

BRISTOL AND GLOUCESTERSHIRE PROCUREMENT OF NON-ACUTE SERVICES



HSJ Local Briefing is our new in-depth analysis of the key issues facing the NHS's major health economies

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In brief

Issue The NHS in Bristol and Gloucestershire is tendering for the provision of community and mental health services worth more than £500m.

Context The end of many arrangements made under the Transforming Community Services programme next year means many community services are likely to be put out to tender in 2013-14. Primary care trusts in Gloucestershire are looking to tender now while in Bristol commissioners are embracing the procurement process as a means of seeking innovative ideas for service delivery.

Outcome Existing providers stand to lose or gain activity while new providers are likely to enter the market.

Within the old Avon Health Authority area, in and around Bristol, three major contracts for non-acute services are in the early stages of a competitive tendering process.

NHS South Gloucestershire is looking for new homes for its community services, NHS Bristol is recommissioning secondary mental health services and North Bristol Trust is seeking partners to develop and deliver a health and social care centre.

Between them these services are worth around £225m.

The value of contracts available for the provision of health services is likely to rise to £555m if, as expected, NHS Gloucestershire begins a procurement process for its community services later this year.

NHS Gloucestershire and NHS South Gloucestershire have still not found a permanent home for their community services in line with the requirement under transforming community services for primary care trusts to divest themselves of their provider arms last year.

In South Gloucestershire the PCT decided to 'park' the services with North Bristol Trust for two years in order to meet the April 2011 deadline and have begun the procurement process to make sure a new provider is in place before this deal expires in April 2013.

NHS Gloucestershire has yet to

divest its community services after plans to transfer them to a social enterprise were abandoned following a legal challenge by a service user.

In Bristol, poor performance was behind the PCT's decision to go out to tender for secondary mental health services that have been provided more or less exclusively by Avon and Wiltshire Partnership Trust for the past 10 years.

Meanwhile, tight finances led North Bristol Trust to launch a tender for both a development and a healthcare partner to deliver a health and social care centre at its Frenchay site. A £430m private finance initiative hospital is under construction that will see North Bristol's services consolidated onto its other site, Southmead. North Bristol raising its own capital for the project was not an option. Its management is also keen on the increased flexibility and reduced risk the single development and healthcare partner model offers.

In Bristol and South Gloucestershire commissioners are openly considering splitting services which have long come as a package, between different providers.

However, in starting the process by defining clear patient pathways that all providers must sign up to, they are determined patients must not see a gap between services, whoever ends up delivering them.

They are using the early stages of the procurement process to seek innovative ideas for delivery of services and define what these pathways should look like.

The National Context

The use of tendering process to commission health services, as opposed to support services and construction, has previously been largely restricted to small service specific contracts.

However, it is expected to increase.

Deals done under transforming community services saw PCT provider arms transferred to a range of providers, mostly for a maximum of three years.

Respected market analysts Laing and Buisson predict a "wave of tenders" in 2013-14 when these arrangements expire.

They estimate the £8.5bn English community services market could see independent sector penetration of up to 20 per cent over the next five years, over and above that already outside the NHS in the form of social enterprises.

Only two large scale transfers of community services into the for profit sector have been agreed so far, in Suffolk and Surrey. NHS Suffolk named Serco as its preferred provider for all except general children's services last week. However, the transfer of NHS Surrey's provider arm which was due to go to Assura Medical, now Virgin Healthcare, at the end of last year has been beset by delays.

With the exception of the Frenchay Health and Social Care Centre, which is being led by North Bristol Trust, the PCTs leading the other procurements all face the possibility they could be abolished before the deals are complete. However, David Owens, commercial partner at Bevan Brittan, said this

presented very limited risk as long as the tender makes reference to the process being led by the PCT or its "statutory successor" and the relevant clinical commissioning groups are involved throughout.

The pathway approach being adopted by the commissioners, which looks at a whole patient journey rather than individual services, has been championed by health secretary Andrew Lansley. It fits with the requirement in the operating framework for 2012-13 that "services are organised around the interests of patients and service users rather than institutions".

What's at stake?

Secondary mental health services in Bristol:

Worth around £45m a year and currently provided, in the main, by Avon and Wiltshire Partnership Trust, NHS Bristol decided to recommission secondary mental health services in the city following concerns from clinicians and service users.

