
Minutes of the meeting of the People and Families Scrutiny Committee, held in Committee Room 1 County Hall, Chelmsford, Essex on Thursday, 08 December 2016

Present:

County Councillors:

I Grundy (Chairman)

S Barker

J Chandler

M Danvers

A Erskine

C Guglielmi

P Honeywood

R Howard

M McEwen

A Wood

County Councillors in attendance:

Cllr K Bobbin

Cllr J Whitehouse

Cllr J Young

The following officers were present in support throughout the meeting:

Robert Fox, Scrutiny Officer

Matthew Waldie, Committee Officer

1 Apologies and Substitution Notices

Apologies were received from Richard Carson.

2 Declarations of Interest

There were no declarations of interest.

3 Questions from the Public

Three members of the public addressed questions to the meeting:

1. Zoe Lagden (Family Action) asked whether, given that Virgin Care and their company Healthcare Holdings had registered a deficit last year, they had provided a guarantor.
Andrew Spice, Commercial Director, replied that the initial stage of the procurement process involves extensive consideration of each bidder's finances, including the involvement of external providers to confirm the overall position. In this case, all four bidders were considered satisfactory, with the leading one rated as a low financial risk. Essex always reserve its right to seek further information or carry out further investigations at any stage in the process, and they have not seen the need so to do in this case. He added that, on average, the County Council carries out one procurement exercise of this scale every week, so it has much experience in this process.
2. Anna Tomlins (Homestart) referred to the challenge of both the voluntary

and statutory sectors working together and pointed out that everyone on both sides had worked very hard over a long period of time to develop the new delivery model to meet the needs of families in each locality. In view of the limited communication from Virgin so far, how can the Commissioners be reasonably satisfied with Virgin's commitment to working with long-standing organisations such as Homestart in each quadrant.

The Cabinet member replied that this was a key point - Essex would make sure it held Virgin to the bid on this.

3. Graham Blowes (North-East London Foundation Trust) asked why only the summary scores for each criteria had been given, rather than the sub-criteria scores? Although they were not obliged to do so, it was common practice both locally and nationally to provide the detailed scores to each losing bidder.

Andrew Spice replied that Essex took a dynamic view of all procurement exercises, and wished to give all parties comprehensive feedback that would be of use to them in future bids. Essex had been as transparent as it could and had exceeded what it was legally required to do. The award had not yet been made and more information would be likely to emerge in due course.

The Cabinet member confirmed that a detailed answer would also be sent to each questioner after the meeting.

4 Call-in on Decision on Final Award of Contract for Integrated Pre-birth to 19 Health Wellbeing and Family Support services.

Members received PAF/25/16, setting out the notification of the call in and the Paper relating to Final Award of Contract for Integrated Pre-birth to 19 Health Wellbeing and Family Support services, which had been published on Tuesday, 15 November 2016.

The Chairman asked Councillor Danvers, as Member calling in the decision, to speak.

A. Member making a Call-in

Councillor Michael Danvers addressed the meeting. He raised a number of concerns:

- Virgin as a company has a very poor track record where they have gone into fields in which they have no experience, eg having to pull out of running the Urgent Care Centre in Croydon. Similarly, Serco had to give up the health contract in Suffolk after three years and very poor reports
- No consideration had been given to trying in-house pilot projects. Much had originally been made of localism, but this seems to have been lost
- The appropriate Equality Impact Assessments referred to in the Equality Impact Statement have still not been made
- There seems to be a discrepancy between the awards in the four quadrants: Virgin was only rated second best in two of the quadrants; so

why has it been awarded the contract for the whole of the County, when there was this emphasis on localism?

- In the June documentation a number of areas raise concerns over the need to retain localism and their local centres but none of these seem to have been taken into account
- The whole process should be revisited; as a scrutiny committee we should be ensuring that Essex County Council is acting properly and that all bidders are given equal opportunities.

Tim Roberts, representing Unison, made several points:

- Unison is the largest trades union within the NHS, with over 400,000 members, covering a wide range of occupations. Its members are very concerned about the awarding of this contract to Virgin, an organisation with no track record, taking it away from existing providers, who have a good track record of delivering patient care, as verified by the CQC
- To award this contract to an organisation without experience of operating on this scale is a serious gamble
- Regarding Information systems, the system used all across Essex, including Southend and Thurrock, is called *System One* and it is the preferred system across the East of England as well. Virgin do not intend to use it and it does not 'talk' to other systems. This will cause real barriers in communication between parties. The current integrated system is in effect being removed, with the potential for a significant impact on patient care
- Serco, with its lack of experience, failed in its attempts to run Suffolk health services and there is a real worry that history may repeat itself
- Virgin Care has made an annual loss of £9-10 million for the last 5 years and Unison wonders why such an organisation is deemed fit to take on this responsibility. Members may have concerns about their own situations, in respect of conditions and even jobs, but they are more concerned over the potential impact on those under their care.

