Nottinghamshire County Council

Report to Public Health Committee

12 May 2015

Agenda Item: 7

REPORT OF THE DIRECTOR OF PUBLIC HEALTH

PUBLIC HEALTH PROCUREMENT PLAN 2015/16

Purpose of the Report

1. This report provides information on the proposed programme of recommissioning for Public Health services. It includes background information on the rationale and methodology behind the commissioning cycle and seeks approval from the Committee to agree indicative budgets and activity to undertake the projects contained within the overall procurement plan for 2015/16.

Background

2. The Public Health department is responsible for ensuring the delivery of a range of Public Health services using the Public Health grant. The range of services directly commissioned by the Public Health department is described in **Table One.** Further information on Public Health finances and responsibilities are contained in the associated paper 'Public Health Finance Plan 2015/16.'

3. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Information relating to indicative budget spend on the policy areas identified in the table in paragraph 10 below is considered commercially sensitive and is set out in an Exempt Appendix.

4. Having regard to all the circumstances, on balance the public interest in disclosing the information referred to in paragraph 3 does not outweigh the reason for exemption because the information is of limited value to the public (i.e. it is only indicative) but disclosure of the information could influence the cost at which the market provides public health services by reducing the scope of price competition at the time of commissioning.

5. The intention is to provide as much information as possible in the open part of the report and reduce the amount of exempt information to a minimum. Only the proposed inductive budget amounts have been exempted from the open part of this report.

6. In order to fulfil its responsibilities, the department is required to review and re-procure services to ensure that quality, cost-effective services are in place. A number of current service contracts are due to expire in 2016, which is also driving the procurement activity for the department over the coming year.

Information and Advice

Procurement Plan

7. The procurement projects that are planned for the coming year are highlighted in bold in **Table 1**. The Committee has received previous reports highlighting the complexity and time-consuming nature of the re-commissioning process. The prolonged timeline means that a lot of the work has already started to ensure that the department can award a new contract in a timely manner to correspond with the expiry of existing contracts. However, this does not pre-empt the formal decision-making process by the PH Committee.

8. As the contracts will not be awarded until next financial year, indicative budgets will need to be agreed during 2015/16 to allow the re-procurement projects to continue according to schedule. The Council will not agree final budgets until February 2016. Indicative budgets have been set out in the Exempt Appendix, for the reasons outlined in paragraph 3.

9. Indicative budgets have been proposed that incorporate an element of efficiency, reflective of the financial pressures for the Council as a whole. These budgets have been proposed following internal review of the likely impact of efficiency savings. The department is confident that all areas are directed at evidence-based approaches and that none of the commissioned services provides a level of service greater than the level of local need. Therefore, the proposed indicative budgets aim to continue delivery of Public Health services and minimise the overall impact on Public Health outcomes.

10. The Committee is requested to agree the indicative budgets for 2016/17, set out in the exempt appendix of this report, subject to Council approval, to allow the re-procurement exercises to progress according to schedule. The Committee is also asked to support the department's preliminary re-commissioning activity to ensure that re-procurements take place in the necessary timeframe.

Directly Commissioned Public Health Services	Contract Expiry & Proposed Re-tender Timeline
Children's Public Health services	**Contract extended until Sept 2016. New services by 1 October 2016**
Domestic & Sexual Abuse services	**Contract expires September 2015. New services by 1 October 2015**
Drugs & Alcohol services	Contract awarded in 2014/15. Contract commenced: Oct 2014 (Contract length 4 plus 1 plus 1 years)
NHS Health Checks service	**New service model by 1 April 2016**
Obesity & Weight Management Services	Contract awarded in 2014/15. Contract commenced: Apr 2015 (Contract length 4 plus 2 years)
Oral Health Promotion services	**Contract expires March 2016. New services by 1 April 2016**
Sexual Health services	**Contract expires March 2016. New services by 1 April 2016**

Smoking & Tobacco Control services	**Contract expires March 2016. New services by 1 April 2016**

NB: water fluoridation, healthy ageing and general prevention services are not included.