As well as Bristol, AWP provides mental health services to a population of around 1.8 million in five other primary care trust areas: North Somerset, South Gloucestershire, Bath and North East Somerset, Wiltshire and Swindon. The income from NHS Bristol represents about a third of AWP's income and neighbouring commissioners are keeping a close eye on how the procurement progresses, aware it could potentially have a knock-on effect on AWP's ability to deliver elsewhere.

According to the quarter three performance report for the Bristol, North Somerset and South Gloucestershire PCT cluster, AWP's performance in Bristol was rated red against seven out of 12 key indicators. Only 57 per cent of patients had a named care-coordinator and agreed care plan

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within four weeks of initial assessment against a target of 77 per cent. This compares to 93 per cent in North Somerset and 86 per cent in South Gloucestershire, reflecting the more general feeling among clinicians and service users that Bristol's urban character and diverse population means it needs a different kind of service to the more rural provision in other PCTs covered by AWP.

Following extensive consultation with service users it has been agreed services will be procured along four citywide pathways: crisis, recovery, dementia and people with chaotic and complex needs. Discussions are taking place between the PCT and the council over whether a joint commissioning arrangement and some pooling of funds could be appropriate for the chaotic lifestyles and complex needs pathway as it has a natural crossover with some of the council's homelessness services. The recommissioned services are also likely to see a 10 to 15 per cent reduction on AWP's 167 Bristol inpatient beds. It is likely the contract will be for three years with an option for a two year extension.

The pathway approach opens the way for services to be delivered by a range of different providers. However, Maya Bimson, programme director for NHS Bristol's modernising mental health services project, is clear that the decision to go out to tender does not preclude Avon and Wiltshire Partnership Trust from winning some or all of the contracts.

For its part AWP accepts standards need to improve but it has been redesigning services in the city over the past two years. It is disappointed these changes have not been given time to bed in before the decision was taken to go out to tender.

Executive medical director and

director of strategy and business development Arden Tomison told HSJ it was a "pity" the procurement route had been chosen but not a "great surprise".

"We see that approach to commissioning as part of the new landscape. Our FT business plan has that modeled into its downside scenarios," he added.

Dr Tomison expects to see "significant interest" from foundation trusts and independent sector providers from all over the country.

The wider patch has two expansionist mental health foundation trusts in Gloucestershire based 2gether, which won a contract to provide mental health services over the border in Herefordshire, and Somerset Partnership, which took on NHS Somerset's provider arm under TCS.

Private sector interest in mental health services is also there. In Devon it was announced earlier this month Virgin Healthcare and a consortia of Serco and Cornwall Partnership Foundation Trust were among shortlisted bidders for a package of children's mental health services being procured by NHS Devon and Devon County Council.

South Gloucestershire Community Services

The prior indicative notice, which went out early this year, split the services into 34 lots and encouraged interested parties to suggest packages of services they would like to deliver.

For example, the notice suggested, a provider might want to deliver community matrons, continence, infection control and a night sitting service.

Responses will be used to inform how the services are grouped in the final tender offer in order to avoid cherry picking.

Existing temporary provider North Bristol Trust and Bristol Community Health, the community interest company spinoff that houses NHS Bristol's old provider arm, have both indicated an interest in providing the services.

The social enterprise already delivers adult community learning disability services in South Gloucestershire on a caretaker basis following TCS and is hoping to win the separate £8m contract to provide them for the next three years. Chief executive Julia Clarke is keen to develop learning disabilities provision as a specialty which can be exported across traditional geographical boundaries.

"We are very intent on growing our business with our existing customers and expanding geographically. That's not to say we are being hugely aggressive. One of the features [of the locality] is that it's opportunity rich," said Ms Clarke.

A formal advertisement for the South Gloucestershire community services tender, worth between £70m and £80m over five years, is due to be published in the second quarter of 2012-13.

In the meantime NHS South Gloucestershire is currently working with CCGs to design a pathway for community services that would form the basis of the tender process.

The PCT is also working with North Bristol Trust to help them develop their brief for the Frenchay health and social care centre, making sure this fits in with the wider plans for community services.

Frenchay Health and Social care centre

The awarding of the contract to build and run a health and social care centre that will provide nursing care to NHS patients is likely to prove contentious locally. The centre is to be built on the site of North Bristol

Trust's existing Frenchay Hospital when services there move into the new PFI hospital on another site. Following a campaign to Save Frenchay Hospital the community was promised some level of service would continue on the site but it was not told this could involve the private sector.

Under current plans it is proposed the centre will have a nursing home, 68 community hospital beds and an ambulatory care centre, which North Bristol will lease back from the developer.

