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| T2 2022/23 Sustainable APMS GP Procurements for NHS Cambridgeshire and Peterborough CCG |
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Clinical Business Case

Please note; this document must not contain embedded documents or appendices, only attachments and is limited to 20 pages

Revision History

| Revision Date | Previous Revision Date | Summary of Changes | Changes Marked |
|---------------|------------------------|-------------------------|----------------|
| 30/03/2022 | N/A | Initial Draft Completed | V0.1 |
| 13/04/2022 | | Final draft | V0.2 |
| 14/04/2022 | | Final | V1 |

Approvals

This document has been approved by

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| Cambridgeshire & Peterborough CCG - Primary Care Commissioning Committee Members | | May 22 PCCC for information |
| David Parke | Associate Director of Primary Care | 14/04/2022 |
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Please note that the Arden & GEM Procurement Team need a minimum of ten working days to complete a Review and Recommendation Report. Therefore, please ensure that any Business Cases are sent to the above mailbox at least ten days prior to the CEG/Panel submission date.

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Clinical Business Case for the Procurement of Two (2) APMS GP Services in NHS Cambridgeshire and Peterborough CCG

Executive Summary

There are 3 time-limited APMS GP contracts in Cambridge and Peterborough that are due to expire on 31 December 2022 with no option to extend.

The practices deliver primary medical services to a combined registered actual patient population of 15,607 (as at 1 January 2022). There is no scope remaining within the current contracts to extend provision further within the original contract terms or within the parameters of Public Procurement Regulations 2015 (as amended) without risk of challenge. All contracts were the result of caretaking arrangements following the termination of the GMS contracts by the contract holders.

Commissioners have determined that there is a need for services to remain at the existing sites and therefore in order to ensure that there is no interruption to patients continuity of care and access requirements, it is proposed that a procurement is commenced to enable the mobilisation of a new provider from 01 January 2023.

The three contracts expiring are:

- D81042 – Waterbeach Surgery
- D81602 – Cottenham Surgery
- E82132 – Roysia Surgery

It has been proposed that APMS contracts are procured due to the time limited nature of them and flexibilities that they permit in terms of bidding audience e.g whole of the market and the ability to agree the reporting schedules enabling KPIs that support delivering the Long-term Plan and facilitating and enabling the development of “at scale” provision through the PCN model of delivery.

In line with the "NHS Cambridgeshire and Peterborough sustainable APMS Procurement Policy" the system has committed to a standard contract term to allow for delivery at scale and innovation by offering longer term arrangements. The System will use the pricing model detailed within the policy which has been approved by Primary Care Commissioning Committee (PCCC).

Feedback from 6 provider responses, following market engagement in March 2022 stated that smaller contracts (those under 5,000 weighted patients) are likely to be less sustainable and some providers will not bid for contracts of this size. With this in mind and given the proximity of Cottenham to Waterbeach an options appraisal was approved by PCCC in April 2022 to include Cottenham as a branch of the Waterbeach site. **This combining of contracts means that the intention is to bring two (2) APMS contracts to market.**

Waterbeach is an area of significant identified population growth and there is a planned minimum expected population increase over the contract duration. There is a plan in place with the developer for a temporary and then long term estate solution for the surgery. Population growth information is to be included within the ITT and the successful provider will be expected to engage with the system to ensure the smooth transition to these premises.

Waterbeach & Cottenham Surgeries and Roysia Surgery are referred to as Tranche 2 2022/23 with a current combined annual contract value of £1.7 million and a projected combined contact value for the initial term of £12million (total contract value including extension option(s) £17million).

Identified efficiency savings of £2.9 million over the lifecycle of the proposed contracts (inclusive of the proposed extension clauses subject to satisfactory achievement and commissioner appraisal of market conditions) have the potential to be made.

These savings have been borne out of a shift from short term contracts and frequent procurements. A longer more stable contract term, of 7 years plus a 3-year option to extend, offers better value for money and increased stability for providers and patients.

This stability has a number of significant non-financial benefits including:

- Ability to retain staff for longer, recruit more easily and attract higher quality staff
- Allows for better service planning and service transformation
- Better care and improved outcomes for patients
- Ability to invest in infrastructure, premises and equipment knowing the benefit of the investment will be realised within their contract term
- Ability to fully engage with the local area, PCN and other stakeholders, through partnership working
- More opportunity to innovate and improve quality

“NHS Cambridgeshire and Peterborough sustainable APMS Procurement Policy” which has been developed to support sustainable primary care system in line the strategic direction of the CCG and the long-term plan, supporting innovation, collaboration as well as providing best value and quality for patients.

This is the second round of procurement under the policy, which sets out key principles that provide planned and consistent approach to GP Primary Care services procurement in Cambridgeshire and Peterborough. By consistently offering a longer (more sustainable) contract term it encourages interest in the market and provides best value and high-quality care for patients. This approach helps to reduce unintended inequalities in provision and for patients.

It includes 5 key principles:

1. Standard Contract term – 7 years + 3 years
2. Combining and Aligning Contracts for “Economies of scale”
3. Market Engagement and Bidder Management
4. Consistent Pricing Structure (using template)
5. Consistent KPI Outcomes – 10% Performance element

The APMS form of contract will be used for the procurements as, unlike PMS and GMS, it is open to the whole market. This allows for greater competition and a larger bidder pool, which in turn foster quality service provision.

The commissioning decisions for each contract has been subject to the appropriate local and national governance arrangements, including evidence-based decisions to procure by the PCCC and approval of the Sustainable APMS Policy which includes financial pricing template. As well as submission of this Business Case to NHS England & Improvement’s Commercial Executive Group for approval. The PCCC will also be required to ratify the outcomes, giving approval to award the contracts.

NHS Cambridgeshire & Peterborough CCG and NHS England & NHS Improvement – East of England (the Commissioner) is asking CEG to approve the procurement of two (2) time limited APMS contracts. The proposal is for an initial term of 7 years with the inclusion of an extension clause for a further three (3) years subject to satisfactory provider performance and a commissioner appraisal of market need (total contract duration of 10 years each).

