

Committee: Cabinet

Date: 16th October 2023

Wards: ALL

Subject: Integrated Sexual Health (ISH) services procurement

Lead officer: Russell Styles (Interim Director of Public Health)

Executive Director: John Morgan (Executive Director Adult Social Care, Integrated Care and Public Health)

Lead member: Cllr Peter McCabe, Cabinet Member for Health and Social Care

Contact officer: Hilina Asrress (Head of Public Health Services – CYP and Sexual Health)

Exempt or confidential report

The following paragraph of Part 4b Section 10 of the constitution applies in respect of information within appendix A and it is therefore exempt from publication:

Information relating to the financial or business affairs of any particular person (including the Authority holding that information).

Members and officers are advised not to disclose the contents of the appendix.

Recommendations:

That Cabinet:

- A. Approve procurement approach (option 3) to procure Integrated Sexual Health (ISH) services jointly with Wandsworth and Richmond council following a competitive tender approach, with Wandsworth as lead commissioner. All Merton governance processes will still be adhered to. The Council through the Director of Public Health has a statutory responsibility to commission and provide open access sexual and reproductive health services.
 - B. Approve the 3-year contract term plus the option to extend for a further period of up to 2 + 2 years for the new ISH service (potential total contract length of 7 years)
 - C. Approve procurement timeline to award contract by March 2024 and initiate 6-month mobilisations period for a new contract to start 1st October 2024
 - D. Approve indicative financial envelope for the contract which will be finalised once a successful provider has been awarded the contract (indicative budget rather than a maximum ceiling budget has been set to encourage the market).
 - E. Approve that authority be delegated to the Executive Director of Adult Social Care, (ASC), Integrated Care and Public Health to approve award of the contract to the successful provider following procurement. This will allow alignment of procurement timelines with Wandsworth and Richmond councils.
 - F. Approve authority to take up the optional extensions on the contract be delegated to the Chief Officer and Executive Director of Adult Social Care (ASC), Integrated Care and Public Health in consultation with the Lead Member.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. Local authorities through the Director of Public Health have a statutory responsibility to commission and provide open access sexual and reproductive health services in their boroughs as per the Health and Social Care Act 2013.
- 1.2. This report sets out the background and process for the procurement of Integrated Sexual Health (ISH) services for residents of Merton from October 2024 onwards with recommendations for approval (see above). The current contract with Central London Community Healthcare (CLCH) which was entered into in October 2017 is a joint contract with Wandsworth and Richmond councils. The current contract extension agreed is due to end on 30th September 2024. The report also sets out performance of the current contract as well as results of market testing undertaken with potential providers.
- 1.3. Following an appraisal of 4 options available (see section 3), approval is recommended for option 3 to procure Integrated Sexual Health (ISH) services jointly with Wandsworth and Richmond council following a competitive tender approach, with Wandsworth as lead commissioner. This is the options that is most advantageous for Merton and will better meet the sexual and reproductive health needs of our population.

2 DETAILS

- 2.1 Local authorities through the Director of Public Health have a statutory responsibility to commission and provide open access sexual and reproductive health services in their boroughs as per the Health and Social Care Act 2013. The provision of this ISH service meets the sexual and reproductive health needs of residents in the borough as set out in the Merton Story (Joint Strategic Needs Assessment) and supports delivery of the vision and themes within the [Merton Sexual Health Strategy 2020-2025](#). The vision for the strategy is: 'To improve the sexual health and wellbeing of those who live, work, and learn in Merton by:
 - providing people with the information and skills they need to make informed choices about their sexual health and wellbeing.
 - providing confidential, easily accessible, and comprehensive services; and
 - promoting healthy fulfilling sexual relationships and reducing stigma, exploitation, violence, and inequalities.

Integrated Sexual Health (ISH) service.

