

GB Paper: 7

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Title of paper	Referral Facilitation Service (RFS) Procurement
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Presenter	Beryl Bevan AD for Operations and Governance Ealing CCG
Author	Beryl Bevan AD for Operations and Governance Ealing CCG
Responsible Director	Kathryn Magson MD Ealing CCG
Clinical Lead	Dr Alex Fragoyannis
Confidential	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

The Governing Body is asked to:

The procurement has reached the stage where a contract has been finalised and signed with the Preferred Bidder; The Governing Body is asked to note contract sign-off and transfer of the service to the new Provider on the 16th March 2015 as agreed under Chairs action.

Summary of purpose and scope of report

The attached paper outlines the procurement process followed by the RFS Steering Group and the subsequent work to finalise and sign a contract with the Preferred Bidder for the RFS

In August 2013 an evaluation of the in house RFS was undertaken. This resulted in an agreement that the RFS was providing a quality and cost effective service. As a provided service it is not appropriate for the CCG to commission and deliver the service so the CCG Executive agreed to undertake a procurement to outsource the service.

The purpose of this document is to report progress with the outsourcing of the Referral Facilitation Service, which has been conducted using a competitive process. This paper sets out the stages of the procurement followed and details the key findings of the ITT: The Steering Group were satisfied that the Preferred Bidder submitted a proposal that represents both high quality and value for money.

The competitive process has now reached the stage of Contract Signature (the Contract was signed on the 26th February 2015. At time of writing the service was due to transfer to the new provider on the 16th March 2015. The service will continue to be delivered from the former offices of the CCG at Oldfield Lane South, Greenford until the provider relocates to new premises within the borough at the beginning of May 2015. The service will continue to be clinically triaged by local GPs.

The Contract Finalisation process has been used to ensure the CCG will have the required

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contractual mitigations in place to ensure service continuity for Ealing patients (Step-in rights) with appropriate financial protection (Performance Bond) in the event that the contract has to be terminated with immediate effect. Details of this have also been included in the report.

Quality & Safety/ Patient Engagement/ Impact on patient services:
<p>Quality and Safety</p> <ul style="list-style-type: none"> • Reporting criteria and KPIs are built in to the contract and will be monitored by setting up a contract monitoring group going forward. <p>Patient Engagement</p> <ul style="list-style-type: none"> • Unfortunately the Healthwatch nominated patient representative on the ITT evaluation team had to withdraw at the start of the bids evaluation due to ill health. • We were however able to secure the services of Carmel Cahill the Governing Body member for the additional interviews necessary due to the close scoring of the 2 lead bidders.

Finance, resources and QIPP
<ul style="list-style-type: none"> • The review of the RFS showed that the savings in returning or diverting referrals far outweigh the cost of running the service. • The RFS is also an enabler to help with the SaHF programme on moving services out of hospitals into the community.

Equality / Human Rights / Privacy impact analysis
<p>All patient groups have access to the RFS provided under the new contract. No patient group will be disadvantaged.</p> <p>Information regarding additional support required when attending their appointment e.g. patients for whom English is not a first language, will be appropriately passed on to the provider.</p>

Risk	Mitigating actions
<p>The signing of the contract has taken longer than expected due to the need to ensure contractual mitigations were in place to safeguard the CCG in the event that the provider (a UK entity with a US parent company) could not continue to deliver the service for the duration of the contract term.</p>	<p>In the event of a requirement by the CCG to 'Step-in' and remove the service from the provider, the CCG has reached agreed with United Health UK:</p> <p>[1] A right to use United Health UK Software/Systems/Processes during the interim period until an alternative service provider solution is put into place;</p>

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	[2] A 'Performance Bond' (a form of insurance) to run concurrently over the lifetime of the contract, to may be drawn upon by the CCG to meet financial costs that might arise as a result of the need to Step-in.
Delays to the commencement date of the new service – as a result of delaying contract signature in signing the contract – increases the risk of losing staff due to uncertainty and incurring additional costs as a result of being unable to fully relinquish the Oldfield Lane South (OLS) premises, until the RFS can move to their proposed new premises.	The CCG has worked closely with United Health UK to minimise this risk, undertaking joint information sessions with the staff and working together to ensure use of OLS continues until the provider completes fitting out work at their new premises.

