Patient transport services contracts

Following your letter of 14 November 2017 highlighting concerns with three non-urgent patient transport services contracts, I wrote to you on 6 March 2018 setting out some initial findings. I also confirmed that my health value for money team were planning to meet with the three clinical commissioning groups (CCGs) involved in the commissioning and management of these contracts to examine: the historic performance of the contracts; the remedial actions taken by the CCGs; and the current performance of the contracts. The three contracts were: G4S covering Kent; Patient Ambulance Services Limited covering Bedfordshire and Hertfordshire; and Coperforma Limited covering Sussex.

The team has now completed these meetings and this letter sets out their findings. This is supported by more detailed information on the history of each contract and their performance in the annex to this letter.

**Historic performance**: All three contracts have had significant performance issues. These were associated initially with the transfer of services from the previous provider. While performance has improved there remain on-going issues. All three contracts have failed to meet the vast majority of the key performance indicators within the contracts. There have been a significant number of complaints across the contracts. While these complaints make up a small proportion of the total patient journeys, it is clear that the underperformance has caused significant anxiety and stress to a large number of patients. Patients requiring renal dialysis have been particularly affected due to their frequent use of these services.

**Remedial actions taken by the CCGs**: The lead CCGs involved in managing the contracts have taken action intended to improve the performance of the contracts. This has included the contractual mechanisms available to them such as contract notices and production of remedial action plans. In two of the contracts (Patient Ambulance Services and Coperforma) the CCGs have had to take action to ensure continuity of services. In the case of the Patient Ambulance Services contract, the CCG had to take over the operational management of the contract when the provider was served with a winding-up notice by HM Revenue & Customs.

**Current performance of the contracts**: In two of the contracts (Patient Ambulance Services and Coperforma) the providers have changed with East of England Ambulance Service NHS Trust now operating the contract in Bedfordshire and Hertfordshire, and South Central Ambulance Service NHS Foundation Trust operating the contract in Sussex. Across all three contracts, performance remains mixed with some stabilisation, but largely remaining below contracted KPIs. The level of complaints has fallen across all contracts. The CCGs intend to run the current contracts to the end of their contract periods working with the current providers to further improve performance.

Our work has raised a number of questions relating to the commissioning of these services and the market for non-urgent patient transport services.
On the commissioning of services:

- **The level of funding made available by CCGs:** Across the contracts there are examples of providers handing back contracts due to it being uneconomic to continue; providers not willing to bid for contracts due to the financial envelope available; and CCGs deciding to increase contract values as activity and poor performance levels become apparent.

- **Commissioners’ reliance on assurances from providers:** There are examples where significant reliance was placed on provider assurances about delivery which subsequently appeared unfounded. This calls into question the CCGs’ due diligence around these assurances.

- **CCG expertise:** In two of the contracts, gaps were identified in the expertise to commission and manage complex patient transport services contracts.

- **Quality of information available:** Across the contracts there are examples where poor quality information on historic activity levels made it difficult for the CCGs to develop the contract specifications and funding envelope, and for providers to make realistic bids.

- **The mobilisation period:** In two of the contracts, the mobilisation period appears to have been short with no opportunity to test systems prior to the contract go-live date.

- **Key performance indicator (KPI) calibration:** Across the contracts, the CCGs have struggled to gauge the correct target levels of performance in the contract KPIs to ensure the right balance between service quality and affordability. It appeared to us that the level of complaints is being used as the lead indicator of service quality.

Regarding the market for non-urgent patient transport services, there are questions about the depth of this market and the quality of the providers. In the three contracts we have looked at, two of the initial contract holders are no longer trading. In some cases, the CCGs commissioning the services struggled to generate interest from providers and to maintain competitive tension when letting the contracts. There is also significant use of sub-contracted transport providers and it is not clear the level of oversight they receive from the commissioners, the lead providers, or the Care Quality Commission.