Hence, NHS Cambridgeshire and Peterborough CCG requests the approval of CEG to let the above contracts for 7 years with the option to extend for a further 3 years at the discretion of the commissioner.

1. Purpose

The Purpose of this Business Case is to;

- Set out and explain the requirement to address contractual arrangements for 3 expiring GP contracts in the CCG
- Proposal to combine expiring contracts and re-procure 2 contracts over 3 sites using an APMS form of contract
- Describe the proposed model of procuring these contracts in line with the principles set out in the C&P Sustainable APMS Procurement Policy
- Request approval to award a 7-year contract with the option to extend for a further 3 years
- Request financial approval to procure the proposed contracts

2. Background

This Business case is for two (2) APMS GP Services contracts, which combine three (3) current contracts all due to expire on 31 December 2022 in Cambridgeshire and Peterborough CCG area. The practices serve the GP Primary care needs of a combined registered patient population of 15,607 and it is incumbent upon CCG and NHS England & Improvement commissioners to secure continuing service provision for these patients.

In March and April 2022 options appraisals for each of the expiring APMS contracts were presented to the Primary Care Commissioning Committee for their decision and approval. The Committee approved combining of Waterbeach and Cottenham Contracts to form one (1) APMS contract for procurement and also the re-procurement of Roysia Surgery APMS Contract.

2.1 Waterbeach (D81042) and Cottenham (D81606) Surgery

Waterbeach (approx. pop. 5500) and Cottenham (approx. pop.6600) are villages north of Cambridge within South Cambridgeshire District Council and are both members of Cambridge North Villages PCN.

2.1.1 Cottenham Surgery

Cottenham is 4 miles from Waterbeach and around 5 miles north of Cambridge. The village is served by Cottenham Surgery and the branch of another GP Practice based in Histon (3.5 miles away) and minimal other coverage by two other practices in surrounding villages. The practice building is a converted Georgian house leased from a private landlord.

200 new homes are currently under construction in the village and a proposal for a further 147 was rejected by the district council last year.

The surgery was previously held as a GMS contract by an individual medical practitioner, the GMS contract was terminated at request of the contract holder in September 2021. PCCC agreed a 5 month APMS caretaker for the services to enable exploration of a longer term solution, the contract has subsequently been extended to 31 December 2022 which is the extent of the extensions available. This enables it to align with other APMS contracts expiry dates including Waterbeach.

The practice has 3840 registered patients (3650.01 weighted patients) as at 1 January 2022. The practice has seen very little fluctuation in their list size, which has not grown year on year since NHS England formed in 2013.

Previous investigations prior to the termination of the GMS contract indicated there was not sufficient capacity in surrounding practices to safely disperse the patient list.

2.1.2 Waterbeach Surgery

Waterbeach has an estimated population of 5,588 (2020) and is around 4 miles north of Cambridge. The village was previously home to a Ministry of Defence Site, “Waterbeach Barracks” which is now an area of large-scale development.

The surgery boundary area is covered in the south by other GP Practices, however the area in the north which includes Waterbeach village and the areas of planned growth there is no coverage by any other practice. The current practice premises is a purpose-built GP surgery leased from a Private landlord.

Waterbeach Surgery has an actual patient list of 5,616 patients and a weighted list of 5,981.44 as at 1 January 2022. The site has seen significant growth over the last 5 years, over 15.5% since October 2016; and further sustained growth is expected to as the Waterbeach barracks development expands.

Waterbeach is identified as one of the CCGs strategic growth sites as a result of the Waterbeach barracks development. The former Ministry of Defence site is area of defined growth north of and adjoining Waterbeach village. In September 2019 outline planning was approved for 6,500 homes and in December the same year the design code for the first 1,600 homes on site was approved, this will make up Phase 1 of the development. It is currently estimated the development will take around 20 years to complete. 6,500 homes will see a population of approx. 15,000 additional residents by its completion. The area the development covers is only within Waterbeach Surgery boundary.

There are plans within the development for a new Health centre, the timeline for this is around 7 years (approx. 2027). There are concerns about the capacity of the current surgery to cope with the increase in demand as the development grows and the CCG Estates team are working with the developer to ensure a temporary interim solution is available to ensure sufficient capacity prior to completion of the new surgery.

The surgery was previously a GMS contract held by an individual medical practitioner. Following CQC inspection in November 2019, CQC suspended registration of the contractor and a sub-contracting arrangement was put in place to support improvement at the practice. CQC reinstated registration of the provider with conditions in April 2020 and an MOU with another GP Primary provider was agreed to provide the governance assurance required by CQC. Following a further inspection in October 2020 CQC did not remove conditions and the contract holder chose to terminate their contract with effect from 30 November 2020.

A Caretaking procurement process was carried out and a contract was award for a period of 12 months. This was subsequently extended by 13 months to expire on 31 December 2022 to align with other APMS contracts.

2.1.3 Waterbeach and Cottenham Options Appraisals

All extension clauses in these agreements have been utilised. Options considered for Waterbeach and Cottenham included (feasibility of options included in background information):

- 1) Do Nothing – *not feasible*
- 2) Extend the contract with the current provider – *not feasible*
- 3) Dispersal of the registered patient list – *not feasible*
- 4) Procure Shorter APMS Contract – *feasible*
- 5) Procure Longer APMS contract for CCG standard Contract term (7 years + 3 years) – *feasible*

PCCC approved option 5 for Waterbeach at March 2022 PCCC, however no decision was agreed regarding Cottenham. Given the proximity of Cottenham to Waterbeach and its small list size made it feasible to consider combining these contracts, this would have the benefit of maintaining the service, reducing overheads and the planned new build premises at Waterbeach offers capacity for the longer term. Smaller contracts have reported difficulties recruiting GPs and recent market

engagement indicates these contracts are not attractive to the market due particularly to overheads. Further discussion and review of information and evidence led to the addition of option 6 which was presented to PCCC at the April 2022 meeting:

- 6) Combine contracts and Procure one (1) APMS Contract for CCG Standard term (7 years + 3 Years) – *feasible, preferred option*

In April 2022, PCCC reviewed the revised options appraisal and approved the procurement of these two contracts together as one (1) new APMS contract: Waterbeach as the main site with Cottenham as its branch.