Table 1: Directly Commissioned Services and Contract expiries

11. When the current Public Health contracts were novated from the NHS in April 2013, existing contract expiries were retained. This has resulted in the current pressure on the department to re-commission multiple services at the same time. Experience from market testing indicates that providers require a minimum contract length of three to five years to establish the infrastructure to deliver services. Shorter contract lengths will discourage providers from entering the market. To avoid future workload pressures, the Committee is asked to support the use of contracts of at least three to five years duration, and apply varying contract lengths to spread the re-commissioning work over future years.

Commissioning Process

12. Commissioning is the complex process of ensuring that services are provided as effectively and efficiently as possible to meet the needs of the population. Ultimately, the aim is to deliver maximum health gain within the available funds, i.e. best value for money. Responsibilities range from assessing local population needs, prioritising outcomes, procuring services to achieve those outcomes and supporting service providers to enable them to deliver outcomes for the whole community. Commissioning is a continual cycle rather than a timeline with an end date.

13. Public Health places a strong emphasis on a variety of science and social science research and evaluation methods to build an informed, explicit and judicious body of current evidence. The basis for establishing need looks beyond simple demand, to PH intelligence and epidemiological data and to scientific evidence about effectiveness and cost effectiveness. This is used to inform an understanding of need and how best to address this within available resources.

14. Figure 1 below summarises the commissioning cycle and the PH role at each stage. Each of these stages is described in more detail in the report below.

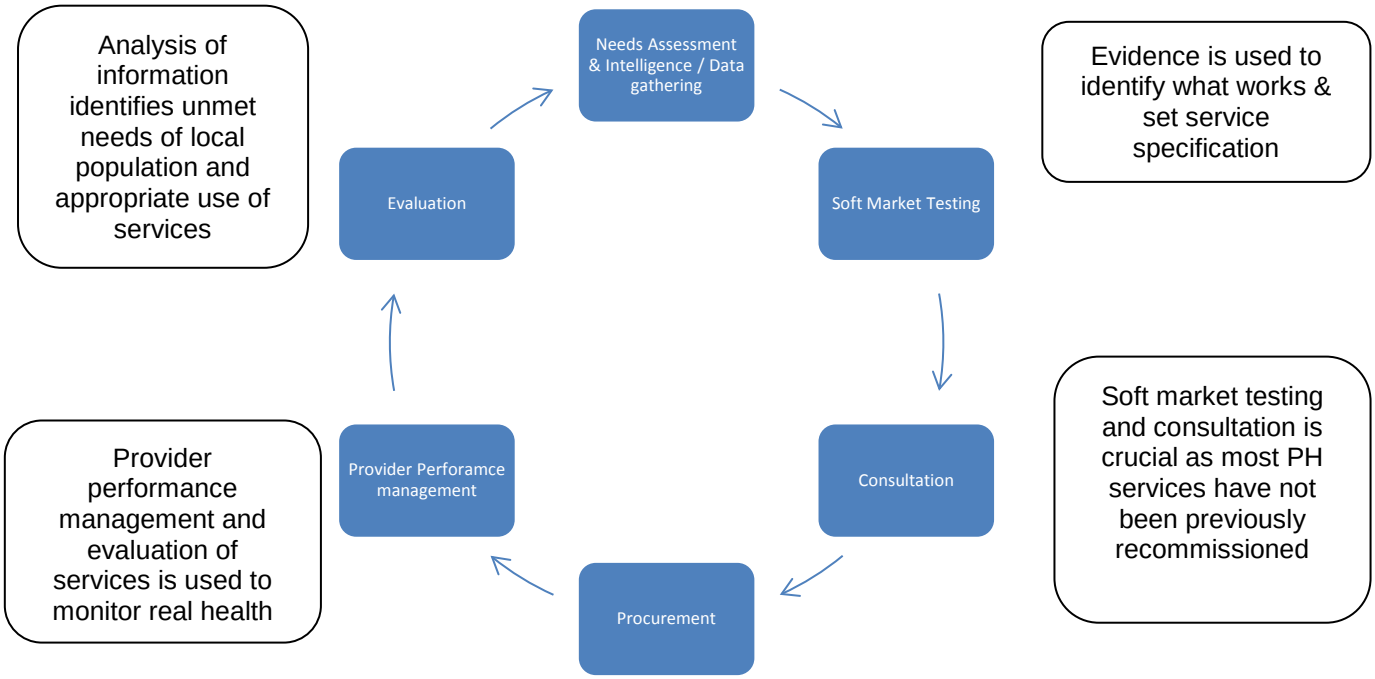

Figure 1: The Commissioning Cycle

Needs assessment and intelligence gathering to support evidence based commissioning

