

CABINET

19 DECEMBER 2017

GATEWAY 3 CONTRACT AWARD: PROVISION OF INTEGRATED CHILDREN'S COMMUNITY HEALTH SERVICES FOR MEDWAY

Portfolio Holder: Councillor David Brake, Adults' Services
Councillor Andrew Mackness, Children's Services (Lead Member)

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SUMMARY

This report seeks permission to award a contract, which has been commissioned jointly by Medway Council and NHS Medway Clinical Commissioning Group (CCG), to the supplier highlighted within section 3.2 of the Exempt Appendix.

The Cabinet approved the commencement of this requirement at Gateway 1 on 20 December 2016.

This Gateway 3 report has been approved for submission to the Cabinet after review, discussion and subsequent endorsement of proposed award at the Public Health Directorate Management Team Meeting on 21 November 2017, Children and Adults Management Team on 28 November 2017 and consideration by the Procurement Board on 13 December 2017.

NHS Medway CCG Governing Body considered and approved a paper relating to the award of the CCG contract on 29 November 2017.

1. BACKGROUND INFORMATION

1.1 Budget & Policy Framework

- 1.1.1 This procurement has been undertaken jointly between Medway Council and NHS Medway CCG. Financial information relating to the budget and contract value identified above only relates to the specialist children's community health services that will be funded by NHS Medway CCG.
- 1.1.2 The services tendered were grouped into two separate contractual Lots as follows:
- Lot One - Medway Council funded universal health services and Lot Two - Specialist children's community health services commissioned and funded by NHS Medway CCG including children's community nursing and therapy services.
- 1.1.3 The budget for the Universal Healthy Child Programme Services has been delegated to Medway Council and is a mandatory universal function attached to the Public Health Grant. Currently we spend around £5.5 million per annum on the delivery of the Healthy Child Programme in Medway. The cost envelope for these services prior to tender was reduced by £500,000 to meet savings targets set by the Council and to offset ongoing reductions in the Public Health Grant.
- 1.1.4 The budget for specialist children's community health services is held by the CCG and is used to commission a range of services that support children, young people and families who are vulnerable or have specialist medical, neurodevelopmental or health needs, including those that may be linked to learning disability. Medway CCG currently spends £6.07m per annum on these services, and the financial envelope available for these services is £5.68m per annum; some elements of service provision, such as services for children with cancer and cystic fibrosis are not contained within this procurement and the financial envelope has been adjusted accordingly. This adjustment was agreed at NHS Medway CCG's commissioning committee on 27 September 2017.
- 1.1.5 Services included in the Integrated Children's Community Health Services contribute to a range of local and national policies;
- Medway Council - Supporting Medway's people to realise their potential / Giving every child the best start in life
 - Public Health England – Health Matters – Giving Every Child the Best Start in life / Obesity Strategy
 - NHS Medway CCG Priorities – Prevention / Early diagnosis / Better care / Better integration / Quality and safety / Value for money.

1.2 Background Information

1.2.1 Paediatric Health Service provision in Medway has been fragmented in its delivery for a number of years. This is attributable to a number of different factors:

- A range of commissioners (CCG/Public Health/NHS England/Medway Council/PHE)
- Organic service growth without effective commissioning control in some areas
- Different priority areas and deliverables
- Focus on outputs rather than outcomes
- IT, technology and communication barriers

1.2.2 The transfer of Health Visiting from NHSE to Medway Council in October 2015 and the partnership commissioning review of community paediatric health services in 2015 provided an opportunity to redesign community-based paediatric healthcare and deliver efficiencies into the system.

1.2.3 This project brings together a variety of child health services commissioned by both Medway Council and the NHS Medway CCG. Rationale for this approach to integrated commissioning is:

- Improved outcomes and services for children young people and families
- Improved integration and less duplication across service
- Improvements to service efficiency by introduction of economies of scale
- To better support other Council and CCG services such as Social Care, Early Help, CAMHS, education and GPs through the introduction of revised expectations from a future children's community health service
- Decreasing budgets requiring an integrated approach to ensure services can continue

1.2.4 CMT endorsed an integrated model in July 2015 and again in October 2016. Furthermore, this procurement ensures that future services move away from the current outputs-based approach to a more focussed outcomes-based model linked to children, young people and their families, including where there are more acute clinical or therapeutic needs.