North Bristol Trust, which took over from NHS South Gloucestershire as lead commissioner on this development last year due to the PCT's impending abolition, is seeking a development partner to build the centre for £22m and a healthcare partner to provide nursing care on a contract worth £3.5m a year. The idea is that beds can be used flexibly with the nursing home beds, run by the private sector, acting as overflow for the community hospital and vice versa with one nursing team working across both.

The trust has shortlisted five consortia to deliver the health and social care centre who will be able to feed their ideas into work being done with commissioners.

Most of the shortlisted bidders have formed a consortium between a company who will provide the building and a company that will provide a care. HSJ understands the shortlist includes Care UK and Shaw Healthcare – a provider of low secure independent hospitals, residential care and care in the community.

Bristol Community Health is also hoping to be involved with the provision of nursing care at the centre although has yet to finalise an agreement with any of the five short listed consortia.

Gloucestershire Community

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Services

With a turnover of £110m, NHS Gloucestershire's provider arm is the largest group of services expected to be put out to tender.

They were due to transfer to a specially created social enterprise Gloucestershire Care Services until service user Michael Lloyd from Stroud challenged the legality of the transfer.

Mr Lloyd's ambition, supported by local campaign group Stroud Against the Cuts, was to keep the services in the NHS.

On the second day of a judicial review the PCT reached a settlement with Mr Lloyd and agreed to abandon the transfer and reconsider whether there was an NHS option for the future of the services.

However, many staff members are unhappy as the outcome of the case means continued uncertainty. They have told to expect a full procurement process which could take between 12 and 18 months.

It will be for the county-wide CCG to decide whether the services will be advertised as a job lot or split up.

Gloucestershire Care Services is still keen to take on the service although HSJ understands there is concern the community interest company will be at a disadvantage in the competitive tendering process as it will not technically have a track record of providing services.

David Owens, commercial partner at Bevan Brittan, told HSJ this was a common problem seen with management buyouts and it would depend on how the "parameters" of the tender were set. For example, if the requirements of the prequalification questionnaire asked for two years financial and performance data it would need to make clear it would be acceptable to provide this from a predecessor organisation.

Besides the CIC, HSJ understands

local GPs are also discussing the possibility of developing a GP provider organisation, most likely in the form of a limited company.

Likely winners

The pathway approach creates opportunity for smaller organisations, such as local charities, to enter the market although this fragmentation could potentially make it less attractive for big private sector providers. It seems likely AWP will continue to provide most of the secondary mental health services in Bristol with specialist local voluntary organisation delivering some parts of the pathway. HSJ understands the procurement process was chosen to sharpen up AWP's performance rather than because of it was felt poor performance was irremediable and so a new provider was needed.

Ms Bimson said the key thing NHS Bristol was looking for is a commitment to partnership working both within the four identified patient pathways and with other services such as social services and the criminal justice system. She told HSJ this could include a prime contractor model, where one organisation is awarded the contract and manages delivery from other providers, and it was also important bidders understand Bristol in terms of the services available and its requirements as an urban and culturally diverse environment.

"It could be a prime contractor model or it could be a consortia or partnership. All we are saying, whatever services people are bidding for, they will have to know how they're going to work with others... If we are not satisfied there will be continuity we won't award the contract [to that provider]."

In South Gloucestershire commissioners are happy with the services currently being provided by North Bristol, seemingly putting it in

a good position. However, HSJ understands North Bristol is also open to partnering with other providers and is talking to organisations including Bristol Community Health about the possibilities of working together. Bristol Community Health is also talking to other NHS organisations, smaller voluntary organisations and social enterprises. Until the development of the community services pathway is complete it is impossible to judge who is best placed.

This same work will also have a big influence over the design of the Frenchay Health and Social Care Centre and consequently the successful bidder. HSJ understands there is potential for the design to change substantially over the next couple of months as the trust works through the plans with local commissioners.

North Bristol Trust chief executive Ruth Brunt says: "There's an opportunity not to be missed to think innovatively. The reason we have got these two months of innovation for us to have a place to consider any innovative ideas that come up which might inform both procurement processes [for the centre and the South Gloucestershire community services]."

"Some of the bidders are proposing there could be much more blurring between community hospital bed model and how we provide care in people's homes."

The value of the services on offer in Gloucestershire will no doubt attract private sector interest outside of that from the GPs and the social enterprise but it is too early to predict what may happen. What is clear across the patch is that designing new pathways of care and opening provision up to the market means the lie of the land could look very different in 18 months' time.