

## **CABINET – 17 JANUARY 2012**

### **MERGER/ACQUISITION OF RIDGEWAY PARTNERSHIP NHS TRUST**

#### **Report by Director for Social & Community Services**

#### **Introduction**

1. Ridgeway Partnership (Oxfordshire Learning Disability NHS Trust) is commissioned by Oxfordshire County Council to provide both social care and specialist health services to people with learning disabilities in Oxfordshire. The total value is £20m per annum and they are the largest learning disability service provider 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.
2. In line with the Department of Health's policy that all NHS Trusts have to become Foundation Trusts, or become part of an existing Foundation Trust by 2014, the Strategic Health Authority is currently leading a process through which existing Foundation Trusts are bidding to acquire Ridgeway Partnership. As the main commissioner of Ridgeway's services, the Council has a significant interest on the outcome of this process and Oxfordshire's Lead Commissioner for learning disability services is a member of the project board.
3. On 5th July 2011 the cabinet member for Adult Services agreed to include the services purchased from Ridgeway Partnership by Oxfordshire County Council in the NHS merger/acquisitions process, and requested that the recommendation to appoint a preferred provider to acquire Ridgeway Partnership NHS Trust be brought to cabinet for approval in early 2012.
4. This paper sets out the acquisitions process and progress to date, and recommends that cabinet confirms its intention to continue to include the services purchased by the Council in the acquisitions process. It also recommends that, due to the timing of decision points, the final approval to proceed with the preferred provider be delegated to the Lead Member for Adult Services.

## The Acquisition Process

5. The Acquisition Process is led by the Strategic Health Authority through a Project Board which is comprised of Directors of the Strategic Health Authority, Directors of Ridgeway Partnership NHS Trust, and the Lead Commissioner for learning disability services from Oxfordshire County Council.
6. Expressions of Interest were sought from any NHS Foundation Trust interested in acquiring Ridgeway Partnership in July 2011, and bidders were invited to submit a pre-qualifying questionnaire. Thirteen bids were submitted, of which 12 passed the initial qualifying threshold. The 12 Trusts were scored on their responses and the 6 highest scoring bidders were invited to proceed to the next stage (Invitation to Submit Outline Proposal). They submitted responses to 19 questions, covering the following specific areas:
  - Service delivery and framework
  - Partnership and engagement
  - Benefits to service users, carers and relatives
  - Workforce
  - Integration planning
  - Finance
7. Responses were evaluated by panels which represented Ridgeway Partnership and the SHA. Oxfordshire County Council was represented on the Service Delivery and Partnership and Engagement panels, and was also a member of the consolidation panel which scrutinised and confirmed the composite scores from all the panels. In addition all of the bidders were required to make presentations to a group of stakeholders, which included service users and carers, and commissioners from Oxfordshire and Buckinghamshire. This section was also scored and fed into the consolidated scores for each bidder.
8. The 3 highest scoring bidders were shortlisted to proceed to the next stage (Invitation to Submit Detailed Proposal). They have given permission for their identity to be shared with relevant parties, and are Calderstones Partnership NHS Foundation Trust, Hertfordshire Partnership NHS Foundation Trust and Southern Health NHS Foundation Trust. They submitted detailed responses to 26 further questions. Evaluation of their responses is taking place during the first half of January, and the Lead Commissioners from Oxfordshire and Buckinghamshire, and the commissioning manager from Oxfordshire, are represented on the evaluation panels and the consolidation panel.
9. In addition to the formal evaluation of written submissions, a Big Engagement Day was held in November. This enabled service user and carer representatives and all commissioners to meet informally with the 3 shortlisted bidders and to view their stands of information. The bidders heard presentations from Ridgeway Partnership's staff and had the chance to visit and find out more about the services currently provided. Subsequently, a group of Ridgeway staff and stakeholders have visited services provided by

the 3 bidders in their own areas. All of this softer information has fed into the formulation of questions for a final Board to Board interview to be held on 19<sup>th</sup> January, which will be evaluated and contribute to the consolidated scores for each bidder.

