

**COMMISSIONING AND PROCUREMENT SUB-COMMITTEE – 13/06/17**

<b>Subject:</b>	0-5 Integrated Services Contract		
<b>Corporate Director(s)/ Director(s):</b>	Candida Brudenell: Assistant Chief Executive Katy Ball: Director of Commissioning and Procurement Alison Challenger: Director of Public Health Helen Blackman: Director of Children’s Integrated Services		
<b>Portfolio Holder(s):</b>	Councillor David Mellen, Portfolio Holder for Early Years and Early Intervention		
<b>Report author and contact details:</b>	Chris Wallbanks: Strategic Commissioning Manager <a href="mailto:chris.wallbanks@nottinghamcity.gov.uk">chris.wallbanks@nottinghamcity.gov.uk</a> 0115 8764801		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Total value of the decision:</b> £10,917,774 pa (£98,259,966 maximum lifetime value)			
<b>Wards affected:</b> All	<b>Date of consultation with Portfolio Holder(s):</b> Councillor David Mellen 27 <sup>th</sup> April 2017		
<b>Relevant Council Plan Key Theme:</b>			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			<input type="checkbox"/>
Children, Early Intervention and Early Years			<input checked="" type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b> This report seeks approval to go out to tender for an organisation to deliver a range of children’s public health activity and to potentially work with Nottingham City Council as a Joint Venture Partner in order to maximise the resources available to both organisations with the aim of improving the universal and preventative services offered to families and their children aged 0-5 years.			
<b>Exempt information:</b> <b>State ‘None’ or complete the following.</b> Appendices 1 and 2 are exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because they contain information relating to the financial affairs of a particular person (including the authority holding that information) and having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it is commercially sensitive and may prejudice the procurement process if all potential bidders are not made aware of this at the same time through the Invitation to Tender Process.			

**Recommendation(s):**

1. Approve the integration of the existing Public Health contracts listed in the exempt Appendix 1 and procure an organisation to deliver the integrated specification working in partnership with our internal Early Help Service with a view to potentially formalising the integration through a Contractual Joint Venture Agreement. The details of this agreement, including any services in scope will be brought to Committee to approve at a later date, following the appointment of the provider organisation

2. Approve the budget to support the contractual value set out in exempt Appendix 1. If the contractual values are over and above current indicative values a separate report will be presented for approval

3. Delegate authority to the Director of Public Health in consultation with the Portfolio Holder for Adults and Health and the Portfolio Holder for Early Intervention and Early Years to approve the outcome of the tender process and award the contract for 5 years, plus 2 years potential extension, plus a further 2 years potential extension.

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 Integrating the existing children's public health contracts will allow the provider to develop an innovative and flexible approach to delivering the existing functions that is free from historic service divisions and offers the opportunity for a more efficient and streamlined service, responsive to the needs of children and their families
- 1.2 The exempt Appendix 1 contains details of the six public health contracts that are to be integrated and their current contract values, including savings made during 2017-18. Over the next 3 years, the total contract value will be reduced by a further 10% in line with other public health contracts.
- 1.3 To enable the integrated service specification to be delivered, the provider will need to work in partnership with our internal Early Help Services. In order to formalise the integration arrangements and consider how the assets of both organisations can be used most effectively, e.g. the workforce, management structures, premises and IT systems, it has been agreed by the portfolio holder for Early Intervention and Early Years and other key stakeholders that a Contractual Joint Venture Agreement could be developed with the provider once the contract has been awarded.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

### **Context:**

- 2.1 Under the provisions of the Health and Social Care Act (2012) Nottingham City Council (NCC) has a statutory responsibility to commission a range of public health services that improve and protect the health of citizens.
- 2.2 Commissioning responsibilities for the 0-5 children's public health services transferred to the local authority in October 2015, and presented a unique opportunity to consider how these services could integrate with our existing children's delivery teams, eliminating historical boundaries between the provision

of related areas of support and instead, work innovatively and holistically to help children get the best possible start in life

- 2.3 The primary rationale for integration is to improve the experience for our children and families by establishing a seamless 'pathway of support' from pregnancy to age 5, informed by the needs of the families and influenced by practitioners. Additional immediate benefits would include:
- Less duplication of activity and therefore fewer points of contact for families
  - Increased opportunities to share data and information and plan 'around the family'
  - A more flexible approach to work force planning, enabling resources to be used more effectively
- 2.4 In preparation for the transfer, a Strategic Commissioning Review of existing universal and preventative services was undertaken jointly with the Clinical Commissioning Group (CCG). The CCG commissions midwifery services and through the Review, discussions could take place to consider how these collective services could be aligned more closely. The Review would also provide a clear context for integration and an opportunity to design an updated 'pathway of support', based on best practice and evidence of what works.
- 2.5 The success of the Small Steps, Big Changes (SSBC) programme in securing additional funds from the Big Lottery has also created significant opportunity to deliver system change with a legacy beyond the initial period of investment. The 'pathway of support' would incorporate some of the evidence-based programmes and approaches adopted by SSBC that had been evaluated positively and would be a mechanism for wider rollout of successful interventions.

