

<b>DECISION-MAKER:</b>	<b>Governance Committee</b>		
<b>SUBJECT:</b>	<b>Annual Review of Health and Social Care Contracts managed by the ICU</b>		
<b>DATE OF DECISION:</b>	<b>Monday, 30<sup>th</sup> September 2019</b>		
<b>REPORT OF:</b>	<b>Director of Quality and Integration</b>		
<b><u>CONTACT DETAILS</u></b>			
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<b>STATEMENT OF CONFIDENTIALITY</b>			
Not applicable			
<b>BRIEF SUMMARY</b>			
<p>This paper informs the Governance Board of the major contracts managed by the Integrated Commissioning Unit on behalf of Southampton City Council, and details current arrangements for monitoring these contracts, including mechanisms for assurance of quality, performance, and governance.</p> <p>It provides an update on these and other contracts managed by the Unit.</p> <p>It provides information on the major (£1m+ per annum) contracts managed.</p> <p>It provides information on independent internal assurance that contracts are being managed appropriately.</p>			
<b>RECOMMENDATIONS:</b>			
	(i)	To note the report's contents and the work of the Integrated Commissioning Unity in ensuring contracts with external agencies are properly managed, and provide good quality and best value for money	
<b>REASONS FOR REPORT RECOMMENDATIONS</b>			
1.	The ICU is managing a number of contracts on behalf of the council, including joint arrangements with Southampton City CCG. These contracts are managed appropriately and according to contractual terms. The ICU is subject to internal audit processes which verify the management of contracts is undertaken in an appropriate manner and to a standard that provides assurance and limits risk to the council.		
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>			
2	The alternative to the ICU management of contracts would require specialist knowledge and skills to be dispersed within teams across the council. This would make strategic management and decision making difficult. It would result in inconsistencies in approach, and would make it more difficult for the council to achieve its strategic priorities in relation to services.		
<b>DETAIL (Including consultation carried out)</b>			
3	The Integrated Commissioning Unit (ICU) undertakes health and social care commissioning functions on behalf of Southampton City Council (SCC) and Southampton City Clinical		

	Commissioning Group (SCCCG). This includes responsibility for the management of associated contractual arrangements for care and support services on behalf of both organisations.
4	The ICU currently manages 119 separate contracts including block service contracts, frameworks and partnership agreements. These are delivered for services to Adults and Children, including Public Health requirements, and the community grants programme. Of these, 112 are SCC contracts, and these have an annual value of £37.7m. The ICU manages 21 grant arrangements to the value of £804k (including Community Chest). It also manages 22 partnership agreements between the council and health agencies, and provides 7 contracts on behalf of SCCC.
5	Overall, this represents a significant reduction in the number of contracts managed since the ICU was formed, down from 169 in 2014/15 (a 41% reduction in the number of separate contracts). This has been as a result of reviewing and combining contracts or decommissioning. It also represents a 21% reduction in the available budget over the same period - from £43 million in 2014/15.
6	Framework agreements, including Home Care, are included in the total contract numbers, but the budget is managed separately as each individual package of care is commissioned.
7	Similarly, the ICU manages the terms under which the council accesses residential and nursing homes for adults both within the city and across the country. The number of separate arrangements are not included in the figures above due to their number (over 200 at any one time) and because again, each individual package of care is commissioned separately so the budget is not included as being managed by the ICU.
8	Also not included are access to residential care services for children. In 2018/19 Southampton managed a procurement process on behalf of a consortium of councils to achieve best value in placements. Again, each individual package of care is commissioned separately so the budget is not included as being managed by the ICU.
9	<p><b>Contract compliance</b></p> <p>In order to ensure contract compliance and best value, the ICU Contracts Team supports Commissioners with the undertaking of contract-related functions to ensure that:</p> <ul style="list-style-type: none"> <li>• Contracts are appropriately and optimally designed, such that service expectations are clearly defined and the benefits of services delivered can be evidenced.</li> <li>• Suppliers are at all times compliant with contract terms, and that non-compliance with respect to performance, quality, safety, and risk is appropriately managed.</li> <li>• The contracting authority remains at all times compliant with its own obligations with respect to contracts (i.e. payments, communications, expiry).</li> <li>• Services purchased through contract represent value for money.</li> </ul>
10	<p><b>'Major' SCC Contracts</b></p> <p><b>ICU management of contracts</b></p> <p><b>Audit assurance</b></p> <p>During 2018/19 the Internal Audit team reviewed the ICU's management of contracts. The audit covered:</p> <ul style="list-style-type: none"> <li>• Achievement of the organisations objectives</li> <li>• Compliance with Policies, Laws and Regulations</li> <li>• Effectiveness and efficiency of operations</li> </ul> <p>The audit confirmed that the ICU is managing its contracts appropriately and was able to provide full assurance to this effect. No exceptions were identified, and despite the range of contracts managed, the audit confirmed that the ICU's contract management processes represent low risk to the council.</p>
11	The audit report is included as Appendix Two to this report.
12	<b>Major SCC Contracts</b>

