


Agenda Item: 12.0

<p style="font-size: 1.2em; font-weight: bold;"><i>Governing Body held in public</i></p>	<p style="font-size: 1.5em; font-weight: bold;"><i>Report</i></p> <p>Date of Meeting: 25th January 2018</p>
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Report Title	Community Health Services Contract Award		
Report Author	Presented By	Responsible Director	
Amanda Lloyd, Programme Lead	Caroline Kurzeja, Director Strategy and Transformation	Caroline Kurzeja Signature: 	
Purpose for presenting report	CCG Governing Body is asked to: <ul style="list-style-type: none"> • note the contents of this report including the risks of not approving the contract and; • approve award of the contract for Community Health Services to ELFT, the successful bidder. 		
Action Required:	For decision		
Approval Route:	<i>Governing Body 2nd November 2017</i> <i>Finance & Performance Committee 22nd November 2017</i> <i>Finance & Performance Committee 20th December 2017</i> <i>ICQC 20th December 2017</i>		
Further Assurance:	n/a		
Which Strategic Objectives does this report provide evidence for?		Please Tick /	
We will commission high quality, safe and sustainable models of care that deliver effective clinical outcomes and patient experience using evidence based decisions and best practice		/	
We will ensure that there is a financially sustainable and affordable healthcare system in Bedfordshire.		/	
We will lead, engage and operate as an effective place based and STP wide system partner to achieve greater integration of care delivery.		/	
We will support local people and stakeholders to have an influence on services we commission to ensure our decisions are informed and shaped by local views and insights.		/	
We will operate and manage our Governing Body to the highest standards of accountability and transparency.		/	
Implications/Assessments	Yes	No	N/A
Have any financial implications been signed off by the Chief Finance Officer?	/		
Have any quality implications been signed off by the Director of Nursing & Quality?	/		
Have any privacy implications been signed off by the Head of Information Governance?			/
Have any conflicts of interest implications been signed off by the Corporate Office?			/
Have any public engagement	/		

implications been signed off by the Head of Communications & Engagement?			
Has an Equality Impact Assessment been carried out?			√
Key Risks	<p><i>Risk:</i> If the contract is not signed with the new Provider, Commissioning organisations will need to extend the current contract with EPUT at short notice, resulting in disrupted services, risk to user/patient safety continuing poor service delivery, and higher costs. The CCG will experience loss of credibility with Local Authority partners and with the wider STP. Bidders who participated in the procurement are likely to seek financial redress and this will result in reputational and financial damage to the CCG. A new procurement will need to be undertaken with all associated procurement costs duplicated.</p> <p><i>Mitigation:</i> Regular briefing and updates to Governing Body and sub-committees to ensure all concerns are fully addressed and robust systems in place to the manage the new contract.</p> <p><i>Risk:</i> As a result of assumptions required made by the bidders to model a new CHS there is a risk that financial modelling may be inaccurate which will result in inability to deliver the services effectively.</p> <p><i>Mitigation:</i> Bidder has undertaken detailed due diligence on existing service provision and costs. Commissioners have undertaken detailed due diligence on Preferred Provider.</p> <p><i>Risk:</i> Quality and safety of patient care may be compromised during mobilisation and Q1 steady state.</p> <p><i>Mitigation:</i> CHS Mobilisation Steering Group to approve transition plans, plans reviewed on monthly basis. EPUT business continuity plan in place. Staff engagement sessions in hand.</p> <p><i>Risk:</i> Service pathways may become fragmented or unclear as a result of transition.</p> <p><i>Mitigation:</i> CHS Mobilisation Steering Group to seek assurance and review progress on monthly basis. Escalation process agreed.</p> <p><i>Risk:</i> Transfer happens on the Easter weekend and this could impact patient safety.</p> <p><i>Mitigation:</i> CHS Mobilisation Group to seek assurance and review monthly. Business continuity plan. Distribution of Day one packs and planned welcome visits from Thursday 29 March 2018, managed by ELFT/CCS Project team. CEO's have met staff on bank holidays and will do the same for this contract.</p>		
Executive Summary	<p>Bedfordshire CCG (BCCG) has been working with Bedford Borough Council (BBC) and Central Bedfordshire Council (CBC) to procure Community Health Services (CHS) with a contract start date of 1st April 2018. The total contract value for five years is c£201m.</p> <p>The procurement of a new community health service provider aims to transform community health services, which support the delivery of the BLMK STP Priorities, NHS England's CCG improvement and assessment framework, BCCG Out of Hospital Strategy and GP Forward View.</p> <p>Following a robust procurement process, Bedfordshire CCG's Governing Body ratified the decision to award preferred provider status to East London Foundation Trust (ELFT), with Hertfordshire Community Trust (HCT) as reserve bidder on 2nd</p>		

