

Item No.	Classification: Open	Date: September 2017	Meeting Name: Strategic Director of Environment and Social Regeneration
Report title:		Gateway 2 - Contract Award Approval Access to London e-service for online sexual health testing	
Ward(s) or groups affected:		All	
From:		Consultant in Public Health	

RECOMMENDATION(S)

That the Strategic Director of Environment and Social Regeneration (being the relevant decision maker for the reasons set out under the Legal Implications heading below):-

1. Approves joining the Inter-Authority Agreement between the City of London Corporation and Southwark Council that enables Southwark to access the Pan London Sexual Health e-Service awarded to Preventx.
2. Notes and approves an extension to the contract that Lambeth Council has with SH:24 on Southwark Council's behalf for the provision of a sexual health e-service in Lambeth and Southwark, effective from 1 October 2017. The Strategic Director is asked to note that this is an interim solution required due to mobilisation delays to the Pan-London Sexual Health e-Service contract, and note that this contract will be terminated when Southwark clinics are able to access the Pan-London Sexual Health e-Service contract with Preventx.
3. Approves a maximum spend on the above sexual health e-services (activity costs) over an initial 2-year period from 1 October 2017 to 30 September 2019 of £1,339,155. This is equivalent to £330,139 from 1 October 2017 – 31 March 2018, £672,677 from 1 April 2018 – 31 March 2019, and £336,339 from 1 April 2019 – 30 September 2019.
4. Approves a maximum spend on sexual health e-service related-costs (non-activity costs) over an initial 2-year period from 1 October 2017 to 30 September 2019 of £136,689. This is equivalent to £66,189 from 1 October 2017 – 31 March 2018, £46,500 from 1 April 2018 – 31 March 2019, and £24,000 from 1 April 2019 – 30 September 2019.
5. Notes that the spend on sexual health e-service contracts is part of a matrix of measures designed to modernise, rationalise and reduce the cost of sexual health service provision in Southwark, and is funded through a £9.31m reduction in contract costs for integrated sexual health services in Southwark (detailed in Gateway 2: Award of Contracts for the Provision of Sexual Health Services, approved by Cabinet on 19 September 2017). 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).
6. Notes that approval to continue to contract with the Pan-London Sexual Health e-Service and the relevant maximum annual spend for years 3-9 of the e-Service contract and non-

activity-related costs will be sought no later than July 2019, through a separate gateway report.

BACKGROUND INFORMATION

7. This report seeks approval for the council to join the new Pan-London sexual health online testing contract procured by Camden Council for 26 participating local authorities and awarded to Preventx.
8. This new web-based online service is an integral part of the London Sexual Health Transformation Programme's (LSHTP) development of a comprehensive sexual health service offer in Southwark and London-wide. The procurement plan for the Transformation was presented and agreed at Cabinet on 8 December 2015. The online testing service supplements the offer of sexual health services in clinics. The London partnership is governed by a Memorandum of Understanding (MOU) which requires individual authorities to collaborate and agree cross-charging under the new Integrated Sexual Health Tariff (ISHT) for services accessed by their residents.
9. Of all service users tested in London clinics, around 30% will be asymptomatic (that is, presenting with no symptoms) and, of those tested, most will not have a sexually transmitted infection (STI). It is intended that clinic users will be triaged at the point of entry to clinics and, where asymptomatic, given the opportunity to self-test via the new online service. It is expected this will create cost savings and free up clinic capacity for those who really need to be seen in clinic.
10. As a named local Authority in the OJEU notice (Appendix C) advertising the Pan London Online service (along with 26 other London councils), Southwark Council has opted to join the procurement for an on-line sexual health testing service as set out in the Gateway 1 paper that was approved by Cabinet in December 2015.
11. The new e-service will work in collaboration with the open access Genito Urinary Medicine (GUM) clinical services which are also being remodelled and recommissioned on a sub-regional basis across London. Southwark, in partnership with Lewisham and Lambeth, are working together as a sub region in South East London. These open access sexual health services will provide fully comprehensive sexual health services for contraception, testing and treatment of sexually transmitted infections (STIs), including HIV testing and diagnosis. Southwark's local GUM services are currently provided by Guys and St Thomas's NHS Trust and Kings College Hospital and Cabinet approved new 4.5 year contracts for the provision of these services on 19 September 2017, ensuring that they are able to fully link in with the new e-service. The services will provide effective referral pathways to other services including abortion services, gynaecology, HIV treatment and care and drug and alcohol services.
12. It was initially envisaged that the new e-service would commence in Southwark clinics on 1 October 2017, however, due to the complexity of developing a new, pan-London service, the contract will not commence in London (not Southwark) until 8 January 2018, and is not expected to commence in Southwark until at least April 2018.
13. There will be a phased approach to rolling out the online service in London from 8 January 2018 with those clinics in sub-regions that have finished recommissioning their clinic-based services having access first. Southwark is provided with an e-service by SH:24 (contracted by Lambeth on Southwark's behalf via the Lambeth, Southwark, Lewisham tripartite agreement) so our residents already have access to an online testing service, and therefore roll out in Southwark clinics will occur once the pan-London service has been fully implemented and tested in other participating boroughs.

