

## HEALTH AND WELLBEING BOARD

5 July 2017

<b>Title:</b> Contract for the Provision of a Three-Borough Integrated Sexual Health Service	
<b>Report of the Cabinet Member for Adult Social Care and Health</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
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<b>Accountable Divisional Director:</b> Matthew Cole, Director of Public Health	
<b>Accountable Director:</b> Anne Bristow, Strategic Director Service Development and Integration	
<b>Summary:</b> <p>The commissioning of Genitourinary Medicine (GUM) and Contraception Sexual Health Services (CaSH) are mandatory services for Local Authorities. The services are designed so that residents can attend as open access service for the screening and treatment of Sexually Transmitted Infections (STI). This open access requirement results in financial uncertainty for Local Authorities as the level of activity is unpredictable.</p> <p>In Barking and Dagenham an Integrated Sexual Health Service (ISHS) is currently provided by Barking Havering and Redbridge University Hospitals NHS Trust (BHRUT) at a cost £1,590,000 per annum (an activity-based contract that is capped at a value of £1,590,000 p.a). In effect, the Council is charged according to the actual level of activity, up to the £1.59m maximum). The contract is due to expire on 30th September 2017 but there is provision in the contract for a further 1 year extension.</p> <p>London Borough of Barking and Dagenham (LBBB) in partnership with the London Boroughs of Havering (LBH) and Redbridge (LBR) is undertaking a Three- borough procurement of the ISHS with LBBB leading the procurement exercise on behalf of the other two boroughs.</p> <p>This report presents a procurement strategy to extend the current contract for the provision of the ISHS for a year from 1<sup>st</sup> October 2017 until 30<sup>th</sup> September 2018 and undertake the procurement of a Three-borough ISHS operating between Barking and Dagenham, Havering and Redbridge (BHR) commencing 1<sup>st</sup> October 2018 for a period of 5 years initially with the option to extend for a further three-year period on an annual basis at the sole discretion of the Councils.</p> <p>The contract for the delivery of the new service will be a multilateral contract developed by LBBB legal team, it will have a stipulated notice period and will also include a clause to enable variations to be made if the financial position changes prior to the end of the contract.</p>	

## **Recommendations**

The Health and Wellbeing Board is recommended to:

- (i) Approve that the Council extend the contract for the provision of the Integrated Sexual Health Service (ISHS) currently provided by Barking Havering and Redbridge University Hospitals NHS Trust (BHRUT) for a period of 1 year from 1 October 2017 until 30 September 2018;
- (ii) Approve that the Council proceed with the procurement of a new three-borough ISHS commencing 1 October 2018 for a period of 5 years initially with the option to extend for a further 3-year period on an annual basis in accordance with the Council's Contract Rules; and
- (iii) Delegate authority to the Strategic Director for Service Development and Integration, in consultation with the Director of Public Health, Cabinet Member for Social Care & Health Integration, Chief Operating Officer and Director of Law and Governance, to award a 5-year contract to the successful bidder for the provision of an Integrated Sexual Health Service from 1 October 2018 to 30 September 2023 with the option to extend for a further 3-year period on an annual basis.

## **Reason(s)**

The 1 year contract extension to BHRUT will ensure service continuity during the procurement process.

The procurement exercise will ensure compliance with the Council's Contract Rules and EU Legislation and ensure continued provision of sexual health services to local residents beyond the contract end date of 31 September 2018.

## **1. Introduction and Background**

- 1.1. Under the Health and Social Care Act 2012 local authorities have a duty to secure the provision of open access services for contraception and for testing and treatment of sexually transmitted infections (STIs) for their residents. This is mandatory and entails the key principles of providing services that are free, confidential, open access and not restricted by age.
- 1.2. The term 'open access' refers to the fact that such services are available to anyone requiring treatment, irrespective of their personal characteristics, place of residence or GP registration, without referral. This accessibility requirement impacts on the ability of all Councils to predict service demand and manage the budget effectively. This therefore results in financial uncertainty for Local Authorities as the level of activity is unpredictable.
- 1.3. Sexual ill health is not equally distributed within the population. Strong links exist between deprivation and STIs, teenage conceptions and abortions, with the highest burden borne by women, men who have sex with men (MSM), teenagers, young adults and black and minority ethnic groups. Similarly, HIV infection in the UK disproportionately affects MSM and Black Africans. Some groups at higher risk of

poor sexual health face stigma and discrimination, which can influence their ability to access services

