

Item No. 12.	Classification: Open	Date: 15 June 2021	Meeting Name: Cabinet
Report title:		Gateway 3 – Variation Decision Extension of contracts for the provision of genito-urinary medicine services at KCH and GSTT	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Evelyn Akoto, Health and Wellbeing	

FOREWORD – COUNCILLOR EVELYN AKOTO, CABINET MEMBER FOR HEALTH AND WELLBEING

The sexual and reproductive health of Southwark residents remains a significant priority and a driver of inequality in our local population. Over 8,000 new sexually transmitted infections (STIs) were diagnosed last year and approximately 2,500 residents are estimated to be living with HIV. We are also acutely aware that poor sexual and reproductive health outcomes do not affect all groups equally. The highest rates of new STI diagnoses are found in men who have sex with men, young people, and Black and minority ethnic groups, and there are strong links between deprivation and STIs, teenage conceptions, and abortion. Good sexual and reproductive health is, at its core, good overall health and our services play a critical role in meeting this need.

Since the contracts with local sexual health clinics at King’s College Hospital and Guy’s and St Thomas’ Hospital were last awarded, we have seen continued developments across the sexual health system, and then the COVID-19 pandemic began; we now need to review what service model is the best fit for our residents. However, as our local clinics are also major acute trusts, the COVID-19 pandemic has meant that the necessary development work, co-production, and re-procurement could not take place this year. For this reason, this report requests an extension to the existing contracts with King’s College Hospital and Guy’s and St Thomas’ Hospital for one year, to allow for a comprehensive Programme of Change to take place.

RECOMMENDATIONS

1. That the Cabinet:
 - a. approves the extension of the use of the open access pan-London genito-urinary medicine (GUM) contracts that Lambeth Council have with King’s College Hospital NHS Foundation Trust (KCH) and Guy’s and St Thomas’ Hospital Trust (GSTT) for a maximum period of 12 months commencing on 1 April 2022, at an estimated total contract value of £4.304m (£1,404,489 for KCH and £2,900,000 for GSTT), inclusive of a six month break clause; and
 - b. notes that the need for this variation has arisen as a direct consequence of the impact of the COVID-19 pandemic on the procurement process

and planned re-commissioning schedule for these contracts while the providers (local major acute trusts) are involved in responding to the ongoing emergency.

BACKGROUND INFORMATION

2. The Health and Social Care Act 2012 transferred, with effect from 1 April 2013, substantial duties to local authorities to improve the health and wellbeing of the population and reduce health inequalities. This includes the requirement to provide statutory open access sexual health services that provide residents with contraceptive services, the testing and treatment of sexually transmitted infections (STIs), sexual health promotion, and other forms of GUM.
3. The council has continued to commission successive service contracts for clinical sexual and reproductive health (SRH) services with GSTT and KCH since 2013. These are established specialist clinical SRH services: both have a long-term history of sexual health provision in Southwark and neighbouring Lambeth.
4. Local authorities receive a 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.
5. 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 held and led by Lambeth Council who re-charge Southwark accordingly under the Lambeth, Southwark and Lewisham tripartite agreement, made between the boroughs of Lambeth, Southwark, Lewisham and their respective Clinical Commissioning Groups.
6. The use of the current open access pan-London contracts with KCH and GSTT by Lambeth Council on our behalf was agreed by Cabinet on 19 September 2017; this followed extensive London-wide collaboration on the transformation and reconfiguration of sexual health services across the capital to support future affordability and sustainability of provision. The service model provides a comprehensive set of sexual and reproductive health services for contraception, testing and treatment of STIs (including HIV), and diagnosis. These contracts are due to end on 31 March 2022.
7. The existing contracts were negotiated as part of the London-wide transformation agenda. They introduced a detailed pricing schedule via an integrated sexual health tariff (ISHT) and included a requirement to divert asymptomatic STI testing activity away from specialist clinical services to the sexual health e-service, to create additional clinical capacity to focus on complex demand.
8. This combination of ISHT-based clinic services and the e-service innovation was associated with significant savings for councils. The ISHT delivered considerable savings as it introduced a scale of tariff currencies

that replaced the previous flat rate payment by results (PbR) tariff system. The online service delivers asymptomatic STI testing at a cheaper price point than clinics.

