

HCRG Care Group – Options Appraisal

On 4 April 2022, BDO facilitated an Options Appraisal Workshop to gather views and opinions from commissioner representatives from the Council and BSWCCG 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**

The outcome of the workshop has been summarised in the table below listing benefits and disbenefits of each option.

Option 1: Extend the Contract term for the 3 year period (until 2026/27)	
Benefits	Disbenefits
Removes the risk of legal challenge from HCRG Care Group	Awarding the three-year extension locks commissioners into the existing care delivery model until 2027
Allows commissioners to work with HCRG Care Group to deliver the benefits of the transformation priorities for the remainder of the contract term	It presents reputational challenge to the Integrated Care Board by the presence of a private sector provider in the region and with HCRG Care Group having a position on the Board
Allows HCRG Care Group to provide certainty to staff and supports recruitment and retention of staff	Termination for convenience provisions within the contract are onerous should commissioners later look to exit the contract before its expiry
Stability for subcontractors under the prime model	Although an integrated community services contract, the expected benefits of being an integrated adult health and social care provider have not yet fully materialised, with some adult health teams and social work teams still reportedly working in siloes

Continuation of integrated community services for health care and social care will reduce disruption in the system allowing for focus on COVID response and recovery	There are differences between health and social care provision which are acknowledged by B&NES Council and BSWCCG as a challenge by being provided by a single provider. The disciplines operate within different statutory frameworks
Provides sufficient time to understand how the demand for services has changed and inform development of the future service model requirement	There is a risk that HCRG Care Group may renegotiate the pricing structure to cope with the cost of living crisis and impact on the global economy resulting from conflict in Eastern Europe
HCRG Care Group is the same entity as when operating as Virgin Care in B&NES with the same staff and senior leadership	New legislation such as the Health and Care Bill may be considered a major change under the Public Contracts Regulations 2015 a new procurement. If considered minor would still prompt a renegotiation of elements of the contract to be able to satisfy the statutory requirements emerging from the Act
There is a formed relationship with HCRG Care Group with senior staff stating they are willing to work with joint commissioners for the remainder of the contract to retain commissioner confidence and deliver improved services	There is a risk that endorsement of the extension may provide Twenty20 Capital with a basis to sell HCRG Care Group and realise their investment over this period
HCRG Care Group are performing well in most services and are a known entity, continuity of relationship is likely to deliver improved outcomes for the residents of B&NES and ensure delivery of the Your Care, Your Way priorities	Should HCRG Care Group be sold by Twenty20 Capital or cease to provide services there is a lack of clarity about how services would be delivered to the local population without affecting quality or breaching statutory requirements
The Health and Care Bill requires integrated provision, it will allow commissioners to understand the implications and develop plans that are legislatively compliant with the expected requirement	
Allows for a compliant procurement process over the extension period which provides time to agree and develop the future model for delivery of community health and social care services	
The current financial model for the contract provides certainty should no subsequent changes be made, the cost of living crisis and the	

impact on global energy markets from the conflict in Eastern Europe have created an uncertain environment for all providers and suppliers	
Service deliverables are already agreed in the contract, with performance standards known and changes to the terms for a three-year extension already agreed - this option is unlikely to require any detailed negotiation or intervention outside business as usual	

Option 2: Extend for an alternative period	
Benefits	Disbenefits
Depending on the extension period agreed, there will be some continuation of integrated community services for health care and social care, this may limit disruption in the system allowing for focus on COVID response and recovery by providing sufficient time to understand how the demand for services has changed and inform development of the future service model requirement	This option requires HCRG Care Group to agree to a change to the current contract, there is no guarantee that HCRG Care will accept this offer and this may result in HCRG Care Group not being able to operate within the agreed funding envelope
There is a requirement for an improvement plan addressing the five services identified in November 2021, aside from this they are a known entity and continuity of relationship is likely to deliver improved outcomes for the residents of B&NES and help drive delivery of the Your Care, Your Way priorities	Creates additional uncertainty on both sides as well as for HCRG Care Group's workforce and may result in increased use of agency staff and other cost pressures (such as early termination fees)
<p>For health only - Opportunity for alignment of other BSW contracts which are due to expire or have decision on extensions:</p> <ul style="list-style-type: none"> • Swindon GWH contract expires February 2024 • HCRG Care Group Children's Wiltshire contract expires April 2023 • Wiltshire Health & Care contract expires July 2023 	HCRG Care Group may require an increase in contractual payments to account for the uncertainty an alternative extension will cause

Depending on the period agreed this option would likely allow the new health and social care system model to be designed and a procurement process to take place	It impacts on HCRG Care Groups ability to contract with local sub-contractors and may create financial uncertainty for key voluntary sector organisations
Allows commissioners to understand the financial implications and staff requirement to manage the range of service lines at the end of the contracted period	Insufficient resource to run a re-procurement exercise to replace HCRG Care Group, manage multiple providers and the current sub-contractors should it be required
The Health and Care Bill requires integrated provision - it will allow commissioners to understand the implications and develop plans that are legislatively compliant with the expected requirements	Will cause current transformation activity and expected savings to be disrupted which will affect attainment of commissioners strategic goals
	Likely to reduce, but not eliminate, the risk of legal challenge - a challenge may result in enforcement of the extension, penalties, award of damages or impact on service delivery
	Appointing a new provider would incur mobilisation costs and the baseline value of the contract could be higher if terminated before the end of the three year extension period
	Any services that HCRG Care Group cease to provide will have to be provided by alternative providers or brought in house, as long as the contract is in place the overheads will continue to be paid as withdrawal of overheads is contractually not permitted
	The need to embed the new Integrated Care System and B&NES Council Integrated Care Alliance from June 2022 would be impacted by the need to focus on a re-procurement process - to re-procure effectively needs the health and social care model to be developed as well planning how to go to market which would further detract from embedding the new initiatives
	There is no guarantee that another provider would deem the service financially viable which may result in increased costs for

