Item No. 17.	Classification: Open	Date: 19 September 2017	Meeting Name: Cabinet
Report title:		Gateway 2 - Contract Award Approval Award of Contracts for the Provision of Sexual Health Services	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Maisie Anderson, Public Health and Social Regeneration	

FOREWORD – COUNCILLOR MAISIE ANDERSON, CABINET MEMBER FOR PUBLIC HEALTH AND SOCIAL REGENERATION

Southwark has a young, mobile and international population. Much work has been undertaken over the last decade to improve the sexual health of our borough and there have been considerable successes. However, we know that some Southwark residents are still engaging in risky activities and sexually transmitted infections (STIs) remain prevalent in our borough. We also know that there is an unacceptable correlation between deprivation and STIs, teenage conceptions and abortions, and that the highest rates of STIs in our borough are found in men who have sex with men (MSM), young people and black and minority ethnic groups. Through commissioning and providing our services, we must continue to strive to ensure that no community is being left behind and that regardless of age, ethnicity or financial means, everyone in Southwark has whatever they need to stay healthy and achieve wellbeing in their lives. Alongside other inner London boroughs with similar demographics, it is therefore imperative that we find new, innovative, and cost-effective ways of maintaining and improving the sexual health of our residents. There are many ways in which we do this; targeted prevention programmes, open access, modern sexual health clinics and more recently, the provision of increasingly popular self-testing kits, available online.

Open access sexual health services, based in clinics in Camberwell, Streatham, Burrell Street and Walworth, are hugely important part of what we do. Providing these open access clinics is a requirement by statute, and they are well used by our residents. Specialist open access clinics do, however, come at a substantial cost. In response to seismic cuts in national government funding to local government – in particular to the ring fenced public health grant – it is critical that we find lower cost and more efficient ways of providing our residents with high quality sexual health services, that will meet the sexual and reproductive health needs of residents in the coming years.

By approving the use of the new open access pan-London contracts with Kings College Hospital NHS Foundation Trust (KCH) and Guy's and St Thomas' NHS Foundation Trust (GSTT) – our two clinic providers in the borough – Cabinet would be unlocking a £9.31m saving over the 4.5 year lifespan of the contracts. Furthermore, the use of these block contracts will allow the council to have improved management of future budget uncertainties and the wider benefits of the continued relationship with key local NHS partners. It should be noted that some of these contract savings will need to be reinvested in expanding the provision of online self-testing kits, as part of a wider transformation programme in order to deliver lower sexual health costs into the future.

These contracts form part of a matrix of measures designed to modernise rationalise and reduce the cost of our sexual health service provision in Southwark. At a time of

growing need and diminishing resources from national government, it is more important than ever that we use our commissioning responsibilities to maximise value for our most vulnerable residents.

RECOMMENDATIONS

That cabinet:

1. Approves the use of the open access pan-London contract that Lambeth Council have with Kings College Hospital NHS Foundation Trust (KCH) for the provision of integrated sexual health services, from 1 October 2017 to a maximum end date of 31 March 2022, producing an estimated maximum spend of £6,764,000 as detailed in paragraph 37.

2. Approves the use of the open access pan-London contract that Lambeth Council have with Guy's and St Thomas' NHS Foundation Trust (GSTT) for the provision of integrated sexual health services, from 1 October 2017 to a maximum end date of 31 March 2022, producing an estimated maximum spend of £13,450,000 as detailed in paragraph 38.

3. Notes that the total spend detailed in paragraphs 1 and 2 includes costs for growth linked to the repatriation of patients into local services from clinics outside the area (as per paragraph 45 of this report), as follows:

    a. a maximum spend of £225,000 over the maximum 4.5 year contract duration, which equates to £50,000 per annum, for KCH; and

    b. a maximum spend of £450,000 over the maximum 4.5 year contract duration, which equates to £100,000 per annum, for GSTT.

    These costs will only be paid if evidence of that repatriation (and attributable out of area cost savings) is provided.