Supporting documents

RFS Procurement Report

Governance and reporting

(list committees, groups, other bodies in your CCG or other CCGs that have discussed the paper)

Committee name	Date discussed	Outcome
ECCG executive	01/10/2014	
F&P Committee	29/10/2014	Chair's Action – Proceed With Identification of Preferred Bidder.
F&P Committee	24 th Feb 2015	Approval for Contract Signature & Transfer of Current Service To New Provider. Chairs action, to be noted at F & P 25/2/15
F&P Committee	25 th Feb 2015	Chairs action received and noted at F & P 25/2/15

Referral Facilitation Service Tender

Paper to the Governing Body: 18th March 2015

1. Purpose of Document

- 1.1 The purpose of this document is to report progress with the outsourcing of the current CCG managed Referral Facilitation Service, which has been conducted using a competitive process.
- 1.2 The competitive process identified a Preferred Bidder, United Health UK Limited. The Steering Group was satisfied that the Preferred Bidder submitted a proposal that represents both high quality and value for money.
- 1.3 The CCG has used the 2015/16 DH Standard Contract as the basis for its agreement with United Health UK Limited.
- 1.4 The Contract Finalisation process has been used to ensure the CCG will have the required contractual mitigations in place to ensure service continuity for Ealing patients (Step-in rights) with appropriate financial protection (Performance Bond) in the event that the contract has to be terminated with immediate effect.
- 1.5 A contract was signed on the 26th February between the CCG and United Health. United Health has subsequently provided the CCG with a copy of the associated Performance Bond.
- 1.6 At the time of writing, the service is due to transfer to the new provider in the week of the 16th March 2015. The service will continue to be delivered from the former offices of the CCG at Oldfield Lane South, Greenford until the provider relocates to new premises within the borough at the beginning of May 2015. The majority of existing staff are expected to transfer from the CCG to the new provider and the service will continue to be clinically triaged by local GPs.
- 1.7 This paper sets out a summary of procurement process followed and details the key findings of the ITT evaluation. The outcome of the evaluation process has been communicated to the other Bidders and feedback was provided. There were no challenges.
- 1.8 The Contract Prices for the three years of the core contract, plus a maximum of two further years (extendable by mutual agreement) are set out in Appendix 1. The costs also include marginal prices for higher activity levels.

2. Decision Required

- 2.1 To note the progress with the RFS tender process and contract signature on the 26th February 2015.
- 2.2 To note the contract mitigations to safeguard service continuity for Ealing patients and provide additional financial protection to the CCG

- 2.3 To note the transfer of the current service to the new provider in the week of the 16th March 2015.

3. Overview of Tender

- 3.1 Following an evaluation of the current Referral Facilitation Service in August 2013, Ealing CCG Executive agreed to tender out the service in its entirety.
- 3.2 The specification for the service, developed by a sub group of the steering group, was presented to the Executive in June 2014
- 3.3 The specification sets out current range and level of activity of the RFS but also allows for expansion of the service in the future. It listed those areas where it is anticipated that there will be an increase in activity:
- Internally generated referrals are not currently processed by the RFS, but there is provision in the specification for this activity to be included in the future. However current thinking is that this will be managed internally by the trusts and will not come through the RFS
 - The current exclusion list includes referrals to community services and 2 week cancer referrals but there is an option to update this list as clinical services and pathways are reviewed.
 - The service is currently available during core working hours of 9 – 5 Monday to Friday but there is provision to extend this if required as GP opening hours are extended and to deal with 2week waits.

The specification also has contingency provision for a 'Prior Approval' scheme if the CCG subsequently decides to implement a process whereby all referrals from GPs will need to go through the RFS in order for acute trusts to be reimbursed.

- 3.4 The bid prices submitted by the preferred bidder for each contract year will not necessarily be the price payable during each contract year – this will be determined by the actual activity delivered by the new service.
- 3.5 To support a transparent comparative assessment, bidders were required to submit bid prices against stated activity levels and assumptions for each year of the contract; Bid prices were then scored using a published methodology and formula. This purpose was clearly communicated to bidders as part of the ITT process.
- 3.6 The baseline envelope for year one includes the costs associated with outsourcing the service such as transfer of staff, replacement IT solution, move to new premises, new reports, training, engagement of GPs etc., whilst still maintaining current performance levels as a minimum
- 3.7 The contract will provide a mechanism for review and adjustment in accordance with changes in referrals/triage activity generally (e.g. as a result in reduced 'bypassing') and for changes that occur as a result of policy decisions (e.g. the introduction of new specialities, etc.)

- 3.8 Whilst the CCG has not made any specific commitments in terms of activity which needs to be handled by the new service, bidders were asked to price banding for any additional work required.
- 3.9 In submitting their tenders, bidders were asked to ensure they had the capacity to manage seasonal and unexpected variations in demand.
- 3.10 The contract will be for three years with an option to extend by a maximum of two years. Services are planned to commence in March 2015. The contract will take the form of the Standard NHS Contract 15/16 Version.

