ISLINGTON

Public Health
Municipal Offices, 222 Upper Street, London N1 1YR

Report of: Director of Public Health

Meeting of:	**Date**	**Ward(s)**
Executive	15 January 2015	ALL

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SUBJECT: PROCUREMENT STRATEGY APPROVAL FOR THE TRANSFORMATION OF SEXUAL HEALTH SERVICES

1. Synopsis

This report seeks approval for a procurement strategy for open access sexual health services, which forms a key part of the public health transformation programme in Islington.

Open access sexual health services are mandated as part of the conditions of the Public Health Grant. The open access nature of sexual health services means that there are significant cross-boundary flows of residents using services, particularly across central London boroughs. The contracts for local Genito-Urinary Medicine (GUM) and Sexual and Reproductive Health (SRH) community contraceptive services provided by Central and North West London NHS Foundation Trust (CNWL) were waived for two years on the transition of Public Health to the council. This means that contracts will expire in March 2015.

Islington is participating in two major programmes with other London councils, which are designed to help deliver Best Value and improved quality for open access sexual health services. The first programme is about developing a new payment approach (an integrated sexual health tariff) and the second is a wider programme of transformation to develop proposals for future service models.

There are important benefits which can be achieved through collaborative working between councils which would otherwise be difficult to realise in an open access system. However, developing, consulting and engaging, agreeing and implementing the programmes across London councils and a large number of services in an open access system with significant cross-boundary activity is complex and will require considerable coordination. In order to complete this work, and implement the programmes co-

terminously with other London councils, a waiver of Procurement Rules for the local open access sexual health services is requested for April 2015 – March 2017.

2. Recommendations

2.1 To approve this procurement strategy, setting out the approach to the transformation of open access sexual health services over the next two years.

2.2 To agree Islington Council's continued participation in an Alliance of London councils for the purposes of (i) a collaborative commissioning approach to open access Genito-Urinary Medicine (GUM) services for 2015/16 and 2016/17; and (ii) gaining access to the terms and standards negotiated by other London councils participating in the Alliance with other open access GUM services over that period.

2.3 To agree to waive the council's Procurement Rules in order for Islington Council to contract with the existing local service provider, Central and North West London NHS Foundation Trust (CNWL), in 2015/16 and 2016/17 for (i) the provision of open access GUM services, acting as the host local authority on behalf of the councils participating in the Alliance, and (ii) open access Sexual and Reproductive Health (SRH) community contraceptive services, commissioned jointly with Camden.

2.4 To agree that the Director of Public Health is granted delegated authority to approve the contracts with Central and North West London NHS Foundation Trust for GUM and SRH services on behalf of the London Borough of Islington for 2015/16 and 2016/17.

3. Background

3.1 Sexual and reproductive health needs

3.1.1 London has very high levels of sexual health needs, particularly in inner London. Good sexual health is important to individuals and impacts on their wider health and wellbeing, and life opportunities. National studies point to long term changes in sexual attitudes and lifestyles and sexual health needs across the general population. There are significant inequalities in sexual health, including: gay, bisexual and other men who have sex with men; some BME communities, including Caribbean and African communities; younger adults, particularly young women; people experiencing socio-economic disadvantage; among others. London is made up of a highly mobile and multi-cultural population who frequently access care outside of their Borough of residence, which significantly affects the care pathways and therefore the inter-dependencies between Boroughs.

3.1.2 Islington is particularly vulnerable in terms of sexual health needs, linked to a mix of population and deprivation factors. Overall, residents have the fifth highest rate of sexually transmitted infections and of diagnosed HIV in the capital, significantly above both the London and England averages. In 2013, there were at least 32,000 attendances at open access sexual health services by residents. Against these high levels of need, Islington has achieved a significant and sustained reduction in teenage conceptions and has a much lower proportion of HIV infections diagnosed at later stages than London or England, which helps improve long term outcomes for individuals and reduces the risk of further infections. Terminations of pregnancy are above the England average but below the London average and significantly lower than in most other deprived London boroughs.

