CABINET

Integrated Sexual Health Service – Contract Extension Request

Portfolio Holder: Councillor Jenny Harrison – Cabinet Member for Social Care and Public Health

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Reason for Decision

The current contract for integrated sexual and reproductive health services delivered by Virgin Care Blackpool LLP expires on 31st May 2015. An extension to this arrangement is requested for a period of 5 months (23 weeks) until 9th November 2015 in order to maintain continuity of service provision and allow the Council’s procurement service to determine and carry out a process of re-procurement which will deliver best value.

Recommendations

1. To agree an extension to the current contract and agree the route to market for procuring these services.
Request for the Integrated Sexual Health Service – Virgin Care Contract Extension

1. Background

1.1 The local authority has a mandated responsibility to commission comprehensive, open access sexual and reproductive health services which meet the needs of the local population. This includes free testing and treatment for sexually transmitted infections, notification of sexual partners of infected persons, free provision of contraception as well as the provision of information, advice and support on a range of issues, such as sexually transmitted infections (STIs), contraception, relationships and unplanned pregnancy.

1.2 The requirement for sexual and reproductive health services to be open access to all patients including those who are not resident in Oldham leads to complexities in the commissioning of these services.

1.3 In April 2013 the statutory responsibility for Public Health transferred from NHS Oldham PCT to Oldham Council and consequently with effect from 1st April 2013 a contract for sexual and reproductive health “Sexual Health Oldham” transferred from the former PCT to Oldham Metropolitan Borough Council.

1.4 The transfer of this complex contract for sexual and reproductive health service “Sexual Health Oldham” was part of a number of contracts that were transferred at the same time.

1.5 The contract was originally procured by the former PCT on National Health Service (NHS) contracts with NHS terms and conditions which were novated to the Council. A degree of work has been undertaken to “unpick” all such contracts in order to meet the Council’s commissioning standards.

1.6 A significant amount of analysis is being undertaken to understand the complexity of the existing contract, premises and associated costs such as disposal of clinical waste, licences and prescribing costs and activity data to ensure that the new contract is suitable to meet the needs of those using the service.

1.7 In response to gaps in service provision identified in the local Sexual Health Needs Assessment a new Local Enhanced Service was developed to increase access to Long Acting Reversible Contraception (LARC) from general practices in April 2014. Oldham also joined as an associate commissioner to the Greater Manchester contract with the Black Health
Agency in response to HIV prevalence among black African communities in Oldham. Reduced contract values were also negotiated with a number of sexual health providers for the year 2014/15.

2. Current Position

2.1 Oldham Council currently commissions the following sexual and reproductive health contracts.

- **Virgin Care Blackpool LLP**: Delivers a sexual and reproductive health service ‘Sexual Health Oldham’.

- **Brook Oldham**: Delivers a sexual and reproductive health service for young people aged under 20 years.

- **Local Enhanced Services (LES)**: Enhanced services are services provided by GPs and pharmacies, over and above the core services to their patients. The aim of Local Enhanced Services is to meet the needs of the local population, recognising and addressing gaps in the core services.
  - **Contraception LES**: Emergency Hormonal Contraception (EHC) delivered in pharmacies and LARC delivered in general practices.
  - **Chlamydia LES**: Screening in GPs and Pharmacies with option to also provide treatment.

- **RU Clear as associate commissioner in GM contract**: Opportunistic chlamydia screening for 15 to 24 year olds.

- **Lesbian and Gay Foundation (LGF) as associate commissioner (GM contract)**: HIV Prevention with gay men.

- **George House Trust (GHT) as associate commissioner (GM contract)**: Secondary HIV prevention.

- **Black Health Agency (BHA) as associate commissioner (GM contract)**: HIV prevention with black African communities.

- **Out Of Area allocation**: Oldham residents treated by sexual health services outside the borough.