2.2. Roysia Surgery (E82132)

Roysia Surgery located in the market town of Royston (pop. 17,000) and is a member of Meridian PCN. Whilst Royston is located within Hertfordshire County Council upper tier authority and North Hertfordshire District Council area it forms part of the Cambridgeshire and Peterborough system.

There are two other practices serving the town, one of which is a branch of a large multi-site contract, and a third in a nearby large village which covers part of the area.

The practice boundary is large and not only covers the whole of the town but also many villages to the north. Its boundary is similar in size and area to the neighbouring practice, whilst the other two practices only cover part of the town. The practice premises is a purpose-built surgery leased from a private landlord.

Roysia Surgery has an actual patient list of 6,100 patients and a weighted list of 5660.89 as at 1 January 2022. There has been significant growth in the town over the past 5 years, with new developments continuing to be built on the edges of the town bounded by the A505 including over 600 homes at two developments and outline planning has been submitted for a further 300-400 homes at another site. With a list size of over 6,000 patients this represents more than 50% of the current list size at the other main practice in the town and over 75% of the list size in the neighbouring village. Dispersal of this number of patients in an area of growth has the potential to limit capacity and put pressure on surrounding practices.

Roysia Surgery was formerly a GMS contract held by a partnership. The Partnership terminated their GMS contract with effect from 31 December 2020, following an unsuccessful attempt to merge with a nearby practice. The partnership had experienced several issues including ill health and bereavement over recent years, along with other pressures meant they felt unable to carry on with their contract. Following notice to terminate from the partners a quick turnaround caretaking procurement process was carried out and a 12-month APMS contract was awarded from 1 January 2021. This contract was subsequently extended by 12 months to align with other APMS Contracts and allow sufficient time to complete a full procurement process.

All extension clauses in this agreement have been utilised. Options considered by PCCC for Roysia surgery included:

- 1) Do Nothing – *not feasible*
- 2) Extend the contract with the current provider – *not feasible*
- 3) Dispersal of the registered patient list – *not feasible*
- 4) Procure Shorter APMS Contract – *feasible*
- 5) Procure Longer APMS contract for CCG standard Contract term (7 years + 3 years) – *feasible, preferred option*

In April 2022 PCCC reviewed the options appraisal and approved option 5, procurement of this contract for the longer term, the committee believes that this offered the best option for capacity in the local system.

2.4 C&P Sustainable Procurement Policy

In September 2020, following Market engagement and financial testing, PCCC approved the C&P Sustainable Procurement policy. The first tranche of APMS contracts procured under this policy mobilised in October 2021.

The policy, copy attached, adopts a vision for GP Primary Care Services commissioning of a consistent approach, and agreed principles it enables best value use of resource to run procurements and an evidenced based value for contract pricing.

Whilst there is a slightly greater resource required upfront the longer-term gains for the system are significant. A reduction in resource required for repeat short term procurements and a reduction in the risk of limited or no interest in the market which puts at risk the availability of quality primary care provision for patients.

- a) Cambridgeshire and Peterborough system currently has ten (10) APMS contracts (including a SAS contract which is not covered by this policy);
- b) Prior to tranche 1 in 2020/21, Cambridgeshire and Peterborough system did not have a policy or standard approach to APMS procurement. Nor was there a process ongoing to align them more with GMS and PMS Contracts in the area;
- c) There is significant growth planned in the area over the next 15 years and it is possible that new town/village developments may require additional GP Primary Care services which may result in further procurements;
- d) Recent primary care quality issues have raised concerns about the sustainability of primary care
- e) APMS model can be costly if applied in the short-term making it difficult for providers to be part of the local system, invest and to recruit staff
- f) The CCG wants to encourage investment and innovation in primary care to ensure improved quality and outcomes for patients
- g) By Agreeing the Policy it establishes principles including but not limited to:
 - i. Set out the consistent approach C&P will take to all procurements
 - ii. Align contracts where possible to gain benefit from procuring multiple contracts at the same time
 - iii. Utilise the APMS form of contract which unlike PMS and GMS, is open to the whole market, allowing for greater competition, a larger bidder pool, which in turn fosters quality service provision;
 - iv. Applies a standard contract length of 7 years + 3 years which has been evidenced following market engagement to determine best value for the system balanced with provider interest;
 - v. Agree standard C&P APMS Specification and Key Performance Indicators (KPIs) linked to outcomes relevant to the CCG long term plan and strategic direction
 - vi. Agree a set pricing structure for financials (included in the Policy at Appendix 2);
 - vii. Encourage and stimulate the market, by carrying out Market Engagement and Bidder education sessions for providers unused to the tender process
 - viii. In the longer term, where possible, agree to utilise and promote sign up to the Pseudodynamic purchasing system (PDPS) particularly for caretaking arrangements

The policy has 5 key principles, recently tested with the market:

1. Standard Contract term – 7 years + 3 years
2. Combining and Aligning Contracts for “Economies of scale”

3. Market Engagement and Bidder Management
4. Consistent Pricing Structure (using template)
5. Consistent KPI Outcomes – 10% Performance element (which includes social value indicators)

3. Project Overview

3.1 Objectives/Outcomes

In line with the Sustainable Procurement policy, the key objectives of Tranche 2 2022/23 APMS Procurements for C&P CCG are:

- To ensure that those, 15,607 patients that are registered with the 3 APMS GP contracts expiring at the end of December 2022 continue to receive primary medical services
- To ensure that patients voices are heard and their needs considered in the procurement process
- To deliver quality and value for money across APMS contracts within C&P, by aligning the offer toward GMS and PMS contractors and offering a standard 7 + 3 year contract term
- To undertake the procurements efficiently and effectively, by aligning the 3 contracts to be procured together (in 2 separate lots) utilising available skills and resources as well as providing more incentive for providers to bid
- To ensure the successful bidders are integrated into their systems including membership of an appropriate PCN
- To ensure the newly procured services mobilise and commence on 1 January 2023

3.2 Scope of the Project

The scope of the project is to procure longer term, sustainable APMS Contracts for 3 sites in Cambridgeshire and Peterborough CCG area. Benefits of aligning contracts and procuring together include significant economies of scale in the effective and efficient use of staffing and resource, as well as committee and procurement support time. Alignment also improves the offer to providers, by bringing multiple lots to the market together to improve interest and increased likelihood of a successful outcome. This has been confirmed by market engagement and provider feedback.

C&P PCCC reviewed and approved commissioning decisions and the development of the Sustainable procurement policy. Any conflicts of interest are managed by the Director of governance who is a voting member of the committee, no conflicts of interest have been raised as part of this process. All attendees at PCCC declare any conflicts of interest and these are refresh, any individuals involved in the procurement process are also required to sign and declare any potential conflicts of interest, a process that is managed by NECS on the commissioner's behalf.

It is envisaged that TUPE will apply at all 3 sites, as services will continue in the same form and staff are employed by the current providers.

3.3 Deliverables

The key deliverables which are required from the successful conclusion of this Tranche 2 2022/23 APMS Procurement are:

- Provision of two (2) APMS Contracts for Primary medical services serving approximately 15,500 registered patients in and around Waterbeach, Cottenham and Royston
- An enhancement of quality standards through the identification and selection of the most capable providers

- Improved consistency by the implementation of a standard service specification, financial pricing and performance management
- Efficiency in the commissioning and procurement processes
- Fair and transparent procurement process in line with the Public Contract regulations 2015, to ensure the best value for money.

3.4 Market Assessment

Prior to the introduction of the sustainable APMS Procurement Policy in 2020, procurements had not received a great deal of interest in the system with at most 1 or 2 bids. In 2019 work was commenced on a more sustainable approach to APMS procurements in the Cambridgeshire and Peterborough system.

It was clear that whilst there were obvious benefits to commissioners and patients, this approach needed to be tested with the market. A key principle of the sustainable procurement policy is market engagement and bidder education.

3.4.1 Market Engagement 2020

A Teams live online market engagement event was held in August 2020, this event was publicised on EU supply and Contract Finder websites as well as through the regional Primary Care gateway and CCG communication channels. This event included

The Online event, which was recorded and available to watch again, included;

- An overview of C&P CCG area
- Information on the draft sustainable procurement policy and on the Tranche 1 contracts likely to be tendered
- An overview of the procurement process with tips for submitting your bid
- Question and Answer Session - panel members answered questions sent in through the Q&A chat function (all questions were added to the published FAQ)

The 2020 Online Market Engagement Event was very positive with 18 expressions of Interest, 17 responses to the pre event questionnaire and 23 attendees logged into the live event for the duration. This showed strong interest from the market.

17 Potential bidders completed a questionnaire prior to the event and these responses showed that overwhelmingly bidders preferred a longer contract (of at least 5 years initial term (minimum secure term, not including contract extension clauses) and where possible a longer initial term of up to 10years. They also stated that a price per weighted patient of closer to GMS, and therefore better value, was likely to be acceptable if the contract term were longer.

When asked about their preferred contract term (see a) above), they were also asked if they would be able to offer more value for money if the term were longer. These were narrative responses, but it was very clear that a longer term would enable better value for money due to the ability to invest in and offer stability to the service, staff, patients and other asset costs that can be offset over a longer period.

Overwhelmingly, the comments from providers were about improvements in the service they can offer for patients, better care and improved outcomes.

The C&P Sustainable procurement policy was approved by PCCC in 2020 prior to the commencement of Tranche 1. The Tranche 1 (T1) procurement, which followed the new policy, was advertised to the market in March 2021 and received 35 Expressions of Interests, 10 ITT submissions with a total of 16 bids for the (3) three lots offered. Successful Bidders took up the awarded contracts and commenced delivery on 1 November 2021.

3.4.2 Market Engagement 2022

We have recently rerun the market engagement exercise for this Tranche 2 project and to ensure that our contract term and pricing remains relevant to the market. The event was held online on Wednesday 30 March 2022, via Teams Webcast. The event was advertised via contract finder, Find a tender and local channels.

20 attendees logged in during the session from a least 13 different organisations. The event was structured in the same way as the previous event with information on the system, potential tranche 2 contracts and bidder education provided by NECS.

Potential bidders were asked to complete a questionnaire, six (6) responses were received. The questions were based around contract length preference, potential challenges to smaller contracts

A brief summary of the key responses follows:

Do you consider a 7 year contract with an option to extend by 3 years a viable contract length for your organisation? 100%, yes all bidders felt this was a viable terms.

Respondents were asked to advise the benefits of a longer term contract. The response included:

- A longer term contract provides stability to the provider enabling investments and payback.
- Longer term contact would support engagement and integration with other partners such as community services, voluntary sector etc
- Longer contracts allow a longer period for depreciation and amortisation of costs
- It provides the ability to develop long term solutions to patient's needs including the integration of primary care with the evolving Integrated Care System and the ability to work at place and to provide continuity of employment for practice staff
- To build long term sustainable relationships with the company and address the patient's needs

Please advise, if all 3 contracts are offered to the market, which of those listed you would find most attractive? And would you be more attracted to a single lot procurement (1 contract) or multiple lots (where we put 2 or more contracts out for tender at the same time)? 50% (3) of providers stated a preference for Waterbeach, 1 for Cottenham and 2 stated no preference. No overall consensus on lot structure.

