the longest contract term that would apply in the options. The costs in the options are the costs that could be incurred in that 10-year period. The costs in <b>Option 1</b> are procurement fees which would be incurred during the 10-year period as re-procurement would commence prior to the end of the contract.</i></p> <p><i>The costs in <b>Option 3</b> are the cumulative costs of insourcing adult social care services for the remaining 3 years, these would be incurred during the 10-year period over which the options are compared and include additional revenue budget costs for the council in applying salary inflation. The same costs are not included in <b>Option 1</b> as, if they applied, they would be incurred after the 10-year time period being compared.</i></p>			
<b>Supplementary Question</b>			Cllr Joanna Wright
<p>The Council seems to be applying inflation costs to Option 3 to cover increased staffing costs and presumably rising fuel costs. As the HCRG contract for social care has a flat line budget these costs are not included. However, these costs have to be met somehow. It would appear that this has not been flagged as a high-risk factor and costed into your options appraisal.</p> <p>Can you explain how HCRG will fulfil the contract without cutbacks in services or requests for extra funding in the light of rising inflation?</p>			

<b>Answer from:</b>		Cllr Alison Born
<p><i>The response set out below was provided following the meeting.</i></p> <p><i>Option 3 costings reflect the costs of insourcing services and staff. The inflationary assumptions were applied consistently where relevant. The Council will treat HCRG Care Group no differently from any other provider/supplier and would consider varying the contract value where HCRG Care Group can demonstrate additional inflationary pressures as a result of the cost-of-living crisis.</i></p> <p><i>Through existing contract management processes commissioners will have oversight of any proposed changes to the delivery of services and requests from the provider for additional funding. No changes can be made to existing services or funding without agreement and funding approval of commissioners through the contract variation process.</i></p>		
<b>M</b>	<b>02</b>	<b>Question from:</b> Cllr Joanna Wright
<p>HCRG has no track record in providing care and has been essentially a staff procurement company. Can you give a full breakdown of what research has been undertaken to carry out a due diligence report to understand the trustworthiness of Twenty20 Capital, who are presently using the title HCRG in this contract?</p>		
<b>Answer from:</b>		Cllr Alison Born
<p><i>Twenty20 Capital are the new owners of HCRG Care Group. HCRG Care Group have delivered the B&amp;NES locality contract for integrated health social care and public health services since April 2017 as HCRG Care Group is the same legal entity as Virgin Care Service Ltd following the issue of the change of control notice on 2<sup>nd</sup> December 2021. A full due diligence review was undertaken on the Council's behalf by BDO LLP. Please refer to section 4.2 of the report which covers the areas reviewed.</i></p>		
<b>M</b>	<b>03</b>	<b>Question from:</b> Cllr Joanna Wright
<p>The fastest way to make economies in business is to cut staff costs, therefore has a Performance Assessment been carried out in the six months since HCRG has operated this contract?</p>		

<b>Answer from:</b>		Cllr Alison Born
<p><i>Commissioners have governance structures in place for performance monitoring the contract. Since November 2021 HCRG Care Group have continued to meet their contractual obligations. At the Contract Quality &amp; Performance Meetings (CQPM) HCRG Care Group deliver reports on performance of services, quality, and workforce. The next CQPM meeting is on 15<sup>th</sup> June 2022. Commissioners take regular reports to the Children, Adults, Health and Wellbeing Policy Development and Scrutiny Panel which covers workforce within the provider.</i></p>		
<b>M</b>	<b>04</b>	<b>Question from:</b>
		Cllr Joanna Wright
<p>I have been made aware of staff in IT being dismissed by HCRG in the last 6 months. How many staff have been made redundant during the six months and what is the rate of turnover of staff?</p>		
<b>Answer from:</b>		Cllr Alison Born
<p><i>HCRG Care Group have confirmed their response: As part of our 3-year business plan (22-25) we committed to a review of our corporate back-office scope and size to ensure that we could deliver things in the most efficient way, allowing us to invest in our strategy and in delivering our purpose. As an organisation providing services funded with a flat envelope (Council funded services) against a landscape of rising costs, it is important to seek ways to do things smarter, faster and more efficiently to remain sustainable. As part of this process, we delivered a reduction of less than 1% of roles from our national support functions (42 from 4500). No front line operational or clinical role was in scope. Our national turnover remains in line with the wider health sector c14% although our B&amp;NES contract operates at around c12.5%. Recruitment and retention continue to be a high priority for us as an organisation. Of the 42 staff 5 staff linked to the South West region so not B&amp;NES specific and not all posts full time. During the process a variety of options, including redundancy, were all individually discussed with staff and supported in best interests of individual.</i></p> <p><i>The Council does not comment on operational decisions taken by suppliers or providers relating to Council contracts.</i></p>		
<b>M</b>	<b>05</b>	<b>Question from:</b>
		Cllr Joanna Wright
<p>What legal clauses will be placed in any future contracts that the council creates that will ensure that a company is unable to sell on the</p>		

ownership of a contract to another company without first informing the council?

