

**Manchester Health and Wellbeing Board  
Report for Resolution**

**Report to:** Manchester Health and Wellbeing Board – 18 January 2017

**Subject:** LCO Planning Update – Prospectus update and Selection Process

**Report of:** Joanne Downs, David Regan and Ed Dyson on behalf of the LCO Provider selection Board

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**Summary**

This paper updates the Health and Wellbeing Board on progress toward developing a Local Care Organisation (LCO) within the City.

It updates on progress with the development of the LCO prospectus and sets out the intention of the three Manchester CCGs and Manchester City Council to initiate a provider selection process, which the Board is asked to support.

**Recommendations**

The Board is asked to:

Note and endorse the Commisisoners' plans to procure and award a single contract to a new LCO for a substantial proportion of out of hospital care in the city.

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**Board Priority(s) Addressed:**

<b>Health and Wellbeing Strategy priority</b>	<b>Summary of contribution to the strategy</b>
Getting the youngest people in our communities off to the best start	Establishment of a Local Care Organisation will contribute to all priorities within the Health and Wellbeing Board strategies.
Improving people's mental health and wellbeing	
Bringing people into employment and ensuring good work for all	
Enabling people to keep well and live independently as they grow older	
Turning round the lives of troubled families as part of the Confident and Achieving Manchester programme	
One health and care system – right care, right place, right time	
Self-care	

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Previous Health and Wellbeing Board papers regarding the LCO  
A Healthier Manchester (Manchester Locality Plan)  
Our Manchester Strategy  
Greater Manchester - Taking Charge Strategy

## **1. Executive summary**

- 1.1. This paper seeks support from the Manchester Health and Wellbeing Board to establish a Local Care Organisation (LCO) for the City of Manchester. This LCO will hold a single contract for the majority of out of hospital care services provided within Manchester and will be the organisational arrangement by which the One Team strategy is delivered.
- 1.2. The paper sets out the strategic context and rationale for this approach in terms of the service model for out of hospital care as well as the need for a new organisational vehicle to implement it. Further, the paper outlines the key results of the recent engagement exercise undertaken on the 'LCO Prospectus', as well as the intended approach to commissioning and procuring the new contract holder.
- 1.3. The Health and Wellbeing Board has previously reviewed the LCO prospectus and supported its issue for wider engagement. Engagement concluded on the 3<sup>rd</sup> of January 2017. The paper outlines the key feedback and amendments to the prospectus, planned to be finalised in February 2017.
- 1.4. The report sets out the proposed means of identifying a single LCO contract holder and the regulatory context relating to that approach.
- 1.5. The statutory responsibility to commission services rests with the three Manchester CCGs and Manchester City Council (Commissioners). The decision to initiate the provider selection process will be made by the three CCGs and Manchester City Council.
- 1.6. The Health and Wellbeing Board is asked to note and endorse the Commissioners' plans to procure and award a single contract to a new LCO for a substantial proportion of out of hospital care in the city.

## **2. Strategic context**

- 2.1. For a number of years the Manchester system has pursued a strategy of integrated out of hospital care as the means of achieving the dual challenge of improving population health and ensuring a financially sustainable system.
- 2.2. Experience of positive impact of new care models has demonstrated how proactive and well coordinated care can improve health outcomes but also save money due to the decreased need for high cost acute and long term care packages.
- 2.3. This early learning, supported by increasingly robust national and international evidence led to the One Team commissioning strategy which created a service model which applied this learning to all out of hospital care.
- 2.4. As with other pillars of the Manchester Locality Plan, it is clear that this fundamental transformation of the Manchester Health and Care system could not be implemented at the pace and scale required through informal alliances

between organisations. Therefore, commissioners indicated the intent to let a single contract for Manchester’s out of hospital care provision with a single contract holder. This will enable single organisational leadership to reshape out of hospital care and implement investment proposals as part of the Greater Manchester Transformation Fund bid (October 2016) focussed upon new care models for the target population cohorts. This will allow commissioners to be assured of the implementation of new care models and hold the contract holder to account for quality, outcomes and cost effectiveness.

- 2.5. The scope of the LCO, as set out in the prospectus, is significant and is expected to include some or all of the service areas in the following table. The scope and scale of the LCO will be phased over a number of years and will be a mix of direct provision and subcontracting arrangements. The scale of the contract will depend on the more detailed scoping and phasing of these service areas but includes.