The Care Quality Commission wrote to all patient transport services providers in March 2017 highlighting its concerns based on its inspections and reminding providers of their commitment to provide safe and effective care. Given this position and our findings, we think the issues with the three contracts you identified may not be isolated occurrences and there may be a more systemic issue with the commissioning and the provider market for these services. I intend to bring these matters to the attention of Simon Stevens at NHS England through setting out the NAO findings and encouraging him to consider what assurances should be sought from CCGs on patient transport services as part of NHSE’s role in assessing CCG effectiveness. I will also ask him whether NHS England is currently undertaking any work in this area and whether there are any concerns being escalated by CCGs to regional NHSE directors regarding transport providers. Clearly, there is an opportunity for NHSE to make use of the findings from our review to share lessons and learning from the problems experienced in the three areas we examined.

Thank you again for bringing this to my attention and I will write to you again with any developments in this area.

AMYAS MORSE
Annex - detail on the patient transport services contracts

G4S contract (Kent)

Context

G4S took over the contract to provide non-urgent patient transport services in July 2016. The contract covers ten CCGs across Kent1 and is split into 3 lots: lot 1 - Kent and Medway patient journeys; lot 2 - renal dialysis patient journeys; lot 3 - Dartford and Gravesham patient journeys. The contract is for 5 years with an option to extend for a further two years. Over 300,000 patient journeys are provided annually under the contract.

The contract was awarded to G4S following a competitive procurement process with the evaluation criteria weighted towards quality (65% quality : 35% commercial / financial). G4S won all three lots by a significant margin although it was not the cheapest bid. West Kent CCG are the coordinating commissioner for lots 1 and 2 with the day-to-day contract management outsourced to Optum (a private sector health consultancy company). Lot 3 is managed by Dartford, Gravesham and Swanley CCG’s contract team.

Historic performance

The CCGs inherited the patient transport services contract from the previous primary care trust when the CCGs were established in April 2013. West Kent CCG described the performance of the previous provider (NSL) as poor. It thought the contract with NSL was not fit-for-purpose leading to local acute hospital trusts establishing separate transport arrangements to manage their patient flow. As a result, the CCGs looked to exit the contract at the earliest break point after three years and re-commission the service.

The CCGs undertook a lengthy planning and commissioning process during which they re-designed the service and contract. West Kent CCG stated that this was done with significant input from stakeholders, although engagement with London hospital trusts was sporadic. A patient transport expert was employed to support the commissioning process. Key changes to the contract included: greater clarity on service requirements; a new key performance indicator (KPI) regime including specific KPIs for renal patients; the requirement for provider site presence at acute hospitals; financial penalties for underperformance; and the requirement for equal performance across all geographic areas. In addition, the contract included transport from Kent to London acute hospital trusts (e.g. Guy’s and St Thomas’ NHS Foundation Trust) and the transport of patients home from hospital after an in-patient stay.

A key issue during the commissioning process was the accuracy of the historic activity data under the old contract and for the new London journeys element. As a result, the contract included a contract 'true-up' process to ensure that the contracted level of resources accurately reflected the level and type of activity required. The true-up process was to be completed in the first six months of the contract. There was some testing of systems prior to the contract going live with, for example, the G4S call centre running two weeks before the go live date. There was a phased transition. During the mobilisation phase, it became apparent that the London activity data was not accurate and it was decided that the mobilisation of the London journeys element would be postponed until February 2017, with a further 6 month true-up exercise following this.

On mobilisation, West Kent CCG described the performance of the contract as significantly improved from that of the NSL contract. However, performance was below contracted levels with none of the contract KPIs being met during the first 12 months of the contract. In the first 12 months (July 2016 to June 2017) of the contract there were an average of 138 complaints per month, representing 0.6% of total patient journeys. Complaints were highest during the opening months of the contract. West Kent CCG told us that there was also a performance dip and complaints spike relating to the London element starting in February

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1 Ashford CCG, Bexley CCG, Bromley CCG, Canterbury and Coastal CCG, Dartford, Gravesham & Swanley CCG, Medway CCG, South Kent Coast CCG, Swale CCG, Thanet CCG, West Kent CCG.
2017 due to the continued underestimation of the activity levels. Complaints were predominantly related to timeliness of outpatient journeys.

