



Oldham
Council

Report to CABINET

Request for an extension to the Right Start service contract provided by Bridgewater Community Healthcare NHS Trust

Portfolio Holder:

Councillor Chauhan, Cabinet Member Health and Social Care

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Reason for Decision

The value of this contract requires a decision to be taken at Cabinet

Executive Summary

The early years period has a critical influence on future outcomes throughout life. The provision of high quality, effective services, which support local residents at this critical time is therefore a priority. In recent years progress has been made in integrating public health and education services to provide a joined-up offer for families. As we further develop the model of children's services provision in Oldham there are opportunities to consider how we can more effectively join up community, health and care services as part of a place-based model to create a more seamless offer for children and families.

Cabinet passed a key decision on 15 December 2018 to extend the current contract for the delivery of Oldham's integrated early years offer – Right Start Service, up to 31st March 2020. The agreement was for a one year extension at the same contract value.

Bridgewater have informed the Council that the one year extension at the same price is not a viable option for them therefore a new decision is needed about the future of the contract.

Recommendation

Cabinet are asked to approve a two year extension of the contract (from 31 March 2019) at increased value of £240,360 per year, taking the annual contract value to £7,429,784, plus any additional income received from Department of Health and Social Care for NHS staff pay awards.

Request for an extension to the Right Start service contract provided by Bridgewater Community Healthcare NHS Trust

1. Background

- 1.1. On 1st April 2016 the new integrated delivery model for Oldham Early Years Offer – Right Start and School Nursing Service was brought together from a number of providers into a single service delivered by Bridgewater Community Healthcare NHS Trust, for the period 1st April 2016 to 31st March 2019 with an option to extend for up to two years. The Right Start service aligns to the GM Early Years Delivery Model and also delivers a number of mandated/statutory functions for Public Health and Education.
- 1.2. The Right Start Service for Oldham has been developed and aligned to the Greater Manchester (GM) delivery model for Early Years, an approach that Oldham was already testing prior to commissioning the integrated service and was instrumental in shaping from the start. It should also be noted that since the implementation of the Oldham model there has been significant interest both across GM and nationally, with attendance at a number of conferences and/or visits to other local authorities.
- 1.3. The service entitles families with young children from conception to five years to a set of universal and targeted evidence based services, through the eight stage integrated assessment model and corresponding pathway of intervention. This enhances the statutory elements of the health visiting service and uses children’s centres as the vehicle to deliver the core universal preventative service for children and young people alongside schools and early years settings.
- 1.4. This service is delivered on a block contract basis across the two lots, funded through the Public Health budget.

Lot 1 Right Start Early Years - £6,189,424
Lot 2 School Nursing Service – £1,000,000

There is also a budget retained by the council for the provision of running the children’s centre buildings approx. £260k. The current provider occupies the children’s centres via the provision of a license agreement aligned to the contract period.

- 1.5. Over the course of the current contract period the provider has worked to achieve the integrations of the staff and functions across the service, whilst maintaining the required level of performance
- 1.6. In December 2018 a one year extension to the contract with Bridgewater was agreed. This was set at the same annual value as the previous contract (£7.189m), with no uplift to account for increasing costs faced by the provider due to inflation or additional service demands, particularly around safeguarding. It should also be noted that a saving of £1.27m was realised when this was commissioned as an integrated service in April 2016. The financial challenges this posed to the provider and the risks this presented were highlighted in the paper to Cabinet in December 2018.

2. Current Position

- 2.1. It is recognised that costs of delivery of the service have increased due to inflation, and additional elements being added to the contract with no further funding attached, including a senior NHS safeguarding post; and administration costs associated with digitisation of all child health records. These factors amount to a real-terms reduction in funding for the
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service over the contract period, and into the current one year extension which has been agreed by Cabinet.

- 2.2. Bridgewater have highlighted these factors to commissioners and informed us that the current one year extension at the same price is not a viable option for them and they will not be able to proceed with these arrangements. Discussions and negotiations have taken place between commissioners and Bridgewater to reach a fully informed and reasonable proposal for required funding uplifts and objectives going forward. This has included taking into account the additional safeguarding pressures that the service has seen but also additional management requirements of delivering the complexities of an integrated model in an environment where there are high levels of need and significant system changes taking place.
- 2.3. Ongoing discussions between Bridgewater and commissioners have highlighted: Bridgewater's acceptance that they are unlikely to continue to be the provider of these services in Oldham in the longer term; intentions to work with the Council and CCG to ensure a smooth transition to new provider arrangements; and Bridgewater's willingness to work in partnership with Oldham Cares to continue to transform the service and reduce costs. This is demonstrated in a dedicated Director of Transformation post within Bridgewater who will now work across Oldham to ensure the best possible arrangements for this transition are put in place and that this happens in a timely manner dictated by the needs of Oldham (potentially before the end of the second year of the contract extension).