Respondents were asked to share their thoughts on their preferences:

- Preference stated by one provider for one single lot to better apply AskmyGP model of delivery
- Another mentioned the proximity of Waterbeach and Cottenham which could enable sharing of functions to improve efficiency and delivery
- Note that contracts of over 5,000 patients are feasible whilst those under 5,000 can be difficult due to economies of scale
- "A larger list size enables us to deliver with more efficiencies and also enables us to be more innovative and offer a wider range of services to patients, particularly around wellbeing."

...what would you consider a viable PPWP for each contract listed for a 7 year contract term with the option to extend by 3 years? A variety of responses included:

50% (3) of the respondents stated a value of at or close to £110

1 provider stated £129 reducing to Global sum (£99.70) in 6/12 months

1 provider stated £155

1 provider did not state a price

One respondent did state that the Cottenham and Roysia contracts would require additional premium due to their relative list sizes.

There is a performance component to each APMS Contract which is set at a 10% contract value, does this make the contract(s) more or less attractive to you? 50% said less attractive, 50% stated more attractive.

Respondents were asked to share their reasonings:

- Key Performance Indicators and similar target driven outcomes are a core part of primary care delivery, the delivery of services against targets is very familiar to us and something we would embrace. Any improvement against targets can only be beneficial to patient care
- This is quite standard although 10% could cause cashflow issues for smaller organisations
- We do not think these should be aligned to contract payments, particularly in this instance, due to the challenges of running small practice and the potential cost of managing an increasing patient list and relocation
- Performance targets can help focus local management teams and the wider support team to ensure that all aspects of service delivery are a primary focus
- More attractive if on top of Global Sum, less if part of global sum. Primary care services are increasingly financially challenging to deliver. How would this fit with other national outcome/performance measures such as QOF?

One respondent specifically referenced one of the contracts within this tranche:

- Currently the Waterbeach Practice requires improvement and had previous interim care taking. Therefore, the base line compliance will be lower, making it harder to achieve upper performance in short term. If a performance recovery trajectory is over a longer period than a year this would mitigate the problem

The market feedback also included responses on the Social Value themes where contractors described whether they believed the theme was applicable to the contract and described what action they do or would take to support the theme.

This refresh event indicates that there is interest from the market for contracts where they are over 5,000 weighted patients and confirms the decision to combine Waterbeach and Cottenham as one lot. With a list size of over 6,000 Roysia should remain feasible and attractive to bidders.

It is clear the market continues to prefer longer contract terms for security, stability and the ability to embed and deliver to patients.

The APMS pricing structure also continues to remain relevant with half of the respondents stating a price close to the calculated prices for these contracts, as with the performance element.

3.5 Key Assumptions and Dependencies

The commencement of Tranche 2 procurement is required in sufficient time to enable completion for the mobilisation of providers to commence delivery upon the expiry of the existing contracts. Hence the new contracts will need to commence on 1 January 2023. The contracts are not interdependent, if one of the lots cannot be awarded this can be dealt with individually.

There are no specific patient engagement events planned as there is no change to service delivery. Patients will be kept informed during the process and patient representation will be invited to take part in the evaluation.

Key Assumptions are that;

- Services will be delivered from current sites and the successful providers will take on the existing lease/tenancy arrangements, information on which will be included in the ITT
- TUPE will apply at all 3 sites, information is currently being collated from existing providers for this process
- The holders of the new contracts will join the existing PCN arrangements that are currently in place

C&P PCCC have already approved the decision to procure in each case, they will sign off the decision to award.

3.5 Risk Assessment Analysis

When considering the risk assessment for this project, due regard has been given to the NHS England Risk Assessment Management Process and guide. Key risks are recorded and managed on the project risk register. Key risks are:

3.5.1 Continuity of Care – High Risk

There are three (3) existing GP contracts that are due to expire 31 December 2022. Procuring such contracts within the required timeframe mitigates the attendant risk to primary medical services and continuity of care for in the region of 15,500 patients.

3.5.2 Quality/Service Improvement – Low risk

Should the contracts not be re-procured there is a risk that improvements in quality will not be realised.

3.5.3 Bidder Pool – High Risk

If the price and contract package is not right, we have an increased risk of a limited or non-existent bidder pool for some or all the lots within this procurement.

This is being mitigated by;

- **Contract price** offered is calculated using a consistent agreed pricing structure from the sustainable procurement policy, which followed market engagement feedback. This structure is based on GMS global sum with the addition of;
 - Weighting factor adjustment/atypical adjustment, where the weighting factor is under 0.9 as this is the level that is most often associated with funding levels that begin to become unsustainable; and
 - Short term risk factor to allow for additional investment required to initiate and run a time limited contract;
- **Standard contract term** 7-years + 3-years, which based on market engagement and bidder feedback we know a longer initial term is more attractive to the market

3.5.4 Financial – Medium risk

There is a risk that value for money is not achieved through the procurement process, where bidders focus on lowest bid rather than quality and best value service delivery for patients or where a limited bidder pool that does not offer sufficient competition to encourage a fair price for delivery. Further risks to finances are increased procurement costs from rerunning of procurements on a short timescale, or not aligning lots. This increases the staffing required and impacts on the ability of the team to deliver on contract management and other day to day and emerging tasks. Furthermore, where there are delays or unsuccessful procurements this increases costs with shorter term solutions, either caretaking which is likely to be more costly than current arrangements or continuation of the existing contract which would not see efficiencies and value for money release as forecast.