14. The contract Lambeth Council has with SH:24 (which includes provision for Southwark) expires on 30 September 2017. Due to the delayed commencement of the pan-London e-service, it is necessary to extend the contract with SH:24 to ensure residents and local GUM clinics are not without an e-service in the interim period.
15. There is also potential to further develop the new London e-service to provide the platform for a new, pan-London, partner notification system, in addition to the uncomplicated genital chlamydia offer, for follow up of partners across many of London's sexual health services and to support direct booking for Genito Urinary Medicine (GUM) services where required.
16. Southwark Council has existing e-service provision with SH24 (via Lambeth Council's contract) to provide an online testing service to Southwark residents. The service has fulfilled much of the same functions of the new e-service – allowing residents to order a sexually transmitted infection (STI) test online, return samples, receive their results and be referred to appropriate clinical services if positive. The service has operated in local genito-urinary medicine (GUM) clinics to divert presenting residents who are asymptomatic so as to free up clinic capacity and save costs. The approach taken will be replicated by the new pan-London service but operating at scale across most of the clinics in London. The procurement of the e-service was carried out by Camden Council on behalf of all participating London boroughs and the implementation and the monitoring of the complex contract is being undertaken by the City of London Corporation.

Cost reductions

17. On 17 September 2017, Cabinet approved the use of new sexual and reproductive health contracts with Kings College Hospital NHS Foundation Trust (KCH) and Guy's and St Thomas' NHS Foundation Trust (GSTT), which will unlock £9.31m saving in the 4.5 year period of 1 October 2017 – 31 March 2022. As detailed in that report, some of those 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. 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.
18. Over the two year period 1 October 2017 – 30 September 2019, the council will unlock £3.86m saving from baseline on the above contract costs, of which £1.48m (38%) will be re-invested into the provision of sexual health e-services, enabling the council to better control sexual health costs now and into the future.
19. The interim contract extension with SH:24 will also ensure value for the Council; SH:24 have confirmed sexual health testing prices approximately 40% lower than current costs (as other boroughs in South East London will be contracting with them as an interim solution and this enables economies of scale). This will ensure a similar volume of tests can be delivered as would have been expected with the new pan-London e-service, without additional investment.

Procurement project plan

<i>Activity</i>	<i>Completed by/Complete by:</i>
Forward Plan for Gateway 2 decision	20/09/2016
Briefed relevant cabinet member (over £100k)	20/04/2017
Approval of Gateway 1: Procurement Strategy Report	08/12/2015
Invitation to tender	20/10/2016
Closing date for return of tenders	22/02/2017
Completion of evaluation of tenders	24/04/2017
DCRB Review Gateway 2:	06/06/2017
CCRB Review Gateway 2:	15/06/2017
Notification of forthcoming decision – Five clear working days	n/a – request made for urgent implementation
Approval of Gateway 2: Contract Award Report	29/09/2017
End of scrutiny call-in period and notification of implementation of Gateway 2 decision	n/a – request made for urgent implementation
Contract award	Not applicable
Add to Contract Register	Not applicable
Contract start	01/10/2017
Publication of award notice in Official Journal of European (OJEU)	Not applicable
Publication of award notice on Contracts Finder	Not applicable
Contract completion date	31/03/2022
Contract completion date – if extension(s) exercised	31/03/2026

20. Lambeth Council will extend the contract with SH:24 utilising the terms of their current contract. Lambeth Council has responsibility for all commissioning activity and risk; as per the terms of the Lambeth, Southwark and Lewisham tri-partite agreement. Southwark is only responsible for meeting the costs of its residents' use of this service.