10. Taking the scores on all sections of the final bids and the Board to Board interview into account, the consolidation panel will present its recommendation to the project board on 30<sup>th</sup> January. Following this the recommendation will be submitted for approval to Ridgeway Partnership's Board and to the Board of the Strategic Health Authority. Unfortunately this does not coincide with a scheduled cabinet meeting of Oxfordshire County Council and it is therefore suggested that cabinet delegate the final approval to proceed with the preferred provider to the Lead Member for Adult Services.
11. Following approval, the Department of Health requires that the proposed acquisition is scrutinised by Monitor and by the Competition and Collaborations Panel. This process can take up to 6 months and as a result the anticipated date for transfer to the new provider is September 2012.

### **Corporate Policies and Priorities**

12. A successful transfer of Ridgeway's services to a new NHS provider in a way that minimises disruption for service users, maintains value for money, and enables people to continue to be supported in their communities is in line with the objectives of the Council's Corporate Plan. In particular it will contribute to maintaining Healthy and Thriving Communities through supporting people with disabilities to live in their own homes, and by protecting and safeguarding vulnerable people.

### **Financial and Staff Implications**

13. The Council commissions social care services to the value of £14m pa and specialist health services to the value of £6m pa from Ridgeway Partnership. This amounts to 65% of Ridgeway's total business. The Council's contracts were tendered in 2009 and run for a period of 5 years subject to continuing satisfactory delivery of service. Over this period of time there is a gradual reduction in cost built into both the social care and the specialist health contracts.
14. As part of the acquisition of Ridgeway Partnership, there will be a statutory transfer of contracts on the existing terms. The merger/acquisition process involves a detailed assessment of the financial standing of the acquiring bidders. The acquiring trust will also be required to meet Monitor's financial requirements as a Foundation Trust. The financial risk will therefore be less than that faced currently with a small organisation providing these services; there are no new financial implications for the Council as the main commissioner.
15. There are no implications for Council staff other than the need to develop positive working relationships with a new organisation.

## Other Risks

16. As a key provider of services to vulnerable people, under contract to the Council, the quality, safety and financial stability of the acquiring NHS Trust's services is of considerable importance to the Council. There would be reputational risks to the Council as a result of failures of quality or safety on the part of a significant contractor. This risk is mitigated by a thorough and transparent competitive process used to identify the preferred provider, which incorporated detailed submission of evidence of the provider's performance in the areas of service quality, management of safeguarding and health & safety, and financial sustainability. Ongoing delivery of service will be underpinned by the contractual requirements to maintain quality and safety, which will be regularly monitored by the Council's contract monitoring team, with advice from the safeguarding team and the Council's Health Safety and Wellbeing team. The specialist inpatient services, and supported living services, will also be subject to registration and monitoring from the Care Quality Commission.

## Alternative Option

17. If the Council does not choose to maintain its contracts as part of the statutory transfer of Ridgeway Partnership's business to the new provider, it would be necessary to secure an alternative provider to deliver these services by September 2012. This option was considered by the Lead Member for Adult Services in July 2011 who took the decision that the interests of service users and the Council would be best served by transferring the business to the new NHS provider. It would not now be possible to carry out an open tender, identify an alternative provider, and allow for TUPE and safe transfer of services by September. However, the Council would have the option to give notice on the contracts with the acquiring NHS provider and to place the contracts with a new provider as soon as a tender could be completed.

## RECOMMENDATION

18. **The Cabinet is RECOMMENDED to**
- (a) **confirm that, on the basis of the processes so far, the Council is willing to continue with the services it purchases from Ridgeway Partnership being included as part of the business to be acquired; and**
  - (b) **request that the final approval to proceed with the transfer of the services the Council purchases to the preferred bidder be delegated to the Cabinet Member for Adult Services.**

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Background papers:

CA11

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