4. Notes that the successful partnership working between Southwark Public Health, the two trusts, and the commissioners in Lambeth Council provides the council with significantly reduced contract costs in delivering integrated sexual health services. Over the lifetime of the contracts contract values will be reduced by £9.31m. The annual contract cost of the KCH contract will reduce from £2.44m in 2016-17 to £1.60m in 2018-19. For GSTT, the reduction is from £4.12m in 2016-17 to £3.04m in 2018-19.

5. Notes that some of these reductions in contract costs for integrated sexual health services will be reinvested in expanding the provision of online testing, as part of the transformation programme to deliver lower sexual health costs into the future. This is in line with the Gateway 1 report and subject to separate Gateway 2 decisions. Moving asymptomatic testing out of clinic enables continuing cost efficiencies (online testing is cheaper than clinic testing), ensures a sustainable local sexual health system, and enables the council to continue to manage clinic demand and capacity. Early diagnosis also prevents onward infection (reducing the number of transmitted infections) and is essential in reducing the prevalence of infection within the population (and associated treatment costs, for which the council is responsible).

BACKGROUND INFORMATION

6. The Health and Social Care Act 2012 transferred, with effect from 1 April 2013, substantial duties to local authorities to improve the health and well-being of the population and reduce health inequalities. This includes the requirement to provide statutory open access sexual health services which provide residents with contraceptive services, the testing and treatment of sexually transmitted infections, sexual health promotion and other forms of genito-urinary medicine.

7. Local authorities receive a ring-fenced Public Health grant to fund these services. In common with most of England, sexual health services of this type are delivered in a clinical setting by hospital trusts.

8. This report seeks approval for the council to access the new London-wide sexual health contracts awarded to KCH and GSTT for the provision of integrated sexual health services at clinics in Camberwell, Streatham, Burrell Street and Walworth. The contracts for both trusts are due to begin on 1 October 2017 and will run for a period of four and a half years ending on 31 March 2022. These new contracts will implement the new Integrated Sexual Health Tariff (ISHT) at KCH and GSTT clinics and ensure that, where appropriate, asymptomatic testing is shifted into online services. ISHT is forecast to deliver significant savings for all London local authorities and will replace the current Payment by Results (PbR) system which sees a flat rate paid to the provider for each clinic attendance no matter what activity is undertaken within the appointment.

9. The council currently pays for sexual health services delivered by KCH and GSTT on an annual block contracted basis. The value of the contracts is negotiated annually, and the contracts are managed by Lambeth Council who re-charge Southwark accordingly under the Lambeth, Southwark and Lewisham tri-partite agreement, made between the boroughs of Lambeth, Southwark, Lewisham and their respective Clinical Commissioning Groups. The new contracts will see the tri-partite agreement varied to allow continued cross-charging from Lambeth Council for the contract spend by Southwark Council for its residents, in the amounts agreed in this report.

Cost reductions

10. The proposed new ISHT contracts significantly reduce the costs to the council of delivering sexual and reproductive health services, by applying a rigorously tested costing process, and changing the required skill mix for interventions. Over the lifetime of the contracts (4.5 years), costs to Southwark Council will be reduced by £9.31m, comprised of a reduction of £4.23m in contracting with KCH, and a reduction of £5.08m in contracting with GSTT. Some of these savings associated with contract cost reductions will need to be reinvested in expanding the provision of online testing, as part of the transformation programme to deliver lower sexual health costs into the future, as described in paragraphs 30 and 44.

Procurement project plan (Key Decision)

11. The original procurement plan for these contract awards was presented to and approved by Cabinet on 8 December 2015. The intended contract awards were recorded on Lambeth Council's Forward Plan on 16 December 2016.