Service Overview

- 2.2 The ISH contract includes provision of STI testing and treatment (also referred to as Genitourinary Medicine – GUM), provision of all methods of contraception, pre and post exposure prophylaxis for HIV, psychosexual counselling, specialist clinics for young people, gay, bisexual, and other men who have sex with men (GBMSM), chemsex clinics, information and advice and now also includes Monkey Pox (MPox) identification and vaccinations. The service broadly speaking covers all ages who may need the service.

- 2.3 The service is organised around a hub in Clapham Junction. There are spoke clinics at the Patrick Doody Clinic in Wimbledon and 'Off the Record' in Richmond.
- 2.4 The contract is jointly commissioned with Wandsworth and Richmond Councils with Wandsworth as lead commissioner, hence alignment between the Councils is key to continuing our co-commissioning arrangements.
- 2.5 The service will continue to be a part of a wider framework of sexual and reproductive health provision which includes but is not restricted to: emergency hormonal contraception (EHC) in pharmacies; the National Chlamydia Screening Programme (NCSP) for 15-24 year olds; routine and long acting reversible contraception (LARC) provided by GPs; London wide online services for STI self-sampling; sexual health clinic attendances out of borough, community based sexual health promotion and HIV prevention for vulnerable groups; free condom distribution schemes for young people; and support to schools and colleges with providing relationship and sex education.

Current Contract

- 2.6 The current contract started in October 2017. The initial 5-year contract term for the ISH service ended on 30 September 2022. Clause A34 of the contract enables the Councils to extend the contract by two further periods of one year. Up to a further 6-month extension was approved by Cabinet in July 2022 to March 2025. However, decision made across the three boroughs to only exercise 6 months of the remaining extension of the original contract to 30th September 2024.
- 2.7 Wandsworth as lead commissioners have approved along with Richmond the additional 6-month extension from their Board. To allow continued joint commissioning and collaborative working arrangements, the proposed timelines for the procurement will ensure our timelines align and allow flexibility for this to take place.

Performance

- 2.8 During the pandemic, walk in services were closed and the emergence of Monkey Pox (MPox) delayed re-opening of walk-in services further. Walk in services re-opened in December 2022.
- 2.9 This change to the model has impacted on the number of people who were able to be seen, with the activity recovering but only currently at 65-70% of pre-pandemic levels. Merton activity has recovered more slowly than Wandsworth and in 2022/23 it was around 44% of activity compared to 19/20. Patient behaviour has also changed as a result of the pandemic with many choosing to access STI testing and treatment online, meaning activity in the service may never return to pre-COVID levels.
- 2.10 The ISH service is well regarded, and patient satisfaction is high. The provider of this service has a Care Quality Commission (CQC) 'Good' rating.

- 2.11 At last count in 2022/23, Merton residents made up 16% of the service's activity at Falcon Road clinic, Wandsworth residents made up 58% and Richmond Upon Thames residents 2%. Merton residents also attend the spoke clinic at Patrick Doody clinic in Wimbledon and a further 1,820 residents were seen there in 2022/23.
- 2.12 Out of borough activity: In 2022/23, 76% of the activity at Falcon Road was from one of the commissioning boroughs, Merton, Wandsworth, or Richmond. The other 24% were from other boroughs either in London or outside London with the largest amount coming from Lambeth. Although CLCH get the majority of their funding from the three commissioning boroughs they will also receive additional income from these other boroughs.
- 2.13 Out of borough activity – In 2022/23, 35% of Merton's total ISH activity was at CLCH and 65% was seen at other London providers. This has slightly changed since before the pandemic when in 2019/20 42% was seen at CLCH and 58% at other London providers. Apart from CLCH, the top three London providers which Merton residents choose to attend are Chelsea & Westminster Hospital, Kingston Hospital and Epsom & St Helier Trust. As 65% of ISH activity is seen outside of the core service run by CLCH funding needs to be available for this activity which is charged to the Council using the London integrated sexual health tariff (ISHT). There is also some additional activity, although minimal, which is seen at non-London providers across the country.