KEY ISSUES FOR CONSIDERATION

21. This report seeks approval for the council to join the new Pan-London online sexual health testing contract. This new web-based online service is an integral part of the London Sexual Health Transformation Programme's (LSHTP) development of a comprehensive sexual health service in Southwark and London-wide. The London partnership is itself governed by a Memorandum of Understanding which requires individual authorities to collaborate and agree cross-charging under the new sexual health tariff for services accessed by their residents and provided in other boroughs. Of all service users tested in London clinics, around 30% will be asymptomatic (that is,

presenting with no symptoms) and of those tested most will not have a sexually transmitted infection (STI).

22. It is proposed that the council will join the contract let by the City of London to Preventx by way of an Inter Authority Agreement (Appendix A). The award of the contract to Preventx was approved by the Lead Authority (City of London) following a procurement exercise led by Camden Council on behalf of the associated London authorities. Southwark Council was named in the OJEU notice at the start of the procurement. The contract between Preventx and the City of London Corporation commenced on 15 August 2017, and will run for up to 9 years on a 5+2+2 basis. The contract will begin to be operational in London on 8 January 2018. This report seeks approval for Southwark to access the contract over its lifetime, with specific financial limits for Years 1 and 2. The maximum contract values for Years 3-9 will be set no later than July 2019 and will be approved via a separate Gateway 2 report. The delay in approval for the latter years of the contract is necessary as the extent of channel shift needs to be ascertained before agreeing values.
23. Although GUM clinics in Southwark will not be utilising the new Preventx e-service from the earliest possible commencement date of 8 January 2018, should Southwark residents attend a clinic outside the borough that is using the new e-service, Southwark will financially benefit from that as the cost of using the e-service is lower than the cost of that resident being seen in a traditional GUM clinic. Southwark Council will therefore need to be signatory to the pan-London contract no later than 8 January 2018, so that we are able to benefit from the new service in other boroughs.
24. Lambeth Council will extend the contract with SH:24 for the interim period from 1 October 2017 with a maximum end date of 30 June 2018, which will be terminated as soon as the new Preventx service is able to commence in Southwark GUM clinics. Some of the contract value for SH:24 will need to be held back to cover Preventx costs from 8 January 2018, in the eventuality that Southwark residents attend clinics outside Southwark which are using the Preventx service.
25. Due to the complexities detailed in the paragraphs above, there is an element of flexibility required in the budget allocation to these two services (SH:24 and Preventx). This report seeks authority for a maximum spend on e-service activity over an initial 2-year period from 1 October 2017 to 30 September 2019 of £1,339,155. This is equivalent to £330,139 from 1 October 2017 – 31 March 2018, £672,677 from 1 April 2018 – 31 March 2019, and £336,339 from 1 April 2019 – 30 September 2019. This has been calculated by modelling activity and case mix in clinic plus new user activity.
26. There are additional non-activity costs related to joining the pan-London e-service (including governance, management costs, procurement costs), which will be payable to the City of London Corporation. This will be a maximum spend of maximum spend over an initial 2-year period from 1 October 2017 to 30 September 2019 of £136,689. This is equivalent to £66,189 from 1 October 2017 – 31 March 2018, £46,500 from 1 April 2018 – 31 March 2019, and £24,000 from 1 April 2019 – 30 September 2019. These costs are estimated and based on guidance from the City of London, and detailed further in paragraph 69.
27. It is currently proposed that this spend is allocated as detailed in paragraph 69. However, given the commencement date of the new e-service in Southwark clinics is unknown, this report seeks approval for flexibility to spend a maximum value of £ 1,475,844 from 1 October 2017 to 30 September 2019 on costs related to these two e-services (both activity and non-activity costs), in line with the paragraphs above.