2.2 As part of the local approach to Savings through Transformation’ regarding Public Health spend it is intended to reduce the overall investment in specific sexual and reproductive health services by at least £180,960.

2.3 The current contract with Virgin Care Blackpool LLP ends on 31st May 2015. The intention was to re-procure this service using the Salford Public Health Services Framework in December 2014. However, the Framework was delayed and not available to use until mid-January 2015. During this time two
further options to procure were made available. Firstly, the Greater Manchester Directors of Public Health were asked to consider a joint collaboration of procurement of sexual and reproductive health services across the Greater Manchester footprint. Secondly, another GM Local Authority is also procuring sexual and reproductive health services which could prove mutually beneficial for both parties and patients if this collaboration was sought. This other GM Local Authority is re-procuring in April 2015 with a contract start date of 1st January 2016. It is proposed to scope the benefits of procuring collaboratively with this Council. Details of this possibility would be brought to EMT on 31st March 2015 for consideration before finally proceeding.

2.4 In order to facilitate the possibility of collaboratively commissioning, an extension to the current Virgin Care contract of five months (23 weeks) to 9th November is sought. This will ensure continuity of service provision and allow the re-procurement of the sexual and reproductive health service choosing a re-procurement route which will deliver best value. It is the intention to negotiate a price reduction against current contract price.

3. Options/Alternatives

3.1 For reasons outlined in 2.3 the amount of time available to procure these services for a contract start of 1st June, is no longer a commercially viable option. There is insufficient time for suppliers to produce a comprehensive submission to allow the most economically advantageous supplier to be found.

3.2 **Option A** - As originally planned, utilise the Salford Public Health Services Framework. The framework is fully compliant with the Public Contract Regulations and is available for Greater Manchester local authorities. This would enable the new contract to commence 1st September 2015. An extension of four months to the current contract would be required.

3.3 **Option B** - To approve a longer extension of 5 months (23 weeks) to allow the feasibility of jointly procuring with another Greater Manchester Local Authority. This would have a contract start date of 9th November 2015, thus keeping under the financial threshold of the Public Contract Regulation 2015. There are several clear benefits for contracting authorities engaging in joint procurement arrangements:

- Lower prices – combining purchasing activities leads to economies of scale and greater value for money.
- Administrative cost savings – reduced work for the authorities involved in preparing and carrying out one rather than two tenders.
- Sharing procurement (and other) skills and expertise between authorities.
4. Preferred Option

4.1 Option B - To extend the current contract for 5 months (23 weeks) thus enabling the scoping of a collaborative commissioning and procurement process. There would need to be a reduced contract value agreed with the current provider, Virgin Care Blackpool LLP for the extended period in line with the savings proposals submitted for 2015/16 by the Director of Public Health. Any proposal for a shared procurement with another Greater Manchester local authority will highlight savings in the longer term when compared with the other options.

4.2 Oldham would retain an integrated sexual and reproductive health service hub delivering all three levels of sexual health services (level 1 – asymptomatic screening; level 2 – symptomatic screening; level 3 – complex care requiring management by a specialist) The feasibility of having shared ‘spoke’ clinics providing level 1 and 2 services around the border of local authority areas will be considered before the procurement process begins.

4.3 It would enable analysis and review of the status of the contract and ensure it was fit for Council purposes.

4.4 If agreed, the joint procurement process will commence in April 2015 and the proposed new sexual health service will commence on 9th November 2015. We are currently considering several issues, such as activity levels, specifications and premises to determine the feasibility of an aligned procurement with another GM authority. These considerations will be concluded in March. If it is found that it is not feasible and/or would pose a risk to align our procurement with another GM authority then we will commence our own procurement activity in April 2015 (option A).

4.5 The local authority we propose to procure with would lead the procurement and therefore we do not have specific dates for a detailed procurement timeline. The formal procurement process will commence in April with a contract award report brought to Cabinet on 24th August 2015.