Adult social care	Primary Medical Care	Community healthcare services
Public health	Mental healthcare	Voluntary and community sector
Children’s services	Defined hospital services	Nursing and residential & homecare

- 2.6. The commissioning of the LCO is a key part of the relevant system strategies most notably the ‘Our Manchester’ strategy, ‘A Healthier Manchester’ (Locality Plan) and the GM ‘Taking Charge’ strategy.

### 3. Local Care Organisation Prospectus

- 3.1. Following the last Health and Wellbeing Board commissioners undertook an engagement exercise between the 2nd of November and the 3rd of January. This was to ensure that the prospectus for the proposed Local Care Organisation meets the needs of Manchester’s diverse population and also to build awareness of the emerging arrangements for out of hospital care so organisations can prepare for this.
- 3.2. This exercise generated a wide range of responses from the city’s diverse network of stakeholders, providers, academic institutions and VCSE organisations. This has generated over 400 comments, queries and endorsements made. The feedback has been overwhelmingly constructive and has endorsed the intent to pursue the creation of an LCO.
- 3.3. Below is a sample of the key themes which have emerged and how they will be addressed.

Key Themes	How we will address them
The role of VCSE and Carers within the workforce	The revised prospectus will set out an expectation for the LCO to have a workforce strategy which will recognise the contribution of Manchester’s unpaid workforce and approximately 60,000 unpaid carers. The strategy will need to set out how they will work effectively with voluntary sector and carers as an

	integral part of the overall strategy.
Various VCSE organisations have asked for more detail on how we will ensure that the LCO meets the needs of the people their organisation represents.	Consolidate the narrative around protected characteristics into a defined Equality and Diversity section
	Specific metrics are addressed in the Outcomes and Performance Frameworks
Commissioning for social value	In accordance with the Public services (Social value) Act we will consider the potential benefit to Manchester's communities as part of our provider selection and contract award process. Social value involves looking beyond the price of a contract for a particular service to consider what the collective benefit to the local community might be. For example, an organisation which provides services for people might recruit volunteers from those communities to run some of these services. The social value aspect would be in providing people with volunteering opportunities in an environment where they feel safe and supported, allowing them to develop skills, gain work experience, and feel socially included. This would be in addition to the organisation being able to provide its services to the community.
More focus on Children and Young People	Strengthen the narrative in the prospectus based on the Children and young people's plan <sup>1</sup>
Community Assets/ Our Manchester Approach	The selected provider will need to support community navigation by providing shared tools and systems that map the assets and resources available across the city
	The selected provider will need to clearly demonstrate how they will work with people, places and communities to build capacity and connect people to assets that meet their needs.
	Some of the elements of asset-based approaches include: <ul style="list-style-type: none"> <li>The role of the statutory sector is to understand the whole system of health and social care, and to assess the overall impact of changes on that system, rather than focusing narrowly on public sector expenditure. Reductions in services are likely to transfer demand to other agencies, often to the VCSE sector.</li> </ul>

<sup>1</sup> [http://www.manchester.gov.uk/download/meetings/id/21546/7\\_children\\_and\\_young\\_people\\_s\\_plan](http://www.manchester.gov.uk/download/meetings/id/21546/7_children_and_young_people_s_plan)

	<ul style="list-style-type: none"> <li>• There needs to be an investment approach to VCSE sector assets, how can they be nurtured and supported to be able to better support people with health and social care needs at a neighbourhood and city-wide level. This should include cultural and sport partners and recognise and address the disparity in some assets between neighbourhoods.</li> <li>• There needs to be an agreed model for how care staff and services work in a strength-based approach both with individuals and with communities of place and identity. There are many existing models that could be adopted. These form part of an overall system leadership that should not be left to providers alone to develop.</li> </ul> <p>There needs to be a joint approach to co-design and mapping community assets and understanding and measuring their value. The core of working with local assets is citizen involvement.</p>
<p>Care Models/ details about the delivery of specific services</p>	<p>The prospectus initiates a process whereby providers will be given the opportunity to promote their models of innovation in their formal tender responses. Initial service scope will however be further refined for inclusion in the Prospectus.</p>

3.4. Some questions sought detailed descriptions of the service model. It is important that this is undertaken collaboratively with the contract holder once identified. This will allow the opportunity to enrich the service design and complement commissioner experience with that of providers and others. The prospectus was designed to provide sufficient detail but not prescribe too much in order to enable this approach. Similarly information regarding how the contract holder might undertake functions currently delivered by commissioning organisations. Should be agreed in dialogue between commissioners and the contract holder.

