

Report to the NHS Somerset Clinical Commissioning Group on 8 June 2022

Title: Minehead Medical Centre – Incorporation Application	Enclosure E, Ei, Eii, Eiii, Eiiii,
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Version Number / Status:	1
Executive Lead	Tanya Whittle, Deputy Director of Contracting. Michael Bainbridge, Assistant Director of Primary Care
Clinical Lead:	Jeremy Imms
Author:	Christine Young, Primary Care Contracts Officer

Summary and Purpose of Paper –

Incorporation is a process by which a new or existing business registers as a limited company. A company is a legal entity with a separate identity from those who run it. Minehead Medical Centre (MMC) submitted an application to Somerset CCG to Incorporate.

A key driver in the decision by the practice to Incorporate is to protect the ongoing stability and sustainability of the practice. Despite ongoing efforts to recruit staff, GP recruitment is particularly challenging in this geographic location. The change in model of ownership transfers risk from the GPs to the Incorporated company. MMC believe the business model will help attract and retain GPs at the practice.

Somerset CCG has followed the guidance as set out in the Policy Guidance Manual (PGM); this states that the Commissioner Assessment Framework (CAF, appendix 2) should be used to formally assess the application. All areas (suitability, strategy, patient impact and financial assessment) are RAG rated in terms of how each section has been responded to, to aid clearer decision making.

Recommendations and next steps

The application has followed a rigorous process for approval. It was agreed at the commencement of the Incorporation process that the project lead at MMC would have the opportunity to submit two draft versions of the application ahead of the third and final application (please see appendix 1). Each draft version was reviewed by the evaluation panel against the CAF to ensure all criteria was appropriately responded to with further supporting evidence provided where required. The third and final version was then taken to the Primary Care Operations Group (PCOG) on 11 May 2022.

Each version has been reviewed by an evaluation panel at SCCG. The panel is formed with expertise from Clinical, Contracting, Commissioning, Finance, Quality, IP&C and Equality. The evaluation panel carefully considered and evaluated each of the criteria as

set out in the CAF. Using the guidance from the PGM along with the expertise of the panel, it was felt that the application should be approved, but with some mitigations in place around quality improvement.

The Primary Care Operations Group (PCOG) met on 11 May to discuss the application following the evaluation panel review. PCOG supported the evaluation panel's approval and recommend the application to the Primary Care Commissioning Committee (PCCC).

Somerset Primary Care Commissioning Committee is asked to consider and approve the Minehead Medical Centre application to firstly Incorporate then to become and Employee Owned Trust.

If approved, a novation agreement will be issued for the General Medical Services contract. A new NHS standard contract will also be issued for the local enhanced services commissioned by the practice. There will be no changes to any of the commissioned services or the terms of the contract issued by the Clinical Commissioning Group/Integrated Care Board.

Impact Assessments – key issues identified

<p>Equality</p>	<p>The PGM states that ‘the effect of the proposal on the statutory duties of NHS England, particularly the involvement duty under section 13Q of the NHS Act 2006...is not usually triggered by a change solely to the identity of the contractor (7.10.25.2).’ Our Quality and Equality Lead is a key member of the evaluation panel as part of the review process of the application and confirmed the statement from the PGM in respect of the 13Q and Equality Impact Assessment would not be necessary as there are no changes in the services or access to services that need to be assessed. Patients will not be impacted by this change in identity of the contractor.</p>
<p>Quality</p>	<p>The panel has reviewed the sustainability of the practice as part of this application. Risk is acknowledged around Dr Edward Ford becoming a single-handed GP and the challenges that may bring to him and the practice already under significant pressure. This consideration, in addition to the comprehensive assessment from the CAF (appendix 2) has helped the panel to reach a recommendation of support for the application to Incorporate.</p> <p>The stability and sustainability of the practice is a key driver in the decision to apply to incorporate. Despite ongoing efforts GP recruitment is particularly challenging in this geographic location. MMC believe the business model will help attract and retain GPs at the practice.</p> <p>The transfer of ownership ensures that all services can continue under the limited company. MMC were explicit in their ambition to ensure ‘nothing is lost’ in terms of patient services and quality of care.</p>

Safeguarding	The Provider's written policies for compliance with the 2005 Act and the Deprivation of Liberty Safeguards, as appended in Schedule 2K of the NHS Standard Contract (Safeguarding Policies and Mental Capacity Act Policies) and updated from time to time in accordance with SC32 (Safeguarding Children and Adults). The new contactor will continue to be bound by these safeguarding responsibilities and continuation of the contractual requirements in accordance with these policies.
Privacy	In accordance with its general obligation to comply with Data Protection Legislation under GC21.1, the Provider must ensure that an appropriate Privacy Notice is provided to a Data Subject under whichever of the following Laws is in force at the relevant time: (i) Article 13 and Article 14 of the UK GDPR; or (ii) DPA 2018.
Engagement	MMC completed substantial engagement and helpfully provided comprehensive evidence as part of their application process. The engagement includes a long-standing item for continued discussion with staff from January 2022, providing regular updates to the team and good opportunities for staff to raise questions. The response was said to be positive from the practice with no concerns raised by the employees. The practice has an active PPG and frequently consulted with them on ideas for the future. Engagement also included regular discussion with their Primary Care Network, County Councillors, Somerset NHS Foundation Trust and Healthwatch.
Financial / Resource	MMC was asked to provide further assurance around financial stability to ensure the new company, Minehead Medical Limited, has sufficient funds to meet its liabilities. Financial statements have been provided by MMC to SCCG as supporting appendices to the application, the panel agreed this satisfied the longer-term financial stability of the company. A confirmation from the bank setting out their agreement to provide loan to the new company MML should it be required. This satisfied concerns around the short-term financial position.
Governance or Legal	<p>MMC have been explicit in their aspiration to firstly Incorporate, and secondly as part of the same process, to become an Employee-Owned Trust (EOT), often referred to as the 'John Lewis Model'.</p> <p>As part of the CCGs duty under delegation, we have sought authorisation from NHS England in respect of this transfer of ownership model in respect of authorised signatories and to ensure it is compliant with the NHS Act (2006).</p> <p>Both parties (SCCG and MMC) have taken legal advice and guidance (Bevan Brittan; MLP Law, respectively) around the Novation Agreement to ensure it is compliant with the NHS Standard General Medical Services, and NHS Standard Contract. If the incorporation application is supported, the draft novation agreement will be finalised with the legal advisors</p>

	representing both parties (MLP Law; Bevan Brittan) the new contractor Minehead Medical Limited, and the Chief Executive of the Integrated Care Board.			
Sustainability	The application to Incorporate is driven by the key requirement to provide sustainable services to patients. Without considering alternative options of ownership, the practice could fail, which would destabilise the PCN and undoubtedly impact patients significantly. The objective of Incorporating and becoming an Employee-Owned Trust is to provide excellent patient care for the long term by future proofing services and endeavouring to continue to provide reliable and accessible services focusing on prevention and population health management in line with the strategic direction of the PCN.			
Risk Description	Risk is acknowledged that the contractor may still incur challenges around recruitment of GPs.			
Risk Rating	Consequence	Likelihood	RAG Rating	GBAF Ref
132 - A combination of demand, demographic change, workforce, funding, morale and business model challenges are presenting significant challenges to general practice. This in turn may jeopardise the delivery of key CCG strategies.	(3) Moderate	(4) Will probably recur, but it is not a persistent issue.	12	