

BNSSG CCG Governing Body

Date: Tuesday 3 September 2019

Time: 1.30pm

Location: The Vassall Centre, Gill Avenue, Downend, Bristol, BS16 2QQ

Agenda number: 6.2

Report title: Adult community health services procurement

Report Author: Adult community services programme team

Report Sponsor: Lisa Manson, Director of Commissioning

1. Purpose

In January 2019, the Governing Body approved the launch of a procurement for adult community health services. This paper describes the final stage of the process to select a single provider of adult community services across Bristol, North Somerset and South Gloucestershire.

2. Recommendations

The Governing Body is asked to approve awarding the contract for adult community services to Sirona care & health Community Interest Company.

3. Summary

The CCG's contracts for adult community health services end in 2020 and 2021. By law, the CCG is not able to renew or extend existing contracts. It must advertise for providers interested in running the service. In January 2019 the CCG began advertising for a single provider of adult community health services across Bristol, North Somerset and South Gloucestershire, to begin from 1 April 2020. The aim was to make sure people have the same high quality care no matter where they live. This is what local people, clinicians and the voluntary sector said was important.

Between January and May 2019, bidders met with the CCG, partner organisations and a panel of patients and carers to discuss the requirements and refine their plans. Two bidders submitted proposals. On 29 July 2019 the CCG announced Sirona care & health Community Interest Company as the high scoring bidder and began a process of checking the final accuracy and feasibility of the bid.

During August 2019 the CCG undertook detailed due diligence, asking for clarification about bid content, seeking bidder references and reviewing the commercial model in detail to ensure that it was based on appropriate assumptions and calculations. Clinical, financial and contracting experts reviewed all information and met with the bidder seven times. The contract was reviewed a final time by the CCG's legal team and NHS England and NHS Improvement.

The due diligence process found that the high scoring bid was based on robust clinical and commercial assumptions, in line with the Request for Proposals. The commercial model was reviewed in depth and found to have appropriate granularity. The approach was able to be delivered at scale and accounted for variations between different parts of the geography. Quality indicators and performance management structures are in place to ensure delivery of high quality services. The bidder provided the documents required by the CCG within the overall due diligence timeframe.

As an extra level of review, NHS England and NHS Improvement examined the procurement process and outcome within a regionally-led assurance process using the principles of the integrated support and assurance process (ISAP).

If the Governing Body approves signing a contract with Sirona care & health, mobilisation will begin so that the workforce and members of the population have certainty about next steps.

4. Financial resource implications

The contract price is £1.06bn spread over a 10-year contract term.

5. Legal implications

Public procurement is governed by the Public Contracts Regulations 2015. The Mills and Reeve legal team have reviewed the contract to ensure appropriateness.

6. Risk implications

The Programme Board for the procurement reviews risks and mitigations monthly. It is important to make sure that there is no disruption to the services that people receive and a plan has been developed to support this. All existing providers are working in partnership with the CCG to ensure a smooth transition for local communities and the hardworking community services workforce.

7. Implications for health inequalities

A Quality Impact Assessment and an Equalities Impact Assessment have been undertaken. It has been identified that the procurement has no negative implications for health inequalities over and above existing known issues. There are opportunities for continued improvement and a plan to address health inequalities is required as part of the contract

8. Implications for equalities (Black and other minority ethnic/disability/age)

An Equalities Impact Assessment identified areas for further engagement during the transition period. The contract requires delivery of engagement activities to support equality and diversity.

9. Implications for public involvement

The public have been involved during the procurement and will continue to be engaged. More than 500 stakeholders, including patients and carers, developed the priorities for adult community services upon which the contract is based. A patient and carer panel met bidders and heard their plans. Patient and voluntary sector representatives were involved in assessing proposals. A patient representative sits on the Board overseeing the programme. The CCG is working with existing providers to keep service users and staff informed. A communications plan has been developed to engage with service users, carers, members of the public, staff, affected organisations and other stakeholders. The selected provider will have a Public Reference Group to help shape next steps. Formal public consultation is not required at this stage as no 'significant variation' to services is planned. This will be kept under review as the process progresses.

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1. Background

On 10 January 2019, NHS Bristol, North Somerset and South Gloucestershire Clinical Commissioning Group (CCG) began advertising the procurement of adult community health services, following approval from the Governing Body.

There are currently three main providers of adult community services delivering adult community services in the CCG area: one in Bristol, one in North Somerset and one in South Gloucestershire. The contracts for these services end in 2020 and 2021. As part of routine work, the CCG is procuring adult community services to ensure these remain available for the population.

The CCG is taking the opportunity to build consistency across the CCG geography, advertising for a single provider of adult community services, defined as one entity delivering not less than 85% of the annual contract value. More than 500 people, including service users, carers and clinicians, helped to develop the priorities for future adult community services and these people emphasised the importance of having consistent high quality care, no matter where people lived.