Future Contract

- 2.14 The four options in section 3 have been considered and option three to procure jointly with Wandsworth and Richmond Boroughs for a new contract to begin 1st October 2024 is the preferred option.
- 2.15 During the pandemic and to respond to the changes in how people are accessing sexual and reproductive health services since then, locally we will continue to adapt and change the current model with less reliance on ISH service and adding extra investment into primary care and online services in order to address the change in behaviour seen.
- 2.16 The aim of this procurement is to appoint a single service provider for the provision and delivery of an open access integrated level 1-3 sexual health services for Merton, Wandsworth, and Richmond.
- 2.17 Broadly speaking this service for all ages would include: testing and treatment for sexually transmitted infections (STIs); routine and complex contraception; medication to prevent HIV infection (pre-exposure prophylaxis/PrEP); psychosexual counselling; advice and support; and specialist clinics for young people, gay, bisexual and other men who have sex with men (GBMSM) and chemsex clinics.

- 2.18 The service will continue to be a part of a wider framework of sexual and reproductive health provision which includes but is not restricted to: emergency hormonal contraception (EHC) in pharmacies; the National Chlamydia Screening Programme (NCSP) for 15-24 year olds; routine and long acting reversible contraception (LARC) provided by GPs; London wide online services for STI self-sampling; out of borough sexual health clinics, community based sexual health promotion and HIV prevention for vulnerable groups; free condom distribution schemes for young people; and support to schools and colleges with providing relationship and sex education.
- 2.19 The total financial envelop for the new service is apportioned to each borough based on a baseline cost of activity in 2022/23. The proportion of activity/cost of activity by borough will be reviewed annually between commissioners and the proportion each borough contributes to the overall contract value will be amended to take account of any behaviour change in how users access services. We do not anticipate a huge change in the proportion of activity across the three boroughs, but this will allow flexibility in the contribution of boroughs based on the proportion of clients from each borough accessing the services and cost of those services. This means there may be an increase or a reduction in the proportion that Merton contributes into the contract.
- 2.20 The provider of this service will be expected to pay staff employed within the service the London Living Wage.

Market Dynamics

- 2.21 A meeting was facilitated by commissioners in September 2022 involving all SWL commissioners and their incumbent providers, with a view to exploring joint provision and commissioning of services across the sub-region and to understand appetite for delivering these services. Due to current workforce and financial challenges, there was tentative interest amongst both commissioners and providers to amalgamate provision of services in the long-term but not within Merton, Wandsworth and Richmond's (MWR) procurement timelines. There would also need to be commitment from commissioners across SWL and engagement with providers to develop a SWL model, which does not currently fit with our re-procurement timelines, however the 3+2+2 contract arrangement can support potentially moving towards a SWL commissioning approach going forward and aligning timelines. This will require further exploration. MWR commissioners therefore decided to continue to pursue procurement of services across the three boroughs only, continuing collaborative arrangements.
- 2.22 A market engagement exercise was carried out in March 2023 which consisted of an online survey conducted through the e-tenders portal. Of the 6 suppliers that responded 33% (2) were NHS and 66% (4) non-NHS providers.
- 2.23 Interest in the upcoming procurement exercise is considered acceptable, as 5 out of the 6 questionnaire respondents reported they were likely or very likely to bid for the integrated sexual health contract within our current financial envelopes, although two of the five were specialist providers who would not have the capability to tender for the whole service.