- 1.4. A Three-borough (Barking & Dagenham, Havering and Redbridge) competitive procurement exercise undertaken for the service in January 2014 and subsequent negotiated procedure to obtain fresh tenders in early 2015 were both unsuccessful. The exercise was unsuccessful due largely to previous requirement to establish Tiers 1 to 3 service in each borough, the service operating from multiple sites in each borough and a proposal to embed chlamydia screening service into the ISHS. These requirements collectively made the received bids unaffordable
- 1.5. As a result of this, the Health and Wellbeing Board on 8th September 2015 approved to waive the requirement to tender in accordance with the Council's Contract Rules and a direct award of a 1 year contract from 1st October 2015 to 30th September 2016 with the option to extend for a further 2 year period on an annual extension basis to Barking Havering and Redbridge University Hospitals NHS Trust (BHRUT) for the provision of an Integrated Sexual Health Service (ISHS).
- 1.6. The service currently provided by BHRUT delivers an integrated service which brings together all sexual and reproductive services, GUM and HIV testing at a cost of £1,590,000 per annum (an activity-based contract that is capped at a value of £1,590,000 p.a. In effect, the council is charged according to the actual level of activity, up to a maximum of £1,590,000 for the year). The contract will expire on 30th September 2017 and the council will utilise the contract extension period provision in the contract to ensure service continuity during the procurement of a new Three-borough ISHS. The London.
- 1.7. Following the award of the contract in October 2015, commissioners have worked with the provider BHRUT to undertake and complete a review of the following areas of service provision:
  - Review of existing staffing, management and operational arrangements and costs
  - Review service delivery costs to ensure competitive tariff rates, benchmarking costs with other comparator services /areas, taking account of national / Pan-London tariff guide prices and local factors such as population data, demand and market forces and application of tariff deflators
  - Analyse patient trends including clinic attendance and flows; review first appointment to follow-up ratios and activity including failed appointments and repeat attendances
  - Review the current service delivery model and existing care pathways to identify opportunities to move Family Planning, HIV screening and LARC activity to primary care where appropriate.
- 1.8. Following the completion of the service reviews, commissioners with support from BHRUT have remodelled current operations and service provision to ensure that it achieves improved outcomes for service users and continue to offer value for money. BHRUT working with the Council deliver the local prevention and demand management strategy for sexual health, by signposting service users to sexual health services in primary care and options for self-management including home testing.

## **Service Relocation**

- 1.9. The Council's commissioned open access GUM, contraception and reproductive service provided by BHRUT consists of;
- Two Level 3 (specialist) hubs (Queen's Hospital and Barking Community Hospital); they provide a comprehensive range of GUM and family planning services.
  - Two Level 2 spokes providing testing and 'uncomplicated' (low risk or non-invasive) contraception services in the community (Oxlow Lane and Vicarage Field health centres).
- 1.10. In order for the service to be financially viable and to achieve some efficiency savings, BHRUT proposed the closure of a number of sites and the consolidation of services at Barking Hospital. These include a proposed relocation of GUM clinics at Vicarage Field and Oxlow Lane Health Centres to Barking Hospital from January 2017. To this end, BHRUT agreed a 5% efficiency saving on the contract value from 1<sup>st</sup> January 2017.
- 1.11. The consolidated service at Barking Hospital support service users by providing access to a wider range of sexual health services (including specialist Level 3 provision) under one roof:
- All main methods of contraception – including emergency and long acting reversible contraceptives (LARC)
  - Pregnancy testing and referral for termination (abortion) services
  - Cervical screening
  - Chlamydia, HIV and all sexually transmitted infections screening and treatment
  - Psychosexual counselling for impotence and other sexual health conditions.
- 1.12. For LBBB, legal advice was sought as to the necessity of a consultation exercise, it was advised that no consultation was deemed necessary because the changes to the service for LBBB residents are minimal. The service relocation plan was also presented to and agreed by the local Health & Adult Services Select Committee (HASSC).

