

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Children’s & Adults Health & Wellbeing Policy Development & Scrutiny Panel	
MEETING/ DECISION DATE:	17 th May 2022	EXECUTIVE FORWARD PLAN REFERENCE:
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TITLE:	HCRG Care Group Options Appraisal	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
<ul style="list-style-type: none">Exempt Appendix 1 - HCRG Care Group Presentation		

1 THE ISSUE

- 1.1 Bath & North East Somerset Council and Bath and North East Somerset, Swindon and Wiltshire Clinical Commissioning Group, as joint commissioners entered into a contract with Virgin Care Services Limited for the delivery of a range of health and social care services with effect from 1 April 2017. The Contract is in the sixth year (2022/23) of the initial seven year term with an option for the Commissioners to extend the initial term by three years, taking the full extended term contract term to 2026/2027.
- 1.2 A presentation will be made to the Panel (in private session due to the commercial sensitivity of the decision to be taken) on the due diligence work and revised options appraisal that has been undertaken following the acquisition of Virgin Care Services Ltd by Twenty 20 Capital Ltd
- 1.3 The final decision on whether to extend the contract or not will be made at the Council Cabinet meeting and CCG Governing body meeting on 26th May 2022.

2 RECOMMENDATION

Scrutiny Panel is asked to.

- 2.1 Consider and provide feedback on the update provided by officers.

3 THE REPORT

- 3.1 The Contract covers 51 services to be delivered which are grouped into Children's, Adults, Wellbeing, Adult Social Care and subcontracted services (Virgin Care Services Limited operated as a prime provider and subcontract services to several smaller

community providers within the Bath & North East Somerset locality of which several are in the third sector).

- 3.2 Under the terms of the Contract, the Provider should have been notified of the Commissioners' decision to extend or not to extend the Contract by 31 March 2022. However, the time period for such notification was extended to 30 June 2022 following mutual agreement between the Commissioners and the HCRG Services Limited (the current Provider).
- 3.3 The Commissioners each took a decision on 11 November 2021 (through the Council's Cabinet and the CCG's Governing Body) to approve exercising Option 3 (the **November Decisions**) as follows:

Council Decision:

"Approve Option 3 - Extend the contract term for the 3 year period (until 31st March 2027) but with identified services removed from block contract and/or improvement trajectories for identified services and delegate to Suzanne Westhead, Director Adult Social Care (DASS) in consultation with Cllr Born, Member for Adult Services authority to serve notice to extend the contract once assured that the total price for the contract as varied is agreed and affordable."

CCG Decision:

"Based on the information presented in the report and during the meeting, the Governing Body approved option three – to extend the contract term for the three-year period until 31 March 2027."

- 3.4 On 1 December 2021, the Virgin Care Services Limited notified the Commissioners that the business it formed a part of had been sold to T20 Pioneer Holdings Limited which is in turn ultimately held by Twenty20 Capital Limited (via another company) (T20). T20 is a private equity investor.
- 3.5 The change took effect from 30 November 2021 with the formal change of control notice referred to above. The change in ownership is several steps removed from the Provider with intermediate companies being retained but names changed. The Provider is now known as HCRG Care Services Ltd. The Provider has stated that it "has no intention or proposal to make a consequential change to its operations".
- 3.6 The Commissioners were not aware of the potential sale of the Provider prior to making the November Decisions. The November Decisions were made on an assumption that the Commissioners would continue to deal with the same Provider, under the same ownership, with the same intentions and risk profile. The various November reports do not explicitly refer to this but do frequently refer to the existing relationship and performance of the Provider, its approach to the future and commitments (e.g., not to renegotiate the existing financial terms). That assumption proved not to be the case with the change in ultimate parent ownership
- 3.7 Therefore, following the announcement on 1st December 2021, the Commissioners paused formal confirmation and notification of the extension decision until the Council and CCG had undertaken a full due diligence review of the change in control and understand its legal implications.
- 3.8 The Commissioners instructed BDO LLP (BDO), to undertake due diligence on T20 and the implications of the acquisition of the Provider for the Contract, the Commissioners, and the delivery of services.
- 3.9 On 8 March 2022, it was agreed to defer the notification of the contract extension decision deadline until 30th June 2022 (subject to CCG and HCRG Care Group mutual agreement)

and for a new options appraisal to be undertaken which will allow for discussion of other extension options with supporting rationale for each.

- 3.10 On 4 April 2022, BDO facilitated an Options Appraisal Workshop in order to gather views and opinions from Commissioner representatives as part of the options appraisal process of the Contract based on the following four options:

Option 1 - Extend the Contract term for the 3 year period (until 2026/27)

Option 2 - Extend for an alternative period

Option 3 – Allow contract to end with no Contract extension beyond 31 March 2024

Option 4 –Termination of the Contract before 31 March 2024

- 3.11 The workshop session was structured so as to enable review and discussion of each option, and evaluation of risks and benefits of each option by the attendees. The output was to inform an agreed joint recommendation from key stakeholders.

4 STATUTORY CONSIDERATIONS

- 4.1 The original Your Care Your Way Full Business Case November 2016 sets out how the procurement and decision making process for contract award to Virgin Care met legal and statutory duties.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 The due diligence review has not highlighted any risk of change to the current financial terms of the contract and resource implications set out in the November 2021 report to Cabinet.

6 RISK MANAGEMENT

- 6.1 An updated risk assessment related to the issue is currently being undertaken.

7 EQUALITIES

- 7.1 As with all contracts HCRG Care Group are monitored in terms of their compliance with equalities requirements. Further details can be provided if required.
- 7.2 The original Your Care Your Way Full Business Case November 2016 sets out how the procurement and decision making process for contract award to Virgin Care met legal and statutory duties.

8 CLIMATE CHANGE

- 8.1 The Council has declared a climate emergency and has resolved to enable carbon neutrality in B&NES by 2030. HCRG Care Group as part of the transformation of the service are putting in place mechanisms to reduce the impact of climate change such as mobile working, the integrated care record, multi-disciplinary teams and also multi-agency hubs; the Community Wellbeing Hub is a clear example of this.

9 OTHER OPTIONS CONSIDERED

- 9.1 All options are highlighted within the Report, and those considered as part the Options Appraisal review of November 2021 as set out in the Options Appraisal presented to Cabinet on 11 November 2021.

10 CONSULTATION

- 10.1 Consultation was undertaken in advance of the 11 November 2021 Cabinet Report, alongside the Options Appraisal Workshop undertaken on 4 April 2022.

Contact person	Suzanne Westhead – Director of Adult Social Care
Background papers	11 th November 2021 Cabinet Report
Please contact the report author if you need to access this report in an alternative format	