Remedial action taken by the CCGs

When performance did not reach contracted levels a remedial action plan was put in place. The CCGs also issued G4S with two contract notices, one relating to site presence at acute hospital trusts (now lifted) and one relating to the complaints handling process (at the time of writing (May 2018) the lifting of this notice was imminent). No financial penalties were imposed as a result of not achieving KPI targets as it was agreed that these would not be imposed until after the contract true-up exercise was completed.

The contract true-up exercise has now been completed and has concluded that the patient journey mix is different from that set out in the bidding documentation, in particular there has been: a reduction in car journeys; an increase in ambulance journeys; an increase in the requirement for services with a patient escort; and longer patient journeys.

This has led to a proposal by West Kent CCG to rebase the contract according to revised activity levels which, at the time of writing (May 2018), was being considered by the eight CCGs. This would see the three lots consolidated into one and the contract value increasing from the original £13.2 million a year to £17 million a year. It would also see the KPI targets being recalibrated with target levels reduced from between 90-95% to 80%. West Kent CCG stated that it felt this target level would provide the right balance between performance and economy.

In the letter to the other seven CCGs proposing the contract rebasing, West Kent CCG states that it is "confident that based on the information available rebasing the contracts in this way will ensure that sufficient resources are in place to ensure that the needs of patients are met in the most efficient and effective way for the remainder of the contract term."

Current performance and future plans

Based on the KPI data for February 2018, performance remained below contracted levels. Of the 18 KPIs covering the three contract lots, performance was below the target level in 17 of the KPIs. In the six months to February 2018 complaints have averaged 64 a month representing 0.2% of total patient journeys.

Current plans are to look to extend the five year contract term for the available two years.
Private Ambulance Service Limited contract (Bedfordshire and Hertfordshire)

Context

Medical Services Limited (MSL) were awarded a contract in April 2015 to run non-urgent patient transport services across a four CCG consortium (Herts Valleys CCG, East and North Herts CCG, Luton CCG and Bedfordshire CCG). MSL held the contract prior to April 2015. While four separate contracts were let, one covering each CCG, they were managed as a single contract.

In early 2016, MSL notified the CCG consortium that it was no longer economically viable for it to operate the contracts and it was giving 12 months' notice to exit. The CCG consortium looked to work with MSL to resolve the operational and financial issues, but MSL were looking for a significant increase in the contract value to allow them to continue. The CCG consortium did not consider this a viable option and so decided to look for an alternative provider for a 12-month 'caretaker' contract to allow time for a full procurement process to be undertaken.

Letting the caretaker contract was not done through a competitive procurement process. In our discussions with the CCG consortium they stated that this was a lighter touch process than a full procurement exercise and did not test elements such as the provider's financial status as extensively as during a full procurement exercise. There was also a legal risk of challenges from providers who were not given the opportunity to bid for the contract. The CCG consortium received legal advice that keeping the contract terms the same as the MSL contract and issuing the intention to re-procure the contract would reduce the likelihood of challenge. The CCG consortium did not receive any challenges.

Following discussion with a number of potential providers, the CCG consortium decided to award the contract to Private Ambulance Service Ltd (PAS) with the contract commencing in March 2017. PAS were running a patient transport contract in North West London at this time and the CCG consortium relied heavily on references from this contract when selecting PAS. The CCG consortium confirmed that they did ask PAS whether it had all the information it required to make a realistic bid and PAS confirmed it did. The annual value of the contract was approximately £7.2 million a year based on estimated patient journeys of 228,000 a year. Payment was based on a cost per journey pricing model with distance banding.

Historic performance

PAS were notified in December 2016 that they were to be awarded the contract to commence in March 2017. This provided an 11 week mobilisation period for PAS which was thought by the CCG consortium to be the minimum time necessary but they would have ideally wanted longer. Given the short mobilisation timeframe there was no time to test or parallel run any of the systems in advance of the go-live date.