3.5. Following detailed analysis of the responses and the external assurance process (see section five) feedback we will publish a revised prospectus online in the next month. This will be undertaken in line with OJEU guidance and regulations, planned to be published to complement the publication of the 'Prior Information Notice' (see section four).

#### 4. Provider selection process

4.1. The approach to procurement has been developed with the engagement of external procurement and legal advisors. The approach has also considered

the guidance and advice provided through a nationally facilitated 'Intensive Support Forum'.

- 4.2. When awarding a contract for the LCO, health commissioners must demonstrate consideration and achievement of the procurement objectives set out in the NHS (Procurement, Patient Choice and Competition) Regulations 2013 (PPCCR) in determining how best to award contracts for the LCO. The Public Contracts Regulations (2015) also apply to both the CCGs and City Council.
- 4.3. The legislative framework is set out in detail below and the Commissioner intends to make full use of the flexibility provided by the 'Light Touch Regime' to determine whether there is a single capable provider or multiple capable providers in the most efficient yet diligent manner.
- 4.4. A competitive process will only follow if there are proven to be more than one capable provider. If a single capable provider is proven, a detailed due diligence process will follow in line with the national assurance process (see below) to ensure each 'Checkpoint' is satisfied and a successful contract award results.

### **Legislative Framework**

- 4.5. The PPCCR provide the overarching legal framework for the CCGs to comply with when commissioning healthcare services alongside the Public Contract Regulations 2015 (PCR 2015). A bespoke process is being designed, satisfying the requirements of the 'Light Touch Regime', to provide confidence to the Commissioners that the provider selected to deliver the LCO can meet the ambitious outcomes expected of the new system of improved outcomes for patients, financial sustainability and value for money.
- 4.6. Throughout the contract award process and in line with the Commissioners' obligations under all relevant legislation, the Commissioners will adhere to the principles of:
  1. Proportionality
  2. Transparency
  3. Non-discrimination
  4. Equal treatment
- 4.7. The CCGs must also be able to clearly demonstrate compliance with their obligations under the NHS (Procurement, Patient Choice and Competition) Regulations 2013. In summary, those obligations are:
  1. To secure the needs of service users for this particular service area including relevant patient choice
  2. To ensure that the service meets the national quality standards for the service

3. To ensure that ongoing quality improvement measures and processes are in place
  4. To ensure that services are provided efficiently, representing overall value for money
  5. To ensure that ongoing efficiency improvement measures and processes are in place
  6. To support relevant whole systems integration and achievement of the Commissioners' strategic objectives
  7. To consider the potential benefits of competition
- 4.8. The Commissioners will advertise the opportunity via a 'Prior Information Notice' (as a call for competition) in the Official Journal of the European Union (OJEU) together with a contract notice in Contracts Finder to understand the level of interest for the contract. We are seeking a single contract holder for the full scope of services. There will not be 'lots' from which potential providers can select in isolation. This does not mean providers cannot collaborate to respond.
- 4.9. A Qualification Questionnaire (QQ) will be published at the same time as the PIN on EU Supply (the online procurement portal) for interested providers to complete.
- 4.10. The QQ will test the relevant capacity and capability of interested providers. Submission of a completed QQ will constitute a formal expression of interest in the opportunity.
- 4.11. If there is more than one capable provider 'qualified' at the QQ stage, a fair competitive assessment process will be designed, with each qualified provider invited to submit their proposal and engage in an assessment process, including dialogue to provide greatest clarity and assurance to commissioners. If there is only a single capable provider, a detailed due diligence process will be undertaken to satisfy the commissioners that the contract is safe and appropriate to proceed with.

