Adults Wellbeing and Health Overview and Scrutiny Committee

9 November 2017

Community Contract Procurement Update

Report of Lesley Jeavons - Director of Integration, North Durham Clinical Commissioning Group, Durham Dales, Easington and Sedgefield Clinical Commissioning Group and Durham County Council and

Sarah Burns, Director of Commissioning Durham Dales, Easington and Sedgefield Clinical Commissioning Group.

Purpose of the Report

1 To provide the Adults Wellbeing and Health Overview and Scrutiny Committee with an update on progress relating to NHS community contract procurement.

Background

2 It is now widely acknowledged that a new approach is needed to work towards greater levels of integration to bring positive benefits in terms of improving people's health, wellbeing and experience of care, particularly in wrapping services around people's needs and shifting the focus to keeping people well and happy at home, with reduced demand for hospital and other health and care services. North Durham CCG and Durham Dales, Easington and Sedgefield (DDES) CCG (the CCGs) are working with Durham County Council and other partners on the development of an Accountable Care Network (ACN).

3 The main partners in the ACN are:

- County Durham and Darlington NHS Foundation Trust (CDDFT)
- Durham County Council (DCC)
- Durham Dales, Easington and Sedgefield (DDES) CCG
- North Durham CCG
- Tees, Esk and Wear Valleys NHS Foundation Trust (TEWV)

4 The aim of the ACN is "to bring together health and social care and voluntary organisations to achieve improved health and wellbeing for the people of County Durham.

5 The commitment of the ACN to the people of County Durham is to:

- Deliver the right care to you by teams working together
- Help you and those in your community lead a healthy life
- Build on existing teams already working together to help you stay well and
- remain independent
- Provide improved services closer to your home
- Offer a range of services working alongside GP practices which meet your needs

6 Work is ongoing to develop an Accountable Care Partnership (ACP) for Mental Health Services with TEWV. Initially this will focus on learning disabilities, with a planned expansion to mental health services in future. The aim of this is to ensure that all NHS spend is quantified in one place and the risk is managed jointly with the ACP. The ring-fence budget will be protected, benefitting from an agreed level of growth and will ensure that any efficiencies or savings will remain within the budget for reinvestment in services. This builds on existing contracting arrangements in place with TEWV.

Contract History

7 In 2008 the Transforming Community Services programme was launched by the Department of Health. The programme was mainly concerned with structural changes, with community services with re-procured by commissioners or transferred to local acute or mental health providers. In County Durham and Darlington services were transferred to CDDFT in 2010.

8 In addition to the main contract with CDDFT there remain a number of contracts in place for community based physical health services. These contracts are fragmented and not well understood. Many of these services support the Easington area.

9 Work has been ongoing with CDDFT to develop Teams Around Patients (TAPs). As part of this process work has been completed to allocate staff to groups of practices working together (known as Primary Care Homes (PCHs) in DDES and TAPs in North Durham). This process has been complicated by the historical arrangements whereby additional services have been commissioned, largely to support the Easington area.

10 Current contracts are set up to count interactions and activity as opposed to improve patient outcomes and the provision of streamlined care for patients. A major cultural shift needs to take place to start to look at service delivery in a different way.

11 The current contract does not reflect the model of integrated delivery across health and social care that the CCGs would like to commission. The number of providers currently involved in delivery and fragmentation of services has meant that renegotiation of contracts is not a viable solution to implement a new model. The only option that would achieve the outcome that CCGs would like to achieve is to re-specify the services and re-procurement of a new service model with contract arrangements that are designed to support integrated service delivery.

Proposed Procurement Exercise

12 GE Finnamore Healthcare (an independent healthcare consultancy) was engaged by the CCGs in 2016 to carry out a benchmark exercise of community service costs in County Durham. They were also asked to develop a draft specification for integrated community service delivery.

13 The report produced by GE Finnamore suggested that community services were more expensive in County Durham than in other areas. This is linked in some ways to the large number of private finance initiative (PFI) buildings and high estate costs in County Durham. There were also examples where unit costs for activity were significantly higher than other locally commissioned services.