**Answer from:**

Cllr Alison Born

*The contracts are by their nature, commercial and thus each party must agree the terms of the agreement, and as such it usually not possible to fetter the other party's commercial viability as they simply would not agree to such a term in the contract.*

*While it may be possible to include a clause in contracts that would allow one party to cancel or rescind the contract upon sale of the business, the reality of such a clause being included in a contract is that a consequence of this could be termination of the contract either effective immediately or within a short period. The result of this approach to contracting with local authorities is that in this event it would impact on the ability for the service to be delivered and the Council would then be left in breach of their statutory duties.*

*If a contract is unfair or oppressive to one party in a way that suggests abuses during its formation, a court may find it unconscionable and refuse to enforce it. A contract is most likely to be found unconscionable if both **unfair bargaining and unfair substantive terms** are shown.*

**Supplementary Question**

Cllr Joanna Wright

Your answer to my question is very worrying. It is possible that Twenty20, as a private equity firm, with a stated aim of achieving 'significant returns in 2-5 years', might put pressure on their newly named subsidiary company HCRG to make savings in its operations, perhaps by reducing staff levels or removing other company assets and the fact that there is one way of preventing another takeover of the contract, could again expose the Council and its residents to the risk of disruption and additional costs. How do you propose to mitigate this risk and in particular reassure staff who may otherwise feel it is better to seek more secure employment elsewhere?

**Answer from:**

Cllr Alison Born

*The response set out below was provided following the meeting:*

*Through existing contract management processes commissioners will have oversight of any proposed changes to the delivery of services*

*and requests from the provider for additional funding. No changes can be made to existing services or funding without agreement and funding approval of commissioners through the contract variation process.*

<b>M</b>	<b>06</b>	<b>Question from:</b>	Cllr Joanna Wright
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What actions will the council be taking in the next few months and years that will allow for the creation of a forward looking, service oriented and service user friendly health and social care contract?

<b>Answer from:</b>	Cllr Alison Born
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*The system in which B&NES and BSW CCG operates is rapidly changing due to the Health and Care Act. BSW CCG will close down on 30<sup>th</sup> June 2022 and the Integrated Care Board will come into operation on 1<sup>st</sup> July 2022.*

*The development of the integrated care system provides an opportunity to take a more strategic approach to community services. This would encompass working with providers across the system to bring forward and build upon the innovations that will be needed to create a sustainable health and social care model for the future.*

*B&NES and BCW CCG are committed as joint commissioners to the planning and development of a future community services delivery model that is innovative and delivers the services required by the B&NES population.*

<b>M</b>	<b>07</b>	<b>Question from:</b>	Cllr Joanna Wright
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Who were the team responsible for the options appraisal?

<b>Answer from:</b>	Cllr Alison Born
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*The options appraisal was led on behalf of B&NES and BSW CCG by the Council's Head of Strategic Procurement & Commissioning and the Head of Contracting & Performance. From a B&NES perspective project oversight has been provided by the Chief Operating Officer and Director of Adult Social Care. The project was supported by BDO LLP (supply chain risk) and Bevan Brittan LLP (legal).*

<b>M</b>	<b>08</b>	<b>Question from:</b>	Cllr Joanna Wright
<p>The way that Virgin Care allowed HCRG to take over a publicly paid for service has angered many residents in our community. What actions will the Council be taking so that public money that is paying for this contract can be properly scrutinised and that any and all profits made from these services is easily understood and this information is put in the public domain?</p>			
<b>Answer from:</b>			Cllr Alison Born
<p><i>Virgin Group made the commercial decision to sell Virgin Health Care. Virgin Care Services Ltd delivered the B&amp;NES contract. Following the acquisition by Twenty20 Capital the name was changed to HCRG Care Group. HCRG Care Group is the same legal entity as Virgin Care Services Ltd following the issue of the change of control notice on 2<sup>nd</sup> December 2021 Since November 2021 HCRG Care Group have continued to meet their contractual obligations which have not changed. Commissioners will continue to monitor the financial performance through its existing contract monitoring structure and take regular reports to the Children, Adults, Health and Wellbeing Policy Development and Scrutiny Panel. Previous reports to the Panel have detailed the funding and financial performance of the contract.</i></p>			