These risks are mitigated by

- **Standard contract term:** procuring using the C&P standard 7+3 contract term. Offering a standard contract term will support service stability by ensuring that patients, staff and providers are not subjected to unsettling change on more than a 7-yearly basis (and ideally on a 10-year basis). It will also encourage investment from providers who are more likely to see a return on their investment than over a shorter term and will enable providers to embed themselves in the local health economy and build long term relationships in line with local and national strategy.
- **Set Price:** The C&P APMS financial model that enables a standard and consistent approach to APMS pricing. Contracts are to be offered at fixed price, based on each contracts' population plus a standard % short term risk adjustment. This removes the incentive to bid at a lower price and "levels the playing field" for submissions to ensure there is focus on delivery of quality provision.
- **Procuring Multiple lots:** by aligning and procuring multiple lots at the same time this enables efficient and effective use of staffing and reduces costs associated with Procurements. It is also likely to improve the bidder pool, where bidders have an opportunity to bid for multiple lots.
- **Performance Incentive:** there is a standard 10% performance incentive attached to each contract, this allows for CCG priorities and a focus on delivering (and improving where identified) quality provision for patients.

Whilst the bidder pool is likely to remain small for contracts with a low premium and smaller than average registered list size, commissioners are confident that they are viable and will therefore attract sufficiently good quality bids to appoint.

3.5.5 Market management – Medium risk

Previous experience of procurements makes us aware that some providers are more skilled than others at bid writing. There is the risk that well-developed bid-writing skills do not necessarily translate into excellent service provision and vice versa. Additionally, there is the risk that a small number of providers will come to dominate the market.

To mitigate these risks, at the market engagement for each tranche an education session is included for potential bidders in order to improve bid writing skills. Feedback from these events will enable us to develop and improve upon these sessions.

3.5.6 Legal Challenge – Low Risk

Continuing to extend time-limited contracts beyond their contractual terms leaves the commissioner open to legal challenge.

This risk is mitigated by procuring the contracts within the required timeframe.

3.7 Stakeholders Analysis

This T2 APMS project has been supported by LMC and Healthwatch at PCCC, where it is viewed as improving stability for patients and providers. The project has a communications plan to ensure patients and stakeholders are kept up to date with the progression of the procurements, whilst there is no change to service provision no formal engagement is planned communication about the process is seen as very important.

The CQC (Care Quality Commission) is a key stakeholder and the CCG work with them to identify and support practices that require additional support. CCG take action as required in response to ratings and feedback from CQC.

There is a process in place to manage conflicts of interest. All evaluators and members of the project team are required to complete conflict of interest forms, these are kept on file by NHSE&I

procurement support and where there is a COI identified that individual will be asked to step down from the panel if needed. When decisions are discussed and approved at PCCC, COI is always checked at the start of the meeting and noted for any agenda points, again individuals can be asked to step out of the meeting for the relevant item. This would be recorded within the Minutes and held on record by CCG.

4. Strategic Alignment

4.1 Sustainable Policy

The sustainable APMS Procurement policy seeks to align the commissioning of GP Primary Care (delegated) Provision in Cambridgeshire and Peterborough. It is the start of bring APMS in line with the offer made to GMS and PMS Contractors to promote a more stable and consistent approach to commissioning GP Primary care in the area and improve quality and best value for Patients.

This policy is a component of work the CCG is undertaking as part of its delegated responsibilities for Primary Care, to improve bidder pool and encourage competition where it can improve quality.

It sets out key principles for Procurements:

1. Standard Contract term – 7 years + 3 years
2. Combining and Aligning Contracts for “Economies of scale”
3. Market Engagement and Bidder Management
4. Consistent Pricing Structure (using template)
5. Consistent KPI Outcomes – 10% Performance element

4.2 National and Local Picture

The majority of GP Primary Care contracts are GMS or PMS, held in perpetuity, usually by a partnership or individual contractor, one of whom must be a medical practitioner.

Following Health and Social Care Act reforms, all GP Primary Care contracts procured must be open to the whole market. APMS contract which are time limited and open to the whole market is the preferred contracting vehicle. This contract form has the advantage of performance monitoring and flexibility to meet the need any given area.

APMS contracts can be procured for any length, however for a contract of 10 or more years the NHSE&I CEG must approve a business case prior to advertisement. Prior to the SFI change in September 2020, CEG had approved more cases for longer term APMS contracts of 10 and 15 years across England.

The upcoming Health and Care Bill is due to have an impact on the options available to system when considering how to commission GP Primary Care services. An approach published and consulted upon “NHS Provider Selection Regime” sets out options and limited guidance. These options are likely to have an impact on the decisions made by Primary Care Commissioning Committees in future, however it is very clear that until legislation is passed current rules in relation to procurement still apply and decisions should not be delayed to avoid current rules.

Cambridgeshire and Peterborough System has 90 GP Member Practices and serve a patient population of over 1 million. Of the 90 contracts, ten (10) are APMS time limited contracts that cover a patient population of over 50,000. Following the approval and introduction of the sustainable APMS procurement policy, a first tranche of three (3) APMS contracts was offered to the market and produced a good level of interest and bidding. These contracts have been procured for the standard term of 7 years with the option to extend by a further 3 years offering improved stability and value for money.

Additionally, emerging issues that require emergency caretaking or where there is a short notice termination of a contract, are being dealt with in a consistent manner which has supported the system with cost and resource planning.

4.3 Policy Scope

The scope of the policy is to set out the approach and vision of Cambridgeshire and Peterborough CCG for the procurement of GP Primary Care Services, that fall under delegated commissioning functions. To define a set of principles for the procurement and management of APMS contracts which provides a consistent and managed approach.

To define principles which will support a sustainable primary care system in line with the strategic direction of the CCGs Long Term Plan, support innovation and collaboration as well as provide best value and quality for Patients.

These defined principles can equally be applied to any new procurement as well as existing contracts that require re-procurement, where needs analysis and options appraisals indicate a new APMS contract may be required.

Whilst not within the scope of this policy, it sits alongside the intention to review PMS “offer” and the “atypical population” funding. In addition, this policy supports the development of a CCG wide Primary Care Estates Strategy which will work to address the estates needs across the area including areas of significant growth.

