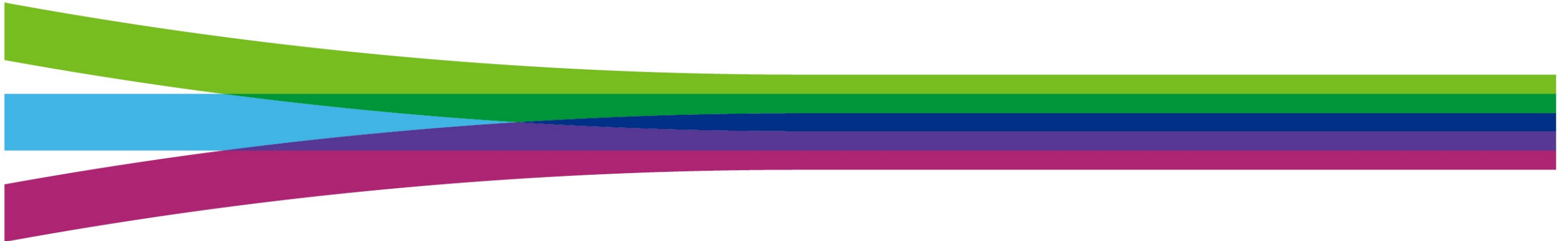


# **Virgin Care Contract Extension – Options Appraisal**

**11<sup>th</sup> November 2021**



# Context

- Timing of decision comes during a period of significant change – Health & Care Bill – Integrated Care Systems from April 2022
- Shaping a Healthier Future public engagement launched on 2<sup>nd</sup> November – future health & care model
- Current system pressures in health & social care – covid, increasing demand & significant workforce challenges
- B&NES Council social care transformation & medium term financial strategy – 2022/23

# Contract

- BaNES, Swindon & Wiltshire CCG (BSWCCG) and B&NES Council are joint commissioners
- Seven-year contract – 2017/18 to 2023/2024 – based on NHS standard contract
- Option to extend by 3 years – 2026/2027 (only one possible extension permitted)
- 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 in 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

# Contract financial value

- Annual value of the contract at year 5 (2021/22) is circa £54m, contributions as follows:
  - CCG £28,147m
  - Council (inc public health) £21,930m
  - Better Care Fund £4,471m
- Council funding is fixed with cost increases managed through Virgin Care's savings plans
- CCG and Better Care funding is subject to NHS annual uplifts
- Estimated total funding for years 1 to 7 is £383,777m
- Estimated total funding for years 1 to 10 is £554,541m

# Financial detail

- Virgin Care's original bid planned for overspends in the early years to be addressed through transformation efficiencies of 1%, to include reinvestment
  - In 2017/18 the contract was £1.2m overspent
  - In 2018/19 it was £1.4m overspent
  - In 2019/20 it was £0.7m overspent
  - In 2020/21 a contract underspend of £0.3m
  - For 2021/22 Virgin Care forecasting a balanced position  
(the above excludes any impact of Covid-19 funding)
- Commissioners will not incur any financial penalty if decision taken not to extend the contract
- Virgin Care has indicated supportive of three year extension on existing terms

# Performance over lifetime of contract

- Overall services provided by Virgin Care and their sub-contractors are well delivered against the service specifications
- Virgin Care's bid set out a transformation roadmap against original *your care, your way* priorities, of particular note:
  - Care Co-ordination Centre – co-location of health & social care and prevention services, with daily MDTs
  - Integrated care record – five data feeds from primary care, RUH, community health and social care and AWP (children's social care in future)
- Some notable service developments include:
  - District nursing
  - Community stroke & neurological service
  - Public health
  - Children's community health services
  - Community wellbeing hub (in response to Covid)
- Robust contract governance and review arrangements in place with regular liaison with Virgin Care's senior management team

# Safety & quality

- Range of patient safety measures monitored:
  - pressure ulcers followed by falls are main reason for serious incident reporting
- Workforce shortages are a challenge for Virgin Care as with other providers:
  - sickness, turnover and agency rates are comparable to other local providers
  - detailed quarterly workforce reports now being provided

# Services identified for improvement

- Small number of services experiencing challenges, Covid caused or exacerbated – limiting how services delivered, temporary closure of some and changing demand patterns:
  - NHS Constitution standards – referral to treatment times (RTT) and diagnostics
  - Adult social care assessment and review waiting times
  - Community hospital length of stay
  - District nursing
  - Reablement
  - Continuing health care
- Impact upon CCG and Council KPIs and maintaining flow through the health and social care system

# Options & recommendation

- 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 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
- **Recommendation – option 3 with the removal of continuing health care and strategic adult safeguarding services**

# Rationale

- Overall Virgin Care is a good provider and services have been delivered well
- Virgin Care recognise where improvement is required and are committed to make changes
- The system remains under considerable pressure from the impact of Covid with future demand and population needs unknown
- A period of significant change for the NHS and social care system
- Market uncertainties at this time:
  - maturity of market to deliver an integrated health & social care contract
  - baseline value of contract could increase
  - other providers 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 not renegotiating the contract value during the extension period
- Cost of a re-procurement for CCG and council – approximately £965,000 (50:50)
- Mobilisation risk and costs
- Changing legal frameworks under the Health & Care Bill legislation will facilitate future joint procurements