



Virgin Care Contract Extension – Options Appraisal

11th November 2021

Introduction

- Joint commissioners - B&NES, Swindon & Wiltshire Clinical Commissioning Group (BSWCCG) Governing Body and the Council
- 7 year contract - 2017/18 to 2023/2024
- Option to extend by 3 years - 2026/2027 (1 possible extension)
- Virgin Care would need to be notified of the decision to extend or not to extend the contract by no later than end of March 2022.

Services that make up the joint contract

CCG Health Services	Council and CCG Services	Council Services for Adult Social Care	Council Services for Children	Council Services for Public Health	Total Community Services
28	2	9	8	5	52

Services directly delivered by Virgin Care	Services delivered by Virgin Care and Sub Contractors	Services delivered by a Sub Contractor
36	6	10

Financial Value of the Contract

- Virgin Care's original bid planned for overspends in the early years
- Addressed through transformation efficiencies of 1%, to include reinvestment

- In 2017/18 the contract was £1.2 million overspent
- In 2018/19 the contract was £1.4 million overspent
- In 2019/20 the contract was £0.7 million overspent
- In 2020/21 a contract underspend of £0.3 million is confirmed
- For 2021/22 Virgin Care: forecast a balanced position
- *Please note, the above information excludes any impact of Covid-19 funding*

- There is no financial penalty to be incurred by commissioners if the decision is taken to not extend
- Initial dialogue with VC - supportive of 3 year extension on existing terms
- Open to removal of a small number of services

Financial Value of the Contract

- The annual value of the contract at year 5 (2021/22) is £54m, contributions as follows:
 - CCG £28,147m
 - Council £21,930m
 - Better Care Fund £4,471m
- The Council funding is fixed with cost increases managed through Virgin Care's savings plans
- The CCG and Better Care funding is subject to NHS annual uplifts applicable to provider contracts

Performance over the lifetime of the Contract

- Overall, the services provided by VC and their sub-contractors are well delivered against the agreed service specification
- Changes put in place to the benefit of residents and to improve our partnership working with other health and social care partners.
- Robust governance and review arrangements in place – regularly liaison Virgin Care senior management
- Examples of services that are well delivered and have delivered improvements include:
 - **Community Stroke and Neurological Service**
 - **District Nursing**
 - **Public Health**
 - **Children's Community Health Services (Universal and Specialist)**
 - **Care Co-ordination Centre**
 - **Integrated Care Record**
 - **Community Wellbeing Hub**

Service Areas Identified for Development

- A small number of services are experiencing challenges
- COVID-19 route cause in some cases:
 - limiting how services are delivered
 - temporarily closing some services
 - changing demand patterns
- Impact upon CCG and Council KPIs and
- in maintaining flow through the health and social care system:

1. NHS Constitution standards Referral to treatment (RTT)
2. NHS Constitution standards Diagnostics
3. **Adult Social Care Assessment and Review waiting times**
4. Community Hospital Length of Stay
5. District Nursing
6. **Reablement**
7. Continuing Health Care

Options Appraisal

- **Option 1: Extend** the contract term for the 3 year period (until 2026/27) on existing terms
- **Option 2: Do not extend** the contract for the 3 year extension period and recommission community health care, social care and public health services
- **Option 3: Extend the contract term for the 3 year period (until 2026/27) but with identified services removed from block contract and/or improvement trajectories for identified services**

Recommendation

Option 3:

- extend the contract term for the 3 year period (until 2026/27)
- with the identified services removed from the block contract

Rationale:

- Overall, Virgin Care is a good provider and services have been delivered well
- There is recognition of where improvement is required and a commitment to make changes
- The system remains under considerable pressure from the impact of Covid-19
- Future demand and population needs as we emerge from the pandemic TBC
- Good alignment with our Corporate and Medium Term Financial Strategy, social care transformation plans
- A period of significant change for the NHS and social care systems - new Integrated Care System (April 2022)

Rationale

- Market uncertainties at this time:
 - maturity of market (small number of providers)
 - Baseline value of contract could increase
 - Suppliers will price in risk
- Virgin Care amenable to removal of services from the main contract, giving greater ownership over statutory functions
- Virgin Care engaging on the basis of no uplift in costs to the council during the extension period of the contract
- Cost of a re-procurement - approximately £965,000 (50:50)
- Mobilisation risk and costs
- Changing legal frameworks will facilitate future joint procurements
- Commitment to engage Cllrs from 2022 on any future tender