28. The City of London will manage the new pan-London contract and ensure that upper spend limits are adhered to and that local participating commissioners receive monthly reports on usage and spend. Each authority can place a cap limit on activity and spend and will be notified if activity is reaching cap limit. The intention is that the cap will be set relatively low initially, and local commissioners will be evaluating savings and efficiencies generated on a monthly basis and raising the cap as required. Lambeth Council will manage the SH:24 interim contract and ensure spend and activity limits are adhered to, as per the current arrangement.
29. It is estimated that the new Preventx service will generate savings for the council both by moving activity online and out of clinics (where it costs more) and by putting in place a contract which offers a more competitive price for online testing than we are paying currently due to the economies of scale that will be achieved delivering the service across 26 London boroughs instead of just Lambeth and Southwark.
30. Given that the council already contracts with SH24 to deliver online testing locally, the clinics in Lambeth and Southwark will not need transitional support to organise their activities differently and they already have the equipment in place to enable patients to access the service at the front door of clinics. However, there are other transitional issues associated with ensuring that users of the current service provided by SH24 are able to be smoothly signposted to the new service when it goes live in 2018.
31. Most London local authorities have been collaborating in order to redesign sexual health services, ensuring they are modern (for example, accessible where possible on-line) and sustainable. The London Sexual Health Transformation Programme (LSHTP) has developed and promoted initiatives that enable integrated sexual health services (STI testing, treatment, contraception) to be delivered in a single point of access environment. These initiatives include revised clinical approaches and the development of an Integrated Sexual Health Tariff (ISHT) where interventions are priced according to cost rather than the previously utilised NHS Payment by Results (PbR) which provided a flat rate tariff. The development of ISHT is forecast to generate additional savings for local authorities.

Key/Non Key decisions

32. This report deals with a key decision.

Policy implications

33. 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 need/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.
34. The new e-service is a key continuation 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.
35. The Southwark Health and Well Being 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

36. The procurement of the new on-line service was led by Camden Council of behalf of the City of London (who are the contract lead) and 26 participating local authorities. The OJEU notice was published on 4 August 2016. There were three stages to the initial section of the tender:
 - Selection (pre-qualification)
 - Invitation to Participate in Negotiation (ITPN)
 - Invitation to Submit Final tender (ISFT)
37. Eight organisations submitted selection questionnaires which included Health Trusts, private companies and a Community Interest Company. The majority of submissions were consortia due to the hybrid nature of the services in terms of Information Technology/clinical services.
38. Following evaluation against the selection criteria, six organisations were invited to the ITPN stage on 20 October 2016. Only three submitted tenders, two were partnership bids.
39. At initial tender stage, tenders were evaluated using a quality/price ratio of 70:30 as set out in the published tender documents. The two highest scoring submissions were invited to the negotiation stage. The third organisation did not meet the minimum standards and did not progress to that stage.
40. Quality was evaluated in line with weighted criteria as detailed in a set of method statements. These included areas such as website design and functionality, Information Governance, sample kit design and content, social value, safeguarding and mobilisation.
41. Price was assessed based on an evaluation of the Total Tender Sum which comprised:
 - The Kit Costs for each year of the Contract
 - The Kit Diagnosis Costs based on a notional return rate of 70%
 - A price for Chlamydia only treatment
42. The evaluation panel for each element of the tender included the programme lead, commissioners from the London sub regions, a clinician, health advisor, finance officers, Information Technology (IT) reps from City of London along with colleagues covering safeguarding and Information Governance (IG). A Microbiologist and Virologist were involved in the visits to the pathology laboratories. The Head of Commercial Services for the City of London attended moderation discussions.
43. Service user focus groups were involved with reviewing the sampling kits and the design and layout of the proposed websites. Feedback from the groups informed the panel's discussions on these aspects.

Tender evaluation

44. Discussions at the negotiation stage were documented in detail and recorded as Issues Logs which were updated after each negotiation session and addressed all aspects of Award Criteria/Method Statements. There were three negotiation sessions held with each bidder with the aim of developing their initial submissions to ensure comprehensive final tender bids and clear and sustainable pricing models.

45. At final tender stage, tenders were evaluated using a quality/price ratio of 50/50
46. The weightings differed to shift the focus of the tenderers at each stage. At Initial Tender stage the focus was on the quality and technical elements to ensure that all Tenders were of good quality, and then subsequently at Final Tender stage the focus shifted to ensure that the tenderers turned their attention to the pricing elements after negotiation in order to submit competitive Tenders.
47. The procurement has resulted in the outcome shown in the table below.