3. Points to Consider

- 3.1. The service has good performance around mandated visits and reviews taking place with rates higher than regional and national averages and continuing to improve throughout 2018/19; and there have been substantial improvements in 0-5 oral health outcomes. There are, however, a number of challenges around the main outcomes that the service works towards, including breastfeeding rates and child development, but there is significant work underway to provide additional support and improve performance.
 - 3.2. The service has shown a good response to areas of increasing demand such as the number of children on the Right Start Additional Needs team caseload, which increased by 44% between Q3 in 2017/18 and Q3 in 2018/19 (from 111 to 160). The service has now appointed four SEND practitioners to respond to this. Compliance of the service with assessment and contact milestones has improved throughout the last year, particularly the proportion receiving on-time 12-month and 2-year reviews, which have increased by 7%. There are a number of challenges though including the large increase in demand for safeguarding support from the service; and timely completion of health assessments for Looked After Children (LAC), which have failed to meet some targets.
 - 3.3. The Right Start service has reported increased and unprecedented demand in relation to their high need / children at risk caseload. The service is also involved in a number of Serious Case Reviews which generates additional demand. These increases are significantly higher than the other boroughs Bridgewater currently work in. They have realigned a front line health visitor to support the safeguarding nurse team in light of this, but this has an impact across the service.
 - 3.4. Since the one year extension was agreed at Cabinet, the Department for Health & Social Care (DH&SC) has confirmed that additional funding will be made available for uplift in salaries for staff who are currently on NHS Terms & Conditions, including those in commissioned services. This has significantly reduced the additional financial resources required from the council (£96k) for the first year of the contract extension.
 - 3.5. The workforce in this service have undergone complex and challenging restructures to ensure delivery of the integrated Right Start and school nursing service. The effective
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structures this has created, as well as additional resource from Health Education England to recruit and train five student health visitors and five student school nurses, will be further disrupted if medium-term arrangements to provide some stability over the next two years are not put in place and if a smooth transition is not agreed.

- 3.6. The transformation we are working towards with the Right Start service is in the context of wider changes across Children's services in Oldham including implementation of new model for children's social care; the transfer of children's community health services to Northern Care Alliance; the planned development of the Oldham Family Connect model; and responding to the recent Local Government Social Mobility Early Years peer review. The future of this contract is interconnected with these developments and therefore this two year extension, with potential flexibility to finish earlier, allows us to align all of these wider pieces of work towards a fully integrated system.
- 3.7. The Local Government Social Mobility Early Years peer review highlighted that establishing the Right Start integrated model was a bold step for Oldham and the model has the potential to facilitate and enhance integrated working. It also identified 'passionate and dedicated staff who are committed to doing a good job and making a difference for children and families'. The development of Oldham Family Connect will require Bridgewater to work closely with us during the contract term to effectively deliver the transformation to an improved place based offer.
- 3.8. Bridgewater is currently part of the Oldham Cares Alliance and support our work towards a single approach to commissioning health and care services to ensure transformation and improved outcomes. They have supported this process in Wigan, where they previously held the wider community services contract, and were integral to the development of system-wide integration and a smooth transfer of services out of the trust, into the ICS. This provides evidence that Bridgewater have been effective in working towards service transition in other areas.

4. Options

- 4.1. Accept Bridgewater Community Healthcare NHS Trust rejection of the one year extension and move to new provider arrangements with immediate effect**
- 4.2. Approve a two year extension of the contract at increased contract value to account for increased service costs and demands.** [This is the recommended option]

This is the preferred option as it will allow time to ensure a coordinated transition into alternative provider arrangements over the next 24 months, though efforts will be made to bring this timescale forward. This will include ongoing transformation of the existing service to reduce operating costs further; the ability to align to other transformation across the wider system; and time to prepare the market for tendering of a new model. This will be supported by the dedicated Director of Transformation for Oldham within Bridgewater.

In terms of service continuity, this option also provides stability for staff and service provision and also presents limited risk due to the regulations and fail-safes provided by NHS Improvement for NHS providers.