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	08/12/2015
Briefed relevant cabinet member (over £100k)	22/08/2017
Approval of Gateway 1: Procurement Strategy Report	08/12/2015
DCRB Review Gateway 2:	03/08/2017
CCRB Review Gateway 2:	17/08/2017
Notification of forthcoming decision - despatch of Cabinet agenda papers – Five clear working days	11/09/2017
Approval of Gateway 2: Contract Award Report	19/09/2017
End of Scrutiny Call-in period and notification of implementation of Gateway 2 decision	27/09/2017
Debrief Notice and Standstill Period (if applicable)	Lambeth Council responsibility
Contract award by Lambeth	27/09/2017
Add to Contract Register	Lambeth Council responsibility
Contract start	01/10/2017
Publication of award notice in Official Journal of European (OJEU) by Lambeth	Lambeth Council responsibility
Publication of award notice on Contracts Finder by Lambeth	27/09/2017
Contract completion date	31/03/2022
Contract completion date – if extension(s) exercised	31/03/2022

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

12. These two contract awards to KCH and GSTT are for the provision of integrated sexual health services, a statutory requirement of the council, and will provide the council with improved management of future budget uncertainties, significant reductions in contract costs (£9.31m over the maximum life of the contract), and the wider benefits of continuing to contract with key local partners.

13. KCH and GSTT have been at the forefront of service integration and modernisation with clinicians actively involved in the development of the ISHT London-wide, and the local clinics being the first in London to comprehensively shift activity from a clinic setting to a much cheaper and more accessible sexual health e-service.

14. The outcome of the procurement process has enabled continuity of service provision with innovative local NHS providers and the delivery of planned savings within the system-change process.

15. Southwark Council is not entering into contract with either KCH or GSTT for these services, but instead is accessing the contracts Lambeth Council have negotiated with them and will therefore be paying Lambeth Council the amounts

set out in the recommendations and financial implications, and in line with the tripartite agreement referred to in paragraph 9.

Key/Non Key decisions

16. This report deals with a key decision.

Policy implications

17. All Southwark residents can, by statute, access sexual health clinics anywhere in the country, with the council where the person is resident being liable for the cost. Despite commissioners exerting downward pressure on clinic tariffs in recent years, the increasing demand for services has seen spend in Southwark increase. The high costs are unsustainable, especially given the cuts to Public Health grant. Furthermore, seeing all patients in clinic (as was the case prior to the establishment of an online service) is not an effective model since an estimated 30% of presentations to clinics are asymptomatic and can be dealt with just as effectively and more cost efficiently through online testing.

18. The integrated service model set out in the contracts is the key component of the London Sexual Health Transformation Project for direct access sexual health services, which modernises and improves access whilst reducing costs and improving value for money. A business case describing the intentions of the transformation programme was approved by Cabinet in December 2015.

19. The Southwark Health and Wellbeing Strategy 2015-20 sets out that improving sexual health, particularly for those groups disproportionately affected by poor sexual health, is a key issue for the council. Additionally, one of the strategy's key priorities is to promote increased self-care over a reliance on acute care.

Tender process

20. The contracts have been awarded by Lambeth Council following direct negotiation and the use of a waiver as set out in the Procurement Strategy Report approved by Cabinet on 8 December 2015.

21. During the negotiation process Lambeth Council reviewed the providers' ability to meet the required quality of service, as well as the financial costs for this within the budget envelopes available according to the new tariff prices for this service.

22. Commissioners and the providers began planning for system change and service transformation collaboratively in 2016, and negotiations for the new contracts began in January 2017 once the new tariff prices and contracting documentation was released by the London Sexual Health Transformation Project.

Tender evaluation

23. Southwark Public Health officers were fully informed of progress of negotiations and engaged regarding costs and service issues but the process of contract negotiations was undertaken by Lambeth Council as the host commissioner. As noted, the negotiation process covered both quality and cost elements of the services required. The negotiation resulted in significant reductions in costs from baseline contract costs (2016-17), detailed in paragraphs 29 and 30.