14 Building on the work previously undertaken, the re-procurement of community services will enable a re-set of service delivery which would be in line with the principles of the developing ACN.

Market Engagement

15 A meeting of the executive committees of North Durham CCG, DDES CCG and Darlington CCG took place in early May 2017. At this meeting it was agreed that all three CCGs were interested in understanding better the options for re-procuring services and undertaking market engagement to understand the potential market.

16 A market engagement exercise event took place on 7 September 2017. The event was attended by over 80 people from 23 organisations. It was clear from this event that there are a number of providers that are interested in delivering the new service model. Feedback was sought at this stage on the proposed model and this has been used to develop the final service specification.

Clinical Engagement

17 Discussions have been ongoing with member practices over several years in relation to the issues experienced with community services and the fragmentation seen over the last 10 years and more. The need for a different model is supported by member practices.

18 A clinical engagement event took place on 14 September 2017. The draft service specification was shared and a facilitated discussion took place about how services could be delivered differently.

19 Better communication and integration between teams was a key theme emerging from the survey. Again, this feedback has informed the development of the final service specification.

20 A survey was issued to practice nurses and GPs and the staff delivering existing community services. Respondents were asked to feedback on the aspects of current service delivery that were good and those that needed improvement. This has ensured that the views of local clinicians have been taken into account in the final service design.

Patient Engagement

21 The CCGs and Durham County Council have been engaging with stakeholders for some time on the delivery of community services and the development of TAPs. This has been via various routes including:

- Joint health and social care engagement events
- Via practice meetings
- Via Patient Reference Groups
- Via commissioning engagement events

22 In addition to this a survey was issued to community service users to seek their views on current service delivery. The survey found that patients highly valued the services that were delivered. The key area for improvement was continuity of care.

23 The summary at **Appendix 1** sets out the key feedback received via the various engagement activities and how this was then been incorporated in the final specification.

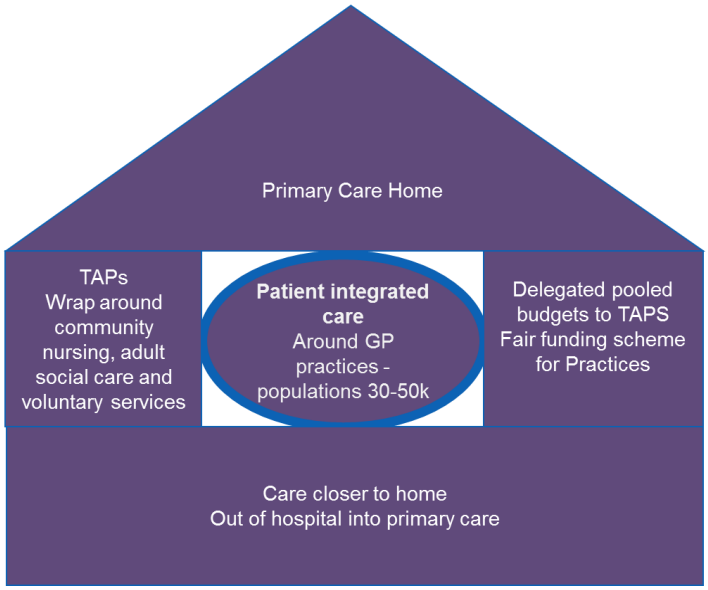
The Proposed Model

24 The aim of the new model of delivery for community services is to provide better outcomes for frail, older patients whilst alleviating the pressure on the system through smarter, more cohesive working arrangements across health and social care within our communities. A virtual budget exists for PCH activity and work is almost complete on aligning staffing budgets for TAPs.

25 Principle expected outcomes of both the PCH and TAPs are:

- Managing demand and activity
- Improved primary care access
- Reduced hospital admissions
- Enhanced preventative offer
- Enhanced independence and wellbeing through risk stratification
- Less presentation at A&E
- Reduction in bed days
- Less people in residential and nursing care

26 This is illustrated in the diagram below:



27 Budgets will be delegated to the TAPs or localities, as relevant, for all services so that joint decisions can be taken on service configuration and staffing budget allocation. This will be required for both service implementation and on an ongoing basis. This will ensure that services are always delivered in line with local needs and that there is transparency on utilisation of the service budgets. This process will be overseen by the governance arrangements and the joint management structure.