## **London Sexual Health Transformation Programme (LSHTP)**

- 1.13. The London Sexual Health Transformation Programme (LSHTP) was designed to work in partnership with local authorities across London to deliver a new commissioning model for open access sexual health services. These include Genitourinary Medicine (GUM), services for the screening and treatment of Sexually Transmitted Infections (STIs) and Sexual and Reproductive Health Services (SRH) (community contraceptive services).
- 1.14. The aim of the programme is to design, agree and procure a system that will deliver measurably improved and cost effective public health outcomes, meet increasing demand and deliver better value. There are three main strands to the programme:
- Integrated sexual health tariff and pricing strategy

- E-services/home testing
- Sub-regional re-procurement of face-to-face/clinic provision

- 1.15. The programme was set up with the specific aim to reduce costs for sexual health care across the capital, specifically GUM services through innovation, service redesign, demand management and pricing strategy. The continued growth of activities has led to further collaboration amongst London commissioners to manage growth and contain escalating costs. To this end, LSHTP has been exploring alternative provisions to the traditional service models of GUM, directing patients with no symptoms away from the costly clinical environment to lower cost service options.
- 1.16. The LSHTP has been working on a new set of prices for London known as the London Integrated Sexual Health Tariffs (ISHT) that reflects more accurately the interventions provided by GUM and Contraceptive Services than the current attendance based tariffs. A rigorous due diligence process confirmed that significant savings can be achieved across London through implementation of ISHT. Further audit has been carried out to try and ensure that the financial risk to commissioners is minimal. There is now broad agreement across London that ISHT will be the payment mechanism for sexual health services from 1 April 2017.
- 1.17. Currently a local attendance based tariff is agreed with BHRUT for the delivery of the ISHS for LBBB residents. During the contract extension period and before the commencement of the procurement process, commissioners will shadow ISHT to understand the direct impact of implementation and extent of savings that can realistically be achieved.
- 1.18. The business case for developing an on-line sexual health service that supports signposting and self-testing of STIs has been agreed by participating boroughs and a London wide procurement is being undertaken by LSHTP. Although LBBB is not currently participating in the London online service procurement at this stage however, it is a named authority on the tender documents in order to retain the right to purchase the service should it wish to do so in future. LBR and LBH are currently part of the procurement, therefore LBBB are looking to joining the e-service when the new contract commences in order to ensure consistency in service delivery across BHR and deliver cost savings through channel shift.
- 1.19. The LSHTP Board agreed that the procurement and commissioning of sexual health services is led on a sub-regional basis allowing for Local Authorities to determine the most appropriate procurement process. All participating local authorities have identified the need to develop models that will allow them to meet increasing demand within decreasing resources.
- 1.20. This is a key driver for BHR boroughs to come together to jointly commission a more joined up and seamless service to residents, while achieving potential savings, economies of scale and enhancing quality. The proposed approach for the three boroughs is to commission a Three-borough ISHS commencing on 1<sup>st</sup> October 2018.

### **Three-borough Integrated Sexual Health Service**

- 1.21. Historically the ISHS has been commissioned as a Three-borough Barking, Havering and Redbridge service (although based on individual borough contract), and the current provider BHRUT have indicated that the service will not be financially viable if commissioned as a single borough service and is unlikely to attract market interest if put out to procurement.
- 1.22. There is evidence from sexual health commissioning across the country and from previous arrangement that a jointly commissioned service, albeit with local variation to meet specific local priorities, gives greater scope for cost efficiencies in relation to provider overheads, particularly in relation to some of the more complex clinical leadership
- 1.23. To this effect, the 3 boroughs Directors of Public Health with local sexual health commissioners attended a workshop organised by LBBB on 1st November 2016 to discuss the future procurement of the service, at the end of the workshop, it was agreed that the three boroughs will jointly procure a Three-borough ISHS with LBBB leading the procurement on behalf of the other 2 boroughs. This arrangement will require a Memorandum of Understanding (MoU) between all 3 boroughs to be drawn up by LBBB and agreed and duly signed by all. The MoU will describe the arrangement including the re-charge mechanism, setting out clear roles and responsibilities of each party along with their obligations.
- 1.24. The delivery of the service will be based on a multilateral contract developed by LBBB legal team. The contract will have a stipulated notice period and also include a clause to enable variations to be made if the financial position changes prior to the contract end. LBBB legal services and Corporate procurement are closely involved in the work and will provide continued support and advice throughout the process.
- 1.25. The contract will have a greater focus on prevention and innovation which will mean a shift from the traditional model of face-to-face consultations to a model where online booking, online triage and self-sampling (where service users are sent testing kits in the post and return a sample to the provider for testing) become more prominent. This will allow consultant time to be carefully managed and targeted to focus more on acute care with dual trained nurses (trained to deliver both contraception services and genito-urinary medicine) providing a significant element of the general care. This move to a more modern and efficient model of service delivery is in line with changes being made nationally by other local authorities and will enable the Council to continue to deliver services within a reduced budget envelope.
- 1.26. Upon the successful procurement and award of the Three-borough contract, LBBB, LBR and LBH will enter into a collaborative agreement with a lead authority (to be agreed) to lead on the effective contract management of the new service for the duration of the contract.
- 1.27. This report was presented to the BHR Joint Commissioning Board at its meeting on 8<sup>th</sup> May 2017. It is the expectation of commissioners that the Board will support with engagement with primary care colleagues in the delivery of