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Statement to Cabinet and the CCG regarding the decision on the extension ( or otherwise) of the HCRG contract

From Protect Our NHS BANES

Firstly, we regret the lack of transparency in the decision making process. You are making a decision this evening on a community health and social care contract that serves a large number of vulnerable people and employs a significant number of dedicated staff. Virgin Care was taken over by Twenty20Capital in secrecy and without any prior notification to commissioners. This caused widespread anger and concern; it has also engendered a great deal of mistrust about private for- profit companies and their motivations. This service is paid for from taxpayers money and therefore the public has a right to know the outcome of the due diligence undertaken on the contractor, HCRG, and the nature of the legal advice which the Council has received. We do not accept the exemptions you have outlined in the appendix and maintain that the overriding principle should always be 'promoting accountability and transparency by the Council for the decisions it takes'.

We are deeply unhappy that you are being recommended to go with Option 1 – to extend the contract for 3 years until 2027.

We do not feel that the options appraisal and risk assessment adequately address four of our fundamental concerns

1. Service Continuity - You have no guarantee that HCRG will not be sold on by its parent company, Twenty20 Capital, within the contract period. You have not given this risk sufficient weight in your analysis. Our research suggests that this is very high risk because this is the way private equity companies operate, they buy and sell companies, and the turnover is rapid. Twenty20 Capital states that 'We look for significant returns in 2-5 years'.
2. Financial - We have always been concerned that the contract, with its flat line budget for social care, presents a significant risk to both service continuity and to health and social care budgets. With rising inflation this risk is very much increased. There are already cutbacks happening, we are reliably informed that 50% of the locally-based IT staff have been made redundant, given gardening leave with a week's notice. This has had a significant impact on other services. There is also reference in the risk assessment to a possible loss of transformational activity and expected savings if the contract is not extended. However, there is very limited evidence that Virgin Care/HCRG has made any of these savings.
3. Staffing – We are aware that many staff are very unhappy with this takeover and feel insecure as a result. Recruitment and retention has been a problem for Virgin Care and this situation persists. You have not provided any analysis

of recruitment and retention since the takeover. Clearly this information should be made available to help inform your decision.

4. Performance – When the Council and CCG discussed the renewal of the contract in November, concerns were expressed about certain services. Two services, continuing health care and adult safeguarding, were removed from the contract. Concern was also expressed about the performance in areas of social care such as waiting times for assessments. Since this report, there has been no monitoring report presented to the Scrutiny Panel on the performance of HCRG. Surely performance should figure in any option appraisal.

We feel that the arguments for Option 1 significantly underplay the real risks of extending the contract.

### **Option 3**

We feel that the your analysis of Option 3 ( para 3.7) presents many very positive reasons for going with this option e.g.

- real opportunities to achieve greater integration between health and social care
- greater flexibility to adapt services to changing needs and new priorities
- workforce stability
- streamlining of IT services
- continuity beyond 2024

The cost implications that you have stated for this option seem very high. We would like to have seen more detail and explanation about how these figures were arrived at. We hope that these will be questioned further in the discussion.

We believe that the long term benefits of Option 3 far outweigh the risks. This is the forward looking, service oriented and service user option. We would therefore strongly urge you to take the decision to go with Option 3.

Pam Richards

Co-ordinator Protect Our NHS BANES

**COUNCILLOR PAUL MAY**

**STATEMENT TO SPECIAL CABINET MEETING - 26 MAY 2022**

Chair thank you.

I am a member of the scrutiny committee which considered the confidential officer briefing. We appreciated your cabinet members making sure there was an opportunity to scrutinise the options but were then told they could not stay as the committee moved into private session.

Indeed, I was surprised when the two cabinet members were told to leave the meeting so we were not privileged to hear their opinions?

I have to admit the advice presented changed my opinion. After that advice I favoured option 1.

Clearly the officers believe as part commissioners that the contract would be capable of identifying poor performance and action could be taken to put it right. This will give continuity and protect the council from a step change in costs during the next administration plus one.

The option to cut the contract short beyond your previous decision to extend is a risk that cannot be identified effectively.

So, the reason I have asked to speak is to be more specific than the committee decision and to recommend that the procurement process be started as soon as feasible in case of failure by the contractor.