Performance was managed through 12 key performance indicators (KPIs) including: call handling; timeliness and cancellation of journeys; vehicle cleanliness; complaints handling; incident reporting; and patient experience. However, as early as April 2017 (one month into the contract) there were a significant number of complaints. At this early stage the CCG consortium were prepared to give PAS some leeway as this was a new contract and there can often be teething problems. PAS stated at that time that the performance issues were related to some staff not transferring from MSL. However, performance concerns increased with the high number of complaints continuing. Due to performance reporting issues with PAS, the CCG consortium was not able to provide data to the NAO on the exact number of complaints received. Complaints centred on: call centre performance; late transportation; transportation not arriving; and the safety / suitability of vehicles. During the period April to August 2017, performance against the contract KPIs showed significant underperformance against the timely delivery of patients for appointments and collection of patients following appointments.

Bedfordshire Healthwatch conducted a survey of patients in April 2017 and this showed a high level of patient dissatisfaction with the service.
Remedial action taken by the CCGs

In May 2017, the CCG consortium agreed a remedial action plan with PAS with fortnightly monitoring meetings. During June and July 2017 the CCG consortium undertook spot vehicle checks across a number of sites which highlighted a range of issues including: not all vehicles having fire extinguishers and oxygen available; poor state of repair of some vehicles; lap straps not in use to secure patients in wheelchairs; and vehicle cleanliness. In June 2017 the issue was escalated to NHS England and the Care Quality Commission (CQC) through the local quality surveillance group. A further call was held between the CCG consortium and NHS England in August 2017 resulting in a quality assurance meeting on 4 September 2017 chaired by NHS England and involving the consortium, PAS and CQC.

Further vehicle spot checks were carried out during August 2017 together with a visit to the PAS call centre. In early September 2017, the CCG consortium was contacted by a PAS employee who was being disciplined for approaching the consortium with concerns. The CCG consortium escalated this to NHS England and CQC, and raised the issue with PAS. The CCG consortium also started to receive concerns from PAS staff via staff unions relating to inadequate patient care, safeguarding and staff health & safety.

On 27 September 2017, PAS pulled out of a scheduled quality meeting with the CCG consortium and the consortium became aware that HM Revenue & Customs were taking action against PAS for the non-payment of taxes and had issued PAS with a winding-up order.

At this point the CCG consortium took over the operational management of the contract with acute hospitals booking their own transport services and being reimbursed by the CCG consortium. The CCG consortium spoke to a number of potential providers to replace PAS and quickly came to the decision that the local ambulance trust (East of England Ambulance Service NHS Trust (EEAST)) were the only viable option. EEAST had bid for the contract won by MSL in April 2015, but had not been interested in the 12 month caretaker contract awarded to PAS. Again, there were risks of legal challenges and the CCG consortium agreed to issue a voluntary ex-ante transparency notice in October 2017 advertising the intention to let a contract without opening it up to formal competition. The CCG consortium received no challenges following the issuing of the notice. EEAST started to provide cover for some journeys from October 2017.

The contract with EEAST went live in January 2018. It is a two year contract with the option to extend for a further year. Based on estimated annual journey volumes of 238,000, the annual value of the contract is approximately £9 million. The CCG consortium explained that the higher contract value is a ‘quality premium’ to ensure EEAST are able to meet the KPIs within the contract. The initial intention was for full mobilisation by February 2018. However, it has taken EEAST longer to scale up their operation, in terms of recruiting staff, with the current intention of full mobilisation by the end of May 2018. At the time of our discussions with the CCG consortium (May 2018) acute hospital trusts still had some sub-contractor arrangements in place.

In addition to the remedial actions above, the CCG consortium has recognised the need to strengthen its contract management in this area and has appointed a dedicated patient transport contract manager and quality lead for the contract. It has also strengthened financial scrutiny of bidders across all of its commissioning activities.