9. Since 2017, the landscape of sexual and reproductive health has changed and there are a number of advancements that have since been incorporated into sexual and reproductive health provision locally and across London. These include:
 - the expansion of the pan-London e-service, which locally included uncapping access (i.e. the removal of the daily limit on tests available to be ordered online) during the COVID-19 pandemic
 - the development of a postal contraception offer, which was initially piloted by KCH
 - digital partner notification (contact tracing of sexual partners of a patient with a STI); and
 - the launch of routine access to pre-exposure prophylaxis (PrEP) in clinics, following the PrEP Impact Trial.
10. A full assessment of the impact of these changes and the continued impact of COVID-19 on population need and demand is required, including an assessment of how any additional capacity released by e-services is prioritised. This work would have been undertaken during the final year of the current contract; however, the ability to conduct a review of clinic activity has been constrained by changes in clinic attendance during COVID-19 as well as limited capacity amongst senior staff due to redeployment and other pandemic-related corporate priorities within the trusts. Commissioners are working closely with GSTT and KCH to embed recent changes, to plan for service recovery, and to consider how learnings from the pandemic will influence the future service model.
11. A rapid COVID-19 sexual and reproductive health impact assessment was commissioned by Lambeth on behalf of Southwark and Lewisham. Routinely available data sources were used alongside insight from providers and partner organisations. However, the timeframe and information available was limited in scope and there is an opportunity to, at an appropriate time, develop this impact assessment further, through engagement with stakeholders, service users, and others whose needs are not currently being met by existing services. A contract extension will allow for this work to be undertaken.

KEY ISSUES FOR CONSIDERATION

Key Aspects of Proposed Variation

12. The variation recommended in this report relates specifically to a 12-month extension of the contracts, with a six month break clause, between Lambeth Council and the existing providers KCH and GSTT. It is proposed that this extension will commence on 1 April 2022, with a revised contract completion date of 31 March 2023.

13. This Gateway 3 report seeks approval for the extension of the existing arrangement for access to the pan-London contract that Lambeth has with GSTT and KCH; this extension was not envisaged in the original five-year contractual term. This has arisen as a direct consequence of the impact of the COVID-19 pandemic. The extension is necessary to ensure continued access to services and sufficient time for commissioners to undergo a re-procurement exercise while our providers (major local acute trusts) are currently engaged in the pandemic response.
14. The estimated maximum value of this proposed variation is £4,304,489, combined with the maximum value of the original five-year contractual period (1 October 2017 – 31 March 2022), brings the total maximum aggregate contract value to £24,515,021. The value of this extension as a percentage of the overall contractual period is 17.6%.

Reasons for Variation

15. The reasons for variation are detailed in paragraphs 9-11 and paragraph 13.
16. The Public Contracts Regulations (PCR) 2015 permit modifications to existing contracts of this nature without the need for a fresh procurement exercise in certain limited circumstances and this is confirmed within the concurrent report of the Director of Law and Governance .

Future Proposals for this Service

17. A separate proposal in the form of a Gateway 0 paper has been submitted to this Cabinet, outlining plans for re-procurement and the activities associated with re-specifying these services.
18. For reasons of demonstrable best interest, the Gateway 0 report recommends the negotiation of direct awards for the re-procurement of these contracts with KCH and GSTT beyond the proposed extension; for a period of five or more years, commencing 1 April 2023.
19. However, if a negotiated approach does not prove successful in securing the services needed on the terms desired, commissioners would then be expected to undertake a competitive procurement to do so.
20. As described in paragraph 10, currently unfavourable market conditions necessitate contract extension. It is envisaged that future procurement will need to be managed over a longer period than is normally assigned due to the ongoing impacts of COVID-19.

Alternative Options Considered

21. The following options have been considered and discounted.

22. **Do not extend existing contracts and immediately commence re-procurement exercise, with the aim of commencing new contracts by 1 April 2022:** As described in paragraphs 10-12, 14, and 20, market conditions are currently unfavourable for re-procurement and local providers (also major acute trusts) are appropriately prioritising responses to the COVID-19 pandemic. Immediate moves to re-procure risk damaging relationships with providers and it is unlikely that staff will have capacity to meaningfully engage with the process. This will negatively impact on the quality of co-production and engagement, and the quality of any new service. This is not the recommended option.
23. **Do not extend existing contracts but do not immediately commence re-procurement exercise:** There is not sufficient time to undertake a procurement of this scale and size to deliver a new service by the end of existing contracts if this work is not begun immediately. As described in paragraph 2, local authorities have a statutory duty to provide sexual and reproductive health services. This is not the recommended option.
24. **Do not extend existing contracts and decommission services:** As described in paragraph 2, local authorities have a statutory duty to provide sexual and reproductive health services. This is not a viable option.
25. **Extend existing contracts:** This is the preferred option.