4.4. Principles

1. Standard Contract term – 7 years + 3 years
2. Combining and Aligning Contracts for “Economies of scale”
3. Market Engagement and Bidder Management
4. Consistent Pricing Structure (using template)
5. Consistent KPI Outcomes – 10% Performance, Social Value & Sustainability elements

4.4.1 Standard Contract Term

Cambridgeshire and Peterborough have adopted a standard contract term to apply all contracts in the next tranches of procurement.

A standard contract term will support service stability by ensuring that patients, staff and providers are not subjected to unsettling change on more than a 7-yearly basis (and ideally on a 10-year basis). It will also encourage investment from providers who are more likely to see a return on their investment than over a shorter term. Providers will be enabled to properly embed themselves in the local health economy; building long term relationships in line with local and national strategy. Procurement costs are also kept to a minimum and the continuation and extension of a tried and tested term will encourage a healthy bidder pool for each contract.

The standard contract term was initially tested at the first Market Engagement event, all potential bidders who responded to the pre event questionnaire indicated that a longer initial term would be preferable and in fact many would not consider contracts of under 5 years. A further event was carried out in relation to the Tranche 2 opportunities and again longer-term contracts were significantly preferred.

The preferred option is 7-years with a 3-year option to extend, this term will be reviewed periodically when Market engagement is refreshed to ensure it remains relevant to the market in line with relevant policy and system direction.

5. Patient & Business Impacts

5.1 Patient Impact

The proposed procurements should provide positive benefits for patients by improving service quality and stabilising provision by ensuring services continue and are not dispersed to surrounding practices (who have limited capacity for this level of patients). Improvements in quality will be achieved with SMART KPIs and the stability of a longer-term contract.

The procurement process is designed to ensure that the contracts are awarded to suitably high-quality providers who will continue to improve the quality of services offered. It is possible, however, that patients may be negatively impacted by the loss of favoured members of the practice team. Although it is expected that most staff will TUPE transfer to any new provider organisation it cannot be guaranteed and is particularly unlikely where, for example, a GP is a partner or director of the current contract-holder. In partial mitigation, the significantly longer length of the replacement contract will enable continuity of provider and stability for patients registered with these practices, which are issues raised by patients when we have conducted previous patient engagement prior to procurements.

Whilst there has not been specific patient engagement prior to these procurements, as there is no planned change to services, we are engaged with Healthwatch who provide regular feedback from patients and attend PCCC to advocate on behalf of patients.

Additionally, which was trialled for Tranche 1, a patient survey will be carried out which will enable patients to give feedback on the current service and what areas for improvements they see. This information is then available to the successful bidder during mobilisation.

5.2 Business Impact

There are significant business gains from aligning contracts so they can be procured in parallel; this includes but is not limited to, similar staffing and resource to lead and drive one procurement to achieve multiple re-procured contracts, similar evaluator time by reducing the frequency of procurement exercises and the added advantage of procuring multiple lots.

It is anticipated, and this has already been noted from the market engagement, that there may be an increase in bidder interest bought by the opportunity to bid on multiple lots or combined contracts.

The re-procured contracts will support commissioners and contract managers in a number of ways. In particular, the standardised service specification, pricing and performance management and monitoring arrangements will foster simple and streamlined contract management which has become the norm for APMS contracts within the System. This enables contract managers to focus more on the outputs and quality of service, and less on the mechanics of monitoring the contracts.

6. Financial Cost/Benefit Analysis

These contracts are referred to as Tranche 2 2022/23 with a current combined annual contract value of £1.7 million and a projected combined contract value for the initial term of £12million (total contract value including extension option(s) £17million).

Identified efficiency savings of £2.9 million over the lifecycle of the proposed contracts (inclusive of the proposed extension clauses subject to satisfactory achievement and commissioner appraisal of market conditions) have the potential to be made.

These savings have borne out of a shift from short term contracts and frequent procurements to a longer more stable contract term, of 7 years plus a 3-year option to extend. This model offers better value for money and increased stability for providers and patients, which has been evidenced from recent market engagement. When questioned about potential viable pricing for a longer-term contract's providers were clear that contracts over 5 years were preferred and that a price closer to GMS global sum was likely to be more feasible.

Included below are the details of the pricing calculations for each contract and submitted with this business case is a discounted cash flow. Each contracts pricing is based on the same APMS Pricing template that includes:

- Core GMS Funding
- OOH deduction

- Weighting factor adjustment¹
- Performance incentive (10% as standard includes Social Value & Sustainability elements)
- Short term risk factor

This allows for more consistent APMS pricing across contracts, financial modelling for the procurement included reviewing the options and relative costs of longer and shorter initial terms, provider feedback from Market engagement was clear that longer term was preferred and this had a year on year value for money effect.

| A) Waterbeach (including Cottenham) | Annual |
|---|----------------------|
| Combined Weighted Patient list size (01/01/2022) | 9631.06 |
| Global Sum (2022/23) | £99.70 |
| OOH Deductions (4.75%) | -£4.74 |
| Weighting factor/ Atypical Adjustment | £- |
| Key Performance Indicators (10%) | £9.50 |
| Short term risk factor | £7.31 |
| Calculated Price per weighted patient (offered as a set price) | £111.77 |
| Contract value subject to KPIs | £91,495.07 |
| Forecasted Annual Contract Value | £1,076,463.58 |
| Current contract price (ppwp)² | £131.55 |
| Current contract value | £1,266,965.94 |
| Annual Saving / (shortfall) | £190,502.37 |

| A) TOTAL CONTRACT VALUE | Initial Term – 7 years | Total term including 3 Year extension |
|--|------------------------|---------------------------------------|
| Cumulative proposed Contract Value | £7,535,245.03 | £10,764,635.76 |
| Cumulative Saving / (shortfall) against current value | £1,333,516.57 | £1,905,023.67 |

| B) Roysia Surgery | Annual |
|---|----------------|
| Weighted Patient list size (01/01/2022) | 5660.89 |
| Global Sum (2022/23) | £99.70 |
| OOH Deductions (-4.75%) | -£4.74 |
| Weighting factor/ Atypical Adjustment | £- |
| Key Performance Indicators (10%) | £9.50 |
| Short term risk factor | £7.31 |
| Calculated Price per weighted patient (offered as a set price) | £111.77 |
| Contract value subject to KPIs | £53,778.46 |

¹ Weighting Factor Adjustment is usually only applicable where a practice population weighting factor is under 0.9. This the level at which practice funding levels start to become more unsustainable and is particularly an issue in a growing or young new town population, this is based on experience of GMS and PMS contracts and evidence born out of the East Anglia PMS Review and Atypical Population information.

