Agenda Item No: 5

THE ADOPTION OF A DYNAMIC PURCHASING SYSTEM (DPS) FOR PUBLIC HEALTH PRIMARY CARE COMMISSIONING

To:	**Health Committee**
Meeting Date:	**December 6th 2018**
From:	**Director of Public Health**
Electoral division(s):	**All**
Forward Plan ref:	**2018/069**
Key decision:	**Yes**
Purpose:	The purpose of this paper is to provide the Health Committee with the additional information it requested in relation to the proposal presented at the meeting in November 2018 to adopt the "Dynamic Purchasing System" (DPS) for contractual arrangements that Cambridgeshire County Council Public Health has with primary care providers
Recommendation:	**The Health Committee is asked to review the additional information and approve the proposal to adopt the Dynamic Purchasing System (DPS) contractual arrangements that Cambridgeshire County Council Public Health has with its primary care providers.**

Officer Contact:		***Chair Contact:***	
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1. BACKGROUND

1.1 There are 77 GP practices and 109 community pharmacies located within the boundaries of CCC. All are offered, providing they meet the clinical requirements for providing them, the option of providing all or some of the services. In 2017/18 in CCC and PCC 91 practices provided at least one of the services. The majority provided all of them. Of the community pharmacies 46 provided Emergency Hormonal Contraception. There is a range of annual contract values between £15k to £30k per annum as the contract may include some or all of the services.

1.2 GP practices are in a unique position in terms of the provision of their services. Firstly in terms of access to the target populations for the services that are being commissioned means that they can improve their uptake. There is strong evidence that endorsement of a service by a GP or any clinician increases acceptability and compliance with a service. Access to GP records is necessary to identify and invite those eligible for an NHS Health Check.

1.3 Consequently when these primary care contracts transferred to Local Authorities in 2013, as part of the transfer of the Public Health function from the NHS to Local Authorities under the Health and Social Care Act they were not competitively tendered. Through the exemption process the contracts are renewed on annual basis.

1.4 The constant exemption processes and contract renewal is time consuming and challenges commissioning/contracting capacity and is not cost-effective given the large number of relatively low value contracts.

1.5 In addition primary care contractors are experiencing new expectations for their services and high levels of demand. The constant renewal of contracts is viewed as time consuming and is a disincentive to providing the services.

1.6 There are concerns about repeat exemptions and in general these are not encouraged by the Authority.

1.7 There are also a number of process advantages that could be afforded by the adoption of the DPS.

1.8 The CCC total aggregated annual value of all the primary care services commissioned includes payments to providers and drug costs. The drug costs are CCG and community

pharmacy re-charges, (contraception, nicotine replacement therapy, stop smoking and drug detoxification medications). Individual contract values with each practice range from £20, 000 to £30,000 per annum.

Provider payments: £1,146,000

Drug recharges to the CCG and community pharmacies: £1,080,000

Total: £2,226,000

2. MAIN ISSUES

2.1 The Public Health Joint Commissioning Unit is responsible for commissioning these contracts across both local authorities. It is proposed to adopt the DPS procedure for Primary Care contracts held by CCC and PCC, based on the rationale of creating efficiencies and improving the commissioning relationship with primary care providers.

2.2 There are two contractual arrangements that could be termed an “umbrella agreement” which could potentially be used to avoid the annual contracting process for GP contracts. These contractual arrangements are possible under what is known as the Light Touch Regime (LTR). This new legislation is a specific set of rules for certain service contracts that tend to be of lower interest to cross-border competition. These service contracts include social, health and education services, defined by Common Procurement Vocabulary (CPV) codes.

LTR allows Authorities the flexibility to use any process or procedure they choose to run the procurement, as long as it respects the obligations of transparency and equality. There is no requirement to use the standard EU procurement procedures (open, restricted and so on) that are available for other (non-LTR) contracts. Authorities can use those procedures if helpful, or tailor those procedures according to their own needs, or design their own procedures altogether.

The LTR rules are flexible on the types of award criteria that may be used, but make clear that certain considerations can be taken into account:

- the need to ensure quality, continuity, accessibility, affordability availability and comprehensiveness of the services
- the specific needs of different categories of users1, including disadvantaged and vulnerable groups
- the involvement and empowerment of users
- innovation

The LTR also has a relatively high threshold (when compared with the threshold for Part A Services)–750,000 euros (the current sterling equivalent is £615,278), contracts below the

LTR threshold, do not need to be advertised in the OJEU, unless there are concrete indications of cross-border interest.