3.1.3 Sexual health therefore represents one of the most significant local public health challenges. Effective programmes of sexual health promotion and HIV prevention, including sex and relationship education and targeted work with key risk groups, together with access to contraception and sexual health services for the detection and treatment of sexually transmitted infections represent central pillars of the approach to improving sexual health. This procurement strategy relates to the last two of these: Sexual and Reproductive Health (SRH) community contraceptive services and Genito-Urinary Medicine (GUM) services, both of which are open access.

3.2 Current arrangements for open access sexual health services

3.2.1. GUM and SRH services are open access services which Local Authorities are mandated to provide for the benefit of all people present in their area[1]. In other words, anyone who is in an area is entitled to use the services provided in that area; services cannot be restricted only to people who can prove that they live in the area, or who are registered or referred by a local GP.

3.2.2. Islington's major provider of sexual health services is Central and North West London (CNWL) NHS Foundation Trust. Open access GUM services are provided at The Archway Centre in Islington and the Mortimer Market Centre in Camden. The two sites account for around 60% of GUM attendances by Islington residents, however the service, which is one of the largest in the country, sees significant numbers of patients from all over London as well as from outside London. About 40% of Islington residents access services outside Islington or Camden, usually in nearby boroughs. Major 'out of area' providers used by Islington residents include Chelsea and Westminster (which operates three clinics, including one in Soho), Barts Health (with clinics in The City of London and Whitechapel) and Guy's and St Thomas'. Therefore, collaborative commissioning and cross-charging (so that Islington is only responsible for funding GUM attendances for its own residents) is an essential component of maintaining open access GUM services for Islington. Islington's overall budget for use of GUM services by residents this year is £5.1 million, of which £3.3 million is the budget allocated for CNWL.

3.2.3. CNWL also provide the open access SRH (contraceptive) service for Camden and Islington. The SRH services have continued to be funded on a block contract basis since transition from the NHS, jointly commissioned between Islington and Camden, albeit with both councils retaining full budgetary responsibility and control for their share of the service. Islington's budget for the service in 2014/15 is £1.259 million. Most activity takes place within the Margaret Pyke Centre, which has recently relocated to new premises near King's Cross, on the border with Islington. Additionally, some activity takes place within the GUM clinics, and at clinic sessions provided at Finsbury Health Centre.

3.2.4. Sexual Health services as currently configured have evolved from within the NHS environment and have transitioned to the responsibility of local authorities with relatively little change in terms of providers or service models to date. The major change post-transition has been on the commissioning side, with the end of the 'host' NHS commissioner arrangement that existed for cross-charging GUM services, whereby the local NHS commissioned the service on behalf of all other NHS commissioners who paid a centrally mandated tariff for the open access GUM services used by their patients. This change created considerable challenge for both commissioners and service providers following transition during 2013/14 in agreeing and managing payments across the open

[1] See Reg 6: Local Authorities (Public Health Functions and Entry to Premises by Local Healthwatch Representatives Regulations) 2012

access system.

3.2.5. To help address this, Islington joined an alliance of 12 London councils to negotiate contracts with major and other local GUM providers this year, with Islington negotiating this year's GUM agreement with CNWL on behalf of all 12 London councils. Similarly, other councils negotiated agreements with their local GUM services on behalf of the alliance of councils. Camden and Islington Public Health played a further role across the 12 London councils, developing a new clinical service specification together with evidence-based key performance and quality indicators, designed to improve monitoring and insight into the performance and quality of GUM services. Subsequently, the specification and indicators have been adopted by a number of other London councils outside the Alliance.

3.3 Sexual health transformation

3.3.1. Islington's central geographic position within London, with significant flows of patients travelling in and out of the borough to use sexual health services, means working together with other London councils provides increased opportunities for commissioning and transforming sexual health services to achieve best value and assure and improve quality for services received by residents. There are currently two important London-wide initiatives being developed which, if agreed, will be important for Islington's future commissioning of open access sexual health services.

- The first is a programme focused on moving to a different payments system. This would more closely relate payment to level of clinical need than the current system inherited from the NHS. This would involve implementing a new integrated sexual health tariff.

- The second is a programme to develop proposals for a new service model, intended to take account of changing patterns of need and use of services.