This option allows the opportunity to give 6 months notice to move to alternative provider arrangements if this becomes preferable prior to the end of the two year extension period.

Informal discussions with Bridgewater have indicated that they would be willing to accept a two year extension to the contract on the basis of £240,360 of additional funding per year for the two year period of the contract extension, as well as the salary contribution from DH&SC, on top of the current contract price in order to meet increasing costs and demands to enable them to deliver the service.

The value of this additional investment has been calculated on the basis of the following cost pressures being faced by the service which were not part of the original specification: increased service manager capacity over several functions of the service, particularly safeguarding; an additional safeguarding nurse to meet current demands; an existing senior safeguarding nurse which was added into the service with no additional funding attached; staff salary inflation increases; cost pressures relating to the move to digitisation of records and services. Negotiations and compromises reached with Bridgewater have significantly reduced the amount of funding they have requested by ensuring efficiencies are maximised and that all additional asks are for business critical aspects of the service.

5. Preferred Option

- 5.1. Approve a 2 year extension of the contract at increased contract value to account for increased service costs and demands.

6 Recommendation

- 6.1 Cabinet are asked to approve a two year extension of the contract (from 31 March 2019) at increased value of £240,360 per year, plus any additional income received from Department of Health and Social Care for NHS staff pay awards.

7 Financial Implications

- 7.1 In December 2018, Cabinet approved the renewal of the Bridgewater contract for a further twelve month period to March 2020. Bridgewater contacted the Council in February 2019 indicating the one year extension was not a financially viable option.

Further discussions have taken place between the two organisations and Bridgewater have indicated acceptance of a two year contract extension to March 2021 subject to additional funding.

- 7.2 Budgetary provision of £7.189m exists within the Public Health base budget to cover the original cost of the contract together with resources retained by the Council for the provision of running the Children's Centre buildings. There is no budgetary provision for the proposed contract uplift in the Public Health budget for 2019/20 (£240k) and 2020/21 (£240k) given current commitments, however, reserves are available to support the 2019/20 pressure. The implications for 2020/21 will be considered in the context of the budget setting process and may either increase the budget reduction target or alternatively be financed by reserves. (Jenny Howarth/Nicola Harrop)

8 Legal Services Comments

- 8.1 There is provision within Clause 2.2 of the existing Contract for an extension of the contract for a period or periods of up to 24 months. Rule 17.1 (a) of the Council's Contract Procedure Rules permits a modification of a contract where the original tendered contract contains clauses allowing for such modifications and lists the scope and nature of the possible modification and the conditions under which they may be used which do not alter the overall nature of the contract. (Elizabeth Cunningham-Doyle)

9. Co-operative Agenda

- 9.1 All Public Health services fully support and adopt the Council's cooperative values as they promote the active engagement of Oldham residents in the life of the community. This contract particularly promotes fairness and openness in terms of the services that it provides.
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10 **Human Resources Comments**

10.1 None in respect of Council employees.

11 **Risk Assessments**

11.1 N/A

12 **IT Implications**

12.1 None

13 **Property Implications**

13.1 The current license agreements will need extending to align with contract end dates.

14 **Procurement Implications**

14.1 Provision exists in the original procurement exercise to extend this contract in line with the recommendations in this report. Strategic Sourcing therefore supports the recommendations in this report. The procurement team also recommends the following:

- a. A clear KPI's must be agreed with the provider and the commissioning team manages and monitors KPI's.
- b. A contract variation document must be agreed and includes full financial information such as rates we pay i.e. per hourly or daily; not just the financial envelope.
- c. Set up a working group involving Procurement team at early stage ensuring no further requests will be made to extend these contracts in the future.
- d. Ensure appropriate consultation is undertaken at pre-procurement stage with the provider market. (Mohammad Sharif)

15 **Environmental and Health & Safety Implications**

15.1 The provider organisation is expected to comply with all relevant legislation.

16 **Equality, community cohesion and crime implications**

16.1 The Right Start model has a key element about reducing health and learning inequalities in Oldham and the Children Centre footprint on which the model is physically based was devised with a focus on tackling deprivation.

17 **Equality Impact Assessment Completed?**

17.1 No

18 **Key Decision**

Yes

19 **Key Decision Reference**

SCS-03-19

20 **Background Papers**

20.1 Right Start Contract Award Report December 2018.

21 **Appendices**

21.1 None