I also favour all or part of the future contract being considered to be provided in house.

For example, our children's services are rated "good" by OFSTED and working with the ICB we should be able to take on the children's health and mental health services?

Likewise, within the wider ICB locality approach there may be options to explore re wider cooperation within a single provider for the wider area?

The public concern re being excluded from the process is a genuine worry which brings home this needs to be a decision thinking about the impact on vulnerable patients and the loyal staff who seek clarity moving forward.

This is a major contract for Banes and the current CCG so as much clarity as possible will be appreciated. It is about money, but vulnerable people need to be protected as well.

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**STATEMENT FROM CLLR ROBIN MOSS**  
**SPECIAL CABINET MEETING – 26 MAY 2022**

The decision in 2016 by the ruling Tory administration to transfer our community health and social care services to Virgin Care was always a risky one, which we in the Labour Group opposed. These services are vital to the wellbeing of our communities. We may not now have a great deal of choice about whether the existing contract should run its course, but I have to question any idea that we would extend the contract and leave these services in the hands of a private equity company for an additional three-year period. As we have already seen with the transfer from Virgin Care to HCRG, there would be nothing to stop this new company from selling on without any discussion with the Council. For this reason, the Labour Group rejects Option 1 and would encourage the Cabinet to agree Option 3 – allowing the contract to end with no contract extension beyond 31 March 2024.

We would ask the Cabinet to urgently begin the preparatory work required to bring these services back in-house. Under the current contract, there are significant areas of underperformance, and it has already been agreed to bring strategic adult safeguarding back to the Council. Now we need to do that with the remaining services. This will enable us to align our services with Council priorities with much greater control over how our services are delivered. This work needs to happen right now so that we are ready when the contract ends in March 2024.

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## **Statement to Cabinet, 26 May 2022 Cllr Dr Eleanor Jackson.**

Thank you, Cabinet. I should point out that I am not a medical doctor, but I am qualified to teach ethics at university level, and, I would like to think, something of an expert on matters of conscience and faith. You may believe that councillors' statements need vetting because those who disagree with you are, according to the quotation in the Bath Chronicle, 'all liars', but I would request that you listen with an open mind and grant that our residents deserve a health and social care service which is efficient, cost effective and humane. It should also be open to scrutiny by all the democratically elected representatives of our community.

I believe I speak for our residents when I say that the situation with regard to the S.W. Ambulance service is intolerable. Last month, on 25 April, I counted 15 ambulances lined up outside A and E at the RUH, and a resident contacted me about her husband's six hour wait in an ambulance to be admitted even though he could not speak and appeared to have had a stroke. The situation is blamed on the 111 service sending ambulances where they are not necessary, and the lack of GP home visits so people present at A and E unnecessarily, but from what my residents tell me, it is due to lack of beds caused by so called 'bed blocking', long delays in getting home assessments (one resident of mine, a retired hospital matron, discharged herself in exasperation at the waiting) and inadequate 'care in the community'. This was the case in 2015, when I was on the health scrutiny panel. It has simply got worse, with cost-cutting disguised as 'efficiencies'. Virgin failed – and its much-vaunted IT system in 2017 left RUH staff unpaid and penniless for months. At that point the contract should have been cancelled, so we would not be in the position we are now.

When council debated the original contract, I pointed out its business plan was hopeless. Holding prices for seven years was impossible – and we were not aware of the mayhem covid-19 and Brexit (with the return home of so many key workers) would cause. I also questioned the 'not for profit' lollipop Virgin offered the council. Christian ethics tell me that such beneficence is a delusion. I find it deeply offensive that a hedge fund (in fact there are many) should be making money out of people's health needs. Today we have a damning report about outsourced Children's Services. Can you, Cabinet, not learn from these situations?

I do not believe that an inefficient outfit, whoever owns it, should be rewarded by an extension of contract. Bath and North East Somerset Council's residents deserve the best, and throwing good money after bad is simply wasting taxpayers' money, which in times like these especially, the council should not be doing.

Everyone has a right to humane and respectful treatment, I myself attended twice outsourced clinics where the person I encountered simply had a list of questions she had to verify I had been asked – and I received no information whatsoever which was not available at a GP surgery, and the person involved could not answer my questions.

So, I would follow Cllr Moss in arguing that the options as presented are unethical. The best option would be to bring everything back 'in house', consult residents on what sort of services they want to see, and save approximately 30% of costs which represent private providers' profits.