Plans for the transition from the old to the new contract

24. Transition planning in relation to the proposed new contract beginning on 1 October 2017 has been ongoing for some time and retaining the same providers makes this a simpler process. The new contracts deliver a significant drop in income for both providers delivering the service, and commissioners will be working closely with them on the changes that may be needed to staffing mix and staffing levels, hours of operation, site strategies and links with the new e-service (for online sexual health testing), which will be an integral part of making the new contract arrangements work.

Plans for monitoring and management of the contract

25. Lambeth Council commissioners will monitor the contracts on behalf of Southwark under the auspices of the tri-partite agreement and the shared commissioning arrangements. Robust governance is in place to ensure that the council has access to information needed to manage budgets, ensure local demand is met and service standards are being adhered to. Monthly contract monitoring meetings will occur with both providers and will include discussion of activity, quality and targets and contract monitoring summaries will be provided to the council on request and at the quarterly Lambeth, Lewisham and Southwark Sexual Health Partnership Board. The council pays for the North East London Commissioning Support Unit to undertake monthly finance and activity modelling for all London trusts (including KCH and GSTT) to support the process of identifying any concerns with activity or spend.

Identified risks for the new contract

26. The new contracts and, in particular, the implementation of integrated sexual health tariff (ISHT), represent some risks, as described in the table below. Risks have been mitigated in most cases.

Risk	Likelihood	Impact	Mitigation(s)	Risk level
Lack of service viability linked to reduced service income	Med	High	• Transitional funds provided • Block contract for first 18 months • Working with providers on staffing, site strategy and opening hours • Use of innovation to lower costs (eg: online contraception)	Low
Contract savings not delivered for the council as intended causing budget overspend	Med	High	• Block contract for first 18 months • Inclusion of marginal rate in contract to manage growth • Growth payments linked to evidenced shift of activity only (cash neutral) • Working with providers on staff levels, site strategy and opening hours • Use of innovation to lower costs (eg: online contraception)	Low
Challenge from other providers in	Low/Med	High	• Intention to directly award and not tender competitively has been reported in Dec 2015 (via	Med

Risk	Likelihood	Impact	Mitigation(s)	Risk level
the market			Cabinet paper) and reiterated on Lambeth Forward Plan (Dec 2016) • Little evidence of market interest, most awards going to incumbents • In the event of a challenge, Southwark would be able to continue to access services for local residents using cost and volume payments. • Whilst Lambeth has procured these contracts Southwark will carry out its own due diligence in order to be satisfied that appropriate grounds exist to justify the awards without a competitive tendering exercise. • In the event of a successful challenge to the awards, Southwark would exercise emergency powers under its Contract Standing Orders in order to secure service continuity and then undertake a separate procurement.	
Outcomes worsen as a result of savings taken/ reduced pricing	Med	Med	• Working with providers on staff levels, site strategy and opening hours to seek to maintain capacity • Use of innovation to lower costs (eg. online testing and contraception) • Continued investment in primary care and online testing	Low

Community impact statement

27. Positive sexual health is not proportionate within the population; there are strong links between deprivation and sexually transmitted infections (STIs) and teenage conceptions and abortions, and the highest rates of STIs are found in men who have sex with men (MSM), young people and black and minority ethnic groups. The Lambeth, Southwark and Lewisham Sexual Health Strategy and Partnership Board have prioritised improved outcomes for MSM, young people and black and minority ethnic groups. The new contracts will provide a comprehensive integrated service for sexual health, and the sexual health e-service operating alongside the clinic will provide access to testing for STIs, as well as sexual health information and signposting for all Southwark residents (with restrictions to self-sampling for under-16s). It is expected that the service will meet the needs of people with protected characteristics, without excluding certain groups and increasing existing inequalities. The boroughs of Lambeth and Southwark also commission specialist, targeted sexual health services to improve access and outcomes amongst the most at-risk groups. Access and outcomes are monitored by the LSL Sexual Health Commissioning Partnership Board.

Social value considerations

28. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well-being of the local area can be secured. The social value considerations include the current providers' engagement in the local community and in safeguarding and other initiatives such as outreach to vulnerable women. Sexual health clinics screen for potential safeguarding issues.