Current performance and future plans:

The CCG consortium agreed with EEAST that there would be no financial penalties applied for performance against KPI during the mobilisation period. For the period January to April 2018, EEAST has not met the majority of performance targets set out in the KPIs. Approximately £350,000 (4%) of the total
contract value is dependent on performance against KPIs. The CCG consortium stated that complaints were significantly lower now than under the PAS contract.
Coperforma Limited contract (Sussex)

Context

A consortium of seven Sussex CCGs (CCG consortium) held a contract with South East Coast Ambulance Service NHS Foundation Trust (SECAmb) for the provision of non-urgent patient transport services. High Weald, Lewes and Havens CCG took the lead on the management of the contract. The contract ran to March 2015 and SECAmb gave notice to exit the contract stating that it was not economically viable for it to continue under the current financial envelope. The contract value was £13.8 million a year, although the CCG consortium were incurring significant expenditure on patient transport outside the contract due to SECAmb being unable to fulfil a number of contracted journeys. A 12-month extension to March 2016 was agreed with SECAmb to allow the CCG consortium to run a procurement exercise to select a new provider.

A number of changes were made to the new contract and service delivery model. This was to be a 'prime provider model' with the planning, scheduling and governance of the contract separated from the delivery of the transport. The transport element would be sub-contracted to a range of transport providers which could be from private sector, the NHS, or the voluntary sector. Key performance indicators (KPIs) were tightened to ensure patients arrived on or before their booked appointment time and separate KPIs were developed for renal dialysis patient journeys. Also, eligibility criteria were revised to ensure they aligned with national criteria.

The CCG consortium ran a competitive procurement exercise to select a new provider. Nineteen organisations attended an initial market engagement event with four providers responding at the pre-qualification questionnaire stage with three subsequently invited to bid. Ultimately, only one provider (Coperforma Limited) submitted a bid with the other two providers citing the limited time period to develop a bid and the limited financial envelope of the contract as reasons for not bidding. The evaluation criteria was weighted towards quality with only 17% of the scoring directly relating to the financial element of the bid. Coperforma met the minimum criteria required with each of the seven CCG's governing bodies agreeing to award the contract to Coperforma. It was a four year contract with a one year extension option. The average annual contract value was £12.5 million over the four years with an estimated 290,000 journeys a year. The contract went live in April 2016.

Historic performance

Over the period April 2016 to March 2017, Coperforma only met the performance target for one of the 19 KPIs in the contract. In the first three months of the contract (April to June 2016), there were over 1,300 complaints (averaging over 400 a month: 1.7% of total monthly patient journeys) and over 3,900 cancelled journeys. Complaints centred on: delayed / cancelled transportation; poor communications with patients; and driver attitude.

In September 2016, Brighton and Hove Healthwatch reviewed the service provided to renal patients at the renal outpatients department at the Royal Sussex County Hospital. It concluded that the service had been deeply unsatisfactory with patients reporting: pickup failures, long delays and a poor quality service. A number of patients described the situation during the period April to June 2016 as "chaotic". The report notes that patients had reported some improvements in overall performance since August 2016 and this is reflected in the contract KPIs.

There were also concerns about the processes and policies in place with the sub-contractor transport providers and the monitoring of these providers by Coperforma.

Remedial action taken by the CCG

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2 Brighton and Hove CCG, Coastal West Sussex CCG, Crawley CCG, Eastbourne, Hailsham and Seaford CCG, Hastings and Rother CCG, High Weald, Lewes and Havens CCG, Horsham and Mid Sussex CCG.
It was apparent from day one that there were significant issues with the performance of the contract due to the volume of complaints and concerns raised by patients and health professionals. The CCG consortium followed the contractual pathway including agreeing a remedial action plan on 3 May 2016 and issuing a contract notice due to Coperforma’s failure to meet performance targets in September 2016. Following the action plan being issued a remedial action plan group met on a weekly basis with monthly meetings of a programme board with representation at director level across the CCG consortium. A formal breach notice was issued in September 2016 when the requirements of the remedial action plan were not met.

A Patient Safety Group was established in August 2016 to lead a review into the impact on patients due to failings in the Coperforma contract between April and June 2016. The group reported in January 2017 and concluded that there “was no evidence of actual physical harm in the patients that had been identified and reviewed. However, it must not in any way be underestimated that the degree of anxiety and stress, which is psychological harm, that these patients and staff have experienced was significant.” It made a number of recommendations to commissioners, providers and the wider NHS.