	<p>The ICU manages 51 block service contracts on behalf of SCC with a combined total value of £18m and an average value of £370k. Within this portfolio, there are six contracts which may be considered 'major' in financial terms in that their per annum value exceeds £1m:</p> <table border="1"> <thead> <tr> <th>Contract Title</th> <th>Service Provider</th> <th>Contract Start Date</th> <th>Current Expiry Date</th> <th>Maximum Expiry Date</th> <th>Total Annual value 2018/19</th> </tr> </thead> <tbody> <tr> <td>Nursing home for older people (Northlands)</td> <td>BUPA</td> <td>24/06/05</td> <td>23/06/30</td> <td>23/06/30</td> <td>£2.3 million</td> </tr> <tr> <td>Sexual Health services</td> <td>Solent NHS Trust</td> <td>01/04/17</td> <td>31/03/22</td> <td>31/03/24</td> <td>£2.2 million</td> </tr> <tr> <td>Alcohol Drugs and Substance Misuse Service</td> <td>Change Grow Live</td> <td>01/07/19</td> <td>30/06/24</td> <td>30/06/26</td> <td>£2.2 million</td> </tr> <tr> <td>Health and Care related equipment service</td> <td>Millbrook Healthcare</td> <td>01/07/13</td> <td>30/06/18</td> <td>30/06/20</td> <td>£1.6 million</td> </tr> <tr> <td>Nursing home for people with dementia (Oak Lodge)</td> <td>BUPA</td> <td>08/02/10</td> <td>07/02/35</td> <td>07/02/35</td> <td>£1.5 million</td> </tr> <tr> <td>Housing Related Support Service for Adults – Flexible Support</td> <td>Home Group Ltd</td> <td>01/07/17</td> <td>30/06/20</td> <td>30/06/22</td> <td>£1.5 million</td> </tr> </tbody> </table>	Contract Title	Service Provider	Contract Start Date	Current Expiry Date	Maximum Expiry Date	Total Annual value 2018/19	Nursing home for older people (Northlands)	BUPA	24/06/05	23/06/30	23/06/30	£2.3 million	Sexual Health services	Solent NHS Trust	01/04/17	31/03/22	31/03/24	£2.2 million	Alcohol Drugs and Substance Misuse Service	Change Grow Live	01/07/19	30/06/24	30/06/26	£2.2 million	Health and Care related equipment service	Millbrook Healthcare	01/07/13	30/06/18	30/06/20	£1.6 million	Nursing home for people with dementia (Oak Lodge)	BUPA	08/02/10	07/02/35	07/02/35	£1.5 million	Housing Related Support Service for Adults – Flexible Support	Home Group Ltd	01/07/17	30/06/20	30/06/22	£1.5 million
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<b>13</b>	<p><b>Residential Home for Older People (Northlands House) &amp; Nursing Home for People with Dementia (Oak Lodge) - BUPA</b></p> <p>These two contracts were commissioned as part of long-term arrangements. With both, the Council provided the land, BUPA built the nursing homes at their cost, and a long-term arrangement for providing care was established. This guarantees access to a specified volume of nursing care beds each week at a set price – 62 bedspaces at Northlands; 40 bedspaces at Oak Lodge. Both contracts contain provision for respite care, and give the council and Southampton residents first call on vacancies beyond the contracted levels.</p>																																										
<b>14</b>	<p>Both agreements last for 25 years, which secures a minimum level of supply in the local nursing care market. There is an associated Section 75 partnership agreement in place, through which SCCCCG pays SCC for the funded nursing care element of the service.</p>																																										
<b>15</b>	<p>The total weekly rates paid for each client in the BUPA homes, including the Funded Nursing Care (FNC) element (£165.56 pppw) – payment specifically for nursing staff, are:</p> <table border="1"> <thead> <tr> <th>Home</th> <th>Per Week - 2018/19</th> </tr> </thead> <tbody> <tr> <td>Northlands (long stay)</td> <td>£723.66</td> </tr> <tr> <td>Northlands (respite 1 bed)</td> <td>£843.85</td> </tr> <tr> <td>Oak Lodge (long stay)</td> <td>£721.91</td> </tr> <tr> <td>Oak Lodge (respite 2 beds)</td> <td>£812.28</td> </tr> </tbody> </table>	Home	Per Week - 2018/19	Northlands (long stay)	£723.66	Northlands (respite 1 bed)	£843.85	Oak Lodge (long stay)	£721.91	Oak Lodge (respite 2 beds)	£812.28																																
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<b>16</b>	<p>These rates compare favourably with those achievable in other nursing homes.</p>																																										
<b>17</b>	<p>The performance of these contracts is managed by the ICU through the monitoring of a series of key performance indicators (KPIs) including:</p> <ul style="list-style-type: none"> <li>• Occupancy and access levels</li> </ul>																																										