Tenderer	Quality (50%)	Price (50%)	Total (100%)
Preventx	36.2	50	86.2
2 nd place tenderer	39.7	43.7	83.4

48. Sexual health budgets have been under significant pressure. The channel shift of activity from clinics to online services and the lower prices achieved through this collaborative large scale procurement will contribute to delivery of savings together with the Integrated Sexual Health Tariff (ISHT) which will apply to all new contracts for direct access sexual health services. Under the new pricing system that is being agreed with clinic providers under the ISHT, the cost of testing in a clinic is reduced from a price of £157 under the old fixed price, down to £53 to £89, depending on the type of test given. The range of cost for an on-line test is £15.79 to £42.97 assuming a channel shift proportion of 30% and annual testing activity remaining at current levels, the reduced prices associated with online service provision will deliver savings although not all of the savings will be cashable as the activity levels in clinics may continue to rise.

Plans for the transition from the old to the new contract

49. The existing local e-service run by SH24 will only cease functioning once the new Preventx e-service is implemented locally. The Preventx service will be implemented from 8 January 2018 in the first wave of London clinics. Preventx will mobilise the e-service across other sub-regions between January and April 2018 and we expect that any transitional issues to have been identified and solved by the time of implementation in Southwark. Both GSTT and KCH have installed iPads and self-service podiums within their clinics and have experience of triaging and channel shifting patients at the front door so we do not expect to experience any issues locally.
50. Along with the other 26 boroughs utilising the new e-service, Southwark is contributing financially to the costs of the commissioning team within the City of London (as detailed in paragraph 69). The team will be working with the new provider, Preventx, and local clinics on implementation.
51. There will be some on-going liabilities within the SH24 contract for tests that are ordered prior to the service end date but not returned until afterwards. We will ask SH24 to retain a contingency sum from within the current contract value for this eventuality.

Plans for monitoring and management of the contract

52. The City of London will manage the contract on behalf of the participating boroughs. The small dedicated team will come under the auspices of the London Sexual Health Transformation Programme (LSHTP) governance, overseen by a part-time Director of Sexual Health who will also cover the continuing development of the LSHTP Programme.

53. Monitoring reports will be provided by the City of London team to individual boroughs and the shared commissioning team based in LB Lambeth will ensure that the service is meeting the needs of Southwark residents while remaining within budget.

Identified risks for the new contract

54. The following table summarises the key impacts/risks and how they will be addressed.

Impact / Risk	Mitigation strategy	Risk score: Impact	Risk score: Likelihood	Total risk score
Legal challenge from unsuccessful bidders	Thorough scrutiny of scores has taken place. Officers are confident the process has been fair and transparent and that the outcome is the correct result. Debrief meetings to be held with the unsuccessful bidders. Existing service in place should there be any delays to commencement.	2	1	3
Service users anxiety during implementation period	The winning bidder submitted a robust implementation plan for all elements of the service including user friendly web design and clearly demonstrated that risk mitigation strategies are in place for a new and innovative online service. The winning organisation will work closely with the LSHTP to launch the new service and to ensure that its roll out dovetails with newly tendered sub regional GUM services. An organisation has been separately procured to support the "channel shift" of service users moving away from the historic model of sexual health services to an IT based, self-sampling option.	2	3	5
Delay in implementation/start date of the service	There have been delays in the contract start date which will now be in September with a service go live date of 8 January 2018. Although a very tight implementation period is required the City of London has a detailed implementation plan. The implementation timetable and project plan is being monitored by the London E-Service Management Board. Delays in implementing the new service will be mitigated through the extension to the SH24 contract.	2	5	7

Community impact statement

55. Positive sexual health is not proportionate within the population; there are strong links between deprivation and 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. A full Equalities Impact Assessment (EIA) was carried out by Camden Council as part of the procurement undertaking, and is attached. The e-healthcare sexual health service will provide access to testing for STIs, as well as sexual

health information and signposting for all London 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.

Social Value considerations

56. 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. Camden council are bound by these considerations as the authority that led the procurement process and social value was a consideration within the procurement process.

57. The London Living Wage is not applicable as the winning provider is not based in London. The provider is compliant with the National Minimum Wage Act 1998.

Economic considerations

58. Accessing this contract enables the council to deliver a key element of its savings programme within sexual health. The price per test is lower than currently (both in clinic and with Southwark's existing online service) and achieving channel shift is a key determinant in being able to manage with reduced clinic sites locally. Early diagnosis also prevents onward infection (reducing the number of transmitted infections) and ensures that patients are identified before they become very ill (reducing the need for costlier interventions with patients).