Councillor Ivan Henderson referred to certain issues:

- Virgin can produce no examples of their taking responsibility for child care and family health. For example, North Essex is facing a 33% reduction in budget, which will have a significant impact on services; but Virgin has produced no impact assessment on this. We should see how Virgin assess this before the final decision is made. The experience of the mental health services for young people has not been good - moving this out from the Council has led to lengthened waiting times before young people are assessed
- The Joseph Rowntree Foundation have expressed their concern over both the immediate and the long-term impact of the need to make savings on these services
- Essex cannot afford to get this wrong. In effect it serves as a test case both for Virgin and for Essex County Council and we cannot take such a risk on the provision of these services.

Councillor Julie Young made some final points:

- The consultation showed that 71% parents said they had seen a decline in services and they wanted greater provision
- The penultimate bullet on page 11 of the agenda pack demonstrated how Virgin will accommodate the necessary savings: by stopping the delivery of services by fully qualified staff and giving them to undertrained staff
- In two years' time, Essex will have to revisit the issue, as the service provided by Virgin will not be adequate
- Is there any social value in this contract? The present providers fund certain extra facilities; will Virgin do likewise?
- Virgin Care have one health visitor contract, in Wiltshire, which is 9 months old; their other contracts are very recent and so they have no quality assessments available. Essex is throwing out tried and tested providers and bringing in an unknown organisation
- This is not about politics but about local communities. Vulnerable people will be affected by this.

B. Response of Cabinet Member

Councillor Dick Madden, Cabinet Member for People and Families, addressed the meeting.

Councillor Madden pointed out that the crucial intention is to provide the best possible service to those in need in the County. This process has been ongoing over the past three years and several decisions have been made en route (eg reducing the number of children's centres). Scrutiny has been involved during this period.

Procurement has been undertaken out in full compliance with EU and UK law; it has been a rigorous 3-stage process, with detailed dialogue with all bidders, underpinned by principles of fairness and transparency of process, equality of treatment of process and non-description between bidders. And this has been evaluated using the published criteria - as required by law.

He addressed the reasons given for the call-in, starting by considering the three paragraphs of the decision referred to therein.

- Regarding 3:6, consultation with families formed part of the evidence base for the model which has developed
- Regarding 3:19, the family hub model allows the workforce to direct resources to where they are needed - ie to take an outreach approach; this has allowed staff to be more flexible and responsive. The system will be built on the existing capabilities of families, neighbourhoods and communities. Mandatory services will continue to be provided, although the mode of delivery will be different.
- Regarding 3:21, the adopted model is based on proven results, so will continue to be used. Essex now reaches 22% more families than in 2013 and 50% more vulnerable families in priority groups (such as single-parent families).

The first claim is that the size of Virgin Care (with contracts valued at over £1

billion) makes it harder for ECC to meet the goals outlined in paragraphs 3.6, 3.19 and 3.21 of the decision, severing the link between communities and those providing services. Response:

- The tender specification asked bidders to demonstrate how they would meet local needs and the County Council will hold providers to account to ensure they continue to provide what is required in the specification. In this contract, Cllr Madden insisted that it be based on 50% quality and 50% finance.

The second assertion is there are already several providers working in Essex who deliver services according to the different needs around the county. And the emphasis on local focus seems to have been forgotten. Response:

- The procurement process was lawful and carried out in two stages. One, pre-qualification questionnaire. Four bidders responded, all meeting requirements and progressing to stage two. Two, invitation to tender, including dialogue with bidders, with bidders being independently scored on their responses on technical and commercial issues. Virgin scored the highest for Essex overall. Evaluation involved both West Essex CCG and Southend CCG and these results were also ratified by the West Essex CCG.
- Virgin are committed to providing services based on the family-focused, without-walls model. They will be partnered by Barnardo's who will deliver a third of services in three quadrants, with a little less in the West.

The third assertion related to isolation felt by individuals - that tendering services to such a large organisation further isolates them from the support they need. Response:

- Essex County Council shares the concern and recognises the challenge. Providers will be required to meet the needs of families and children, but the County council is not prescriptive in how this should be done, giving flexibility to the service providers.