1.2.5 The services included in this tender are as follows (current providers are shown in brackets):

Lot One (Medway Council funded services)

- Health Visiting (Medway Community Healthcare – MCH)
- Vulnerable Parents Pathway (MCH)
- School Nursing (Medway Foundation Trust – MFT)
- National Child Measurement Programme (Medway Council)
- Infant Feeding (Medway Council)

- Oral Health Promotion (Medway Council and Medway Community Healthcare)

Lot Two (NHS Medway CCG funded services)

Children's Therapies (MCH)

- Speech and language therapy
- Neurodevelopmental physiotherapy
- Musculoskeletal physiotherapy
- Occupational therapy
- Complex podiatry
- Dietetics service

Community Nursing and Paediatrics (MFT)

- Outpatient Service
- Community Nursing Service
- Special School Nursing Service
- Community Learning Disability Nursing Service
- Special Needs Nursery
- Looked After Children Nursing Service

Young People's Hearing Service (KCHFT)

1.3 Funding/Engagement from External Sources

1.3.1 There is no funding from external sources.

1.4 Reasons for Urgency

1.4.1 This report has been included on the Forward Plan in accordance with Sections 5 (procedures prior to private meetings and 8 (key decisions) of the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 and Rule 14 (publicity in connection with key decisions) of the Council's Access to Information Rules, as set out in the Constitution. However, this report has been circulated separately to the main agenda. Therefore, the Cabinet is asked to accept this report as urgent.

1.4.2 This is in order to implement the new service and associated savings for the Council identified from 1 April 2018 as identified in the Public Health medium term plan. The current contract ends 31 March 2018 and we require a minimum of a 3 month period to allow for contract issue and mobilisation which includes TUPE implications. Therefore, any delay, however small could impact on the 1 April target.

2. PROCUREMENT PROCESS

2.1 Procurement Process Undertaken

2.1.1 The Competitive Dialogue procedure in accordance with Public Contracts Regulations 2015 was used for this tender process. The

procurement exercise was also undertaken in line with the Council's Contract Procedure Rules.

- 2.1.2 The Competitive Dialogue procedure is a three-staged procedure comprising of a Selection Stage, a Dialogue Stage and a Tender Stage. The Competitive Dialogue procedure allows a buying organisation to enter into dialogue with multiple bidders following a contract notice and a selection process to develop one or more suitable solutions for its requirements. The process ends with submission of final tenders from shortlisted bidders, followed by a contract award to the successful bidder.
- 2.1.3 The contract opportunity was advertised on Contracts Finder 30/05/2017 followed by the publication of an OJEU contract notice on the same day.
- 2.1.4 The Selection Questionnaire was advertised on the Kent Business Portal on 30 May 2017 for a period of 30 days with documents electronically available and accessible for interested suppliers. There were thirty eight expressions of interest from a range of providers but only seven providers submitted a completed Selection Questionnaire by the submission deadline.

2.2 Evaluation Criteria

Selection Stage

- 2.2.1 The Selection Questionnaire required providers to self certify that there were no grounds for exclusion, that they were financially sound and that they meet the minimum industry standards which for this service was CQC registration and associated standards. A pass for each section was required for progression to the Dialogue Stage.
- 2.2.2 Additionally, applicants had to respond to questions on previous experience, sub-contracting, working with the third sector, values, innovation, clinical leadership and practice, IT and data, re-shaping services, safeguarding, equality and diversity, workforce, inspection performance and contract management.
- 2.2.3 The four organisations with the highest overall scores were then invited to progress to the Dialogue Stage.

Dialogue Stage

- 2.2.4 The Dialogue phase enabled commissioners to bring together knowledge and expertise with that of potential providers to discuss possible solutions that will facilitate the effective delivery of the desired outcomes. Changes made as a result of the dialogue process have been reflected in the final service specification and respective outcomes frameworks.

- 2.2.5 The dialogue process was supported by the procurement Lead, commissioners and other stakeholders across the Council & CCG.
- 2.2.6 The dialogue phase centered around four specific themes:
- Outcomes for universal services funded by Medway Council
 - Outcomes for specialist service funded by NHS Medway CCG
 - ICT, data and continuous service improvement
 - Service model, delivery and innovation
- 2.2.7 The dialogue sessions were not scored but lead to a number of changes to the draft service specification and outcomes framework prior to tender.
- 2.2.8 Over 200 clarification questions were sent to commissioners during this period from bidders. Responses to the clarifications were made available to bidders on the Kent Business Portal.
- 2.2.9 The number of bidders was not reduced following the dialogue sessions.

Tender Stage

- 2.2.10 Final tender documents were issued to the four bidders who were shortlisted and participated in the dialogue stage. Providers were expected to respond to questions which cut across both Lots and also questions specific to Lot One and Lot Two. A detailed structure of the quality section has been provided in the Exempt appendix. Tenderers were also requested to submit costings for the delivery of the two Lots.
- 2.2.11 The assessment ratio was 70% Quality and 30% Price for both Lots. Scores were pro-rata and combined for both Lots accordingly.
- 2.2.12 Below are allocated weightings and minimum criteria for each of the quality sections.