Economic considerations

29. Accessing these contracts enables the council to deliver a key element of its cost reduction programme within sexual health through system redesign. A reduction of approximately 22% against the 2016-17 contract values had already been negotiated for the first six months of 2017-18 with both trusts whilst preparation for the new contracts was undertaken.

30. The proposed new ISHT contracts significantly reduce the costs to the Council of delivering clinic based sexual health services by changing required skill mix for interventions and applying a rigorous costing process. Over the lifetime of the contracts costs will be reduced by £9.31m. The annual cost of the KCH contract will reduce from £2.44m in 2016-17 to £1.60m in 2018-19. For GSTT, the reduction is from £4.12m in 2016-17 to £3.04m in 2018-19.

	2016-17 Baseline	**2017-18** (6 months)	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**Lifetime contract value 2017-22**	**Value over 4.5 years if baseline spend was maintained**	**Saving from baseline**
KCH	£2.45m	£0.81m	£1.60m	£1.45m	£1.45m	£1.45m	£6.76m	£10.99m	**£4.23m**
GSTT	£4.12m	£1.61m	£3.04m	£3.00m	£2.90m	£2.90m	£13.45m	£18.53m	**£5.08m**
TOTAL	**£6.57m**	**£2.42m**	**£4.64m**	**£4.45m**	**£4.35m**	**£4.35m**	**£20.21m**	**£29.52m**	**£9.31m**

Some of these reductions in contract costs for integrated sexual health services will be reinvested in expanding the provision of online testing. Moving asymptomatic testing out of clinic enables continuing cost efficiencies (online testing is cheaper than clinic testing) and ensures a sustainable local sexual health system and enables the council to continue to manage clinic demand and capacity. Early diagnosis also prevents onward infection (reducing the number of transmitted infections) and is essential in reducing the prevalence of infection within the population.

31. All providers pay London Living Wage. No apprenticeships have been created as part of the negotiation as the services require qualified healthcare staff, however both providers are training locations for specialty medical training.

Social considerations

32. It has been identified that it is important for open access services and the e-service to link closely to ensure that service users are successfully integrated into appropriate care pathways; and to support the provision of consistent health promotion messages and sexual health information. While it is intended that the online service will enable an appropriate shift in activity from clinic-based services, it is essential that open access clinic-based services remain available

for those who choose to use them. Some people will prefer to be seen by a health care professional as they may feel that clinician-taken samples are more accurate than self-taken ones, and they can answer any questions immediately. It is important to resolve the misconceptions about the accuracy of self-swabs and the provider in collaboration with the online service can play an important role in this. The new contracts set targets for the provider to shift activity from clinics in a gradual way whilst the system changes are embedded.

Environmental/sustainability considerations

33. Increasing the proportion of service delivered online limits the need for people to travel to clinics supporting traffic minimisation and air pollution targets. Both providers have detailed environmental and sustainability policies which apply to its services and staff in London.

Market considerations

34. The market for experienced sexual health providers is currently limited, and most London procurements to date have seen contracts awarded to incumbent providers. The market may develop as future procurements take place across the country as well as London.

Staffing implications

35. There are no direct staffing implications of this decision.

Financial implications

36. Southwark Council receives a Public Health Grant to fund public health services which includes open access sexual health services. The funding and commissioning of these services transferred to local authorities in April 2013 following the Health and Social Care Act 2012. In 2017-18, the Council's grant is £28.19m, of which a significant proportion is spent on reproductive and sexual health and the testing and treatment of sexually transmitted infections, including e-service testing. Demand for sexual and reproductive health services has shown a generally increasing trend and the contract values proposed allow for 1% per annum population growth.

37. The maximum estimated spend of £6,764,000 through the use of the open access pan-London contract Lambeth Council have with KCH for the provision of integrated sexual health services is broken down for each year in the following way:

    a. A fixed maximum value of £812,000, from 1 October 2017 to 31 March 2018 and £1,602,000 from 1 April 2018 to 31 March 2019.

    b. Activity, pricing and payment methodology for the remaining three years of the contract period will be determined and agreed on a year by year basis between the council and the provider but will not exceed an annual sum of £1,450,000 in each of the years 2019-20, 2020-21 and 2021-22.

