

CABINET MEMBER FOR ADULT SERVICES – 5 JULY 2011

PROPOSAL TO INCLUDE THE SERVICES PURCHASED BY OXFORDSHIRE COUNTY COUNCIL FROM RIDGEWAY PARTNERSHIP (OXFORDSHIRE LEARNING DISABILITY TRUST) IN THE NHS MERGER & ACQUISITIONS PROCESS

Report by Director for Social & Community Services

Background

1. This paper sets out the current situation and merger/acquisition process for Ridgeway Partnership (Oxfordshire Learning Disability NHS Trust) and identifies the key issues for commissioners in Oxfordshire. The proposed approach was discussed at Joint Management Group on 16th June 2011 and with the Chief Executive of Oxfordshire and Buckinghamshire PCT on 20th June. The decision whether to agree in principle to include the services purchased by Oxfordshire County Council in the NHS merger and acquisitions process is a key decision, which the lead member for Adult Social Care has agreed to take as a delegated decision. The second key decision will be approval of the preferred provider and it is proposed that this decision will be taken by Cabinet in early 2012.

Current Situation

2. Following discussions with South Central Strategic Health Authority, the Ridgeway Partnership (Oxfordshire Learning Disability NHS Trust) Board announced at their Board meeting on 31 March 2011 that the Trust will not be taking its stand alone Foundation Trust application forward.
3. The decision by the Board is not a reflection on the quality of service, financial viability or standards of governance. It is a consequence of the way Monitor now assesses the financial forecasts of aspiring Foundation Trusts in the light of the changed economic climate. These assessments require Trusts to demonstrate significantly more ambitious cost improvement (savings) programmes than in the past and do not allow Trusts to include any revenue growth unless contracts are already in place.
4. In line with Department of Health policy that all NHS Trusts have to either become FTs or become part of existing FTs by 2014, the Trust will be looking to identify an alternative organisational form for future provision of services.
5. Ridgeway Partnership are commissioned by Oxfordshire County Council to provide services to adults with Learning Disabilities in Oxfordshire. The specialist inpatient health services, community health professionals and

step-down beds are commissioned by the Council on behalf of the PCT, through the section 75 Pooled Budget and Lead Commissioning arrangements. Oxfordshire commissions approximately 65% of Ridgeway's current business. The services comprise:

- 9 specialist inpatient beds, 3 Step-down beds and Assertive Outreach Service: value £2.4m p.a.
- Community health professionals who work as part of the multi-disciplinary Learning Disability teams: value £3.8m p.a.
- Social Care Services (supported living, residential care, day support, respite): value £14m p.a.

Future options

6. Following a review of the risks and benefits of Social Enterprise status and having discussed this with the Department of Health and South Central Strategic Health Authority (SCSHA), the Trust Board has decided that this is not a viable option for this organisation as a whole, and is now moving forward with an NHS Merger & Acquisition process.

Merger & Acquisition (M&A) timeframe and process

7. Ridgeway Partnership is working with the SCSHA to develop a detailed timeline with key milestones for the M&A process. It is expected to be roughly as follows:
 - Financial advisors to work with the Trust and the SCSHA to be appointed – early June
 - The Pre Qualifying Questionnaire to be issued to potential acquirers to complete to determine their eligibility - July
 - The evaluation of the Pre Qualifying Questionnaires - September
 - Prepare Invitation to Tender – September
 - Issue Invitation to Tender – October
 - Choose the preferred partner organisation – January (this would be followed by the formal integration process with the merger/acquisition occurring around 6 - 9 months later)
8. All stakeholders will have the opportunity to identify what is important to them in the setting of evaluation criteria for the bids. As the main commissioner, Oxfordshire NHS and County Council will be represented on the project board by Ann Nursey, the Pooled Budget manager for Learning Disability Services.

Right to Provide'

9. Alongside the M&A process, staff groups may put forward expressions of interest to provide part of the Trust's current service portfolio as staff-led social enterprises, through the government's 'Right to Provide' process. Any business case will require the support of the Board and the SHA

before it can be taken forward to be developed into a full business case and will only be approved if it will not unreasonably de-stabilize the M&A process for the remainder of the business. Business cases also have to demonstrate both commissioner and service user support.

10. Ridgeway's inpatient and community teams have decided they do not wish to pursue the option of social enterprise, but the social care services are expected to submit an expression of interest.