- 2.24 Market responses from potential bidders showed more suppliers favoured wanting a longer contract duration of more than 5 years. Bearing in mind this will be a block contract with set annual budgets, there is the potential for a shift in how people access services e.g., this may potentially increase or decrease the activity in the service. Therefore, the proposal to have a 3 year contract where activity and cost of that activity will be reviewed to check whether we are still getting value for money or not. If activity has reduced significantly, there is potential to end the contract after 3 years and re-procure a more cost-effective service or change the model of delivery. If the service continues to deliver a cost-effective service that meets needs, then an extension to the contract can be undertaken as per the agreed options to extend (up to a period of 2+2 years). The potential total contract length including the possible extension period is up to 7 years (3+2+2).
- 2.25 Providers and Commissioners across London are becoming increasingly more vocal about their need for more financial resource in the form of contractual uplifts to sustain service provision. It was therefore unsurprising that most suppliers who responded to the questionnaire preferred payments under a block contract to cover staffing and premises. Block payments plus additional activity and/or incentive-based payments was the second most popular payment system.
- 2.26 To inform the new service specification, a needs assessment and service review process is being conducted across the three boroughs. This includes residents/service users and stakeholders including GPs, London colleagues, SW London Integrated Care Board (ICB) commissioners, Local Pharmaceutical Committees (LPCs) as well as vulnerable and underserved groups since January 2023. Said engagement activities also provide a better understanding of the sexual and reproductive health needs across the commissioning boroughs.
- 2.27 Commissioners intend to host a market engagement event again with potential suppliers prior to publishing the tender.

3 ALTERNATIVE OPTIONS

3.1 The table below provides the four options available. The options have been considered and option 3 (Procure Integrated Sexual Health Services in 2023 jointly with Wandsworth and Richmond councils with a view to launching 1st October 2024) is the preferred option based on the advantages this will bring and the current good working relationships which exist with Wandsworth and Richmond councils which exists.

3.2 Option 3 provides the most advantageous option to us as a council as well as for those who would benefit from the services procured. Option 3 provides the council with economies of scale on the procurement exercise itself and the advantages out-weigh the disadvantages.

Option	Advantages	Disadvantages
<p>1. Do not enter into a contract / withdraw service</p> <p>Decommission the local Integrated Sexual Health service and drive footfall of service users into out of borough services, London wide services and routine contraceptive services provided in primary care.</p>	<ul style="list-style-type: none"> * Saves staff time & resource used for procurement * Align with initial needs of residents where the majority preferred to access sexual and reproductive health services through their GP or online *Would avoid competitive tender & so risk of failed procurement *Saves time & resource for the provider and commissioners *Allows commissioners to innovate, redesign and add resource to the wider sexual and reproductive service framework to improve access to services * Prime the tri-borough for the long-term ambition of a SWL solution for sexual health services 	<ul style="list-style-type: none"> * Potentially opens Councils to legal challenge and reputational risk of cutting well used and liked services and not complying with statutory duty to secure access to sexual health services * Lead to significant changes disruption for current service users, staff and other sexual and reproductive services commissioned for residents * Would lead to fragmentation of the service and closure of Patrick Doody clinic which is popular with residents. * Would require lengthy consultation with other providers within the system including primary care and cost implications and impact on health outcomes have not been modelled under this approach. Current capacity issues within primary care * No specialist services for vulnerable and underserved communities such as young people, GBMSM and sex workers * Risk of staff redundancies * Increased inequalities in sexual health * Greater risk to the LA as less control over the budget if we do not commission the service. Have to pay for our residents wherever they go but cannot design services and/or pathways into other local services.
<p>2. Roll-on existing contract without going out to the market</p>	<ul style="list-style-type: none"> *Provides continuity of service for residents *Stability for the workforce delivering services 	<ul style="list-style-type: none"> * Contract currently has a 6-month further extension but no further provisions beyond March 2025 * Provider has highlighted financial pressures on the service and hence reduced appetite to continue to deliver the service without additional investment.