The LTR also allow Councils the opportunity to modify the system (where necessary) to suit the requirements of social/health care. This type of Dynamic Purchasing System (DPS) is already being used successfully in social care and is now referred to as a ‘pseudo-DPS'. It can be used to make procurement more efficient for both providers and buyers, as providers are not required to demonstrate suitability and capability every time they wish to tender under the DPS, they are also only required to demonstrate the minimum requirements, so for services that are regulated this procedure is very simplistic. They can run for more than four years which supports the development of relationships with key providers.

2.3 Table 1 describes the advantages and disadvantages of the different procurement and contractual options.

Table 1: Options Appraisal of the different contractual arrangements

Option 1	**Option 2**	**Option 3**
Status Quo: • Annually the Authority is extending, reissuing and signing new contracts with multiple suppliers • The process is time consuming as described above and not meeting the requirements of the EU regulations • Therefore this no longer a viable option.	**Framework:** • In the context of procurement, a framework agreement is an agreement between one or more organisations, "the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged. Consequently framework agreements are commonly set up to cover things like office supplies, IT equipment, consultancy services, and repair and maintenance services. • The framework is not flexible and does not allow new suppliers to join during the life of the framework. • This option is not deemed viable as it is too restrictive.	**Pseudo DPS** • They save time and money by being a quick and easy way to access services through an OJEU compliant route. • It is fully electronic system with no complicated evaluations and moderations. • The DPS is flexible and will alleviate the annual administrative burden of contract re-issuing. • The DPS also allows new suppliers to join /leave at any time during the life of the contract. It gives providers another opportunity if at first they are unsuccessful. Many contractors are not poor providers, they are poor tenderers. The use of frameworks unnecessarily locks these providers out of the market for up to four years. DPS offers a solution where if they don't succeed at first they can try again. • Due to the flexible nature of the DPS it will assist in effective management of the market, while ensuring the Authority is EU compliant. • A DPS is likely to have more providers awarded into the system than a framework agreement. This would serve to spread the risk for the authority. • A DPS is therefore deemed the most viable option.

2.4 The DPS system will also facilitate various improvements in terms of quality assurance and efficiencies in performance management.

- Currently there are differences in the approaches to primary care contracts across CCC and PCC. There is a good working relationship with the Primary Care commissioners in the Clinical Commissioning Group (CCG) and the Local Medical Committee (LMC) and are keen to harmonise the contracts across the local authorities. The introduction of a DPS system affords the opportunity to align contract timeframes, ensure specifications include the same quality assurance processes and payment systems across all contracts. The pricing system however is based on historical differences and some differences will remain.
- It will be a more time effective system though reducing the administration time for both CCC and PCC Public Health JCU along with the Authorities' respective procurement and legal teams.

2.5 The primary care landscape is changing and going forward there is the risk that different contractual arrangements will be required, the DPS would be sufficiently flexible to accommodate these changes.

2.6 Establishing DPS system will require each primary care provider to effectively "bid" to provide a service. This would be a new approach for most GP practices and community pharmacists. However the JCU will work with practices to support them with these processes.

2.7 LGSS Procurement has advised on the adoption of the DPS and the proposal has been approved by the Cambridgeshire and Peterborough Joint Commissioning Board.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

The following bullet points set out details of implications identified by officers:

- The introduction of DPS will improve the efficiency of the contracting process and encourage primary care providers to deliver the services to avoid more complex annual contractual arrangements.

3.2 Helping people live healthy and independent lives

- The DPS system will encourage more primary care providers to deliver services that aim to improve the health of the population.

3.3 Supporting and protecting vulnerable people

- The DPS system will encourage more primary care providers to deliver services that aim to improve the health of the population. These services are designed to target areas of higher need.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The report above sets out details of significant implications in ***1.8***

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

The report above sets out details of significant implications in **2.2, *2.3***

4.3 Statutory, Legal and Risk Implications

The report above sets out details of significant implications in **2.2, *2.3, 2.5 and 2.6***

4.4 Equality and Diversity Implications

There are no significant implications within this category

4.5 Engagement and Communications Implications

The report above sets out details of significant implications in 2.6

4.6 Localism and Local Member Involvement

The report above sets out details of significant implications in 2.6

4.7 Public Health Implications

The following bullet points set out details of implications identified by officers:

The introduction of DBS will encourage and support practices to deliver public health services that will improve the health of the population.

Implications	**Officer Clearance**
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Clare Andrews
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Name of Officer: Paul White
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	Yes Name of Legal Officer: Allis Karim
Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: Liz Robin

Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Jo Dickson
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes Liz Robin
Have any Public Health implications been cleared by Public Health	Yes Liz Robin

Source Documents	**Location**
Mills and Reeve User Guide to the Public Contracts Regulations 2015	://www.procurementportal.com/files/Uploads/Documents/public_contracts_regs_2015_guide.pdf