contraceptive services in primary care and identifying premises for the provision of the service across the three boroughs.

## **2. Proposed Procurement Strategy**

### **2.1 Outline specification of the works, goods or services being procured.**

This report presents a procurement strategy that will commission an Integrated Sexual Health Service (Genitourinary Medicine Services GUM and Sexual and Reproductive Health (community contraceptive) services (SRH) operating between BHR, with the new service commencing 1<sup>st</sup> October 2018.

The service will deliver an evidence based Integrated Sexual Health Service that meets national guidance and fulfils the Council's duties. It will be open access to all (universal) in line with statutory requirements and the national specification issued by the Department of Health,

It is anticipated that the specification for the service would deliver scope for better balancing capacity of the new service to achieve the following:

- Improving the LBB's sexual health outcomes in relation to the incidence of sexually transmitted infections.
- Reducing the incidence of late diagnosis of HIV.
- Improving access and availability of contraception and reducing unwanted pregnancies.
- Stronger leadership in relation to reducing teenage conceptions and improving outcomes for teenage parents and their children.
- Improved links between sexual health services and other commissioned services working with young people and adults at particular risk of poor outcomes, e.g. substance misuse, mental health and public health nursing service
- Improving sexual health and related outcomes for vulnerable groups: Children, young people and vulnerable adults through effective partnerships with schools, colleges, health, police and other statutory early help and children and family services.
- Protecting the vulnerable from risk of infection, unwanted pregnancy, freedom from sexual exploitation, abuse, inappropriate relationships and freedom from female genital mutilation.
- More effective engagement of communities at significantly increased risk of HIV infection in effective screening programmes that will protect them and others from the poor outcomes associated with late diagnosis of HIV

### **2.2 Estimated Contract Value, including the value of any uplift or extension period.**

**Contract Extension 1<sup>st</sup> October 2017- 30<sup>th</sup> September 2018- £1,510, 500** (an activity-based contract that is capped at a value of £1,590,000 per annum less 5% efficiency savings. In effect, the council is charged according to the actual level of activity, up to a maximum of £1,590,000 for the year less 5% efficiency savings)

**New 8-year (5+1+1+1) Three-borough Contract 1<sup>st</sup> October 2018- 30<sup>th</sup> September 2026-** Estimated contract value is £31,880,000 (breakdown for each

borough for 8 years is LBBD £12,800,000, LBR £7,080,000 and LBH £12,000,000

The estimated cost is based on individual borough spend in the past 3 years and this is expected to reduce as the plan is to shift contraceptive services to primary care.

The current service contract is currently commissioned as an activity contract based a locally tariff capped up to the value of £1,590,000 per annum less 5% efficiency savings, following the completion of the LSHTP an integrated sexual health tariff has been developed, work is currently being undertaken by commissioners to examine the use of the tariff to inform the decision as to whether a block contract or activity based or a mixture of both is the most appropriate to achieve value for money and quality for the new procurement.

The service will be funded from the Public Health Grant.

### **2.3 Duration of the contract, including any options for extension.**

**Contract Extension-** 1 year 1st October 2017- 30th September 2018

**New Three-Borough contract** – 8 years (5 years initially with the provision to extend for a further 3 year period on an annual basis at the sole discretion of the Councils) from 1st October 2018 to 30th September 2026.

