

**AGENDA ITEM NO: 8.0.**

<b>Meeting Title/Date:</b>	Governing Body - 21 January 2020		
<b>Report Title:</b>	Out of Hours/Extended Hours Business Case		
<b>Paper Prepared By:</b>	Tim Almond	<b>Date of Paper:</b>	21 January 2020
<b>Executive Sponsor:</b>	Hilary Fordham	<b>Responsible Manager:</b>	Tim Almond
<b>Committees where Paper Previously Presented:</b>	CCG Executive Committee		
<b>Background Paper(s):</b>	Integrated Urgent Care Procurement Paper - Appendix 1.		
<b>Summary of Report:</b>	<p>This paper is to provide the Governing Body with the background to the current contract position in relation to Out of Hours and Urgent Treatment Centres. It explores whether these services provide value for money and outlines the options available to the CCG in relation to how we contract and modernise the services from April 2021 onwards. It outlines the recommendations from the CCG Executive as to how best to progress the next phase of the work in collaboration with North Cumbria CCG.</p>		
<b>Recommendation(s):</b>	<p>The CCG Governing Body is asked to:-</p> <ul style="list-style-type: none"> <li>• Review and discuss the content of this paper and the associated appendix 1 CCG Executive Paper.</li> <li>• Support the recommendation to pursue option 3 as an open book collaborative exercise in conjunction with North Cumbria CCG.</li> </ul>		
			<b>Please Select Y/N</b>
<b>Identified Risks:</b>	<ul style="list-style-type: none"> <li>• Risk of non-delivery of the ED performance target by not having a supportive 'upstream' primary care service out of hours meaning that patients will attend the ED as opposed to community based services.</li> <li>• Relationship risks identified from going out to procuring a service.</li> <li>• Financial risk as costs may increase through formal procurement.</li> </ul>		Y
<b>Impact Assessment:</b> (Including Health, Equality, Diversity and Human Rights)	All elements of impact assessment have been considered and all stakeholders are working closely to develop a new contract		

	to ensure all patients are appropriately cared for in the right place at the right time and all clinical risk is mitigated.	
<b>Strategic Objective(s) Supported by this Paper:</b>		<b>Please Select (X)</b>
<b>Better Health</b> - improve population health and wellbeing and reduce health inequalities		X
<b>Better Care</b> - improve individual outcomes, quality and experience of care		X
<b>Delivered Sustainably</b> - create an environment for motivated, happy staff and achieve our control total		X
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## **Purpose**

This paper outlines the work commenced to date in relation to the re-procurement options of the Out of Hours services which Morecambe Bay CCG commissions. It also provides an update as to the discussions held by the CCG Executive Committee in this area and the recommendations from that body which form the next steps of the work.

The Governing Body is asked to review content of this paper and the attached CCG Executive Paper and support the recommendations made.

## **CCG Executive Discussion**

In December 2019, a paper was taken to CCG Executives in relation to the potential re-procurement options for the Out of Hours services that are in place across North Lancashire and South Cumbria (**Appendix 1**). This paper was for discussion and a decision in relation to which of the 3 outlined options to recommend to the Governing Body.

The options were:

**Option 1:** Put both contracts out to the open market through competitive tender.

**Option 2:** Combine the two contracts and procure a single solution.

**Option 3:** Work with the current providers to negotiate new contracts from April 2021 and include appropriate service development schedules.

Through the body of the discussion, it was clear that all members of the Committee agreed that there needed to be additional work done to further explore the rationale and value for money of the South Lakes Out of Hours contract as the cost per head of registered patient was high when compared to other areas – including the current North Lancashire contract provided by PDS (£17.73 against £10.47 respectively).

Discussions did highlight that due to the differing geography of the South Lakes and Furness footprint, there was a natural need for additional resource and capital to ensure coverage was appropriate and sufficient in the Out of hours period. However, it was felt by the Executive Committee that this would only account for a percentage of this cost disparity and there was still scope for efficiencies to be made in this area to more reflect value for money based on the current contract cost.

It was also felt that PDS was 'in range' in terms of its per capita costing and that this was more reflective of similar services in comparator areas.

## **Recommendation and Next Steps**

Morecambe Bay CCG Executive Committee agreed to recommend to the Governing Body Option 3 – to work with current providers to negotiate new contracts from April 2021. In addition to this, the Executive Committee also stated that it wanted to pursue an ‘open book’ approach with all providers and also that if this process failed to deliver improved efficiencies either through reduction of costs or enhanced services for the same contract value, that formal procurement would be the next option to consider.

The Executive also asked for consideration to be given to how the CCG and CHoC could work more closely with PDS, our Out of Hours provider for the North Lancashire footprint - to find efficiencies of service and reduce the cost per head of population by more collaboration between the 2 providers, in particular around boundary based services.

## **North Cumbria CCG Collaboration**

The CHoC contract is lead commissioned by North Cumbria CCG and Morecambe Bay CCG is a subsidiary to this. As a result, the Morecambe Bay CCG Chief Operating Officer and the Senior Manager for Urgent Care conducted a telephone meeting with counterparts within North Cumbria CCG to outline what was being recommended to the Governing Body and a discussion was held about possible joint collaborative next steps.

North Cumbria CCG also believe that following such an approach with CHOC has significant merits, and that previous work undertaken by their CCG working group suggested a direct award may be an appropriate procurement approach:

- A Cumbria-wide contract is likely to provide VFM as many of the service overheads and infrastructure (e.g. telephony and telephone triage) can be shared and hence a lower cost.
- Similarly, such an approach will enable each CCG to look at the delivery of more specific local aspects of their service within the umbrella of a larger organisation.

With this in mind it is recommended that both organisations commence a joint review to establish value for money and cost apportionment across the county of Cumbria for the service provided by CHoC. It is proposed that this should be an open book exercise as recommended by Morecambe Bay Executive Committee and that all information should be fully and transparently shared.

North Cumbria CCG are similarly taking a proposal to their Governing Body on the 7th of January 2020 to outline these next steps and gain approval for this action. Morecombe Bay CCG will await the outcome of this discussion. Once ratified, both CCG’s would come together and agree a timescale and process for this review to commence.

### **Procurement Challenge**

In addition to the outlined approach to securing value for money from the current contracts, North Cumbria CCG have identified that there still remains a risk of a potential procurement challenge based on a direct award scenario which is the preferred option. Morecambe Bay CCG has received assurance from North Cumbria colleagues that this issue will be continually reviewed to assess the potential exposure to such a challenge.

North Cumbria CCG considers that if the risk increases to a level whereby there is significant likelihood of a challenge then by starting the process now, there is still scope to undertake such a procurement process at a later date, and the work in the intervening period will have generated a much clearer service specification.

### **Recommendation**

The Governing Body is asked to:

- Review and discuss the content of this paper and the associated appendix 1 CCG Executive Paper
- Support the recommendation to pursue option 3 as an open book collaborative exercise in conjunction with North Cumbria CCG.

**Tim Almond**

Senior Manager – Urgent Care

## **Appendices**

**Appendix 1** – CCG Executive paper – Integrated Urgent Care Procurement Paper attached.