3.4 Changing how councils pay for open access sexual health services in London: a new integrated sexual health tariff

3.4.1. Changing the way Islington pays for sexual health services has the potential to generate significant efficiencies and savings for commissioners by more closely relating payment to the level of service needed and provided to residents. This builds on work previously carried out in the NHS, now being refreshed, and based on previous estimates could generate £1.5 million savings for Islington (across all provider services, not just local services). The proposal involves implementing a comprehensively different tariff system derived from clinical pathways based on need, for the screening, diagnosis, treatment and follow-up of sexually transmitted infections and including contraceptive needs.

- At the moment, there is a simple first and follow up tariff paid for GUM attendances which does not distinguish between levels of patient need.
    - So for example, the tariff payment does not differentiate between a patient presenting with a significant history of risk and a complex sexually transmitted infection compared to a patient with little risk seeking an HIV test for reassurance or peace of mind.
    - This is the payment system that was in place in the NHS at the point at which commissioning responsibility transferred to local authorities.
    - Community contraception services are covered in 'block' contract arrangements.
- The new tariff system being developed proposes to more closely relate payment to

the level of clinical service needed by patients.

- The new tariffs would be based on clinical pathways set out in clinical guidelines, developed and agreed with sexual health clinicians – currently being updated to take account of recent major changes in clinical guidelines.
- The level of new tariff payment would be based on an analysis of the NHS provider costs necessary to deliver the care pathway efficiently.

3.4.2. The integrated sexual health tariff was first developed and tested in London in 2011/12. Financial analysis at that time found that the level of commissioner payment for sexual health services across London as a whole was significantly in excess of what it cost trusts to provide. There was variation, but in some instances the difference between the income that trusts received and what it was estimated it cost to provide services was 30% or more, meaning many commissioners were paying significantly more than it cost providers to deliver services. With changes happening in the NHS at that time, the work was not further advanced.

3.4.3. Following transition of public health responsibilities to councils, London Directors of Public Health agreed to update the work on the integrated sexual health tariff at the start of this financial year. As part of this programme, Islington is currently working with the other London councils to re-run the analyses based on this year's GUM and SRH activity levels and to refresh tariff pathways in the light of new clinical guidelines. Islington's sexual health providers, and other providers across London, are currently collecting and submitting detailed data on activity and case mix of their patients enabling commissioners to re-model the financial impacts, opportunities and risks of proposals for moving towards a new integrated tariff-based funding arrangement. It is expected that the updated work will show significant savings for commissioners if the new tariffs are introduced, however activity levels and rates of sexually transmitted infections have changed considerably since 2011/12 and this may affect estimates of local potential savings.

3.4.4. The updated work will include a thorough risk and sensitivity analysis of the impact of potential tariff changes for both commissioners and service providers. This work is expected to produce a first phase report in March/April 2015 at which time London councils will need to take stock of the analysis, what it is likely to mean for both commissioners and services, and determine next steps.

3.4.5. Given the scale of the potential change – with several services potentially seeing reductions of 30% or more in income for their GUM services – as well as the current complexity of commissioning open access GUM and sexual health services in London, the introduction of the new tariff, should it be agreed, will need careful coordination across London councils to implement, allowing reasonable time for commissioners and clinical services to prepare for the change. At this stage, an implementation date at the start of 2016/17 would be expected if the new tariffs are agreed.

3.5 Transforming open access GUM services

3.5.1. Changing payments represents one important proposal for more cost-effective commissioning of services, but particularly with high and changing levels of sexual health needs and increasing levels of activity, system-wide changes will be needed to better address needs in the future. Therefore, as well as the change in tariff, Islington is working in a collaboration of 19 London boroughs and The City of London to develop future service model options focused on open access GUM services.

3.5.2. This is a phased programme of work, led by Camden Council's Chief Executive on

behalf of the participating councils. The first phase of this transformation work has concentrated on developing the case for change and developing options for change – including:

- a thorough analysis of need, including inequalities, and overview of services across the participating councils;
- modelling cross-boundary patient flows and access;
- extensive engagement with commissioners across London;
- development of potential options for collaborative commissioning and contracting approaches between the participating councils; and
- evidence review of service models and interventions, based on clinical and quality standards, including innovations such as emerging digital/on-line and home testing/sampling systems.