4. RFS Procurement Process

4.1 The RFS Procurement has followed the following timetable

Milestone	Date	Status
PQQ Issue	17-Mar-14	Complete
PQQ Closing Date	21-Apr-14	Complete
ITT issue	26-Aug-14	Completed
ITT Closing date	26-Sep-14	Completed
Additional Stages: Interview	20-Oct-14	Completed
Additional Stages: Site Visits & References	22-Oct-14	Completed
Outcome of ITT Evaluation Process Report to F&P Committee under Chair's Action	29-Oct-14	Completed
ITT Outcomes Notifications Letters issued	10-Nov-14	Completed
10-day Standstill period	20-Nov-14	Completed
Contract Signature	26-Feb-15	Completed
Contract Execution	26-Feb-15	Completed
Service commencement	16-Mar-15	TBC

- 4.2 The CCG received 7 PQQ responses. Two bidders were assessed to have provided insufficient evidence of competency/capacity to deliver the requirements.
- 4.3 An ITT tender pack was circulated to 5 shortlisted bidders on the 26 August 2014 including ITT instructions and response templates, supporting information, price templates, financial templates and KPIs. Shortly after the Invitations were issued, one bidder withdrew from the process citing competing commitments.
- 4.4 On the 26th September 2014, the CCG received 4 tenders in response to the published ITT.
- 4.5 The ITT evaluation team consisted of:
- 2 GP/Clinicians
 - 1 Practice Manager

- 1 Patient Representative¹
- 3 Commissioners
- 1 Finance Officer
- 1 Contract Manager
- 1 Information Management & Technology Officer;

The evaluation team all signed Conflict of Interest Declarations.

4.6 During the evaluation, Bidder 1 announced their withdrawal from the process, citing a change in commercial circumstances.

4.7 Bidders presented their proposals to the Evaluation Panel on Tuesday 7th October 2014. The results post moderation on 9th October were very close, as outlined in the table below:

NAMED LEAD PROVIDER	Bidder 1	United Health	Bidder 3	Bidder 4	Maximum Possible score
Total Quality Score For Provider	43.84%	88.05%	36.85%	82.83%	100.00%
Quality Ranking	3	1	4	2	
WEIGHTED	35.07%	70.44%	29.48%	66.27%	80.00%
Total Price Score For Provider	0.00%	10.41%	8.00%	14.47%	100.00%
Pricing Ranking	4	2	3	1	
WEIGHTED PRICE	0.00%	10.41%	8.00%	14.47%	20.00%
TOTAL COMBINED SCORE	35.07%	80.85%	37.48%	80.74%	100.00%
FINAL RANKING	4	1	3	2	

4.8 The difference in the total combined score (Quality of Proposal and Price) between United Health (80.85%) and Bidder 4 (80.74%) was marginal – approximately 0.11%.

¹ The patient representative had to withdraw during the of evaluation process on grounds of ill health. Their scores were not included as they were not complete.

5. Additional Procurement Stage

5.1 The published ITT process allows for the option of a further round assessment to be undertaken by the CCG in order to determine a robust outcome. The Steering Group agreed to take up this option with the first and second ranked bidders in order to determine a Preferred Bidder.

5.2 The additional stage was agreed with the top two bidders as being:

- A final Interview;
- A site visit to their current operation
- A reference (telephone interview) from the CCG clinical lead for each of the bidder's existing service (as identified within their ITT proposal).

5.3 It was agreed that a new evaluation team would be established to conduct the additional stages.

- Kathryn Magson – Managing Director, ECCG
- Carmel Cahill – Chair of Healthwatch
- Dr Thelma Thomas – Independent GP
- Beryl Bevan – Assistant Director for Operations & Governance

Supported By:

- Dr Mohini Parmar - Chair of ECCG
- Dr Alex Fragoyannis – Clinical Lead for RFS Procurement
- Graham Sowter – Commercial Advisor/Process Moderator

5.4 The overall result of the additional procurement stage was:

BIDDERS	Bidder 4	United Health	SCORE
Assessment Phase			Max Score
INTERVIEW	19%	32%	40%
SITE VISIT	11%	23%	30%
REFERENCE	15%	26%	30%
Final Totals	45%	80%	100%

5.5 In summary, the key differences to emerge during the additional procurement stage was largely due to United Health being further down the 'RFS' journey than Bidder 4; Whilst the ambitions and underlying process of both providers were very good – United Health were better able to articulate and then demonstrate a closer match to Ealing's service specification;

6. Recommendation of Preferred Bidder

- 6.1 Following completion of the additional ITT evaluation stage, the Steering Group submitted a recommendation to the Chair of F&P that United Health should be identified as Preferred Bidder.
- 6.2 It was agreed that the outcome of the ITT evaluation process could be communicated to Bidders and letters were issued on the 10th November 2014. In the letter, the Bidder was informed of their score and that of the Preferred Bidder. Bidders were offered an opportunity to meet and receive additional feedback on their submission.
- 6.3 A 10-day period of 'Standstill' was observed immediately following the announcement. There has been no challenge.