### **2.4 Is the contract subject to (a) the (EU) Public Contracts Regulations 2015 or (b) Concession Contracts Regulations 2016? If Yes to (a) and contract is for services, are the services for social, health, education or other services subject to the Light Touch Regime?**

The contract is subject to the (EU) Public Contracts Regulations 2015 and as a health contract is subject to the Light Touch Regime. Because the estimated value of the contract is higher than the set threshold (currently EUR 750,000), it needs to be opened up to competition and be advertised in the Official Journal of the European Union (OJEU) as required by the Regulations.

### **2.5 Recommended procurement procedure and reasons for the recommendation.**

The procurement will be undertaken using the competitive procedure with negotiation process under the Public Contract Regulations 2015. This approach will allow the councils to work with interested parties to design the service. This approach is more flexible and allows for more tailored and innovative specifications and solutions to be developed against an overall service model, key outcomes and performance indicators developed by commissioners.

There are several advantages to this, the negotiating the delivery of the specification with potential bidders will allow bidders to draw on their experience and knowledge to ensure that a bespoke solution is created for BHR. Many bidders will have experience of delivering such services elsewhere and will be well placed to work with commissioners to design a high-quality service model.



At this stage, therefore, it is not possible to articulate the detailed configuration of the new services, as the competitive procedure procurement with negotiation process itself will help in the design of this.

Through the competitive procedure with negotiation, commissioners will work with the bidders to identify economies of scale for delivery. That is, some elements of the services may need to be delivered in one location, whereas others could be delivered at several locations.

The procurement timetable is as follows:

<b>Activities/ Tasks</b>	<b>Date</b>
Issue PIN for Expression of Interests (Allow minimum 15days before issuing contract notice)	July 2017 (tbc)
Market Engagement Event	Early September 2017 (date tbc)
Prepare Tender Documents (Conditions, Specification, ITT, TUPE etc)	By 29 <sup>th</sup> September 2017
Issue contract notice /ITT (Allow min 6 weeks for tender document to be returned)	16 <sup>th</sup> October 2017
Deadline for clarifications	24 <sup>th</sup> November 2017
Return Tenders	30 <sup>th</sup> November 2017
Tender Evaluation	1 <sup>st</sup> December 2017-12 <sup>th</sup> January 2018
Negotiation	15 <sup>th</sup> January -2 <sup>nd</sup> February 2018
Final Tender Return	28 <sup>th</sup> February 2018
Final Tender Evaluation	1 <sup>st</sup> -23 <sup>rd</sup> March 2018
Prepare contract award report and get approval	26 <sup>th</sup> March -25 <sup>th</sup> May 2018
Provisional Award (notify successful/ unsuccessful Tenderer's)	29 <sup>th</sup> May 2018
Standstill Period	30 <sup>th</sup> May – 10 <sup>th</sup> June 2018
Final award	11 <sup>th</sup> June 2018
Service Mobilisation including potential TUPE transfers	11 <sup>th</sup> June -30 <sup>th</sup> September 2018
Contract commencement	1 <sup>st</sup> October 2018

## **2.6 The contract delivery methodology and documentation to be adopted.**

For the contract extension- The contract document will be a Deed of Variation, to vary the termination date of the contract.

For the new Three-borough contract- The Public Health Services Contract is the form of contract to be used. The contract will have annual break clause allowing notice to be given by the Councils for early termination. This allows increased flexibility should a significant change in service provision be required.

The management responsibility for the contract lies with Public Health and the contract will be managed in line with the contract management plan to be agreed by the 3 commissioning boroughs.

Service performance will be monitored through a series of Key Performance Indicators (KPIs) as detailed in the service specification that includes quantitative and qualitative data, service user feedback and activity on outstanding action plans reviewed at quarterly meetings. A number of KPIs are set nationally by the Department of Health (DoH) and these are in line with the PHOF, others are set locally to reflect local priorities as determined by the needs assessment. In addition, sexual health services are monitored by two national datasets. GUMCAD (Genitourinary medicine activity dataset) is the dataset for STI testing and treatment and SHRAD (Sexual health and reproductive activity dataset) is the dataset for contraception. All services are required to report into these systems.

## **2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract.**

The outcome expected as a consequence of awarding the proposed contract is to improve the sexual health of the population across the borough by building an effective, responsive and high quality sexual health service, which effectively meets the needs of our local community and offers a range of high quality, needs-led services which will target those most vulnerable in our boroughs.