15. Evidence is gathered as part of the planning process before any soft market testing is started. This information is used to determine the level of need and the most effective approaches to service delivery, which set the scene for all recommissioning exercises. This stage also involves analysis of data, such as predicting anticipated growth in disease and uptake of services using various limiting factors, for example, differences in level of disease and alternative treatment pathways.

16. Public Health concentrates on improving outcomes and value for money from the services that it buys and avoids a focus on 'outputs' or activity. This approach requires strategic commissioning, where the provider has control over the delivery process, and Public Health (PH) receives assurance through interim performance measures, quality indicators and long term health and wellbeing outcomes.

17. Commissioning intentions, procurement activity and service models are therefore not based on perceived short-term opportunities, but on a review of the best evidence regarding effective approaches to service provision.

Soft market testing and consultation

18. Soft market testing is a method of gathering market intelligence by engaging with the providers and users of the services in question. The process also looks for innovation and/or alternative delivery models, alongside looking for efficiencies and best value. As most PH services have not been subject to re-tender previously, this is critical for finding out how ready the market is for providing these services to deliver identified PH outcomes.

19. Engagement with current and potential service users takes place throughout the intelligence gathering and soft market testing phases through equity audit, evaluation and needs assessment. This prolonged period of activity takes place prior to formal consultation.

20. Consultation follows the soft market testing to formalise the recommissioning process. PH carries out consultation with relevant stakeholders (which includes providers) to ensure that the preferred models defined by the gathered evidence are the right ones for the community. PH works to the required standards set out by the Council on all consultations to ensure that service changes are properly consulted, fair and transparent. PH will consider all the responses to consultation in finalising their plans for procurement

21. Elected Members, as local representatives, may be involved as individual consultees by attending events or workshops organised with relevant stakeholders; by filling out online or paper consultation forms or by providing written views. Their views will be one of a range of stakeholders whose views will be taken into account as part of the consultation process. Health Scrutiny Committee Members will also be included as consultees for projects they have identified as "substantial".

Defining Service Specification and Outcomes

22. The evidence previously gathered and the necessary practical and social considerations are combined to make a robust recommendation on the model of service delivery. This detailed service specification underpins the contract and provides a framework for contract monitoring.

23. Outcomes are the real-life health and wellbeing improvements required by the service. The nationally agreed Public Health Outcomes Framework describes the overall outcomes expected from PH services. The two main outcomes are further broken down into outcomes to be achieved for specific policy areas.:

> **Outcome 1: Increased healthy life expectancy** *Taking account of the health quality as well as the length of life*
>
> **Outcome 2: Reduced differences in life expectancy and healthy life expectancy between communities** *Through greater improvements in more disadvantaged communities.*

24. Most services concentrate on delivering 'outputs', as changes to outcomes are influenced over many years. These 'outputs' must be effective interim performance measures to keep track of progress and allow service changes to be made. It is important that any interim performance measures clearly relate to the ultimate goal or health outcome. These are included in the service specification or contract monitoring schedule.

25. The Public Health Committee may set or influence commissioning intentions for a service. If the consultation findings, including the soft market testing, identify a set of potential options, with pros and cons of each, it is the role of the Committee to agree which option is preferred, taking into account the available evidence and the results of

the consultations and soft market testing overall. Officers will provide the background information and the reasons for any recommendations to inform decision-making.

Purchasing Services

26. This is the stage that Members will be most familiar with as this is the stage at which services are procured through a legally compliant tender process.

27. The service that is procured is in effect the Public Health intervention that aims to bring about the required outcomes. The service specification will have been informed by the soft market testing, consultation and available budget to deliver the greatest benefit from the available resource.