Identified risks for the Variation

26. The identified risks for the proposed extension are detailed in the table below.

Risk	Risk level	Mitigation
The future of the Public Health Grant is unclear. Further savings may be required.	Medium	<p>Funding for local GUM services was protected during the COVID-19 pandemic in line with the Cabinet Office procurement policy note 02/20 'supplier relief due to COVID-19.' It is expected that, should the COVID-19 pandemic continue in its current course, that supplier relief would continue to be provided to KCH and GSTT to maintain essential sexual and reproductive health services.</p> <p>As part of the planned recommissioning, thorough cost-modelling is expected in order to reassess the appropriate budget for these contracts and their affordability.</p>

Risk	Risk level	Mitigation
Impact of Brexit	Medium	As with all sexual health services, these services rely upon imported consumables for the test kits and testing reagents. The suppliers have amassed an emergency stockpile of these, in order to minimise the impact of fluctuations in supply.
Reduced access to service for disadvantaged groups	Low	These services are open access for those who are asymptomatic. Some protected characteristics, including ethnicity, age and sexual identity are monitored by the services. As universal services for people needing STI testing and treatment, there is no evidence that these services have increased inequalities for any group. This will continue to be monitored throughout the life of the contracts.
Impact of long-term COVID-19 pandemic	Medium	<p>If the COVID-19 pandemic continues to cycle between periods of lockdown and periods of restriction, it is conceivable that attempts to re-procure may be hindered.</p> <p>Initial market shaping conversations have already commenced with local providers, signalling with advance notice our intention to re-procure. The proposed extension is expected to allow for the necessary time to consult and engage as necessary, with sufficient contingency in place.</p>
The proposed extension is met with legal challenge due to exceeding the initially agreed contract period	Low	The proposed extension fulfils the criteria set out in Regulation 72 of the Public Contracts Regulations 2015 and is therefore legally permissible.

Policy implications

27. The Lambeth, Southwark, and Lewisham Sexual and Reproductive Health Strategy, 2019-24 reaffirms our commitment to maintaining the provision of and access to high quality and innovative STI testing and treatment services.
28. 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 specialist care.

Contract management and monitoring

29. Lambeth Council commissioners will continue to monitor the contracts on behalf of Southwark, under the auspices of the tripartite 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 continue to occur with both providers and include discussion of activity, quality, and targets. Contract monitoring summaries will continue to be provided to the council monthly and at the quarterly Lambeth, Southwark, and Lewisham Sexual Health Partnership Board, and are reviewed annually in line with contract standing orders.
30. The tripartite commissioning support team within Lambeth Council undertake monthly finance and activity modelling for Southwark commissioners, to support the process of identifying any concerns with activity or spend.

Community impact statement

31. 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. These contracts provide a comprehensive integrated service for sexual health and, alongside the sexual health e-service, provide ongoing access to STI testing, contraception, HIV PrEP, information and advice, and signposting for all Southwark residents. It is expected that these services will continue to meet the needs of people of all protected characteristics, without excluding certain groups and increasing existing inequalities.

Social Value considerations

32. 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 wellbeing of the local area can be secured. Statements regarding social value in the GW2 report (see background documents) remain valid.
33. All providers pay London Living Wage.

Economic considerations

34. 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 sustained reductions to the Public Health Grant. Given the block contracting arrangements with KCH and GSTT, it is more cost effective for the council when residents access services locally.

Social considerations

35. 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. An equalities impact assessment conducted on the pan-London e-service identified that it is important for open access services and the e-healthcare service to link closely to ensure that service users are successfully integrating into appropriate care pathways; and to support the provision of consistent health promotion messages and sexual health information.

Environmental/Sustainability considerations

36. The current service model includes an element of digital service access. The e-service provides a more cost-effective and sustainable service in challenging economic times. Residents accessing services online will reduce the environmental impact associated with clinic attendances.