The outcomes we wish to achieve for LBBD residents are to:

1. Reduce unwanted pregnancies, including teenage pregnancies
2. Reduce harm from STIs and HIV
3. Reduce inequalities in sexual health
4. Fulfil our statutory duty to provide open access services for contraception and for testing and treatment of sexually transmitted infections

There is an opportunity to negotiate a new tariff-based pricing model with the successful provider over the life of the contract. Although the tariff model is expected to deliver some cost efficiencies, the very nature of this on-demand service may impact on the ability to achieve these savings.

It is recognised nationally that spending money on sexual health services can save significant amounts of money further down the line to both health and non-health (including local authority) services. The report 'Unprotected Nation 2015' commissioned by the Family Planning Association shows the potential

impacts of a reduction in access to services. It illustrates that nationally a 10% reduction in access could result in the total cost of unintended pregnancies and STIs increasing from £69.092 billion to as much as £77.750 billion over the period 2015 – 2020. A significant portion of this increase (circa £7.2 billion) would relate to non-health costs such as social welfare, housing and education.

## **2.8 Criteria against which the tenderers are to be selected and contract is to be awarded**

It is proposed that a Quality/Price split of 80/20 is used in the assessment of tenders. For this service, there is a clear need to drive major innovation in quality of services. The use of the London-wide tariff means all providers will use the agreed price for the set of intervention in the provision of the service therefore there will be no competition in the service cost.

The quality assessment being broken down into: service model – namely, creating change, access, managing complex partnerships and clinical pathways, and delivering health outcomes; clinical governance and quality assurance; social value, including training and research.

The scope of the contract will be published beforehand including the minimum requirements, award criteria and their weightings, and this will not be changed during the negotiation process. The whole process will be fully documented.

The first stage is advertisement and the conduction of an initial tender stage. After the evaluation of initial tenders, a decision will be made whether to award the contract to one of the bidders based on the outcome of the evaluations, or to negotiate on an equal treatment basis with the bidders who meet the criteria after evaluation.

If the decision is to conclude the negotiations all the bidders will be informed and a common deadline to submit any new or revised tenders will be set. Negotiation dialogue would only be to improve the bids, and not be on the fundamentals of the service. At the end of this process (which may include a best and final offers stage), the contract will be awarded to the supplier with the most economically advantageous tender using the award criteria in the procurement documents.

## **2.9 How the procurement will address and implement the Council's Social Value policies.**

The Council's social value responsibilities are taken through its vision: One borough; One community; London's growth opportunity.

Through the award of the contracts to the providers, the Council will ensure service continuity that meet the needs of the local population, including provision of information, advice and support on a range of issues, such as sexually transmitted infections (STIs) testing and treatment, Chlamydia screening, HIV Testing, contraception, relationships and unplanned pregnancy.

In terms of the service contract, we will work with the provider to seek to identify local opportunities for apprenticeships, training and recruitment for residents.

### **3. Options Appraisal**

#### **3.1 Option 1: Do Nothing**

This option is not viable because the Council is mandated to provide open-access, accessible and confidential contraceptive and sexually transmitted infections (STIs) testing & treatment services for all age groups in the borough. Withdrawing services to support residents at this preventative and health protection level will result in further investment being required in relation to health and social care costs associated with unplanned pregnancies and the more expensive provision of care for those with long term health conditions such as HIV.

It is important that appropriate contractual arrangements are put in place locally to cover such services, to ensure compliance with national clinical guidance, minimise risk and ensure value for money. The nature of sexual health services is such that, should appropriate services not be available in Barking and Dagenham, a larger number of residents will access services in neighboring authority areas and the Council will still be required to pay for the provision of these services but will have limited influence on the quality or cost.

#### **3.2 Option 2: Procure as a single Borough Service**

Going out to market just for a LBB service was considered but rejected on the basis that it would not offer the same opportunities for economies of scale (thereby maximising value for money) that a Three-borough tender across BHR would offer. There would also be the risk that the market would focus on the larger procurement and that there would be little interest in a Barking and Dagenham only procurement. As most BHR residents currently access service from the same provider, there would be the added risk of a Barking and Dagenham only procurement destabilising BHR provision if it were not part of the same procurement.