The contract to be procured is for a period of ten years, with an indicative contract value of approximately £106m per annum.

Two bidders submitted proposals. Both proposals were evaluated using pre-specified evaluation criteria set out in the Request for Proposals. Both proposals were found to be good quality, each with strengths.

On 29 July 2019, Sirona care & health Community Interest Company was announced as the high scoring bidder.

The CCG undertook due diligence during August 2019 to ensure that the bid was accurate, feasible and based on sound assumptions. This paper describes the due diligence process and outcome. The Governing Body reviewed the procurement process and bid evaluation approach at its August meeting held in public so these details are not repeated here.

2. Due diligence process

The purpose of due diligence was to make sure that all information supplied by the high scoring bidder was accurate and deliverable and to make sure that the CCG was ready to sign a contract.

The main components of due diligence were:

- reviewing the quality and safety record of the high scoring bidder and other aspects of the **bidder's track record**
- reviewing the financial record of the high scoring bidder to make sure they are financially stable and that the **commercial model** is appropriate for delivering services
- reviewing the **accuracy** of information submitted in the bid, including the descriptions of service provision and the ability to offer consistency and be flexible to local needs
- meeting weekly with the bidder throughout August 2019 to clarify **contract terms**, mitigate risks and ensure that the bidder agreed to deliver all services for the final contract price

Between 29 July and 23 August 2019, a due diligence panel met with the bidder seven times and reviewed weekly written submissions. The due diligence panel comprised a member of the CCG executive team, three clinical leads, two financial leads, two infrastructure experts, a quality and governance expert, a contract expert and a programme management lead.

Particular emphasis was placed on reviewing the commercial model to make sure that the price quoted was based on appropriate assumptions, could be linked to the workforce and activity levels and was able to deliver mobilisation and transformation at scale, accounting for differences between parts of Bristol, North Somerset and South Gloucestershire.

In addition, the Mills and Reeve legal team reviewed the contract a final time to make sure that the contract wording was robust and all contract terms were appropriate.

Due diligence was not an additional 'selection' phase, but rather checking the accuracy of the proposal and contract and seeking assurance from NHS England and NHS Improvement that it is acceptable for the CCG to proceed.

On 22 August 2019, following the submission of extensive documentation, the CCG and the high scoring bidder met with NHS England and NHS Improvement for 'checkpoint 2' of a regionally-led assurance process using the principles of the Integrated Support and Assurance Process. The purpose was to ensure that procurement had been conducted appropriately and that the CCG and bidder were ready to sign a contract.

3. Due diligence outcome

Table 1 sets out the elements reviewed during due diligence and summarises the outcome. The bidder had already been evaluated to have the highest scoring bid so the due diligence panel were not evaluating bid content per se. The due diligence panel sought to assess bid accuracy and whether there was any reason why the high scoring bidder should not progress to signing the contract.

Table 1: Due diligence elements reviewed

Due diligence elements	Outcome
1. Commercial model	
<p>1a. Access to funds required to support mobilisation and early transformation</p>	<p>Successfully completed As part of the procurement the CCG required all bidders to demonstrate that they had access to £5m to support mobilisation and early transformation. The high scoring bidder submitted up to date accounts, predicted cashflow and other commercially sensitive documents demonstrating that it had access to the funds required. The bidder submitted a letter stating that it was committed to using these funds to support mobilisation as required.</p> <p>There were no grounds to withhold contract award on the basis of this element.</p>
<p>1b. Review of granularity of financial model</p> <ul style="list-style-type: none"> • Checking that the assumptions upon which the model is based are sound • Checking that financial modelling covers all areas of the specification appropriately and is able to cover increases in demand • Reviewing the process and timeline used to manage subcontractors 	<p>Successfully completed The due diligence panel reviewed the bidder’s commercial model in detail. The financial experts concluded that:</p> <ol style="list-style-type: none"> a) the assumptions underpinning the model were sound and linked workforce needs and predicted activity to the price. The bidder’s modelling approach clearly linked to the financial template submitted as part of the bid b) the financial modelling covered all areas of the specifications appropriately, including costs to support continued provision at South Bristol Community Hospital, workforce and digital investment c) the modelling demonstrated an ability to cover increases in activity and demand d) the modelling included plans to improve and invest in services <p>The governance process and timing for subcontractors was clear and appropriate. The CCG will need to give permission for the bidder to sign a contract with any subcontractors in excess of £50,000 per annum.</p> <p>There is a process in place to involve the voluntary sector, with a commitment that at least 3% of the contract value will be allocated to support from the voluntary and community sector by year three of the contract.</p> <p>The bidder consented to open book accounting as part of the contract and will submit financial information regularly for review.</p> <p>The CCG will require the bidder to review their financial modelling with the CCG each year as part of the annual contracting round.</p> <p>There were no grounds to withhold contract award on the basis of this element.</p>
2. Service delivery and quality	