Financial implications

37. The council receives a Public Health Grant to carry out its public health duties including funding sexual health services such as the KCH and GSTT sexual and reproductive health contracts. The funding and commissioning of these services transferred to local authorities in April 2013 in line with the Health and Social Care Act 2012. In 2020/21, the council's grant is £27.555m.
38. This report seeks approval to extend the use by Lambeth Council of existing contracts with KCH and GSTT for genito-urinary medicine for a maximum period of 12 months commencing on 1 April 2022, at a contract value of £1,404,489 for KCH and £2,900,000 for GSTT; a total commitment of £4,304,489.
39. The costs will be monitored and contained within the Public Health Grant.

Legal implications

40. 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 makes 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.

Consultation

41. Service user feedback is regularly captured by clinic users through audits and the NHS Friends and Family Test. The online element of sexual health provision, including channel shifts from clinic to the e-service, was consulted on extensively as part of the initial procurement exercise; there was strong support for the use of online services as part of a sexual health system.
42. A key element of the aforementioned proposed re-procurement is extensive consultation and engagement. Commissioners will be undertaking focussed service user engagement and active co-design over the next twelve months, with a strong emphasis on behaviour change and co-production.

Other implications or issues

43. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (EL21/004)

44. This report requests that Cabinet approves the extension of the use of the open access pan-London genito-urinary medicine (GUM) contracts that Lambeth Council have with King's College Hospital NHS Foundation Trust (KCH) and Guy's and St Thomas' Hospital Trust (GSTT) for a maximum period of 12 months commencing on 1 April 2022. The proposal has an estimated total contract value of £4.304m (£1,404,489 for KCH and £2,900,000 for GSTT), inclusive of a six month break clause.
45. The Strategic Director of Finance and Governance notes that the payments for these arrangements are to Lambeth Council who manage the contracts under the Lambeth, Southwark and Lewisham tripartite agreement in conjunction with the respective Clinical Commissioning Groups.
46. The Strategic Director of Finance and Governance also notes the costs of the variation and that the proposed costs are consistent with the outturn of

these arrangements in 2020/21. There is sufficient resources available to fund this proposal via the 2021/22 Public Health Grant.

47. All staffing and other costs connected with this recommendation are to be contained with existing Public Health departmental revenue budgets.

Head of Procurement

48. This report seeks approval from Cabinet to extend the genito-urinary medicine (GUM) contracts with King's College Hospital NHS Foundation Trust (KCH) and Guy's and St Thomas' Hospital Trust (GSTT) for a maximum period of 12 months from 1 April 2022, at an estimated total cost of £4.304m (£1,404,489 for KCH and £2,900,000 for GSTT).
49. The risks for varying the contract are detailed in paragraph 25, contract management and monitoring is detailed in paragraphs 28 to 29. And the report confirms payment on the London Living Wage (LLW) in paragraph 32.

Director of Law and Governance

50. This report seeks approval of an extension of the existing arrangement which allows the council (through a tripartite agreement with Lewisham and Lambeth Councils and the respective Clinical Commissioning Groups of the three authorities) to access the genito-urinary medicine contracts held by Lambeth Council with King's College Hospital NHS Foundation Trust and Guy's and St Thomas' Hospital Trust for a maximum period of 12 months commencing on 1 April 2022, at an estimated total contract value of £4.304.
51. In view of the value of the contracts (inclusive of the proposed variations) any further variation of the services will be subject to the requirements of the Public Contracts Regulations 2015 as they apply in the UK post Brexit. Under those Regulations a fresh procurement exercise is required unless it is possible to satisfy one or more of certain limited permitted grounds for "modification".
52. Regulation 72 (1) (c) permits modifications in cases where all of the following conditions are fulfilled:-
- the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen;
 - the modification does not alter the overall nature of the contract;
 - any increase in price does not exceed 50% of the value of the original contract.

Paragraph 13 summarises the reasons why the proposed variation of the contracts has become necessary.

53. The proposed variation of the contracts will enable the council to continue to fulfil its statutory duty to provide, or make arrangements to secure the provision of open access sexual health services in its area.
54. The proposal is also consistent with domestic legislation and the council's Contract Standing Orders, which reserve the decision to approve the recommendation set out in paragraph 1 to the Cabinet.

BACKGROUND PAPERS

Background Papers	Held At	Contact
Contract Award Approval Award of Contracts for the Provision of Sexual Health Services	160 Tooley Street	Talia Boshari Talia.boshari@southwark.gov.uk
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?Id=6272		

APPENDICES

No.	Title
None	

AUDIT TRAIL

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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 Governance	Yes	Yes
Cabinet Member	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
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