#### **Key outcomes of the Strategic Commissioning Review:**

- 2.6 Since the Strategic Commissioning Review was undertaken, a shared set of outcomes has been developed by commissioners from both organisations and representatives from all services in scope i.e. Midwifery, Health Visitors, the Family Nurse Partnership, Public Health Nurses, Breastfeeding Peer Supporters, Children's Nutrition Team and our internal Early Help Service. This builds on the Healthy Child Programme, Early Years Foundation Stage, the requirements of the Children's Centres' Inspection and the SSBC Outcomes Framework. This has meant that rather than each service working towards its own set of outcomes, each service can now work towards the same outcomes framework and performance indicator set.
- 2.7 Midwifery Service Commissioners (the CCG) and Commissioners of the Private, Voluntary and Independent (PVI) Sector Early Years' provision were central to the process and have ensured alignment with their outcomes frameworks.
- 2.8 An updated 'pathway of support' has also been developed in partnership and incorporates statutory provision and provision that is deemed to be best practice or evidence-based. Recommendations from the Review, including increasing the number of evidence-based programmes and approaches being delivered, have been incorporated into the pathway, as have programmes being trialled by SSBC and interventions that the City would like to continue into the future, such as the Dolly Parton Imagination Library

- 2.9 An integrated service specification has been developed based on the 'pathway of support'. The specification identifies statutory activity, such as the mother and baby checks including the 2-2½ year review and 'locally mandated activity', such as the Triple P Parenting Programme and the Dolly Parton Imagination Library. In some instances, the specification identifies which professional is best placed to undertake activity e.g. a trained Health Visitor should undertake the ante-natal check at 28 weeks, but for most activity, the Provider will determine who in the integrated team should deliver activity based on the level of skill and competency required.
- 2.10 The integrated specification incorporates key activity from all services in scope including our internal Early Help Service. The newly appointed provider will be required to work closely with the Early Help Service in order for both organisations to jointly deliver the specification.

### **Potential Future Arrangements: A Contractual Joint Venture Agreement**

- 2.11 Following the appointment of a provider to deliver the integrated specification, our intention is to consider developing a Contractual Joint Venture Agreement with the newly appointed provider. This will enable both organisations to develop more formal integration arrangements, including, potentially, a full integration of the work force in order to maximise resources and adopt a flexible, skill-mix approach. It is envisaged that the initial phase could focus on the Early Help Service to strengthen delivery of the 0-5 integrated specification. However, it may be deemed beneficial at a later stage to consider further phases of integration and increase the number of services in scope.
- 2.12 Additional longer term benefits of formal integration arrangements could include:
- Implementing one line-management structure to release capacity and resources
  - Utilising one data collection system to assist in information sharing and joint planning around the family
  - Pooling budgets to enable a more flexible approach to the use of resources, based on shared priorities
  - Sharing premises within the 8 Care Delivery Group areas, (established through preceding work to deliver an integrated health and social care system for adults in the City) to promote co-location and potentially reduce cost
  - Undertaking a skill-mix approach across the workforce to blur the traditional boundaries and work to practitioners' skills and competencies enabling a more streamlined service to be delivered with less duplication and less handovers for families. For example, this approach could mean one health professional working with a family and child from birth -19, rather than the transition at age 5 to a different professional who does not know the family.
- 2.13 The process of developing the Joint Venture Agreement could begin once the contract has been awarded and would be supported by our Legal Team. The main aim of such an agreement is to consider how the relevant assets of both organisations, e.g. the workforce, management, premises, IT systems and financial resources could be brought together and utilised most effectively, to strengthen the delivery of the integrated service and improve the experience of families and children. It could include (but not be limited to):
- Agreeing on a shared vision, aims and objectives for the venture

- Agreeing what each organisation is prepared and able to contribute to the venture
- Agreeing the roles and responsibilities of each organisation and identifying contractual obligations
- Agreeing the strategic governance structure for children's integration work
- Agreeing an operational governance structure
- Developing an implementation plan for increased integration, including undertaking activity to determine arrangements for future service delivery, including potential co-location, use of shared IT systems etc.
- Developing a financial plan which could consider budget allocation per area team

**Timeline:**

The timeline for the process can be found in Exempt Appendix 2

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

#### **3.1 Do Nothing:**

This option was rejected as the contracts are due to expire in March 2018 and this would be in breach of the procurement regulations and therefore leave the Council at risk of challenge.

#### **3.2 Re-procure the 6 public health contracts independently:**

This option was rejected, as it would maintain separate 'health' and 'social care' worlds that complicate the lives of children and families. Feedback from families nationally and locally has highlighted their frustrations in having to tell their story repeatedly to a number of professionals and their need for a simpler 'pathway of support'. The benefits of integrating services and ensuring all practitioners are working to the same outcomes framework could not be realised through procuring independent services.