28 In County Durham there is a shared intent to have a combined and Integrated Management Board (IMB) (for a range of health and social care services including those included in this procurement, together with social care) with service delivery being overseen by a Chief Officer on behalf of all partners. The board will be comprised of representation of the organisations within the ACN and will oversee all operational activity across both NHS community services and adult social care.

29 The Chief Officer will lead and manage these services on behalf of all organisations and by doing so will ensure that service delivery and development is truly integrated. There will be an integrated senior management team with senior officers responsible for community and adult social care services reporting to the Chief Officer who is employed on behalf of the whole system and not one single organisation. The Chief Officer will in turn report to respective organisational governing bodies and ensure that service delivery is in line with relevant regulatory standards.

30 It is envisaged that following the award of the contract the existing organisational management structures will need to be reviewed in all organisations to ensure a robust governance structure, which has collaboration and integration at the centre of its activity.

31 There is an overarching aim to ensure that spending on clinical staffing and clinical service delivery is increased over time and spend on indirect costs and overheads is reduced.

32 It is important to say at this stage that the development of TAPs has been an iterative process that has brought a wide range of organisations together to provide truly holistic preventative care for the population of each TAP. Whilst the following provides details of the TAP as of year one, it is recognised that this has been the first stage of a longer journey to transform community care delivery at a much larger scale.

Services Included in the Procurement Exercise

33 The services that are included in the procurement and will be part of the new service model are shown in the table below. The table also outlines whether the services will be delivered within TAPs or delivered at a locality level.

Service Line	Model of delivery
Community Nursing	TAPs level
Community Matron / Vulnerable Adults Wrap Around Services	TAPS level
Respiratory Services including Pulmonary Rehabilitation and spirometry	Locality level
Coronary Heart Disease	Locality level
Community Inpatient Beds (Sedgefield, Weardale, Richardson Community Hospitals)	Locality level
Day Hospital Therapy Services	Locality Level
Falls and Osteoporosis Services	Locality level
Palliative/End of Life Care	Locality Level
Epilepsy Specialist Nursing (North Durham only)	Locality Level
Continence Services	Locality Level
Community Rehabilitation Services	Locality Level
Intermediate Care Services (including Single Point of Access and therapies)	Locality Level
Stroke Rehabilitation Services (Easington only)	Locality Services
Dietetics	Locality Services
Physiotherapy	TAPs level
Musculoskeletal (MSK)	TAPs level
Speech and language therapy (SALT)	Locality Level
Occupational Therapy	Locality Level
Podiatry	Locality Level
Tissue Viability Services	Locality Level
Chronic Fatigue Syndrome (CFS)/Myalgic Encephalomyelitis (ME) Services	Locality Level
Lymphedema Services	Locality Level

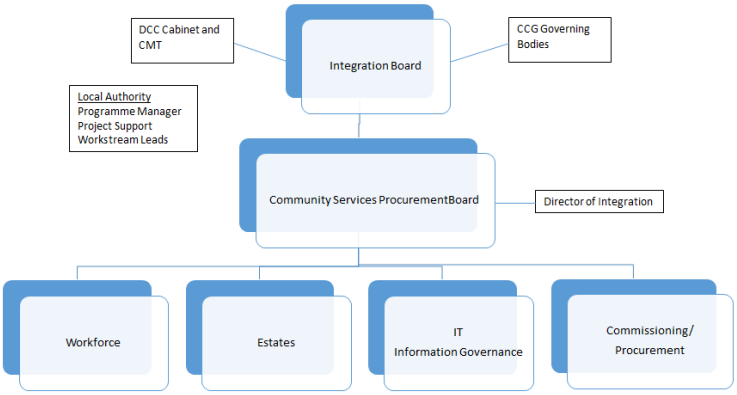
34 Notice has been given to the existing providers of these services which include:

- County Durham and Darlington NHS Foundation Trust
- BMI Woodlands
- City Hospitals Sunderland NHS Foundation Trust – Acute
- North Tees and Hartlepool NHS Foundation Trust – Acute and Community
- DDES Primary Care Federations

35 Most of the services are commissioned together with Darlington CCG. Darlington CCG is also undertaking the procurement of services alongside North Durham and DDES CCGs. There will be separate integrated governance arrangements developed for health and social care in Darlington.