Due diligence elements	Outcome
<p>2a. Review of granularity of addressing the clinical specifications, with particular focus on the specialist advice and support specification</p> <ul style="list-style-type: none"> • Checking that every service within the Request for Proposals was appropriately described • Checking that timelines for every service are included in the transformation plan 	<p>Successfully completed</p> <p>The bidder clarified elements of how it will deliver services in line with the CCG's service specifications.</p> <p>The delivery of every service was described, including all specialist advice and support services. Clinicians reviewed the material and stated that it was in line with the specifications set out in the Request for Proposals, including timelines and key activities. These descriptions form part of the contract.</p> <p>Key milestones for every service were included in the bidder's updated transformation plan.</p> <p>There were no grounds to withhold contract award on the basis of this element.</p>
<p>2b. Review of granularity of:</p> <ul style="list-style-type: none"> • Ability to mobilise and deliver at scale • Generalisability of approach across Bristol, North Somerset and South Gloucestershire 	<p>Successfully completed</p> <p>The bidder clarified elements of how it will deliver services in line with the CCG's service specifications. Clinicians reviewed the material and stated that it was in line with the specifications set out in the Request for Proposals, including timelines and key activities.</p> <p>The bidder's plans showed an approach to mobilising and transforming services at scale, with sensitivity to the differences in demographics and characteristics of communities in the CCG geography.</p> <p>There were no grounds to withhold contract award on the basis of this element.</p>

Due diligence elements	Outcome
<p>2c. Review of accuracy of information in mobilisation and transformation plans, including:</p> <ul style="list-style-type: none"> • Cross checking that all expected activities are included (from specification responses and an information pack provided by the CCG) • Ensuring commitment to take part in regular monitoring meetings throughout the life of the contract 	<p>Successfully completed</p> <p>The bidder clarified its mobilisation and transformation plans to ensure they were in line with the Request for Proposals and noted dependencies.</p> <p>Key milestones for every service were included in a transformation plan.</p> <p>The bidder committed to continuing to develop mobilisation and transformation plans after signing the contract, to ensure partnership working with service users, carers and partner organisations.</p> <p>The bidder committed to attending fortnightly meetings with the CCG and providing fortnightly written updates during mobilisation. After services commence, written submissions and meetings will occur monthly throughout the ten years of the contract, with an additional transformation review group meeting monthly during the first three years.</p> <p>There were no grounds to withhold contract award on the basis of this element.</p>
3. Other contract elements	
<p>3a. Willingness to sign contract terms, including indemnity for irrecoverable VAT and any other costs or liabilities above the total contract price</p>	<p>Successfully completed</p> <p>The bidder submitted a letter confirming that it understood and was willing to sign the contract and agree to all its terms.</p> <p>The bidder submitted a signed indemnity deed stating that the contract price was the total price and indemnifying the CCG on demand against irrecoverable VAT.</p> <p>There were no grounds to withhold contract award on the basis of this element.</p>
<p>3b. Provision of required information for contract</p> <ul style="list-style-type: none"> • Information Governance toolkit information • Indemnity insurance certificates • Other policies and mandatory document requirements listed in contract 	<p>Successfully completed</p> <p>The bidder provided all required documentation and the documents were in line with CCG expectations.</p> <p>There were no grounds to withhold contract award on the basis of this element.</p>
4. Risk management	

Due diligence elements	Outcome
<p>4a. Confidence in the approach to risk management, to ensure risks will be managed appropriately</p> <ul style="list-style-type: none"> • Reviewing risk register content • Reviewing process to identify and manage risks • Appropriate links between mobilisation / transformation plan and risk register 	<p>Successfully completed, with regular review planned</p> <p>The bidder provided a risk register and described the risk management approach. The financial and other risks identified captured the main risks as identified by the CCG. The CCG has provided templates for the bidder to use and the bidder has committed to using this approach.</p> <p>If the Governing Body awards the contract to this bidder, the CCG will have weekly telephone calls and fortnightly meetings with the bidder during mobilisation to ensure risks continue to be identified and managed appropriately. The CCG will meet monthly with the bidder from service commencement to ensure service delivery is of high quality.</p> <p>There were no grounds to withhold contract award on the basis of this element.</p>
5. General	
<p>5a Confidence in track record</p> <ul style="list-style-type: none"> • Review of quality and safety record • Two letters of reference 	<p>Successfully completed with ongoing support in place</p> <p>The CCG reviewed the quality and safety record of the bidder, which showed services delivered and issues responded to appropriately. The CCG requested letters of reference from commissioners that had worked with the bidder before. All commissioners approached provided a reference. The references noted that the bidder aimed to deliver high quality services and address any issues identified.</p> <p>In the event the bidder is awarded the contract, the CCG has scheduled regular telephone calls and meetings to monitor bidder performance during mobilisation and after service commencement to keep a check on ways of working.</p>
<p>5b. Confidence in ways of working</p> <ul style="list-style-type: none"> • Appropriate governance structure • Demonstration during due diligence of flexibility, responsiveness and co-production 	<p>Successfully completed with ongoing support in place</p> <p>The Governance Framework document submitted with the bid clearly outlined reporting systems to gather information and owners for that information. The bidder clarified how it embedded learning and how improvement was built into business as usual.</p> <p>During due diligence the bidder showed flexibility and a commitment to coproduction in their conversations with incumbents and the CCG. Though all work was completed satisfactorily within the overall timeframe, the bidder was not always able to meet deadlines, perhaps due to inadequate staff capacity prior to signing a contract. In the event the bidder is awarded the contract and building on the due diligence experience, the CCG has allocated additional capacity short term to ensure that provider and commissioner priorities are aligned and the bidder has agreed to take part in telephone and in person reviews to assure progress regularly.</p>