LOT 1

Section	Number of questions	Allocated weighting	Minimum total score per section	Minimum weighting to be successful
Overarching Questions	8	50%	24	30%
Lot 1 Specific Questions	6	40%	18	24%
TOTAL	14	90%	42	54%
Provider Presentations				
Presentation 1 (Young Persons' Panel)		5%	3	3%
Presentation 2 (Commissioners)		5%	3	3%
TOTAL		10%	6	6%

LOT 2

Section	Number of questions	Allocated weighting	Minimum total score per section	Minimum weighting to be successful
Overarching Questions	8	50%	24	30%
Lot 2 Specific questions	7	40%	21	24%
TOTAL	15	90%	45	54%
Provider Presentations				
Presentation 1 (Young Persons' Panel)		5%	3	3%
Presentation 2 (Commissioners)		5%	3	3%
TOTAL		10%	6	6%

3. BUSINESS CASE

3.1 Delivery of Procurement Project Outputs / Outcomes

Lot One

Outputs / Outcomes (Service Outcomes)	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?	How will recommended procurement contract award deliver outputs/outcomes?
1. Coverage of 5 Mandated Checks	Performance Management Meetings and a combination of provider and commissioner data sets	Public Health Commissioners	Monitored quarterly – Service Credits assessed annually with a potential penalty of up to £50,000 per annum	Comprehensive Hard Outcomes Framework with around 80 monitored outcome focussed measures will be used alongside these 5 performance measures (Service Credits)
2. Breastfeeding Continuation rates at 6-8 week check	Performance Management Meetings and a combination of provider and commissioner data sets	Public Health Commissioners	Monitored quarterly – Service Credits assessed annually with a potential penalty of up to £50,000 per annum	Comprehensive Hard Outcomes Framework with around 80 monitored outcome focussed measures will be used alongside these 5 performance measures (Service Credits)
3. Smoking	Performance Management Meetings and a combination of	Public Health Commissioners	Monitored quarterly – Service Credits assessed annually with a potential	Comprehensive Hard Outcomes Framework with around 80 monitored outcome focussed measures will be

	provider and commissioner data sets		penalty of up to £50,000 per annum	used alongside these 5 performance measures (Service Credits)
4. Lifestyle Questionnaires and Health Screens completed	Performance Management Meetings and a combination of provider and commissioner data sets	Public Health Commissioners	Monitored quarterly – Service Credits assessed annually with a potential penalty of up to £50,000 per annum	Comprehensive Hard Outcomes Framework with around 80 monitored outcome focussed measures will be used alongside these 5 performance measures (Service Credits)
5. Referrals into Healthy Weight Service	Performance Management Meetings and a combination of provider and commissioner data sets	Public Health Commissioners	Monitored quarterly – Service Credits assessed annually with a potential penalty of up to £50,000 per annum	Comprehensive Hard Outcomes Framework with around 80 monitored outcome focussed measures will be used alongside these 5 performance measures (Service Credits)

Lot Two

Outputs / Outcomes (Service Outcomes)	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?	How will recommended procurement contract award deliver outputs/outcomes?
Improved Quality of Life for Child	Performance Management Meetings and a combination of provider and commissioner data sets	NHS Medway CCG	Formal quarterly monitoring	The Lot Two outcomes framework has nine specific outcomes relating to improved quality of life for children
Child's health and medical needs are optimally managed	Performance Management Meetings and a combination of provider and commissioner data sets	NHS Medway CCG	Formal quarterly monitoring	The Lot Two outcomes framework has 13 specific outcomes relating to children's health and medical needs
Improved Quality of life for Family	Performance Management Meetings and a combination of provider and commissioner data sets	NHS Medway CCG	Formal quarterly monitoring	The Lot Two outcomes framework has eight specific outcomes relating to improved quality of life for families
Joint working processes	Performance Management Meetings and a	NHS Medway CCG	Formal quarterly monitoring	The Lot Two outcomes framework has nine specific outcomes relating to improved

	combination of provider and commissioner data sets			joint working processes
Improved skill and capacity of wider children's workforce	Performance Management Meetings and a combination of provider and commissioner data sets	NHS Medway CCG	Formal quarterly monitoring	The Lot Two outcomes framework has six specific outcomes relating to improved skill and capacity of the wider children's workforce