	<p>November 2017.</p> <p>The contract will be managed through the use of the NHS Standard Contract, an Outcomes Framework and an Incentive Model whereby up to 10% of the contract value will be payable against achievement of outcomes defined by the Commissioners. These will include reductions in non-elective admissions and delayed transfers of care.</p> <p>Due Diligence report completed by Atlantic Customer Solutions confirms that there are no significant financial risks with regard to ELFT and their bid submission for this contract.</p> <p>Governing Body (25th January 2018) is asked to approve contract signature with the preferred bidder, ELFT.</p> <p>Bedford Borough Council and Central Bedfordshire Council have already approved signature of the contract with the Preferred Provider ELFT.</p>
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1. Introduction

This paper is brought to Governing Body following its earlier ratification of the decision to award the contract for Community Health Services to East London Foundation Trust (“ELFT”) following a robust procurement process. The Commissioners now require formal approval from Governing Body to sign the contract with ELFT.

Bedford Borough Council (BBC) and Central Bedfordshire Council (CBC) have already approved signature of the contract with the Preferred Provider ELFT through delegated authority to Directors Muriel Scott and Kate Walker in autumn 2017.

2. Background and context

Bedfordshire Clinical Commissioning Group (BCCG), Bedford Borough Council and Central Bedfordshire Council have been working collaboratively over the last 18 months to jointly procure a new provider for Community Health Services across Bedfordshire CCG footprint from April 2018. The purpose has been to procure a transformational partner to integrate health and social care effectively, providing quality and timely community healthcare to patients within Bedfordshire, to deliver a stronger model for community services and support the development of sustainable primary, urgent and secondary care services.

The Procurement Programme is being managed by BCCG with support from CBC and BBC. The Commissioners have completed a successful and robust procurement programme, with the participation of all three commissioning organisations, carers, users and clinicians in evaluating the bids. Final bids were received from four organisations. Following evaluation and moderation, the preferred bidder was identified as East London Foundation Trust (ELFT).

3. Approvals

The Community Services Programme team have sought approvals and provided regular reports to key stakeholders, including the following:
Governing Body meetings 5/11/15; 3/12/15; 4/2/16; 7/7/16; 22/9/16; 7/9/17; 2/11/17
Governing Body member briefings: 30/11/17; 20/12/17; 3/1/18; 8/1/18
Locality Boards: regular feedback during 2017 from the Programme SRO to each Locality Board
Finance & Performance Committee 22/11/17; 20/12/17;
ICQC Committee 20/12/17

Governing Body on 2nd November 2017 ratified the decision to award preferred bidder status to ELFT, with Hertfordshire Community Trust as the reserve bidder.

4. Drivers for Re-procurement

A number of considerations supported the decision to go to market for this service:

- The existing contract could not be contractually extended any further;
- The services had not been market tested since letting the contract to the current provider and commissioners felt there was a lack of evidence that the contract provided value for money;
- Anecdotal evidence from GPs, commissioners and patient representatives was that the current contract was not delivering a suitably high quality service in all areas.

5. Current status

To ensure a smooth transition between the current provider and the new provider, the Commissioners have established a Mobilisation Steering Group with fortnightly meetings to receive providers' reports on the transfer of services between the outgoing and incoming provider. An escalation route through each organisation's Chief Executive has been established should any issues be identified.

ELFT have confirmed that they are working in partnership with Cambridgeshire Community Services Trust ("CCS") who will deliver the children's services under a sub-contractual agreement with ELFT.

Contract negotiations have taken place and the contract details agreed with ELFT.

6. Commercial

The scope of the procurement includes both children's and adult's community services, currently provided by all three commissioning organisations, and has a current annual value of £39m (18/19 budget). A 2% efficiency saving has been built into the contract value. The total contract value for five years is c. £201m.

The contract also includes £0.6m of services commissioned by Luton CCG and local authority.

Up to 10% of the contract value will be paid on successful delivery of outcomes, creating an incentive to focus on delivery of a range of adult and children's outcomes based on user-defined population-level outcomes, and with it service improvement. This is a different approach to contracting than the CCG has taken in the past, and it will shift the focus of contract management from measuring activity to measuring and delivering better health outcomes for local people and system-wide collaboration across providers.