38. The maximum spend of £13,450,000 through the use of the open access pan-London contract Lambeth Council have with GSTT for the provision of integrated sexual health services is broken down for each year in the following way:

a. A fixed maximum value of £1,606,000 from 1 October 2017 to 31 March 2018 and £3,042,000 from 1 April 2018 to 31 March 2019.

b. Activity, pricing and payment methodology for the remaining three years of the contract period will be determined and agreed on a year by year basis between the Council and the provider but will not exceed an annual sum of £3,000,000 in 2019-20 and £2,900,000 in 2020-21 and 2021-22.

39. The tables below show the intended contract values for the council for both contracts for the first 1.5 years of the contracts, and the maximum ceiling that will apply in years 3-5 of the contracts:

KCH	**17-18 Actual value** (6 months)	**18-19 Actual value** (12 months)	**19-20 Maximum value** (12 months)	**20-21 Maximum value** (12 months)	**21-22 Maximum value** (12 months)
ISHT income	665,185	1,308,273	1,370,000	1,370,000	1,370,000
Genital Dermatology	27,027	54,054	0	0	0
Clinical oversight/ training/PGDs	7,500	15,000	15,000	15,000	15,000
Safeguarding enhancement	7,500	15,000	15,000	15,000	15,000
Data reporting investment	7,500	0	0	0	0
Post Exposure Prophylaxis for HIV	5,500	11,000	0	0	0
Transitional support	66,518	148,120	0	0	0
Growth	25,000	50,000	50,000	50,000	50,000
Total	**811,730**	**1,601,447**	**1,450,000**	**1,450,000**	**1,450,000**

GSTT	**17-18 Actual contract value** (6 months)	**18-19 Actual contract value** (12 months)	**19-20 Maximum value** (12 months)	**20-21 Maximum value** (12 months)	**21-22 Maximum value** (12 months)
ISHT income	1,503,170	2,691,555	2,734,157	2,745,223	2,745,223
Warts/partner notification	3,694	14,777	14,777	14,777	14,777
Clinical oversight/ training/PGDs	7,500	15,000	15,000	15,000	15,000
Safeguarding enhancement	12,500	25,000	25,000	25,000	25,000
Data reporting investment	7,500	0	0	0	0
Transitional support	21,451	195,208	111,066	0	0

GSTT	17-18 Actual contract value (6 months)	18-19 Actual contract value (12 months)	19-20 Maximum value (12 months)	20-21 Maximum value (12 months)	21-22 Maximum value (12 months)
Growth	50,000	100,000	100,000	100,000	100,000
Total	**1,605,815**	**3,041,540**	**3,000,000**	**2,900,000**	**2,900,000**

40. As shown, there are a number of payments included within the first 1.5 years which are not expected to recur (e.g. transitional support, funding for dermatology, PEP), hence the reducing annual values. Data reporting funds are a one-off to support the work needed to set up reporting systems for the new, pan-London KPIs. Funding for safeguarding and clinical oversight are expected to recur throughout the period and reflect the complex case mix at the clinics and the trust's role in overseeing necessary governance functions for the council associated with Patient Group Directives and support for primary care. In line with other trusts, transitional payments to support the implementation of the new contracts and associated data systems have been agreed until 2019-20.

41. The funding for both contracts is contained within the Southwark Public Health Grant which recurs until 2019-20. A break clause exists within the contracts to enable contracts to be ended or value reduced if there are further changes to Public Health Grant.

42. The reduction in contract value associated with the KCH contract award amounts to £4.23m over the 4.5 year period. The 2016-17 annual contract value was £2.44m with a projected cost over the 4.5 years of £10.99m if there had been no switch to using the Integrated Sexual Health Tariff and no channel shift into online services. These savings will contribute significantly to Southwark's savings plans.