4. RISK MANAGEMENT

4.1 Risk Categorisation

1. Risk Category: Legal	Likelihood: Low	Impact: Medium
Outline Description: Risk of legal challenge from unsuccessful bidder.		
Plans to Mitigate: The procurement has been conducted in line with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules, with oversight from Category Management at all stages of the process.		
2. Risk Category: Mobilisation	Likelihood: Low	Impact: Medium
Outline Description: Tight timescales for service mobilisation and transition creating potential service gaps.		
Plans to Mitigate: Providers submitted comprehensive draft mobilisation plans and risk logs as part of the tender process and commissioners are satisfied that these captured all of the key elements of mobilisation and mitigated any potential risks. A minimum 3 month award and mobilisation plan will be needed to meet targets for service go live and savings targets		

3. Risk Category: Service Delivery/Reputation	Likelihood: Medium	Impact: Medium
Outline Description: New service provider fails to deliver required improvements.		
Plans to Mitigate: Commissioners from Medway Council and NHS Medway CCG will ensure that robust contract monitoring procedures are established, and that contract monitoring is undertaken jointly. There are a number of remedial actions available to commissioning authorities should performance not meet the required standards. Remedial actions include service development improvement plans and financial penalties.		
4. Risk Category: Financial	Likelihood: Low	Impact: Low
Outline Description: Costs relating to redundancies leave the CCG and the Council at risk for further financial implications		
Plans to Mitigate: Advice from CCG Legal and financial team has been taken and clarity and assurance has been sought from providers who have confirmed the costs identified with redundancies will not exceed those identified in the cost structure.		

5. PROCUREMENT BOARD

- 5.1 The Procurement Board considered this report on 13 December 2017 and supported the recommendation set out in section 8 below.

6. SERVICE COMMENTS

6.1 Financial Comments

- 6.1.1 The procurement requirement and its associated delivery (as per the recommendations at Section 8, will be funded from existing revenue budgets.
- 6.1.2 Further detail is contained within Section 2.1 Financial Analysis of the Exempt Appendix.

6.2 Legal Comments

- 6.2.1 Medway Council has the power under the Local Government (Contracts) Act 1997 and the Localism Act 2011 to enter into contracts in connection with the performance of its functions.
- 6.2.2 This is a level 4 high-risk category B procurement and therefore the decision to award is for Cabinet. Level 4 (High Risk) Procurement Process are prescribed by the Monitoring Officer, in consultation with the Procurement Board with recommendations for the decision-making associated with the initial Gateway 1 Report and subsequent Gateway 3, 4 & 5 Reports being made to the Cabinet.

6.3 TUPE Comments

- 6.3.1 It has been identified that TUPE will apply to this procurement process where existing services have been re-tendered. TUPE information was provided during the procurement process.
- 6.3.2 Arrangements for transfer of staff are included in the mobilisation plans submitted by bidders as part of their final tenders.
- 6.3.3 All conduct will be undertaken in accordance with "Transfer of Undertakings (Protection of Employment) Regulations 2006" as amended by the "Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014".

6.4 Procurement Comments

- 6.4.1 Mandated information in accordance with Regulation 84 of the Public Contracts Regulations 2015 has been set out within Section 4 of the Exempt Appendix.

6.5 ICT Comments

- 6.5.1 ICT was represented at the dialogue phase where one full session was dedicated to ICT and innovation. ICT also had an input into the specification requirements and all providers had clear information about existing resources and systems.
- 6.5.2 Full details of ICT system integrations requirements between Medway and external providers have not been specified. Until this has been declared the ICT team cannot determine the cost or capability of achieving them.

7. OTHER INFORMATION

- 7.1 As this is a joint procurement between Medway Council and NHS Medway CCG, approval is required from both organisations. A paper relating to contract award was approved by NHS Medway CCG's Governing Body in November. Cabinet is the decision maker for Medway Council.

8. RECOMMENDATION

- 8.1 The Cabinet is requested to approve the award of the contract for the provision of Integrated Children's Community Health Services for Medway to the successful bidder as highlighted within Section 3.2 of the Exempt Appendix

9. SUGGESTED REASONS FOR DECISION

- 9.1 Tenders have been evaluated and moderated, and the successful bidder has submitted the most economically advantageous tender.
- 9.2 The joint procurement has been fully informed and shaped by a wide range of service users and practitioners from across Medway and some national bodies. All parties felt the proposed outcomes focussed model of integration was good and would ensure improved outcomes for local children, young people and families.
- 9.3 The award is expected to ensure that families in Medway are better served by a new integrated Child Health Service and Medway Council's Universal Child Health services will be closely aligned to the specialist provision commissioned by NHS Medway CCG.

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APPENDICES:

Exempt Appendix

BACKGROUND PAPERS:

The following documents have been relied upon in the preparation of this report:

Description of Document	Location	Date
GW1 report and decision – Cabinet	https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=3373	20/12/16