7. Assurances

The procurement process has involved staff from all the partner organisations. The CCG engaged Attain as a provider of independent procurement advice, to ensure that the procurement complied with legal process and followed best practice. Procurement was successfully completed in November 2017 with the identification of the Preferred Provider and a Reserve Provider. No challenges were received from unsuccessful bidders.

As part of the procurement process, BCCG is seeking to reduce various risks and is voluntarily following the NHS England Integrated Support and Assurance Process (ISAP) which was designed to assure "novel and complex contracts". It has been determined by NHS England that this procurement does not **require** the ISAP. Nevertheless, BCCG have decided, **voluntarily**, to follow its principles. The ISAP itself is quite new (published August 2017) and is a consequence of the 2015 failure of the Uniting Care contract in Cambridgeshire.

To provide further assurance, the CCG commissioned Atlantic Customer Solutions (<http://www.atl-cs.com>) to provide an opinion as to the financial sustainability of the Preferred and Reserve providers. That is, **could** the providers remain financially "solvent" through the life of the contract, even in a reasonable downside case. Atlantic have therefore explored the potential impact of financial items which have in other cases had adverse out-turns – items such as service demand, cost inflation, implementation investment or non-guaranteed incentive payments.

Atlantic concluded that:

- The pre bidder evaluation undertaken in the early stage of the procurement process appeared to be sound and represented higher scrutiny than standard practice in organizational financial evaluation for a contract of this nature
- Both the reserve bidder and the preferred bidder have sufficient financial resources to run the contract even under the negative scenario conditions
- Both bidders believe that they are able to deliver the agreed services within the financial envelope which was the basis of their financial bid
- The bidders and commissioners have a good understanding of the risks of the service and how these should be managed

8. Services in scope

This new contract amalgamates a number of existing contracts as follows:

No.	Services	Commissioning Organisation
1.	All services currently delivered under the EPUT contract for Community Health Services	BCCG
2.	All services currently delivered under the EPUT contract for 0-19 Public Health services	CBC
3.	CBC contract with EPUT for Rapid Intervention and Rehabilitation	CBC
4.	BBC contract with EPUT for Intermediate Care and Rapid Intervention	BBC
5.	BEDOC - Complex Care Team (Bedford Borough only)	BCCG
6.	East of England Ambulance service contract for OneCall (Single Point of Access)	BCCG
7.	NHS Supply Chain – continence products	BCCG
8.	Sue Ryder – Palliative care	BCCG
9.	Aquarius – Drug and Alcohol services	CBC
10.	Community Dental Services for children	CBC

The procurement allowed for further services to be added to the contract over time, where appropriate.

9. Managing Delivery

9.1 Responsibilities

The CCG has acted as the lead commissioner in the procurement and will be the lead commissioner managing the contract once it is in place. The CCG will continue to work jointly with the partner local authorities in managing the contract. This collaboration is carried out under a legal collaborative commissioning agreement.

9.2 Managing quality

Commissioners have carefully considered how to manage the quality of service delivery. They have concluded that the contractual mechanisms in the NHS Frameworks contract could be strengthened to better ensure delivery of quality services and greater user input to these. Commissioners developed an Outcomes Framework based on user 'I statements', incentivised through financial incentives of up to 10% of the contract value.

As part of this, Commissioners have also made clear to the preferred provider that they will be required to work as part of a wider system, leading to the future intended

position of operating as part of an Accountable Care System. The new provider will support the development of the CCG's Primary Care Home Model including Multi Disciplinary Team working. Delivery of some of the outcomes will not be in the sole gift of the new Community provider, but require them to work with system partners to achieve the outcomes.

This approach has been developed in collaboration with GPs, patients and users.

Basing the contract on delivery of outcomes provides flexibility to address stakeholder concerns. Commissioners can vary the outcomes against which the provider is performance managed annually. The variation may include using a different indicator to measure the outcome, re-setting the target for the indicator, or indeed, changing the overarching outcome itself.

Targets identified for both children's and adults Outcomes Frameworks are in line with current organisational targets such as QIPP, BCF and Public Health targets.

9.3 Stakeholder involvement

Patient / User and GP stakeholders have been an important part of the procurement, participating in stakeholder events with bidders, and in evaluating bids at the two bid submission stages of the procurement.

Commissioners are working with the Preferred Bidder to improve existing methods of getting user and stakeholder feedback to inform service development and delivery.

9.4 Local and National Priorities

The procurement process sought a preferred bidder who would be willing to work with commissioners to transform community services and support delivery of National, STP and local priorities.