Issues for Oxfordshire Commissioners

- **Maintaining strategic direction and quality of service**

11. Ridgeway currently provides all the local specialist healthcare for people with a learning disability and approximately 20% of the total social care provision (by value). Learning Disability services in Oxfordshire perform well compared with similar areas and Ridgeway's services are an important component of this. They are a good quality provider, with a deep-seated understanding of the varied and often complex needs of people with a learning disability, and a long history of positive partnership working with commissioners to improve services and reduce cost. Both the specialist healthcare contract and the social care contract were re-tendered last year and awarded to Ridgeway following a competitive process and Ridgeway hold a Framework Agreement for the provision of supported living, day time opportunities and respite care services which gives them the option of bidding for future business.
12. Working with commissioners, Ridgeway has played a central part in delivering Oxfordshire's joint commissioning strategy. This aims to support people in the least restrictive, least costly environment, to improve health, and maximise choice and control. Ridgeway have engaged fully in reducing the number of Out of Area Treatments, reducing length of stay in inpatient services, rolling out models of supported living, and embedding person-centred planning and Health Action Planning. The community health professionals, who work in jointly managed teams with OCC's care managers, provide the front door to services for all adults who have learning disabilities.
13. Acquisition will inevitably mean Ridgeway becoming part of a larger organisation whose focus is not primarily on learning disability. It will be essential that the criteria and methods for evaluating bids ensure that the new organisation will be able to maintain the quality standards, strategic alignment with Oxfordshire's commissioning strategy, and co-operative engagement with commissioners. The pooled budget manager is a member of the Project Board, and will be involved, with South Central Strategic Health Authority and Ridgeway Partnership, in the setting of evaluation criteria and the subsequent evaluation of bids from NHS Trusts wishing to acquire Ridgeway Partnership.

Sustainability of social care

14. The provision of social care (day services, supported living, residential care, respite) by an NHS provider has increasingly come to pose significant challenges. In recent years the social care market has become extremely competitive, and there are a range of good quality, cost-effective providers, many of which are not-for-profit organisations. The terms and conditions, including pension provisions, of statutory providers make it extremely difficult for them to compete with providers in the non-statutory sector.
15. The current contract for social care held by Ridgeway requires ongoing significant reductions in price to bring costs in line with the target personal budgets for people using the services.
16. Oxfordshire County Council's cabinet is shortly to discuss proposals to consult on the outsourcing of its social care services for people with a learning disability. If cabinet approves the proposals, and subject to consultation, the supported living and day services will be outsourced to existing social care providers in Oxfordshire who already hold framework contracts with the Council by April 2013. This proposal reflects the challenges faced by statutory providers in the provision of social care, particularly where this provision is not the core business of the organisation.
17. In this context there is clearly a case for considering an alternative approach for social care. This could be achieved by the commissioner taking the decision not to novate contracts for social care with the NHS provider that acquires Ridgeway Partnership. The specialist health services contract could be transferred to the new provider, whilst the social care services could be re-tendered between the existing social care providers who hold framework contracts with the Council, in the same way as the Council is proposing to outsource its own services.
18. The main advantages of this approach would be that:
 - Depending on the approach of the other social care commissioners it might not be necessary to seek an NHS provider that is capable of delivering good quality social care as well as good quality specialist health care.
 - Although TUPE is likely to apply, over time the costs of staffing would reduce enough for the services to remain sustainable in the social care market.
 - It could give tenants and families a greater sense of control and choice over their support provider.
 - The main disadvantages of the approach would be that:
 - The Ridgeway social care services were re-tendered last year. Re-tendering now would be unsettling for tenants and families.

- There would be a great deal of work for commissioners and for the framework providers who would be competing for the business, if both Ridgeway's social care services and the Council's social care services were to go through this process at the same time. It is by no means clear that the Council or the providers have capacity to manage this. This would be a high risk strategy – In order to support effective change, a significant amount of extra support and attention is necessary (by both commissioners and providers) to ensure safe transfer of services. The Council is already looking at a large scale transfer of its own services, so a decision to also look at tendering Ridgeway's social care services would significantly increase risk.

Oxfordshire's commissioning position

19. Following discussion of the key issues, the Council takes the view that it is not practicable to pursue the option of tendering the social care services separately at this point. It therefore proposes to proceed with the expectation that any bid from staff to form a social enterprise for the provision of social care should be given full and serious consideration, but that if the bid does not meet the required criteria, a suitable NHS provider which is able to provide social care as well as specialist health care will be identified through the merger and acquisitions process. The long term future of the services will depend on the provider's ability to sustain the quality of the services and to compete on a cost basis with non-statutory providers.

Financial Implications

20. The Council currently purchases just over £20m services from Ridgeway Partnership, of which £14m is social care and £6m is specialist health care. If novated with an NHS Trust which acquires Ridgeway, these contracts would continue on the existing stated terms until December 2015, subject to continuing satisfactory delivery of services. The financial implications are therefore similar to those that would have applied if Ridgeway had continued to provide these services itself.
21. Whilst it may be the case that an NHS provider will face challenges to compete in the very competitive social care market in the longer term, the additional flexibilities of a Foundation Trust in relation to terms and conditions for staff may make this easier. In the event that the acquiring Trust is not able to sustain delivery of services at the prices set out in the current contract, the options of social enterprise, or re-tendering the services before the expiry of the contract, remain open to the Council. Any financial risk to the Council can therefore be significantly mitigated.

RECOMMENDATIONS

- 22. The Cabinet Member for Adult Social Care is RECOMMENDED to:**
- (a) give agreement to include the services purchased from Ridgeway Partnership by Oxfordshire County Council in the NHS merger/acquisitions process;**
 - (b) request that the recommendation to appoint a preferred provider to acquire Ridgeway Partnership NHS Trust is brought to Cabinet for approval in early 2012.**

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Background Papers: Nil

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