The CCG consortium also commissioned a specialist procurement consultancy (TIAA Limited) to review the adequacy of the mobilisation arrangements. It reported in July 2016 with its main findings including:

- While a transition plan was put in place and monitoring did identify transition issues, there was reliance on Coperforma’s assurances that mobilisation would be completed.
- There were issues with the handover from the previous provider and time provided for staff training who were to be TUPED across.
- It was clear from performance that this was not just a mobilisation issue, but more fundamental. However, Coperforma did not sample check complaints to understand the on-going performance issues.
- There were a range of issues which had a cumulative impact on performance. These included: issues with data transfer for demand modelling and lack of modelling in advance; no field testing of systems, or parallel running prior to the go-live date; and lack of experience of Coperforma in mobilising a similar sized patient transport service contract.
- There were issues with the CCGs monitoring, contingency planning, lack of phased implementation and internal expertise in complex patient transport services.

The CCG consortium also held a lessons learnt exercise internally. In our discussions with High Weald, Lewes and Havens CCG it considers the main lessons to be:

- the need for good quality activity data to underpin procurements;
- the sub-contractor model was not appropriate and was too remote from the CCGs. During the procurement, more emphasis should have been placed on the capacity of Coperforma to manage these sub-contractors;
- a phased implementation would have presented a lower risk option especially when there were significant changes to the delivery model and technology;
- a contingency plan should form part of the procurement;
- having provider expertise of patient transport services within the commissioning team; and
- not to underestimate the staff issues, especially when TUPE applies as it does have challenges for the incoming provider given how late TUPE was applied in the procurement process.
In October 2016, Coperforma wrote to the CCG consortium requesting to exit the contract on economic grounds. An options appraisal was completed and presented to each of the seven CCG’s governing bodies during autumn 2016. A number of options were presented, but it was agreed that an immediate managed exit from the Coperforma contract was in the best interests of patients and the CCG consortium agreed to a ‘no fault’ termination of the contract.

Informal engagement with the market indicated that there was little enthusiasm to take on the Sussex contract with the exception of South Central Ambulance Service NHS Foundation Trust (SCAS). SCAS was mobilising a patient transport contract in Surrey and had the capacity and capability to provide a rapid transition. Following legal advice, the CCG consortium issued a voluntary ex-ante transparency notice in November 2016 advertising the intention to let a contract without opening it up to formal competition.

A contract transition period from Coperforma to SCAS was agreed for the period November 2016 to March 2017 with the SCAS contract going live in March 2017. It was agreed that SCAS would deliver the majority of journeys through sub-contracted providers with SCAS delivering some journeys through in-house ambulance teams. Due to the poor quality of activity data available to SCAS, the SCAS board would only accept a cost plus model for the contract. For the first year of the contract (March 2017 to February 2018) this has resulted in a contract value of £19.5 million and total number of journeys of 287,000. The CCG expected costs to be higher in year one of the contract as a result of the transition from Coperforma. The contract is for a 3 year period with an option for a one year extension.

Coperforma was served with a compulsory strike-off notice in December 2017 and is no longer in operation.

Current performance and future plans

The performance of the contract remains mixed. In February 2018, of the 8 main KPIs for the contract, SCAS was only meeting the target level of performance for one KPI. The level of complaints has reduced. Between October 2017 and March 2018 the number of complaints has averaged nine a month (0.04% of the total monthly patient journeys). A number of actions are being taken to tackle the main performance issues:

• Call answering within 60 seconds: SCAS are recruiting more staff and diverting calls to other SCAS call centers in periods of high demand.

• Lower performance for unplanned hospital discharges: SCAS hospital liaison officers have identified hospital wards with high levels of unplanned discharges and are working with the wards to improve planning.

• Renal journeys on Saturday: a recent Sussex Healthwatch report has highlighted concerns with renal patient journeys on Saturdays. SCAS is liaising with Sussex Healthwatch to develop an action plan in response to the report.

The CCG consortium are planning to agree the one year extension to the contract during 2018-19 taking the contract end to March 2021. This would allow SCAS to undertake longer term planning for the service and cost reductions. In return, the CCG consortium is negotiating a cap on the cost plus model and the inclusion of a Commissioning for Quality and Innovation (CQUIN) payment within the contract. There are also some planned changes to the KPIs.