28. As part of the procurement process, an indicative budget is required to progress the tender for the new services. In many cases the budget is difficult to predict until the consultation process is complete and the service model defined. Also, it is important to recognise the impact that delivering efficiencies might have on effectiveness. In particular, it is likely to lead to fewer outcomes or outcomes that have less impact.

29. No contract for services is awarded unless the expenditure has been approved by, or on behalf of, the Council. The PH Committee performs this task for PH services. Background evidence, soft market testing and results of consultations are described in a covering report and approval sought to proceed with the recommended specification. Once Member approval is given, further decisions of Members would be sought should there be any developments during the procurement process that would significantly change matters, such as tenders coming in above the agreed financial envelope.

Managing Service Providers and Measuring Impact

30. Managing service providers includes monitoring, evaluating and managing the providers' performance. The information requested from providers through regular reporting will inform whether or not they meet the required outcomes of the contract and these in turn will reflect whether the Public Health intervention is working.

31. Data is collated by various means, including local national. The latter often has the benefit that it is reproducible and has been verified as being associated with real health outcomes. Quality measures are also collected to ensure the quality and safety of services.

32. In this part of the process, the Committee will receive performance reports on the effectiveness of the contracts and examine the budget as part of its overall responsibility to provide overview of the Public Health Grant. The Health Scrutiny Committee may also choose to examine whether the contracts are delivering as expected in light of the previous evidence, soft market testing and consultation results.

Public Health and Member Responsibilities

33. Figure 2 below illustrates the division of responsibilities throughout the commissioning process. The central circle identifies the activities and tasks being undertaken by PH staff and the external squares show the typical role of Members during each stage of the process, as included in the detailed explanation of each of stages above.

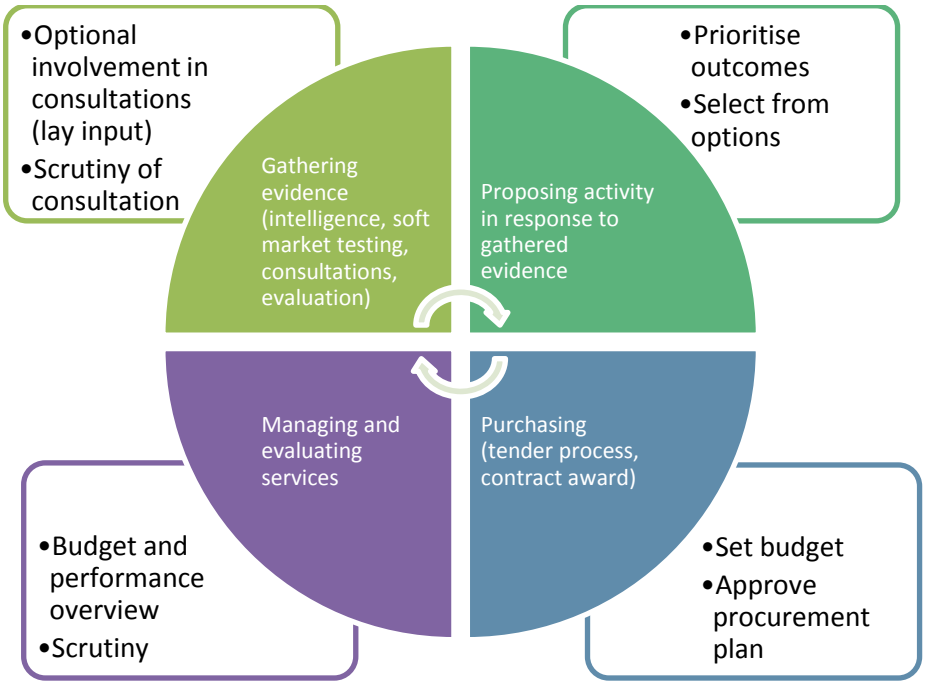

Fig 2: Division of responsibilities

Public Health and Scrutiny

34. Apart from where there is an express legal duty to consult in legislation or statutory guidance, the general duty to consult is governed by a duty of public authorities to act fairly in the exercise of their functions. The Local Authority Public Health Regulations 2013 require local authorities (through scrutiny) to review and scrutinise matters relating to the planning, provision and operation of the health service (including finances) in the area. As a 'health' function, it is advised that the Council is responsible for reporting to Health Scrutiny Committee for their Public Health commissioning role.