² The current contract price will be subject to an uplift in April 2022 in line with national GP Contract changes. At the time of writing this had not been applied.

| | |
|--|--------------------|
| Forecasted Annual Contract Value | £632,717.68 |
| Current contract price (ppwp)³ | £128.87 |
| Current contract value | £729,518.86 |
| Projected Annual Saving / (shortfall) | £96,801.18 |

| B) TOTAL CONTRACT VALUE | 7 year Initial Term | 10 Year total term including 3 Year extension |
|--|----------------------------|--|
| Cumulative proposed Contract Value | £4,429,023.73 | £6,327,176.75 |
| Cumulative Saving / (shortfall) against current value | £677,608.29 | £968,011.85 |

There is a requirement that the successful provider will **sign up to and deliver all enhanced services offered** by the CCG.

There is an expectation that the successful provider will continue practice membership of the relevant Primary Care Network and be actively engaged in the purpose and direction of the Network.

Overall, the pricing is significantly lower than current offers which were all short-term caretaking arrangements of two (2) years or less. These “price per patient costs” are based on a consistent and fair pricing structure. Commissioners are confident that the positive and keen engagement from the market suggests that a total 10-year term should make these contracts viable and attractive.

7. Procurement & Legal Support

7.1 Procurement Support

The APMS T2 2022/23 Procurement project is the second tranche of the planned procurements in line with the C&P Sustainable APMS Procurement policy and learning from this will help to develop and further shape the approach to future tranches.

We propose to ensure an “Open” procurement model as adapted under the prevailing “Light Touch Regime” governing procurement of Health, Social and related services, (PCR 2015) thereby ensuring that all capable bidder organisations, which express an interest and attain the relevant PQQ pass threshold, will then receive full tender evaluation. This approach will ensure all capable bidder organisations are able to submit an ITT response, simultaneously enlarging the available bidder pool, and enhancing potential quality, competition and choice. Moreover, the recommended procurement process is also perceived to possess attendant benefits in terms of time and process efficiencies, reducing the overall time required to undertake the procurement (albeit, this may be mitigated as a result of the requirement for greater investment in evaluator time, as it is logically inferred that there will be a larger number of bids to assess). This approach resulted in a wide spread of both bidders and new providers in Tranche 1 and it is hoped it will serve equally well for Tranche 2.

Bidders will be required to complete and submit a comprehensive Financial Model Template, (FMT) enabling full visibility and assessment of cost composition, affordability and viability pertaining to the relevant contract. However, the contracts to be procured are being offered at a set price per patient (costed in a standard way and adjusted in each case to the specific population) to remove the incentive to bid a lower price to gain an advance over potentially better-quality submissions.

The ITT itself will be available for almost 6 weeks, (advertisement and ITT publication date is scheduled for 6 June 2022) and documentation will focus strongly on the needs of the individual practice population. The ITT will also contain standard financial, general management and social

³ The current contract price will be subject to an uplift in April 2022 in line with national GP Contract changes. At the time of writing this had not been applied.

value and sustainability questions to determine the bidders' suitability to hold an APMS contract for the provision of primary medical services.

Evaluation teams will be comprised of commissioners, clinicians, patient representation and subject matter experts as necessary to ensure sufficient knowledge and coverage across specialist areas such as finance, estates, HR etc. Following moderation, the highest scoring bidder for each contract will be offered the contract following conclusion of standstill. In cases where several bids are assessed to be of sufficient quality, a first and second reserve bidder will also be identified.

CCG works with CQC (Care Quality Commission) to identify and support practices that require additional support

| Key Milestones | Start date | End Date (Deadline) |
|---|------------|---------------------|
| Deadline for paper to Arden Gem for May CEG meeting | | 15/04/2022 |
| CEG meeting | | 10/05/2022 |
| Procurement and Evaluation Strategy Sign Off | 03/06/2022 | 06/06/2022 |
| Invitation to Tender (ITT) published | | 06/06/2022 |
| Deadline for receipt of ITT submissions from Bidders | | 15/07/2022 |
| Evaluation and Moderation Period | 16/07/2022 | 19/08/2022 |
| Sign off and approval of Preferred Bidder | 26/08/2022 | 13/09/2022 |
| Preferred Bidder announced and voluntary 10 day standstill period commences | 13/09/2022 | 27/09/2022 |
| Contract award | | 30/09/2022 |
| Contract Issue and Signing | 27/09/2022 | 01/10/2022 |
| Mobilisation | 01/10/2022 | |
| Service commencement | | 01/01/2023 |

7.2 Legal Support

Due to the similarities with previous APMS procurements and the low risk, legal support has not been obtained for this stage of the procurement process. However, should the situation change, and this be required further on in the process, the system will be required to identify appropriate legal support.

8. Conclusions/Recommendations

The commissioning decision for each contract has been subject to the appropriate local and national governance arrangements, including evidence-based decisions to procure by the Primary Care Commissioning Committee (PCCC) and approval of the Sustainable APMS Policy which includes financial pricing template. As well as submission of this Business Case to NHS England & Improvement's Commercial Executive Group for approval. The PCCC will also be required to ratify the outcomes, giving approval to award the contracts.

Recommendation:

NHS Cambridgeshire and Peterborough CCG requests the approval of CEG to let the above APMS Contracts for 7 years with the option to extend for a further 3 years at the discretion of the commissioner.