## **5. External Assurance**

- 5.1. The NHS Five Year Forward View, published in October 2014, set out an ambitious vision for transforming NHS services. Local health communities are empowered to develop new care delivery options to better integrate primary and specialist care, physical and mental health services, and health and social care.
- 5.2. NHS England (NHSE) and NHS Improvement (NHSI) have jointly recognised that these new care models and the contractual arrangements through which they will be implemented may mean:
- The contract structure, form and content, the calculation of the financial value of the contract envelope, are novel;



- The organisational forms of the bidding organisations may be novel and complex, as providers form legal entities and arrangements that allow for greater collaboration between partners; and
  - Other incumbent NHS providers can be significantly affected by a single procurement for a new care model.
- 5.3. Further, the many recent reviews of the collapse of the Cambridgeshire and Peterborough CCG contract with Uniting Care Partnership (UCP) in December 2015 identified several key lessons learned, that regulatory and national bodies wish to incorporate into all future local planning arrangements to mitigate risk, summarised as follows:
1. The service design needs to be right from the outset.
  2. Cost information from legacy providers must be transparent.
  3. Commercial skills and awareness will be needed.
  4. Clarity on the role of external advisers is needed to ensure sufficient expertise is provided, there is appropriate synthesis and the proposal under consideration is consistent with the advice received.
  5. Appropriate terms should be agreed at the start of the procurement process.
  6. Contract award and implementation, and/or commencement of service delivery should be delayed if issues are unresolved.
  7. NHS Improvement and NHS England should scrutinise the arrangements for these novel and complex contracts through an integrated process.
- 5.4. A new joint national assurance process, the 'Integrated Support and Assurance Process' (ISAP), has been developed by NHSE and NHSI in response. The Manchester Health and Care Commissioners' procurement and contracting process will be assured through this process.
- 5.5. It should be noted at this stage, that the national process still needs to incorporate social care and local authority requirements. To date the process reflects learning within the NHS from the UCP failure and 'transactions review' methodology led by NHSI. Much more work is required nationally to develop the process to incorporate social care and local authority requirements. Manchester City Council is actively engaged with national colleagues to develop this process and a wider suite of documentation in this area.
- 5.6. The draft ISAP includes four key stages, which in total could take up to six months to complete:
- **Early Engagement** – to establish that the ISAP should apply and gain an overview of commissioners' plans.
  - **Checkpoint 1** – to conclude prior to commencement of procurement.
  - **Checkpoint 2** – to conclude prior to contract signature.
  - **Checkpoint 3** – to conclude just prior to service go live.



5.7. Assurance will be led via the Greater Manchester Health and Social Care Management Team, on behalf of the Strategic Partnership Board, with extensive support and engagement from the national teams of NHSE and NHSI.

5.8. Commissioners have completed a self assessment across the 'Key Lines of Enquiry' relating to both the Early Engagement and Checkpoint 1 stages to inform local planning and to support readiness for assurance discussions.

5.9. The Early Engagement meeting took place on 11 January 2017. Results are anticipated by the time the Health and Wellbeing Board meets on 18 January 2017.

## 6. Internal Assurance

6.1 The CCGs and City Council have established a 'Provider Selection Programme Board', including executive/officer and lay member representation from the organisations, as well as technical advice across procurement and legal matters. All partners continue to identify and manage potential conflicts of interest.

6.2 Programme capacity is strengthening, with nominated lead procurement and project officers in place to plan and coordinate the process on behalf of the city. CCG Boards and the City Council will retain overall responsibility for approving the decision to launch the formal selection process, in line with statutory responsibilities.

6.3 Management of clinical and financial risks remain critical, both to the success of the selection process and the future sustainability of the city's out of hospital integrated care services. Accordingly, the CCGs and Council will ensure that the scope of services and transformation priorities within the LCO are delivered safely within available resources. There are a number of VAT implications both for commissioners and potential providers which might have an implication upon affordability and financial risk, in respect of different potential organisational forms that could be chosen by the LCO. Specialist advice is being sought to ensure this is effectively managed.

**7. Timescales**

- 7.1. The process described above is both detailed and complex. Our intention is to complete this in a timely manner to enable the Provider Selection Programme Board, operating under delegated authority from the CCGs and MCC, to initiate the formal process (PIN) by February/March 2017.

**8. Recommendation**

- 8.1. The Health and Wellbeing Board is asked to note and endorse the Commisisoners' plans to procure and award a single contract to a new LCO for a substantial proportion of out of hospital care in the city.