7. Contract Finalisation

- 7.1 The Chair of the F&P Committee has recommended that the CCG put in place appropriate contractual safeguards to ensure that continuity of the RFS service to Ealing patients can be maintained in the event of the need to remove the service from the new provider with immediate effect. There will be financial safeguards to ensure the CCG can recover its costs, incurred as a consequence of this immediate intervention.
- 7.2 During the Pre-Qualification Process the CCG wrote to the Preferred Bidder to state that it would be a condition of their continued participation in the competition that additional contractual safeguards would be required as part of the contract, should they be selected to deliver the service.
- 7.3 The Preferred Bidder agreed to this condition, stating that if successful, their preference would be for a Parent Company Guarantee (PCG).
- 7.4 As part of the financial due diligence process for finalising the contract, the CCG received additional information from the Preferred Bidder regarding potential future changes to the legal entities owned by the UK holding company.
- 7.5 After receiving legal advice it was agreed that the PCG was not an acceptable 'vehicle' for the CCG in the event that the (signalled) future changes were unacceptable to the CCG and necessitated the removal of the service from the provider with immediate effect.
- 7.6 The CCG has instead required the insertion of contract terms that safeguard service continuity for Ealing Patients through service 'Step-in' rights, including licences for using the provider's systems and processes whilst alternative provider arrangements are put into place.
- 7.7 Financial protection for the CCG will be achieved through the establishment of a Performance Bond (a form of insurance), linked to the contract. This UK based bond will provide the CCG with access to funds to cover unavoidable costs, incurred as a consequence of the CCG's need to intervene.

- 7.8 The Bond is being paid for by the Preferred Bidder
- 7.9 The Procurement Team submitted a report on the outcome of the Contract Finalisation process and a request to move contract signature to the CCG Finance and Performance Committee. Under Chair's action and then subsequently noted by Finance and Performance Committee on the 25th February 2015, the request was approved.

8. Contract Signature and Service Transfer

- 8.1 Following approval, the Contract was signed on the 26th February by Clare Parker, the CWHHE Accountable Officer and co-signed by Kathryn Magson, Ealing CCG Managing Director. The contract was counter-signed by Tony Weir on behalf of United Health the same day.
- 8.2 The CCG has now received confirmation that a Performance Bond has been put in place for this contract, which will ensure that continuity of the RFS service to Ealing patients will be maintained in the event of the need to remove the service from the new provider with immediate effect. There are now financial safeguards to ensure the CCG can recover its costs, incurred as a consequence of this immediate intervention.
- 8.3 The existing RFS service is due to transfer to United Health, operating under the "Optum" brand, in the week of 16th March 2015. The service will continue to be delivered from the former offices of the CCG at Oldfield Lane South, Greenford until the provider relocates to new premises within the borough at the end of May 2015. The majority of existing staff are expected to transfer from the CCG to the new provider and the service will continue to be clinically triaged by local GPs

Appendix 1: Proposed Contract Price For The RFS Service (2015-2020)

Assumed Activity	Payment for Administrative Triage	Payment for Clinical Triage	Payment for Service Set-Up	Total Annual Payment
Year 1 80,000 referrals, of which 40,000 are clinically triaged	£325,636	£466,468	£57,803	£849,907
Year 2 100,000 referrals, of which 50,000 are clinically triaged	£355,582	£536,023	£57,803	£949,408
Year 3: 100,000 referrals, of which 50,000 are clinically triaged	£363,993	£548,945	£57,803	£970,741
If Contract Extended: Year 4 100,000 referrals, of which 50,000 are clinically triaged	£372,605	£562,180	£0	£934,785
If Contract Extended: Year 5 100,000 referrals, of which 50,000 are clinically triaged	£381,422	£575,737	£0	£957,159
TOTAL	£1,799,238	£2,689,353	£173,409	£4,662,000

Variation Payments Based Upon Sustained Increased Activity (Marginal Rates)	Additional Payment for Administrative Triage	Additional Payment for Clinical Triage	Additional Payment for Service Set-Up	Additional Total Annual Payment
Additional 20,000 referral, 10,000 of which are clinically triaged	£35,225	£78,503	£6,272	£120,000