35. To fulfill this responsibility, it is proposed that an overview paper will be taken to Health Scrutiny Committee early each year outlining the year's re-procurement activity. This will give the Committee an opportunity to gain an understanding of the procurements planned in Public Health, identify those projects which it considers are "substantial" and flag any particular topics they want to follow more closely. Health Scrutiny will also be included as a consultee for all projects.

36. In year, update papers will be presented to Health Scrutiny Committee providing a progress report on procurement projects, and their associated consultations. Scrutiny can also request ad hoc reports to be presented on individual projects as required. The

Committee is due to consider this proposal in May 2015 to agree the detail of this reporting schedule.

Decision Making Process

37. Since 2013, the PH Committee has requested multiple reports to keep oversight of the re-commissioning of PH services as a relatively new Council function. With the concurrent reporting arrangements to the Health Scrutiny Committee, the department is conscious of duplicating activity and associated workload. In order to streamline the re-commissioning process, the PH Committee is asked to consider a revised decision-making process for future procurement exercises.

38. The Committee is asked to agree the following process, which is anticipated to work alongside the reporting schedule to Health Scrutiny Committee:

    a. Receive an annual procurement plan detailing the re-procurement activity for the year, including the associated timelines, process to be followed and agreement of indicative budget if required. This report will set the annual commissioning intentions for the department and provide the necessary agreement to commence re-procurement projects for the whole year.

    b. Regular reports to be provided through the year to update the Committee on progress and seek approval for any changes to the annual plan.

    c. A report presented to the Committee to seek approval to award the contract to the new provider when required.

    d. The Committee can also request additional reports to provide further information on any procurement project as required.

Other Options Considered

39. The PH department may have been able to extend current contracts, avoiding the need to re-procure services. However, many services are in need of review and legal services advised against this approach, to reduce risk for the Council

40. The PH department could concentrate on a procurement focused exercise preventing the work associated with the full commissioning cycle. However, this would result in inefficient services, and services not focussed on the right outcomes to deliver strategic improvement to health and wellbeing.

Reason for Recommendation

41. The PH Department is responsible for delivering quality services that improve the public's health and uses the PH grant to the best effect.

Statutory and Policy Implications

42. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public

Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

43. The resources to commission the Public Health services contained within this report are included in the ring-fenced Public Health grant. Further financial implications will be brought to the Committee in the final reports requesting authority to award the individual service contracts.

Implications in relation to the NHS Constitution

44. Regard will be taken to the NHS Constitution together with all relevant guidance issued by the Secretary of State in any service changes relating to the re-commissioning of individual Public Health services.

Implications for Service Users

45. Implications for service users of Public Health services will be considered as part of the individual review of and re-commissioning process, and included in consultation on significant service changes where required.

Public Sector Equality Duty implications

46. Any Public consultation undertaken relating to the re-commissioning of individual Public Health services will take people with protected characteristics and from seldom heard groups into consideration. Equality impact assessments will also carried out for any changes to services.

RECOMMENDATIONS

The Public Health Committee is asked to:

1) Approve the Public Health Procurement Plan for 2015/16
2) Agree to award contracts of varying lengths (minimum 3-5 years) to achieve best value for money in future years
3) Approve Indicative Budgets for 2016/17 as set out in the Exempt Appendix, to allow the procurement to progress according to the required timescales
4) Agree the future decision making process to progress re-procurement projects in a timely manner.

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Director of Public Health

For any enquiries about this report please contact Cathy Quinn, Associate Director of Public Health. Email: cathy.quinn@nottscc.gov.uk

Constitutional Comments (CEH 10/04/2015)

47. The recommendations fall within the delegated authority of the Public Health Committee by virtue of its terms of reference.

Financial Comments (KAS 10/04/15)

48. The financial implications are contained within paragraph 43 of the report and the exempt appendix.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Public Health Department plan 2014/15

Public health Finance Plan 2015/16

Electoral Divisions and Members Affected

- All