NHS England's CCG improvement and assessment framework (IAF) aligns key objectives and priorities (there are 43 indicators) many of which - as shown in the following table - will be supported by the new and transformed community health and care services:

Area	CHS Outcome Framework Indicator
Better Health	
Child obesity	1. Percentage of children aged 10-11 classified as overweight or obese
Diabetes	2. Diabetes patients that have achieved all the NICE-recommended treatment targets: Three (HbA1c, cholesterol and blood pressure) for adults and one (HbA1c) for children
	3. People with diabetes diagnosed less than a year who attend a structured education course
Falls	4. Injuries from falls in people aged 65 and over
Personalisation and choice	5. Personal health budgets

Area	CHS Outcome Framework Indicator
Better Health	
Health inequalities	6. Inequality in unplanned hospitalisation for chronic ambulatory care sensitive and urgent care sensitive conditions
Carers	9. The proportion of carers with a long term condition who feel supported to manage their condition
Maternity	26. Maternal smoking at delivery
	27. Neonatal mortality and stillbirths
	28. Women's experience of maternity services
	29. Choices in maternity services
Urgent and emergency care	34. Delayed transfers of care attributable to the NHS per 100,000 population
	35. Population use of hospital beds following emergency admission
End of life care	36. Percentage of deaths with three or more emergency admissions in last three months of life

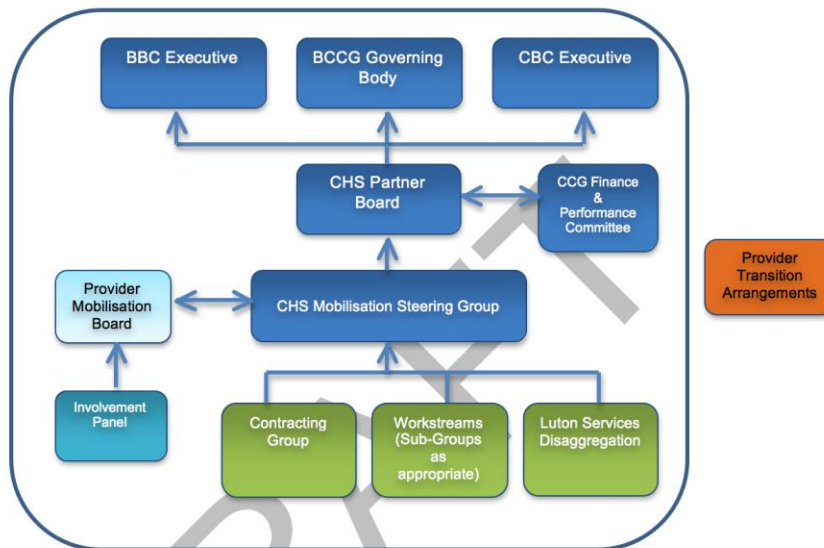
9.5 KPIs and Quality Reporting

A full set of KPIs and Quality reports will be required as part of the contract. Delivery of these will be managed through the standard NHS contractual mechanisms.

10. Governance and sign off process

Current governance is managed through a Partner Board which includes Director-level representation of all three collaborating commissioning organisations, BCCG, Bedford Borough Council and Central Bedfordshire Council. The Directors have delegated decision-making ability for day to day decisions, with major decisions fed back through organisational structures.

The Mobilisation Steering Group set out above under section 4, reports to Partner Board, see governance structure below:



11. Summary

- The new contract aims to transform community services and support system wide sustainability, GP Forward View, and Primary Care Home.
- A robust procurement process supported by Attain with no challenges and a clear preferred bidder.
- Due diligence by Atlantic has been completed, providing further assurance on the procurement process as well as the bidders financial standing.
- The new contract is based on outcomes rather than activity and 10% of the contract value linked to incentive payments based on delivery of the specified outcomes, providing additional flexibility to address stakeholder concerns that may arise during the period of the contract.

It is worth noting the risks to not agreeing the contract which include:

- Reputational damage to the CCG and its partners
- Financial risk as the incumbent provider is likely to seek a financial premium to continue to provide the services
- Risk that the incumbent provider will refuse to continue to deliver the services, resulting in severely disrupted services and high risk to patient safety
- Risk of legal challenge and recovery of bidding costs by the preferred bidder and potentially by unsuccessful bidders
- Risk to improvements in service quality and transformation
- Duplication of procurement costs as a new procurement will need to be carried out.

12. Recommendation

CCG Governing Body is asked to note the risks of not approving the award of contract and to approve award of the contract to the successful bidder, ELFT.