	<ul style="list-style-type: none"> <li>• Individual care plans in place and reviews undertaken</li> <li>• Client and quality indicators</li> <li>• Access to activities.</li> </ul>
18	These indicators focus on the key activity levels achieved within the homes. They provide key management information. In addition, the services are monitored against a range of quality indicators including hygiene inspection scores, medication errors, mortality rates, weight loss, acquired pressure ulcers, infections, accidents and incidents, as well as productivity measures (i.e. staffing numbers and turnover). The services are meeting objectives.
19	Access to both services is managed through the ICU's Placement Service. This enables access to available beds ensuring the block contracts are managed effectively, including minimising vacancies.
20	There are break clauses within both contracts, but unless the termination is the result of substantial default by BUPA there are significant financial penalties that would fall to the Council to cover BUPA's loss of operating profit. In the current financial year, the penalties are £7.6 million in respect of Northlands House and £6.1 million in respect of Oak Lodge.
21	<p><b>Sexual Health Services - Solent NHS Trust</b></p> <p>The council has a mandate to commission confidential, open access reproductive and sexual health services for its residents that provides contraception testing and treatment for a range of sexually transmitted infections, and also gives access to a range of contraceptive options.</p>
22	The service is commissioned through close working between the Public Health team and the ICU, which allows the service to deliver a fully Integrated Sexual Health service that also includes CCG commissioned reproductive health services (vasectomies and terminations of pregnancy). This integrated model helps the city ensure that local residents have timely access to the high quality services to improve and manage their sexual and reproductive health.
23	This service is currently delivered by Solent NHS Trust, to a common specification across Southampton, Portsmouth and Hampshire.
24	It provides the following Local Authority commissioned services: Advice and information on all sexual health issues, screening and treatment of sexually transmitted infections, comprehensive contraception access including Long Acting Reversible Contraception (LARC) methods, condom distribution, HIV testing and follow-up care, emergency contraception, pregnancy testing, help and advice on unplanned pregnancy, safer sex advice, psychosexual counselling, Hepatitis B screening and vaccination, and sexual health promotion, HIV prevention and outreach to vulnerable groups.
25	<p>The contract sets clear targets in a range of areas, including:</p> <ul style="list-style-type: none"> <li>• Access to services and response times</li> <li>• Access to and take up of LARC</li> <li>• Access to support and services to manage sexually transmitted diseases, including screening</li> <li>• Chlamydia screening and partner notification</li> <li>• Sexual health promotion and outreach to vulnerable groups, including young people, men who have sex with men (MSM), BAME and people living with HIV</li> <li>• Targeted behaviour change and making every contact count around smoking, substance misuse etc.</li> <li>• Network and clinical leadership</li> <li>• Access to psychosexual health counselling</li> <li>• Service user feedback on the quality of the services.</li> </ul>