43. The reduction in contract value associated with the GSTT contract award amounts to £5.08m over the 4.5 year period. The 2016-17 annual contract value was £4.12m with a projected cost over the 4.5 years of £18.53m if there had been no switch to using the Integrated Sexual Health Tariff and no channel shift into online services.

44. The reduction on contract values enable reinvestment into online testing through the new London-wide e-service and a separate Gateway 2 report has been agreed which provides for £0.67m of investment per annum into the e-service from 1 Oct 2017 onwards. The channel shift (re-investment) element of this is £0.32m.

45. The provision of an additional sum per year for growth (capped at £100,000 for GSTT and £50,000 for KCH) relates to the expectation that patients currently using other London clinics will be shifted into online testing and encouraged to choose to have their follow up treatment in local clinics such as those offered by KCH and GSTT. We cannot factor this activity into the baselines upon which the block contracts offered have been valued as the repatriated activity is not guaranteed. However, we have agreed with the providers that the additional sums can be paid annually on receipt of evidence of services delivered linked to activity shifting to KCH and GSTT from other clinics (evidence obtained and independently verified by the e-service provider). In budgetary terms, this is

largely cash neutral as the activity would have been paid for in the non-local clinic by the council anyway through the cost and volume charging arrangements in place. Encouraging the repatriation of activity through the e-service strengthens the financial viability of the local services.

46. The council has provided some additional investment in the services over the first 18-30 months to support the process of service transformation and to give the providers the time to manage the income reduction with regard to altering the staff mix, facilitate any changes in estate and capacity and maximising opportunities for channel shift. The two trusts elected to spread this investment over the first 1.5 years (KCH) or over the first 2.5 years (GSTT) of the contract, as per their individual needs. It is expected that the process of consultation will take six months minimum and we are not allowing a formal mobilisation period as the need to introduce the new tariff and take savings is urgent. Detail of this investment is contained in the tables in paragraph 39. It has been assessed that this investment is lower than the costs to the council of retendering the services given that this would require continuing on the current payment arrangements with the incumbent providers for at least another year while a new service was tendered and mobilised.

47. Transitional support provided to both providers (i.e. investment above the new maximum London-wide Integrated Tariff prices) amounts to £542,363 over the first 2.5 years of the 4.5 year contract period. However, the modelling undertaken by commissioners shows that retendering the service and paying both providers the current tariff prices over the next 12 months while any new service is mobilised would cost the council over £1.8m.

Legal implications

48. Under Regulation 6 of the Local Authorities (Public Health Functions and Entry to Premises by Local Healthwatch Representatives) Regulations 2013, local authorities have a duty to provide, or to make arrangements to secure the provision of, open access sexual health services in its area, which shall include arrangements for (i) for preventing the spread of sexually transmitted infections; (ii) for treating, testing and caring for people with such infections; and (iii) for notifying sexual partners of people with such infections. Under Regulation 6 open access services shall be construed to mean services that are available for the benefit of all people present in the local authority's area.

49. The Regulations do not prescribe how the services should be provided. In practice NHS hospital trusts provide the bulk of the services. The Secretary of State has not set tariffs for the provision of open access services and local authorities negotiate tariffs and/or block payments with NHS trusts providing these services within their area. It is best practice and demonstrably in the best interests of the council to negotiate terms in this way rather than leaving it to the NHS trusts to set their own charges.

50. Generally, contracts for health and social services worth more than £589,148 should be published in the Official Journal and competitively tendered. The negotiated procedure without prior publication in public service contracts is permitted in circumstances where competition is absent for technical reasons and where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement.

Consultation

51. The proposed new contracts require behaviour and expectation change from clinic users, including the expectation that a significant proportion of current clinic users will in future be expected to access testing online without coming into the clinic. The London Sexual Health Transformation Programme has commissioned a behaviour change specialist to support the change and is running a channel shift group which the Council is represented on. Work is being undertaken locally, led by the Public Health Team and funded by the LGA, to support behaviour change. Consultation and user engagement has been undertaken via clinic surveys and focus groups have shown a high degree of satisfaction with online services.