Governance

36 A bespoke governance structure has been developed to manage the process of re-procurement. This set out in the diagram below with each workgroup bring led by a senior CCG officer.



37 There are inherent conflicts of interest for primary care in the procurement of these services. Appropriate arrangements have been put in place to ensure confidentiality of commercial information so that it is not shared with anybody who has, or could be perceived to have, a conflict of interest. This is in line with the principles developed previously where commissioning activities have necessitated bespoke arrangements to guard against conflicts of interest.

38 Significant work has been undertaken to inform the development of the financial envelope for procurement. Joint working has been underway with CDDFT for some time to understand the true cost of service delivery for all community services. Detailed information from every service has been used to understand the split between clinical staffing, non-clinical staffing, non-pay, indirect, overheads and estates costs. In addition to this benchmarking has been carried out to see how costs of services differ amongst CCGs in the North East. A budget envelope has been formed on the basis of this information.

39 The value of services being procured is in the region of £44m across County Durham with approximately 66% of the service value designated for clinical

staffing. Providers will be required to demonstrate how spend on clinical service delivery increases and spend on overheads and indirect costs decreases throughout the duration of the contract.

40 There is a County Durham and Darlington wide Estates Group that is looking at how the combined health and social care estate can be utilised most efficiently. The estates costs for the procurement will be treated as a 'pass-through' cost for the service provider, to balance the risk and benefits for both commissioners and providers. This will be reflected in the procurement documentation.

41 The budget for estates is c£5m and will be treated as a pass through cost. This means that commissioners retain the budget for estates and any efficiencies made as a result of the joint estates working group will be available to commissioners to invest in services.

42 CCGs have recognised that in order for a new provider to mobilise, they may need some financial assistance / security, to cover non-recurrent costs such as equipment and IT purchases, plus any non-recurrent workforce costs such as redundancy and pay protection (should the provider feel a different skill mix is required).

43 In that respect, the 3 CCGs have created a one off contingency fund to contribute towards these costs. Funds will not be released unless evidence is provided that actual, justifiable expenditure has occurred.

44 The impact of procurement decisions on providers is very important and has been considered, particularly for the current main provider of services (CDDFT). The value of services commissioned from CDDFT equates to 8% of their total income. A chief officer led Financial Recovery Group is in place with CDDFT with a supporting director led group which considers the system wide impact of any changes to service delivery. Regular chief officer discussions also take place with City Hospitals Sunderland NHS Foundation Trust (CHS) and North Tees and Hartlepool NHS Foundation Trust (NT&H) and these groups have discussed the planned procurement and ACN development in County Durham.

Risks and Associated Mitigation

45 A risk log has been developed as part of the project governance. All identified risks are captured with mitigating actions developed. All risks are reviewed by the Community Services Procurement Board. There are dedicated workgroups for finance and workforce to address the issues listed below:

Current Risks	Mitigation
Managing the complexities of any potential TUPE process given the number of providers currently involved in service delivery.	- A dedicated workforce group has been set up including specialist HR advice and provoker representatives to review TUPE data as it is provided - Creation of a mobilisation fund to ensure that any HR costs are not a barrier to providers
Ensuring that current staff do not become disengaged throughout the procurement process.	- A communications strategy has been developed with key points identified for staff communications. - Senior staff in existing providers have been identified to ensure that comms are provided regularly to staff - A web page is being set up to provide a point of access for information
Ensuring that the procurement process does not result in destabilisation of current providers.	- Regular meetings with chief officers to discuss the impact of commissioning and provider changes - Joint plans to address specific areas where services costs are higher than income
Ensuring that any new provider has effective working relationships with all local acute providers to ensure that seamless pathways are developed.	- Requirement for joint working set out in the service specification - Acute providers will be part of the ACN and will be required to sign up to a MoU that supports collaboration - The Integration Board is a strategic meeting designed to discuss and resolve issues that are preventing health and social care integration - Involvement of NHSE acting as a critical friend throughout the procurement process