26	Contract monitoring is undertaken jointly via returns and quarterly contract review meetings with all three Local Authorities and Hampshire, Southampton and Portsmouth CCGs. The service meets the service criteria and performs well both clinically and in innovation. There is an unresolved issue with the provider over 2017/18 service activity payments and pressures over activity levels to meet the needs of Southampton residents within agreed budgets. This is further complicated by a growing population and annual 2% efficiency savings in the contract.
27	The contract can be terminated by providing a minimum of 12 months written notice, provided by either party. This is in addition to the default clauses regarding non-performance. Recommissioning would take a full 12 months, with six months required to mobilise a new service.
28	<p><b>Alcohol Drugs and Substance Misuse Service – Lot 1 (Adult 25 years and over): Change Grow Live</b></p> <p>This contract provides both medical and psychosocial services for people with substance use disorders. The service also works co-operatively with the Young Peoples substance use disorder service (YP SUDS) in order to provide clinical treatment for the 11-24 year age group including pharmacological interventions, health screening and blood borne virus screening and interventions. The contract includes a sub-contracting arrangement with YP SUDS to deliver a Transition worker to facilitate safe and effective transfer from YP SUDS to Adult SUDS for people reaching their 25<sup>th</sup> birthday.</p>
29	The service is a key element of public health work, with harm reduction as the principle aim and recovery as a desirable and achievable outcome. As such, the aim of the service is to reduce the harms of drugs and alcohol experienced by people who use drugs, their families, communities and the city.
30	<p>Payment is made on a block basis for the complete service, with a reconciliation process in place on an annual basis, should performance levels fall below those specified. The Key Performance Indicators for the service reflect the National Framework for Drug and Alcohol Treatment services and Local Priorities. They include although are not limited to:</p> <ul style="list-style-type: none"> <li>• Numbers receiving brief intervention and outreach support as well as substance misuse education sessions.</li> <li>• Time limits for initial and comprehensive assessments as well as the reviewing of support plans.</li> <li>• People completing Hepatitis B vaccines and numbers who have an HCV test recorded.</li> <li>• Number of people completing treatments successfully.</li> </ul>
31	<p>In addition to the above, there is also a range of management information gathered to ensure that the service is running effectively and provide a full picture of the service and its effectiveness. This includes, but is not limited to:</p> <ul style="list-style-type: none"> <li>• Numbers who visit the needle syringe programme.</li> <li>• Numbers who enter structured as well as unstructured treatment.</li> <li>• Numbers trained in overdose recognition.</li> </ul>
32	The contract can be terminated by providing a minimum of six months written notice, provided by either party. This is in addition to the default clauses pertaining to non-performance.
33	The contract has been recently recommissioned and is in its first quarter. Change Grow Live are currently refurbishing a new premises in London Road for service users.
34	<p><b>Housing Related Support Service for Adults – Flexible Support</b></p> <p>In 2017, all housing related support services in the city were reconfigured and let following a tendering process. The largest of these new services offers short-term (up to a maximum of two years), flexible support to individuals in the city who are vulnerable due to homelessness, mental health issues, learning disability issues and other reasons. The ICU</p>