Other implications or issues

52. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (FC17/060)

53. The strategic director of finance and governance notes the recommendations in this report for use of the pan-London contract for integrated sexual health services provided by two NHS foundation trusts. The arrangements will run from 1 October 2017 up to 31 March 2022, covering five financial years.

54. In 2017-18 there is a predicted £600k adverse variance, due to the continued demand pressures in sexual health services on the public health grant despite management action taken to reduce costs where controllable through use of block contract arrangements, the implementation during 2017-18 of the pan-London e-service, integrated sexual health tariff and more efficient methods of service delivery.

55. During 2016-17, the demand pressure in sexual health services led to an adverse variance of £1.9m against the final 2016-17 revenue outturn position and the cabinet meeting of 18 July 2017 noted that the adverse variance has been transferred to a negative reserve against future ring-fenced Public Health grant.

56. This contract arrangement is expected to generate savings of approximately £10m over the next four to five years and will contribute towards the negative reserve mentioned above. The report includes detailed financial implications. The costs of the service are to be met from the public health grant to the council. Careful monitoring must be undertaken of the costs incurred in the contract.

Head of Procurement

57. This report asks that cabinet approve the use of the open access pan-London contract that Lambeth Council have with Kings College Hospital NHS Trust, and the use of the open access pan-London contract that Lambeth Council have with Guy's and St Thomas' NHS Foundation Trust for the provision of sexual health services.

58. The report also requests that Cabinet note the total spend of the contract contains costs for growth linked to the repatriation of patients as laid out in paragraph 3, and that the new contract spends represents a reduction in costs as laid out in paragraph 4.

59. Paragraph 23 states that Lambeth Council, as host commissioner, carried out the process of contract negotiations covering both quality and cost elements, Southwark Public Health officers were fully informed of the progress of these negotiations. This procurement approach was approved by Cabinet on 8 December 2015.

60. Paragraph 24 lays out the plans for transition to the new contract.

61. Plans for the monitoring and management of the contract are laid out in paragraph 25.

Director of Law and Democracy

62. This report seeks approval of Southwark's use of the open access pan-London contracts for sexual health services that Lambeth Council have procured and entered into with Kings College Hospital NHS Trust and Guy's and St Thomas' NHS Foundation Trust.

63. The legislative requirements which underpin the provision of sexual health services are explained in paragraphs 48, 49 and 50. These contracts have been subject to the application of the EU procurement regulations (the Public Contracts Regulations 2015).

64. The council (Southwark) has not been responsible for the procurement of the contracts; however, since it intends to access them for the benefit of its own service users it has consulted Lambeth's legal officers in order to satisfy itself about the legality of the negotiated process which has been undertaken .

65. The decision to approve the report recommendations is one which is reserved to Cabinet in line with the council's Contract Standing Orders ("CSOs"). CSOs also require that no contract may be awarded unless the expenditure has been included in approved revenue or capital estimates, or has been otherwise approved by or on behalf of the council, and paragraph 36 advises how that requirement will be met.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1: Procurement Strategy Approval: Southwark Sexual Health Transformation Programme – Sexual Health Services	Constitutional Team	Paula Thornton 020 7525 4395
Link: (copy and paste link into browser) http://moderngov.southwark.gov.uk/documents/g5142/Public%20reports%20pack%20Tuesday%2008-Dec-2015%2016.00%20Cabinet.pdf?T=10		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Maisie Anderson, Public Health and Social Regeneration
Lead Officer	Professor Kevin Fenton, Director of Health and Wellbeing
Report Author	Kirsten Watters, Consultant in Public Health
Version	Final
Dated	6 September 2017
Key Decision?	Yes

CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	**Comments included**
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Director of Exchequer (for housing contracts only)	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		6 September 2017