Social considerations

59. 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 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 online service can play an important role in this. The EIA identified that it is important for open access services and the e-healthcare 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.

Environmental/Sustainability considerations

60. The e-service provides a more cost-effective and sustainable service in challenging economic times. Residents accessing directly on-line will reduce the environmental impact associated with clinic attendances.

Market considerations

61. There is a limited market for the provision of on-line sexual health testing services as evidenced by the small number of providers submitting tenders that were of a sufficient standard to go through to the negotiation process. However, as more and more councils move to including an online service offer, the market will develop.

Staffing implications

62. There are no direct staffing implications for Southwark; it has been established that there are no TUPE implications.

Financial implications

63. This section sets out the financial framework for sexual health services, the direction of travel for future sustainable service delivery and the proposed financial and contractual arrangements for the new e-service.
64. Southwark Council receives Public Health Grant to fund public health services which includes direct access sexual health services including the online e-service which is the subject of this report. The funding and commissioning of these services transferred to local authorities in April 2013 following the Health and Social Care Act 2012 and are overseen by Southwark's Director of Public Health. In 2017-18 the Council's grant is £28.194m, of which a significant proportion is budgeted for sexual health testing and treatment services, including e-service testing. Demand for services has shown an increasing trend.
65. Most London local authorities have been collaborating in order to redesign sexual health services, ensuring they are modern, efficient and sustainable, especially given the reductions in Public Health grant experienced by local authorities. The London Sexual Health Transformation Programme (LSHTP) has developed and promoted initiatives that enable integrated sexual health services (STI testing, treatment, contraception) to be delivered in a single point of access environment. Importantly, the planned introduction of the Integrated Sexual Health Tariff (ISHT) will mean that:
- Providers are paid according to actual activity undertaken rather than by the previously utilised NHS Payment by Results (PbR) flat rate tariff,
 - pricing is more competitive for each activity, and
 - commissioners will have access to better data and be able to better understand and influence what goes on in clinics. The development of ISHT is forecast to generate significant savings for local authorities, including Southwark.
66. Under the ISHT, the cost of testing in a clinic is reduced from an average flat rate price of £157 to between £53 and £89, depending on the type of test given. The range of cost for an on-line test is £15.79 - £42.97. Assuming a channel shift proportion of 30% and annual testing activity remaining at current levels, the reduced prices associated with online service provision will deliver savings although not all of the savings will be cashable as the activity levels in clinics may continue to rise.
67. The initial activity levels will be set at a modest rate to ensure commissioners are alerted at the earliest available opportunity to any potential cost pressures or unforeseen issues and can take any appropriate remedial action. It should be noted that the mobilisation costs of the contract are loaded into the first two years, and therefore there will be opportunities for further savings in costs if the contract continues as permitted.
68. The required investment in the contract has been calculated by modelling clinic activity and case mix against the new contract prices plus a recommended contingency of 50% and an allocation of £20,000 per month for direct access by residents. The contingency is to allow clinic diversion to continue if it exceeds the initial diversion calculations, as each diversion will be a saving. Direct access is desirable for the overall aim of self-management and encouraging former clinic users to access online, but presents some financial risks. The cap on direct access will continue until there is sufficient information about use. The current cap for the SH24 contract is £29,000 per month but the lower prices enable this reduction. The average Preventx test price is £33 with an inbuilt return factor of 70%; the current average SH24 test is £56. The new contract is therefore offering significant price reductions.

69. The 2-year maximum spend on these e-services will be £1,475,844, including both activity costs and non-activity costs. It is proposed that this is allocated as detailed in the table below, however, this report seeks authority for flexibility in this allocation based on when the new Preventx service is able to commence in Southwark clinics.