#### **3.3 Option 3: Extend the current contract for a year and undertake a competitive process for a Three-borough service (preferred option).**

The extension of the current integrated sexual health service contract for a 1 year period and procure a Three-borough service is the preferred option. There is evidence from sexual health commissioning across the country and from previous arrangement that a jointly commissioned service, albeit with local variation to meet specific local priorities, gives greater scope for cost efficiencies in relation to provider overheads, particularly in relation to some of the more complex clinical leadership. This is a key driver for BHR boroughs to come together to jointly commission a more joined up and seamless service to residents, while achieving potential savings, economies of scale and enhancing quality

The procurement exercise will ensure compliance with the Council's Contract Rules and EU Legislation and ensure continued provision of sexual health services to local residents beyond the contract end date of 31<sup>st</sup> September 2018. The Council is able to fulfil its legal obligation to its residents by having an open access sexual health service they will have no need to go elsewhere for treatment which will lower the council none contracted spend.

#### **4. Waiver**

4.1 Not applicable.

#### **5 Equalities and other Customer Impact**

5.1 The local authority will be providing an open access, universally provided Integrated Sexual Health Service that will meet the need of the whole population. The service allows for targeted provision for those parts of the population that have greater sexual health needs, these will include but not limited to; men who have sex with men. Young people, black African community, transgender communities.

5.2 This service will be open to anyone who is in the area and who wishes to access sexual health services. The service will be designed and specified to meet the needs across the population, including of people with protected characteristics, and they will be equally open to the general population on equal terms. New web based portal/access point, including access to self-sampling kits for sexually transmitted infections, have the potential to provide an alternative to GUM clinic attendances for people who are asymptomatic, and may also reach people who may previously not have used clinic services. It will be important that web-based services meet standards for accessibility.

#### **6. Other Considerations and Implications**

6.1 **Risk Assessment** - A detailed risk assessment is at Appendix 1.

6.2 **TUPE, other staffing and trade union implications** - Eligible staff currently employed in the service will, in the event of change in service provider, transfer their employment to the new provider under the Transfer of Undertakings (Protection of Employment) Regulations.

6.3 **Safeguarding Children** - The provider has in place the necessary safeguarding protocols, in line with Council Policy and applies the Frazier Guidelines and Gillick Competency where a young person is under 16.

6.4 **Health Issues** - The proposal is in line with the outcomes and priorities of the joint Health and Wellbeing Strategy. The award of the contract should further enhance the quality of and access to sexual health service in the borough. The proposal will have a positive effect on our local community.

#### **7. Consultation**

7.1 In line with Council procedure the following have been consulted with:

- Statutory Proper Officer – Director of Public Health
- Strategic Director Service Development and Integration
- Group Manager Finance Adults and Community Services
- Legal Services
- Corporate procurement
- Councillor Maureen Worby- Portfolio holder for Adult Social Care and Health
- Procurement Board

## **8. Corporate Procurement**

Implications completed by: Adebimpe Winjobi, Senior Procurement and Contracts Manager

- 8.1 The contract for the integrated sexual health service was awarded for an initial term of one year, commencing on 1<sup>st</sup> October 2015 with an option to extend the service provision on a '1 plus 1 year basis', at the sole discretion of the Council. The contract was extended until 30<sup>th</sup> September 2017 and the Council now wishes to exercise that option and extend the contract with the current provider for a further period of one year until 30<sup>th</sup> September 2018.
- 8.2 The Council's Contract Rules allow contract extensions on the basis that there is budgetary provision; value for money can be clearly demonstrated; and there is a provision stipulated in the Notice and/or original contract for an extension. This report clearly demonstrates that the Integrated Sexual Health Service contract meets the requirements for extensions.
- 8.3 This report is also seeking approval to procure a contract for the provision of the service. The service being procured falls within the description of services covered by the Light Touch Regime under the Public Contracts Regulations 2015. As the estimated value of the contract is higher than the set threshold (currently EUR 750,000), it needs to be opened up to competition and be advertised in the Official Journal of the European Union (OJEU) as required by the Regulations.
- 8.4 In keeping with the EU procurement principles, it is imperative that the contract is tendered in a competitive way and that the process undertaken is transparent, non-discriminatory and ensures the equal treatment of bidders. The procurement will be undertaken using the competitive procedure with negotiation process under the Public Contract Regulations 2015.
- 8.5 This approach will allow the councils to work with interested parties to design the service. It is more flexible and allows for more tailored and innovative specifications and solutions to be developed against an overall service model, key outcomes and performance indicators developed by commissioners and will provide best competition to get best value for money for the Council and will be compliant with the Council's Contract Rules and EU Regulations.
- 8.6 Corporate procurement will provide the required support to public health throughout the entire process.