<p>3. Procure Integrated Sexual Health Services in 2023 jointly with Wandsworth and Richmond councils with a view to launching 1st October 2024</p>	<ul style="list-style-type: none"> *Shared resources to undertake the procurement and development of specification *Shorter turn-round time for specification development due to service delivery model being in accordance with national and previous service specifications for an ISH service *Shared resources for future contract and performance management *Current model so more likely to be a market and therefore reduced chance of a failed procurement *Similar service model so reduced change for residents and staff * Opportunities to innovate the service and review service locations as well as further enhancement of online and remote services better connected to in-person clinical ISH services * Level 1-3 service model will be commissioned ensuring range of services in one service for residents reducing need for people to access out of area services. *Competitive tender process may encourage more competitive pricing * Complies with the council's Contract Standing Orders and the Public Contracts Regulations (2015) to undertake competitive tender for the provision of services. * Service procured which will be informed by the findings from the tri-borough needs assessment and services (including resident and stakeholder engagement) review being undertaken. * Opportunity to make some financial reductions with a re-procurement to be reinvested to allow innovation in service delivery and better meeting the needs of service users 	<ul style="list-style-type: none"> * Temporary service instability may occur if there is a change of provider * Service changes for patients and staff likely *Risk of failed procurement if no providers bid for contract * Insufficient estates to allow equity of access across the three boroughs and within each borough
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	<ul style="list-style-type: none"> * Have tested the market via a market warming questionnaire and there seems to be interest. 	
<p>4. Undertake a separate procurement exercise for a Merton only service (disaggregating contract from Wandsworth and Richmond)</p>	<ul style="list-style-type: none"> * Can work to LBM timelines and independence in approach. * Specification bespoke to LBM needs. * Reduced capacity requirement may open the market to additional providers 	<ul style="list-style-type: none"> * Uncertain of provider market to deliver standalone Merton service. High risk for failed procurement * Goes against the market appetite for larger contracts and move towards potential future SWL commissioning. * Returns to previous model pre 2017 which was not effective & gave little control over level 3 services. * No level 3 service in Merton so could only commission level 1-2 services independently. Investment/arrangement with provider of level 3 service for Merton required. * High political and reputational risk for LA if procurement fails. * More LA resource and capacity required to procure separately, losing economies of scale with W&R * Loss of economies of scale may require more investment to deliver similar service. * Potential loss of some or all of workforce. * Contract disaggregation required with W&R which could cause staffing gaps as staff are allocated to boroughs during disaggregation.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. As part of supporting the procurement process for ISH services, a needs assessment and service review is being undertaken. In terms of engagement, this has included a survey for those living, working or who socialise in the three boroughs to better understand their experience of sexual and reproductive health services, what works well as well as how future services can better meet their needs. This has had over 500 responses with 406 respondents from Merton. A Stakeholder survey has also been undertaken with 68 stakeholders responding to the survey from Merton. Staff engagement is also planned in September. This will all feed into the development of the service specification and inform the procurement process.
- 4.2. A core Integrated Sexual Health group has been established for over 8 months and is currently comprised of a mixture of Merton, Wandsworth, and Richmond officers. For Merton this includes Head of PH Services (CYP and Sexual Health) - (chair), Sexual Health Commissioning Manager and Public Health Registrar (leading service review). For Wandsworth and Richmond this includes Senior Commissioner, the Consultant in Public Health, Public Health Lead, and Interim Commissioning Officer (project manager). The group has led the engagement process as well as the needs assessment and service review being undertaken. This group has and will continue to liaise with respective procurement and finance colleagues throughout.

5 TIMETABLE

Milestone	Target Date
Paper GW1 to DPG	6 th September 2023
Paper GW1 to Procurement Board	19 th September 2023
LSG – including request for delegated authority to award contract to Executive Director	2 nd October 2023
Submit paper to Cabinet	5 th October 2023
Cabinet	16 th October 2023
Publish tender notice (ITT)	1 st December 2023
Bidders day (if relevant)	8 th December 2023
Clarification questions deadline	2 nd January 2024
Closing date/Tender return date	10 th January 2024

Evaluation, clarification and moderation	By 7 th February 2024
Agree preferred provider/supplier	By 7 th February 2024
Gateway 2 Award report approval (Finance, legal & procurement)	By 13 th February 2024
Gateway 2 report DPG approval	By 16 th February 2024
Procurement Board for GW2 approval	20 th February 2024
Gateway 2 report to Executive Director for approval (delegated authority)	By 21 st February 2024
Standstill period	11 th March 2024
Notify successful and rejected suppliers	11 th March 2024
Contract award issued	12 th March 2023
Contract Mobilisation	6 months from 1 st April 2024 – 30 th September 2024
Contract start date	1 st October 2024