Spend on sexual health e-services: 1 October 2017 – 30 September 2019	
1 Oct 2017 - 31 March 2018 (6 months)	
<i>Activity costs</i>	
SH:24 e-service - October 2017 – March 2018	£306,139
Preventx e-service out of borough clinic costs - Jan-March 2018	£24,000
<i>Total activity costs</i>	£330,139
<i>Additional e-service related costs:</i>	
Late joining procurement opt-in fee (Camden Council)	£30,930
E-service management charge / governance costs (City of London)	£17,759
(Estimated) analytics system development / procurement (City of London)	£17,000
Pathway analytics subscription charge	£500
<i>Total non-activity costs</i>	£66,189
Total e-service spend 1 Oct 2017 – 31 Mar 2018	£396,328
1 April 2018 - 31 March 2019 (12 months)	
<i>Activity costs</i>	
SH:24 - April - June 2018	£117,169
Preventx e-service out of borough clinic costs - April - June 2018	£48,000
Preventx in-borough costs Southwark – July 2018 - March 2019	£507,508
<i>Total activity costs</i>	£672,677
<i>Additional e-service related costs:</i>	
E-service management charge / governance costs (City of London)	£25,000
(Estimated) analytics system development / procurement (City of London) - TBC	£20,000
Pathway analytics / informatics system subscription charge - TBC	£1,500
<i>Total non-activity costs</i>	£46,500
Total e-service spend 1 Apr 2018 – 31 Mar 2019	£719,177
1 April 2019 - 30 September 2019 (6 months)	
<i>Activity costs</i>	
Preventx - April - March	£336,339
<i>Total activity costs</i>	£336,339
<i>Additional e-service related costs:</i>	
(Estimated) Management charge / governance costs (City of London) - TBC	£12,500
(Estimated) analytics system development / procurement (City of London) - TBC	£10,000
Pathway analytics / informatics system subscription charge - TBC	£1,500
<i>Total non-activity costs</i>	£24,000
Total e-service spend 1 Apr 2019 – 30 September 2019	£360,339
TOTAL e-SERVICE SPEND – 1 OCT 2017 – 30 SEPT 2019	£1,475,844

70. Some of the contract value for SH:24 will need to be held back to cover Preventx costs from 8 January 2018 (to ensure there is no spend over the original allocated budget), in the eventuality that Southwark residents attend clinics outside Southwark which are using the Preventx service. This is included in the values above. This has been modelled as £8k / month between January – March 2018, and £16k / month from April – June 2018 (costs are expected to increase as more clinics across London begin to use the Preventx service).

Legal implications

71. Public Health Services transferred to local authorities on 1 April 2013 pursuant to the Health and Social Care Act 2012. Regulations made under s6C of the NHS Act 2006 require local authorities to provide, or make arrangements to secure the provision of open access sexual health services in their area. HIV treatment and care, abortion, vasectomy and sterilisation services remain the responsibility of the NHS through the Clinical Commissioning Groups.

72. At its meeting held on 8 December 2015 Cabinet had delegated the decision to award this contract to the Strategic Director of Children's and Adults Services. Since that meeting a corporate restructure has taken place, as a result of which Public Health functions now fall within the management and control of the council's Environment and Social Regeneration department. The Strategic Director of Environment and Social Regeneration is, therefore the relevant authorised decision maker for the purposes of this report. The Forward Plan has been noted and amended accordingly.

Consultation

73. Consultation and user engagement has been undertaken via clinic surveys and focus groups. A behaviour change specialist has been procured by the London Sexual Health Transformation Programme to support behaviour change. The provider has engaged both clinic users and potential users to assess views and approaches to online service provision. Service user involvement was also a key part of the tender process, where views were sought on the type of self-sampling kits, ease of use, and service access.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (ESR17/012)

74. The strategic director of finance and governance notes the recommendations in this report relating to Sexual Health e-Services, and in particular the financial implications as stated in paragraphs 63 to 70. The service costs will be met from within the Public Health Grant. Costs and commitments should be carefully monitored to ensure that these are controlled within budget.

Head of Procurement

75. This report seeks the approval of the Strategic Director of Environment and Social Regeneration to enter into an Inter-Authority Agreement between the City of London Corporation and Southwark Council that enables Southwark to access the Pan London Sexual Health e-Service awarded to Preventx. For the first two years of the service covering from 1st October 2017 – 30th September 2019, there is a total maximum value of £1,339,155.

76. The Strategic Director of Environment and Social Regeneration is asked to note that the spend for years 3-9 of the contract will be set in 2019 but will be subject to a separate gateway process.

77. The Strategic Director of Environment and Social Regeneration is also asked to approve a maximum spend on non activity costs of £136,689 over the two years of this contract.
78. The report requests that the Strategic Director of Environment and Social Regeneration notes that the spend on sexual health e-service contracts is part of a matrix of measures designed to modernise, rationalise and reduce the cost of sexual health service provision in Southwark, and is funded through a £9.31m reduction in contract costs for integrated sexual health services in Southwark.
79. London Living Wage is not paid for this agreement by the City of London Corporation as the supplier is based outside of London.
80. The plans for the monitoring and management of the contract are set out in paragraphs 52 and 53 of the report.