46 All risks are reviewed by the community Services Procurement Board. There are dedicated workgroups for finance and workforce to address the issues listed above together with a communications and engagement plan. The executive committees are updates regularly on progress.

Communications

47 A communications and engagement plan has been developed to ensure that key stakeholders and in particular staff are kept updated and have access to timely and accurate information throughout the project.

Timelines

48 The timelines for the procurement process are set out below:

Executives sign off procurement strategy	late October 2017
Publication of tender	Early November 2017
Dialog sessions	December 17- January 2018
Publication of final tender documentation	January-February 2018
Evaluation and contract award	April 2018
Mobilisation	May 2018 – September 2018
Service Commences	October 2018

Recommendations and reasons

49 The Adults Wellbeing and Health Overview and Scrutiny Committee is recommended to:

a. Note the rationale for the planned procurement of adult community services.
b. Note the engagement and development work carried out to date to inform the new service model.
c. Note the intended governance structure for health and social care services.

d. Note the specific governance arrangements that have been put in place to oversee this project including risk management.

e. Note the timelines for the project and to agree to receive regular updates on the procurement process.

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APPENDIX 1 – Feedback Summary

Engagement Route	Comments	Action Taken
Market Engagement	Intention to delegate budgets to TAPs not sufficiently clear	This has been reinforced in the specification
	Need to be clear what the ask is from primary care	The specification highlights the services that need to be delivered in collaboration with primary care Development session planned with primary care GP federations
	Significant provider interest in service delivery model	None required
Practice Engagement	Need for greater integration between practices and community services	Reinforced in the service specification
	Need for greater influence on workload and priorities of services, particularly district nursing	Key services such as community nursing designated as requiring collaboration with primary care
	Accessibility of social workers was an issue	Social work staff to be aligned to TAPs
	Accessibility of specialist nurses was an issue	Development of locality based teams for specialist nursing has been made a requirement
Clinical Engagement	Need for involvement of social worker in TAPs	Social work staff to be aligned to TAPs
	Outcome measures too process focussed	Measures split between outcomes and process. Input from quality leads and public health teams to ensure they reflect the key priorities
	Need to ensure that primary care is central to service delivery model and is on an equal footing with bigger providers	Key services such as community nursing designated as requiring collaboration with primary care
Staff Engagement	Communications between services could be improved	Requirement for services to work as teams with identified/named staff for each TAP or locality
	Community nursing staff	The model sets out the

	felt that communications with primary care are good	alignment of community nursing to practices so they will have named staff
	Communications with vulnerable adults wrap around services (VAWAS) service and other community services could be improved (DDES only)	The model sets out the alignment of community nursing to practices so they will have named staff
	Difficulties for staff attending multi-disciplinary teams (MDTs)	Set as a priority on the model of delivery. Working practices may need to change to accommodate MDTs which are felt to be critical to the service model
	Investment in staffing is required	Proportion of the budget is ring fenced for clinical staffing with budgets delegated to TAPs to ensure that budgets are fully utilised
	Common systems are required to enable integrated working	SystmOne identified in the specification as the system required with interoperability with social care and other primary care systems
Patient Engagement	Strongly supportive of the staff that deliver services	No action required
	Preference for greater continuity of care	Set as a requirement in the specification
	Request for staff to have longer to spend with patients	Interventions to be delivered as clinically appropriate. Specification requires collaboration with community and voluntary sector that may also be able to provide support for patients.
	Getting care delivered at home was important	Services currently delivered in the homes of patients will continue to be so. It is the intention in the longer term that more services will be delivered in the community to improve accessibility