	commissioners, additional costs of pension contributions could be considerable in this area when transferring into an NHS or Local Authority
	An alternative extension period may provide Twenty20 Capital with a basis to sell HCRG Care and realise their investment, should HCRG Care be sold by Twenty20 Capital or cease to provide services there is lack of clarity as how services would be delivered to service users without affecting quality or potentially breaching statutory requirements
	For Health Only – Transition from HCRG Care Group would require an alternative model to be developed to deal with regulatory bodies such as CQC. This may create legal and safety issues for commissioners and service users

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

Benefits	Disbenefits
For health only – not extending the contract beyond its current end date could provide an opportunity to align contracts with neighbouring commissioners providing economy of scale when going to market	Capacity to undertake a procurement process whilst the system remains in COVID-19 response and recovery mode (a new provider will need to commence delivery on 1st April 2024, this would also come at a time when the CCG is also transitioning its functions into the ICS NHS Board from June 2022)
For adult social care only - opportunity to bring the service inhouse with more contractual levers to control how services are delivered and deliver Council savings. This potentially removes procurement risk from B&NES Council – subject to original decision not being legally standing	Destabilisation of an already fragile health and social care system in COVID-19 recovery, with recovery plans and agreed transformation priorities put at risk
	Legal challenge from HCRG Care Group particularly as BSWCCG has chosen to exercise the option to extend the HCRG Care Group Wiltshire

	contract and the Wiltshire Health and Care Community Contract – note contract clause whereby not be treated differently to other NHS providers
	No guarantee that another provider would deem the service to be financially viable which may result in additional costs. Additional costs of pension contributions could be considerable in this area when transferring into an NHS or Local Authority
	Appointing a new provider would incur mobilisation costs outside the budgeted profile. The baseline value of any new contract could be higher as economies of scale are lost and will have to take into account current economic climate
	Very limited market choice of providers with appropriate experience of delivering community health care and adult social care services - there is no guarantee that another provider would deem the service to be financially viable which may result in increased costs
	There are a small number of known issues about the performance of the provider which are planned to be addressed when the improvement plan was agreed in November 2021 to address the five services identified. There is a risk these will remain unresolved and handed on to another provider which may be less well equipped to deal with them
	Provides uncertainty for HCRG Care Group workforce which may result in staff seeking alternative employment. This may result in the increased use of agency staff
	This option will likely cause current transformation activity and expected savings to be disrupted which will affect attainment of strategic goals

	The need to embed the new Integrated Care System and B&NES Council Integrated Care Alliance from June 2022 would be impacted by the need to focus on a re-procurement process. To re-procure effectively needs the Health and Social care model to be developed as well planning how to go to market which would further detract from embedding the new initiatives
	For health (including Public Health) only – whilst social care can be brought inhouse by the Council the CCG and Public Health would need to secure a new provider(s) for their requirements. This is likely to affect ability to deliver integrated services
	For adult social care only – in housing of this (and possibly other services) would create cost pressure on B&NES Council as well as increase requirement for service delivery and people management

Option 4: Termination of the Contract before 31 March 2024	
Benefits	Disbenefits
Terminating the contract before the current contract end date could provide an opportunity to align contracts with neighbouring commissioners providing economy of scale when going to market	Likely to cause current transformation activity and expected savings to be disrupted which will affect attainment of strategic goals
For adult social care only - Opportunity to bring the service inhouse with greater opportunity to control how services are delivered and deliver Council savings. This limits procurement risk for B&NES Council	Appointing a new provider would incur mobilisation costs and the baseline value of the contract is likely to be higher given the current pressures of inflation and cost of living. There would be little time to develop and implement a plan to either in house or reprocure the services
	Capacity to undertake a procurement process whilst the system remains in COVID-19 response and recovery mode (a new provider will need to commence delivery on 1st April 2024, this would also come at a time when

	the CCG is also transitioning its functions into the ICS NHS Board from June 2022)
	Destabilisation of an already fragile health and social care system in Covid-19 recovery, with recovery plans and agreed transformation priorities disrupted and potential to add further pressures to wider system partners
	The risk of legal challenge which may result in damages being awarded or termination being set aside
	There is a very limited market choice of providers with appropriate experience of delivering community health care and adult social care services
	There is no guarantee that another provider would deem the service to be financially viable which may result in further increased costs
	There are a small number of known issues about the performance of the provider which are planned to be addressed when the improvement plan was agreed in November 2021 to address the five services identified. There is a risk these will remain unresolved and handed on to another provider which may be less well equipped to deal with them
	The termination for convenience provisions within the contract are onerous and may result in a cost pressure when factored against the lost opportunity to realise savings and the need to re-procure for services at short notice
	Appointing a new provider would incur mobilisation costs outside the budgeted profile. The baseline value of any new contract could be higher as economies of scale are lost and will have to take into account current economic climate

	This option will likely cause current transformation activity and expected savings to be disrupted which will affect attainment of strategic goals
	The current health care and social care system will be challenging to replicate as it is currently delivered. It is likely that service users will be impacted and services will potentially not be delivered
	For adult social care only – in housing of this (and possibly other services) would create cost pressure on B&NES as well as increase requirement for service delivery and people management