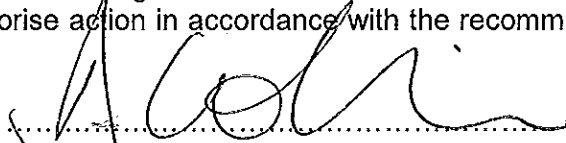
Director of Law and Democracy

81. This report seeks approval to join the new Pan-London sexual health online testing contract to be delivered by Preventx, by way of the execution of an inter-authority agreement managed by the City of London Corporation.
82. The report notes that the procurement of the new online/electronic service has been undertaken through an EU compliant competitive process in collaboration with a large number of other London boroughs. The Director of Law and Democracy (corporate team) has reviewed the Memorandum of Understanding and the Inter Authority Agreement and officers' comments and amendments have been incorporated in those documents.
83. The report also notes that, due to a delay in the implementation of the new online testing contract with Preventx it has become necessary for Lambeth Council to negotiate and enter into a new contract with SH:24 (to be effected by way of an extension of the existing contract, which expires on 30 September) in order to enable a sexual health e-Service to continue in Lambeth and Southwark in the interim. Although Southwark is not responsible for the procurement of that interim contract officers are satisfied that the process undertaken by Lambeth is compliant with EU and domestic legislation and that Southwark residents may continue to access the SH:24 online testing service until the Pan-London services become available.
84. The report recommendations are consistent with the council's legal duties and powers in relation to the provision of health services and with its Contract Standing Orders ("CSOs"). The community impact statement in paragraph 55 notes that an equality impact assessment ("EIA") has been carried out on behalf of the participating Boroughs in order to assess and monitor the effectiveness of the services amongst specific individuals and groups across the participating boroughs, in particular, those affected by poor sexual health. Keeping the EIA under regular review will allow officers to demonstrate that due regard has been had to the requirements of Section 149 of the Equality Act 2010 which imposes the Public Sector Equality Duty.
85. The decision to approve the report recommendations may be taken by the Strategic Director of Environment and Social Regeneration for the reason set out in paragraph 72.

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report.

Signature

A handwritten signature in black ink, appearing to be 'A. Colli', written over a dotted line.

Date 29-09-17

Designation

Strategic Director of Environment & Social
Regeneration.

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available.

1. DECISION(S)
As set out in the recommendations of the report.

2. REASONS FOR DECISION
As set out in the report.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION
Not applicable.

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST
<i>If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.</i>

6. DECLARATION ON CONFLICTS OF INTERESTS
I declare that I was informed of no conflicts of interests.*
or
I declare that I was informed of the conflicts of interests set out in Part B4.*
(* - Please delete as appropriate)

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Business Case – Cabinet Approval	Public Health Southwark Council 160 Tooley Street London SE1 2QH	Kirsten Watters 020 7525 7758
Link: http://moderngov.southwark.gov.uk/mgChooseDocPack.aspx?ID=5142		
Award to SH24 for online service contract Apr-Oct 2017	Public Health Southwark Council 160 Tooley Street London SE1 2QH	Kirsten Watters 020 7525 7758
Link: http://moderngov.lambeth.gov.uk/ieDecisionDetails.aspx?ID=3862		

AUDIT TRAIL

Lead Officer	Kevin Fenton	
Report Author	Kirsten Watters	
Version	Final	
Dated	25 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
Cabinet Member	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet	No	No
Date final report sent to Constitutional/Community Council/Scrutiny Team	26 September 2017	

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	n/a – contract not being awarded by Southwark Council
Contract Description	
Contract Type	
Lead Contract Officer (name)	
Lead Contract Officer (phone number)	
Department	
Division	
Procurement Route	
EU CPV Code (if appropriate)	
Departmental/Corporate	
Fixed Price or Call Off	
Supplier(s) Name(s)	
Contract Total Value	
Contract Annual Value	
Contract Start Date	
Initial Term End Date	
No. of Remaining Contract extensions	
Contract Review Date	
Revised End Date	
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	
Comments	
London Living Wage	

This document should be passed to the member of staff in your department responsible for keeping your departmental contracts register up to date.

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