#### **3.3 Insource children's public health services:**

This option was rejected due to the potential risks relating to recruitment and terms and conditions

- If staff were transferred to NCC Terms and Conditions which are less favourable, (e.g. no pay increments) they are likely to move to an NHS Provider and recruiting to vacancies will be extremely difficult, potentially resulting in an unsafe service
- If staff stayed on NHS Terms and Conditions there is a risk of unfair pay claims from NCC staff who may be doing similar activities once an integrated and skill mix approach is adopted

#### **3.4 Outsource the Early Help Teams:**

This option was rejected as whilst there were a number of benefits, the key risks relating to protecting existing staff outweighed the perceived benefits. Stakeholders agreed that this could be a consideration for the future, if a trial period of integration had proved to be effective and if a contractual agreement protecting staff could be put in place

#### **4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

- 4.1 This procurement amalgamates several Public Health contracts. The expected cost is £10.918m pa, with a total estimated cost of £98.260m for a nine-year contract. The expected length is 7 – 9 years; on a 5+2+2 basis with the Council's usual contractual terms, this will support the organisation's budget processes while giving initial backing to the SSBC programme.
- 4.2 Value for money will be achieved through the tender process and the efficiencies gained by the amalgamation of these services. Early help will prevent costs incurred when children and families progress within the Health and Social Care system. Contractual performance indicators will be monitored throughout the life of the contract. The financial ItT documents will translate these requirements into a pricing model and evaluation strategy to ensure that the best value for the required quality will be achieved through the competitive tender process for this contract. Finance should agree the financial models before full approval of ItT documentation.
- 4.3 The next phase, following contract implementation, will be to consider developing a Joint Venture Agreement with the provider. Finance will be involved and will support the work to understand how to take this forward, including the financial modelling of the options.

Liesa Sisson, Senior Commercial Business Partner, Finance 05/06/2017

#### **5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

- 5.1 This contract will fall within the EU and UK Procurement Regulations (light touch regime) and a compliant process will be undertaken following on from the issuing of a Prior Information Notice (PIN) in December. Legal and Procurement colleagues will be involved throughout this process.

##### **Procurement Observations**

- 5.2 The contractual arrangements proposed in this report are subject to the UK Public Contracts Regulations 2015 which require all contracts above £589,900 to be advertised and procured in accordance with EU Procurement Legislation. The Procurement Team will undertake the procurement process in compliance with these Regulations and the Council's Financial Regulations and Contract Procedure Rules. A 'Prior Information Notice' has been issued to notify the market of the forthcoming procurement. Undertaking a competitive tender process will encourage providers to make their best offer to meet the Council's requirements and for the contract to be awarded based on a full assessment of quality and price. The proposed contractual arrangements will enable the delivery of services to be robustly managed through a detailed specification and performance targets.

Jo Pettifor, Category Manager – Strategy & People. 31/05/17

### 5.3 Legal Comments

This report proposes the procurement of a partner to provide services which are to be integrated with the City Council's services which may be followed by the City Council and partner forming a joint venture. The challenge which this proposal raises is to provide sufficient information at the outset of the procurement about the joint venture to ensure prospective bidders understand how the contract will move from employer/provider to a joint venture. If that information is not provided at the outset of the process then the City Council is at risk of a legal challenge later when it has to negotiate the terms of the joint venture – in particular if the negotiation results in a change to the allocation of risk between the City Council and provider. The basis of the legal challenge would be that the City Council has significantly modified the original contract which requires a new procurement. The Legal Services Team will work with Commissioners, Health and Children's teams to develop a contract which aims to minimise the risk of a challenge. This will include consideration of the employment issues as a joint venture may involve the transfer of staff from the City Council in to the joint venture (if set up as a joint venture company).

Andrew James, Team Leader (Contracts and Commercial) 01/06/17

### 6 **STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)**

N/A

### 7 **SOCIAL VALUE CONSIDERATIONS**

- 7.1 The contracts listed in the exempt appendix are essential public health services that improve the health and wellbeing of both children and adults. However the possibility for creating additional social value (for example generating employment and training opportunities) will be considered as part of the procurement process.

### 8 **REGARD TO THE NHS CONSTITUTION**

- 8.1 Local authorities have a statutory duty to have regard to the NHS Constitution when exercising their public health functions under the NHS Act 2006. In making this decision relating to public health functions, we have properly considered the NHS Constitution where applicable and have taken into account how it can be applied in order to commission services to improve the health of the local community.

### 9 **EQUALITY IMPACT ASSESSMENT (EIA)**

- 9.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because although the services may be integrating, there is no significant change to the functions being delivered

**10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT  
(NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT  
INFORMATION)**

10.1 None

**11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

11.1 None