With regard to issues raised on behalf of the Member making the call-in, Andrew Spice, Chris Martin, Director for Commissioning, Chris Martin, Director for Commissioning - Children & Families, and Angela Hutchings, Interim Director, Essex Legal Services, responded :

- Members were reminded that the contract had not yet actually been awarded, so some answers might be more circumspect
- Quality Impact Assessment. A comprehensive QIA has been carried out; a copy of it is attached to the Cabinet Member's Decision
- Scoring of Quadrants. An agreed model is used, against which all bidders are assessed, in relation to both economic and technical elements. Then the bidders are scored, according to pre-published criteria.
- Due diligence. At the early stage, all bidders were assessed for their relevant experience against a number of criteria, including some similar to what they will be required to do. It should be noted that this is a new model

so none of the bidders could produce an exact match to what will be required

- Choice of a non-NHS body/Social Value. Once the procurement process starts, Essex can only judge the bidders by the criteria it has set out - and different elements will benefit some bodies more than others. A Social Value Add element was included and the winning bidder did include some of this - which is referred to in the Cabinet Member's report
- Information Systems/System One. Certain technical requirements were included; Essex worked with the NHS on this and was satisfied that these were met. From a safeguarding point of view, the CCGs have given a lead on these. One result is that 16 contracts have been reduced to just one, which means there will be less likelihood of people falling between the cracks. The form of the contract used was the NHS contract, which includes a lot of clinically led material
- Serco's position is not relevant to this call-in, apart from as evidence, and so requires no response
- Workforce concerns. The contract has not yet been awarded - consultation with the workforce will follow this
- No examples of Virgin doing this work elsewhere. This is a groundbreaking approach; other authorities are looking at what Essex is doing. All the way through this there has been involvement with all parties, including scrutiny. There is evidence of Virgin being involved in children's services around the country for several years
- CAMHS. This is progressing well - there has been a vacancy factor, which is being developed. More children are being seen now than under the previous contract
- Upskilling. In the wake of feedback from practitioners, Essex is working better to match the considerable skills of staff to the differing needs of individuals and families
- Two-year break clause. This is a standard part of the NHS contract, which allows either party to terminate the agreement after at least two years, giving a further year's notice.

In conclusion, due process has been followed by Essex County Council and the Cabinet Member feels confident in being able to approve the recommendations of officers.

C. Members' Questions and Comments

Questions received responses to their questions to the Cabinet Member:

- Regulations under TUPE will apply to any existing staff who have to transfer across to a new employer
- Relating to the lack of opportunities for smaller local organisations to bid, some did choose to come together and bid as consortiums. Spending is very carefully monitored, and small local companies are encouraged to engage with Essex. Current figures indicate that of the £1.2 bn spent annually, over half of current spending is within Essex, over a third with local businesses, and 12.7% at the last quarter was with the voluntary sector

- Engagement of the successful bidder with contractors and sub-contractors is a key factor in getting the smoothest mobilisation possible and Essex will encourage and facilitate this process
- The provision of services will be monitored very carefully and will include performance matrices
- There are requirements written into the contract to ensure performance and Essex reserve all their rights to ensure that suppliers do deliver as they expected to. There is a rigorous system of KPIs in place and a number of contract managers to manage the situation. Only main suppliers are named within the contract, as nailing down a contract too tightly can be counter-productive. As an ongoing principle, Essex will be in constant dialogue with the contractors with regard to their sub-contractors
- Essex has been using apprentices for some years. The use of volunteers is an approach that has emerged from the dialogue. It was certainly good as an example of localism in practice and the contractor will still be obliged to provide the full number of appropriately qualified staff where required
- Virgin had not scored best in two of the quadrants, but according to the Council's published criteria, this still represented the best overall result
- There are already processes in place to deal with safeguarding issues and these will continue
- Regarding the interoperability of information services, this has been reviewed by Essex, working with CCG colleagues, and judged to be sufficient; and this will be subject to ongoing review, to ensure individuals are not being disadvantaged
- The contractor is also subject to strict payment terms.

Members made a number of observations:

- The Committee has been kept informed of the progress of the changes being made over the past few years but not all Members have necessarily agreed with all of these
- Some doubts were expressed about the effectiveness of TUPE and the negative impact it can have on staff
- As many of the smaller, local operators will not be used, much experience will be lost, which may become significant when the contract is renewed or if it is terminated for any reason.

D. Members' Decision

Members noted that, based on what they had heard today, the Committee could take one of the following courses of action:

- refer the decision back to the person who made it
- refer the matter to the full County Council to decide whether to refer the decision back to the person who made it
- accept the decision be implemented.

Councillor Guglielmi moved the following resolution, which was seconded by Councillor Wood. Upon being put to the meeting the motion was carried by eight

votes to two, with one abstention:

RESOLVED:

That the Committee accept the decision to make a final award of the contract for Integrated Pre-birth to 19 Health, Wellbeing and Family Support services (FP/657/11/16).

5 Date of Next Meeting

The next committee meeting was confirmed for Thursday 12 January 2017, but beginning at 11.00am. There will be a pre-meeting for Committee members at 9.30am, for a special presentation.

There being no further business, the meeting closed at 12.22pm

Chairman