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The contract will be awarded using most economically advantageous tender evaluation method with a weighting of:
- 45% for Price,
 - 45% for Quality
 - 10% for Social Value
- 6.2. Deviation from a higher price weighting is advised, due to the current financial instability of the integrated sexual health market. Providers and Commissioners across London are becoming increasingly more vocal about their need for more financial resource in the form of contractual uplifts to sustain service provision and to ensure quality of services is maintained.
- 6.3. Over emphasis on price may discourage bids, compromise quality of service provision, widen the gap in health inequalities in our borough and reduce ambitions around achieving desired public health outcomes.
- 6.4. Furthermore, should local service quality be substandard, this would lead to service user dissatisfaction and encourage people to use out of borough open access services. Given commissioners are cross charged when our resident's access out of areas services, this would lead to further pressure on the sexual budget and ultimately the Public Health Grant. Minimum quality requirements/thresholds can be built into the tender process to mitigate having a lower quality/higher price weighting.

- 6.5. A credit check will be carried out during the evaluation stage once a recommended provider is identified for award, to ensure that the organisation is financially stable to deliver the services. Should any risks arise here, then a performance bond may be required to mitigate any risk.
- 6.6. This procurement presents an opportunity for releasing monies from the main ISH services contract to be re-purposed to meet Public Health priorities and improve health outcomes for residents. This will include re-investment in delivering services that will better meet the needs of residents based on resident, service user and stakeholder feedback. This will enhance pathways, remove barriers and improve access and patient experience. Resident feedback highlighted the need to have services closer to home, providing easier access and some feedback indicated preference for GP and online services for contraception and STI testing. Hence, reinvestment will focus on enhancing services by increasing access and reducing waiting times for Long-Acting Reversible Contraception (LARC) through GP Practices and investing in the provision of online contraceptive services via Pharmacies. Ultimately, this will make it easier for residents to access services more quickly avoid the necessity of having to wait for appointments at the main ISH service provider. It will also mean the main ISH provider can focus more appropriately on more complex patients.
- 6.7. This contract is funded and will continue to be funded from the Public Health ring-fenced grant. The current budget allocated to this service is sufficient to cover London Borough of Merton's portion of this contract and any subsequent increases.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. Officers are recommending approval of the recommendations cited at paragraphs A—F of this report.
- 7.2. As to recommendation A, the proposed procurement strategy is to undertake a competitive tender exercise under the 'Light Touch Regime' (Regulations 74-76 Public Contracts Regulations 2015) for the required services jointly with the London boroughs of Wandsworth and Richmond with Wandsworth as lead commissioner. The Council's CSOs (Contract Standing Orders) 1.8 and Appendix 7 of the CSOs provide for joint procurement arrangements with third parties where such arrangements would offer the Council best value, provided that the Director of Corporate Services and/or the Chief Executive is satisfied of the matters in paragraphs (a) to (e) of Appendix 7.
- 7.3. As to recommendations B to D, no legal implications arise.
- 7.4. As to recommendations E and F, Section 9E of the Local Government Act 2000 permits the delegation requested. As relates to exercise of the option to extend the Responsible Officers must be able to demonstrate that an extension of will offer Value for Money to the Council and that the Contract will continue to meet the Council's requirements.

- 8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**
- 8.1. An Equality Impact Assessment (EIA) will be carried out as part of the procurement process.
- 9 CRIME AND DISORDER IMPLICATIONS**
- 9.1. N/A
- 10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**
- 10.1. All risks will be identified through the ISH project group and risk will be minimised/mitigated as far as possible.
- 11 ENVIRONMENTAL AND CLIMATE IMPLICATIONS**
- 11.1. N/A
- 12 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**
- Appendix A – Financial information (Commercially sensitive information) Exempt from publication
- 13 BACKGROUND PAPERS**
- 13.1. N/A