5. Consultation

5.1 The provider impacted by this proposal has been consulted with to discuss the terms of the extension (if agreed) and the implications of the intended financial reduction within the extended contract period. The approach to achieving the cost reductions has been based on openness and constructive negotiations. It has been acknowledged that there are potential impacts on delivery in respect of volume if the funding level is reduced. This would be managed via the contract management process.

6. Financial Implications

6.1 The Sexual Health function is a mandated service delivered by the Public Health Service using a number of external contracts. Public Health Services
are funded through a ring fenced grant and the total received by Oldham for 2014/15 and receivable for 2015/16 is £14.9M.

6.2 The budget allocation for Sexual Health Service contracts for 2015/16 and 2016/17 is £1,771k P.A which represents a reduction on the 2014/15 revenue budget allocation of £181k (formerly £1,952k).

6.3 It is anticipated that the planned contract extension will facilitate future savings after November 2015. This will arise due to economies of scale being made possible by harnessing the purchasing power of Oldham Council and other GM Authorities and also aligning to a regional commissioning strategy.

6.4 In the short term, the negotiations with Virgin Care involve achieving agreement on extending the existing contract by 5 months (to November 2015). One major objective of the negotiation will be to manage the cost of the contract extension value in line with the 2015/16 Revenue Budget resource which has reduced for this service by £63.2k. This is not without risk and in order to achieve this outcome some flexibility will be required by the Council and its partner so that an adequate level of service continues to be delivered within the constrained resource envelope.

Paul Clarke
Finance Manager

7. **Legal Services Comments**

7.1 The Original contract which expires on 31 May 2015 was novated from the NHS PCT to Oldham MBC in 2013 and does not contain a provision which allows any extension of the contract. Therefore any such extension will need to be achieved by means of a Deed of Variation.

7.2 Adopting Option A carries the least legal risk, i.e. to re-procure the contract by running a mini competition under the Salford Framework which is fully compliant with the Public Contracts Regulations 2006. However even this solution may not be possible prior to expiry of the existing Contract.

7.3 Adopting Option B carries a higher risk of a legal challenge but any re-procurement would be under the Public Contracts Regulations 2015 which come into force on 26 February 2015 and contain increased thresholds for Health and Social Care Contracts (Euro 750,000).

Rebecca Coldicott

8. **Co-operative Agenda**

8.1 All Public Health services fully support the Council’s cooperative agenda as they promote the active engagement of Oldham residents in the life of the community.
9. Human Resources Comments

9.1 People Services have been consulted on the proposals and can confirm that there are no staffing implications (Emma Gilmartin)

10. Risk Assessments

10.1 Paragraph 6.4 sets out the financial risk for the financial year 2015-16 if a reduction in price cannot be negotiated with the contractor.

10.2 The council does have challenging financial savings to make involving the Public Health budget and a joint procurement exercise would seem to give greater opportunity to generate longer term savings rather than each authority undertaking a separate exercise. The proposals as set out in the report do not seem unreasonable from a risk perspective. (Mark Stenson)

11. IT Implications

11.1 None

12. Property Implications

12.1 None affecting Council property.

13. Procurement Implications

13.1 The contract for this service expires on the 31st May 2015. Both options require an extension in the current contract in order to complete a commercially viable, compliant procurement.

13.2 These services are considered as “light touch” under the new Public Contract Regulations 2015, which come into force on 26th February 2015. This “light touch” regime supersedes Part B services and has a threshold of 750,000 Euros. The preferred option B to extend the current contract by 5 months (23 weeks) is under the new threshold and therefore the risk to the council is minimal. Richard Kubilius

14. Environmental and Health & Safety Implications

14.1 None

15. Equality, community cohesion and crime implications

15.1 None

16. Equality Impact Assessment Completed?
16.1 No

17. **Key Decision**
17.1 Yes

18. **Key Decision Reference**
18.1 ASCPH-02-15

19. **Background Papers**
19.1 None

20. **Appendices**
20.1 None