The high scoring bidder provided the required clarifications during due diligence. Review of the clinical, quality and commercial elements provided confidence in the bidder's approach.

The due diligence panel recommends that the Governing Body approves signing a contract. Due to the large scale of mobilisation and the importance of ensuring smooth transfer for local communities and the workforce, the CCG will add extra staff capacity and monitor in detail to ensure that delivery is implemented as planned.

It is the CCG's decision whether or not to award a contract, but NHS England and NHS Improvement confirmed that the CCG appears to have undertaken a robust process and to be managing risks appropriately, and indicated no grounds to withhold signing a contract.

4. Next steps

If the Governing Body approves signing a contract, work will begin with Sirona care & health to mobilise ready for service commencement. This involves engaging with service users and the workforce and working closely with the existing providers to transfer records, equipment and staff so that there is a smooth transition.

The CCG has set up assurance groups and terms of reference to monitor progress during the mobilisation period and will undertake weekly reviews with the selected provider. This monitoring will continue after the services commence, as part of routine contract monitoring and with the addition of a 'transformation group' to monitor service transformation in the first three years. The contract includes detailed performance monitoring and quality indicators to make sure that the services are delivered are of high quality and so that the CCG can identify any issues and address them promptly.

5. Financial resource implications

The contract price for the ten year contract term previously approved by the Governing Body is £1.06bn.

6. Legal implications

Public procurement is governed by the Public Contracts Regulations 2015. The Mills and Reeve legal team have advised that the CCG is fulfilling its statutory procurement responsibilities and has reviewed the final contract to be signed to ensure the wording is robust.

7. Risk implications

The Programme Board reviews a risk register every month and identifies possible mitigations. All risks are currently being managed and mitigated. An important risk is uncertainty amongst service users and the workforce. To address this, a detailed engagement plan will be implemented by the selected provider.

8. Implications for health inequalities

A Quality Impact Assessment and an Equalities Impact Assessment have been completed. There are potential improvements in health inequalities from providing more consistent services. No specific negative implications of the procurement process over and above known existing issues were identified. The selected provider will be tasked with implementing an action plan to address health inequalities, beginning during the mobilisation period.

9. Implications for equalities (Black & Other Minority Ethnic/Disability/Age)

An Equalities Impact Assessment has been undertaken. There are many potential benefits from the services planned for people with protected characteristics. No specific negative implications of the procurement process over and above known existing issues were identified. Suggestions were

made to enhance inclusiveness of engagement in mobilisation and service delivery. The selected provider will be tasked with implementing an action plan to address equalities issues, beginning during the mobilisation period. The selected provider will report back to the CCG about this regularly.

10. Consultation and Communication including Public Involvement

More than 500 stakeholders, including patients and carers, were involved in the development phase of the procurement to help identify priorities for adult community services. A patient and carer panel met bidders to comment on bidder plans. A communications strategy and workplan have been developed including communication with stakeholders and the public. A Public Reference Group made up of patients, carers and members of the public is meeting regularly to inform mobilisation and communications plans.

Formal public consultation is not required as part of the procurement as no 'significant variation' to services is planned at this stage. This will be monitored closely during mobilisation and throughout the contract term.

11. Recommendations

The Governing Body is asked to:

- **approve** signing a contract with Sirona care & health to deliver adult community health services for the next ten years across Bristol, North Somerset and South Gloucestershire, with the provider taking part in weekly / fortnightly reviews during mobilisation and additional monthly reviews after service commencement to ensure timely and high quality delivery.

Report Author: Adult community services programme team

Report Sponsor: Lisa Manson, Director of Commissioning