	secured substantial savings (over £500K per annum) through a tender process after combining a number of different services into this one city-wide contract.
35	The service offers person-centred support planning and links individuals with support networks in the community. These will enable them to sustain new lifestyles and positive patterns of behaviour for the future. The role includes prevention of homelessness through crisis intervention, mediation support to enable individuals to return home, and the sustainment of tenancies on a broader level. The service supports individuals being resettled from prison, hospital (including institutions), residential care and supported living. It underpins and supports the work of care agencies, drug and alcohol services, probation, police and other services in providing a comprehensive support system, and coordinates the housing related support pathway, acting as a gateway to other services.
36	Although not statutory services, this contract (and others supporting vulnerable people) underpin the statutory services the council has to provide. Without this service, accommodation support to homeless people would effectively cease, with a resulting significant rise in street homelessness.
37	Payment is made on a block basis. The service provides 2,000 hours of support in the city each week. The Performance Indicators for the service include: <ul style="list-style-type: none"> <li>• Utilisation rates</li> <li>• The rate of positive planned moves achieved</li> <li>• Rates of individuals supported into training, employment and volunteering</li> <li>• Rates of positive changed behaviours</li> </ul>
38	The service is performing well against these indicators. The contract can be terminated with three months' notice or through default clauses.
39	<b>Health and Care Related Joint Equipment Service</b> This current service has been in place since July 2013. It has operated on a five-year contract, with extension of a further two years, which has been utilised. The contract is managed jointly with Portsmouth City Council and the CCGs in both cities. This has saved all organisations procurement resources, and ensures a consistent service across both areas. The service has been reviewed in full and a new tender process has commenced to provide a new service from July 2020 when the current contract ends.
40	Equipment can range from small items to help someone be steady on their feet, to beds and chairs to keep an individual safe at home and to reduce the risk of falls or pressure sores etc. The current contract has provided for significant improvements in service delivery, including: a new equipment store; on-line ordering; set times and standards for delivery; significantly lower costs for items of equipment; re-use and recycling of equipment; and greater access for the public to enable them to meet their own needs.
41	The service is monitored on a day-to-day basis, but also through a range of indicators to show performance, including: <ul style="list-style-type: none"> <li>• Equipment delivery and collection timescales</li> <li>• Service Users and prescribers reporting their experience of the service</li> <li>• Levels requiring the recycling and reusing equipment.</li> </ul>
42	In addition, the service provides a full range of management information on use; equipment provided to different teams in the city; financial impacts. These help to provide data on the service and its impact on. This enables commissioners to assess the service and to agree areas for further development and focus.
43	Payment includes fixed costs (for the building and warehouse from which the service is managed) and separate monthly costs associated directly with the equipment provided and delivery times met. The costs therefore, fluctuate each month in response to requirements. There is a Section 75 partnership arrangement in place, with the SCCCG contributing 49% of the total cost, to cover health equipment. This arrangement will continue with the new contract.

44	The current service meets statutory requirements for the provision of equipment to help meet needs. It underpins efforts to provide cost-effective alternatives to direct, hands-on care provision and help people to remain independent. The complexity and numbers accessing the service means it requires close management, and the ICU has dedicated resources to ensure this is in place. The service overall is high-performing in terms of meeting demand, meeting timescale requirements, cost-effectiveness and recycling of equipment.
45	<b>Performance Management</b> ICU contracted services require at least quarterly performance monitoring as standard. A monitoring format is utilised by new contracts to enable greater consistency in reporting and managing outcomes.
46	<b>Governance</b> All contracts managed by the ICU feed into the ICU's Performance Dashboard and associated KPI's, which are reported to the Joint Commissioning Board on a regular basis.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
47	There are no specific resource implications relating to this paper.
<b><u>Property/Other</u></b>	
48	There are no property issues resulting from this paper.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
49	Each contract is provided for and managed by its own reference to legal powers enabling the council to undertake such contracting.  All contracts identified above are monitored to ensure compliance with terms and conditions and to ensure service delivery against expectations. The contracts have defined financial values, and the contracts have all been drafted and agreed in cooperation with Legal Services.
<b><u>Other Legal Implications:</u></b>	
50	None
<b>RISK MANAGEMENT IMPLICATIONS</b>	
51	None. As described the ICU manages contracts and provides assurance to the council.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
52	The management and delivery of contracts are in accordance with the Council's Policy Framework Plans. Individual contracts are managed under different headings. All contracts comply with the council's Contract Procedure Rules.
<b>KEY DECISION?</b>	<b>Yes/No</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	List of ICU contracts managed on behalf of the council

2.	Internal Audit report on the ICU 2018/19
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**Documents In Members' Rooms**

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2.	
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**Equality Impact Assessment**

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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**Data Protection Impact Assessment**

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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**Other Background Documents**

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1. None	