## **9. Financial Implications**

Implications completed by: Katherine Heffernan, Group Manager – Finance

- 9.1 The 2016/17 budget for integrated sexual health services (universal genitourinary medicine and family planning services) is £1,560,500. The annual BHRUT contract is an activity-based contract that is capped at a value of £1,590,000 p.a. The council is charged according to the actual level of activity, up to a maximum of £1,590,000 for the year. The contract commenced in October 2015, for a period of one year, with the option to extend for a further two years, on an annual extension

basis. The contract extension from 1 October 2017 to 31 September 2018 will straddle two financial years, 2017-18 and 2018-19.

- 9.2 A cash reduction in the Public Health Grant allocation to the council, as announced by the Department of Health in February 2016, will see a reduction of 2.5% in 2017/18 and 2.6% in both 2018/19 and 2019/20, which equates to over £400,000 per annum. In order to address the reduction in public health funding and the anticipated increase in demand for services, an efficiency savings plan was negotiated with BHRUT of 5% in each year of the contract period from October 2016 onwards. The new service design that commenced in January 2017 should allow for these efficiency savings to be achieved.
- 9.3 On 9 March 2017, Public Health England announced that the ringfenced Public Health Grant would continue, until the move to 100% Business Rates Retention in April 2019. The contract extension from 1 October 2017 to 30 September 2018 falls within the period where the ringfence remains in place, ensuring that Public Health Grant must fund Public Health related services. The cost of the contract extension will be contained within the overall Public Health budget at this time.
- 9.4 The new Three-borough contract will commence on 1 October 2018, for a period of eight years, through a five-year contract with the option to extend each year on an annual basis, for a period of three years. It is estimated that the cost of the contract for the eight-year period will be £12,800,000. Most of the contract term will fall outside of the ringfenced period, where funding will transfer to Business Rates Retention instead. There is the risk that services that were protected by the ringfenced Public Health Grant may not be guaranteed funding after the move to Business Rates Retention. However, sexual health services are mandatory for local authorities with the responsibility for Public Health, and it can therefore be assumed that the contract costs will be contained within future budgets.

## **10. Legal Implications**

Implications completed by: Bimpe Onafuwa, Contracts and Procurement Solicitor

- 10.1 This report is seeking approval to extend the term of the contract for the Provision of Integrated Sexual Health Services. This contract is currently provided by the Barking Havering and Redbridge University Trust.
- 10.2 Clause 57.1 allows for contract extensions in instances where there is budgetary provision, where value for money can be demonstrated and where there is an extension provision in the contract. As detailed in the report, there is a clause in the contract which permits an extension. Provided the other two requirements noted above can be demonstrated, the Law and Governance Team do not see a reason why the current contract cannot be extended for a further year.
- 10.3 This report is also seeking permission to undertake a procurement exercise in respect of a new contract for the provision of Integrated Sexual Health Services commencing in October 2018. It is proposed that the new contract will be procured by the London Borough of Barking and Dagenham (the Council) on behalf of the London Boroughs of Havering (LBH) and Redbridge (LBR).

- 10.4 Section 102 of the Local Government Act 1972 makes provision for councils to establish joint committees with other local authorities to discharge their functions. In line with this piece of legislation, the Council is able to undertake the procurement on behalf of itself, LBH and LBR.
- 10.5 This report further provides details the proposed strategy for procuring the contract. Although this service is a health service which falls within the Light Touch Regime, due to its value (approximately £31,880,000), the contract has to be procured in line with the EU procurement principles. The exercise therefore has to demonstrate equality in the treatment of bidders, transparency, as well as fairness in order to be compliant with the principles of the PCR and the Council's Contract Rules. The proposed timetable, advertisement medium and evaluation criteria noted in the procurement strategy are indications of a compliant exercise.
- 10.6 The law and Governance Team are available to provide legal advice during this tender process.

**Public Background Papers Used in the Preparation of the Report: None**

**List of appendices:**

**Appendix 1 – Risk Assessment**