3.5.3. This first phase completed at the end of October 2014. The second phase of the work is intended to develop proposals for a future model and specification of services, with a programme for engagement with clinical, service user, residents and other stakeholders, including commissioners of other sexual health services.

3.5.4. The focus of the London councils' collaborative work is on open access (Level 3) GUM services. However, the integrated tariff work will include SRH and any proposed models will have a place in the wider sexual health pathway, linking to other aspects of sexual health services. Many of these are commissioned by the council, including sexual health promotion and HIV prevention, GP practice and community pharmacy sexual health services, community contraceptive clinics and young people's sexual health services. However, the pathway also needs to take account of and link with sexual health services commissioned by CCGs, such as abortion services, and by NHS England, including HIV treatment and care services. The importance of ensuring that sexual health services for residents are coordinated is therefore a key part of the work.

3.5.5. Supporting this service transformation work, it is envisaged that the new tariff system described in the previous section, will help to provide additional tools for commissioners to implement changes and help encourage innovation.

3.5.6. This is an ambitious programme developing proposals for change across a complex geographic, commissioning and service environment, which if agreed, will require substantial development and engagement to agree and implement a model that will be able to better meet high and increasing levels of sexual health needs and service use in a more cost-effective way. An implementation date starting 2017/18 for re-specifying and re-commissioning new service models would be expected.

3.5.7. Camden and Islington Public Health are playing a key role in the programme and the project team, providing analysis, needs assessment and input into the options development, ensuring close local involvement in the programme as it develops.

3.6 Commissioning open access sexual health services in 2015/16 and 2016/17

3.6.1. Islington entered into a collaborative agreement of 12 west and north central London local authorities in 2014/15 to commission open access GUM services, via an Alliance described earlier in this report. This brought a greater strength to contract negotiations and consistency of approach in prices and terms agreed by commissioners, including efficiencies and moving from the previous NHS contracts into local authority contracts. It also provided benefits for trusts, for example in terms of greater certainty over financial flows and common terms and requirements. Extending participation in the

collaborative commissioning agreement into 2015/16 and in 2016/17, during the proposed period of the waiver for open access sexual health services, will help to realise further benefits and efficiencies for commissioners as well as providing a more coordinated base for the proposal to implement a new integrated tariff in 2016/17. In 2015/16, a number of other London councils will also work collaboratively with the Alliance, which should further enhance its negotiating position.

3.6.2. Since transition in April 2013, commissioners have made significant progress on managing costs in the context of increasing levels of activity, by keeping the tariff at the rate at which it was prior to transition in 2012/13, agreeing efficiencies, introducing an in-year reduced tariff for activity over and above expected growth and removing additional performance related NHS payments. Taking all these factors into account, in the local context, we have a crude estimate that average unit costs are around 12% lower than they would be under the current non-mandatory tariff issued by the Department of Health.

3.8.3. In order to provide the time necessary for the development and agreement and of the programmes described above, and to support co-terminous commissioning of new open access sexual health service models with other London councils in order to realise greater value and quality, this paper requests approval of a waiver to contract standing orders for the open access services for GUM and SRH provided by CNWL to cover the period April 2015 to March 2017. It also seeks agreement to continued collaborative commissioning with other London councils in order for Islington to benefit from the advantages of a collaborative commissioning approach over the same period April 2015 to March 2017, in line with the GUM collaborative agreement described in the report Procurement Strategy for Open Access Genito-Urinary Medicine (GUM) 2014/15 agreed by the Executive in March 2014.

4. Implications

4.1 Financial implications

Islington Council receives a ring-fenced Public Health grant from the Department of Health to fund the cost of its Public Health service. The total funding for 2014/15 is £25.429m.

GUM services are mandatory open access services within Sexual Health that are demand-led with increasing levels of activity. Islington has an obligation to pay for activity irrespective of whether a contract is in place or not and tariffs exist for these purposes. This contract should not create a budget pressure for the Council. Although there is a contract in place there is still a risk of a pressure based on an increase in activity.

The current budget earmarked for the Sexual and Reproductive Health service is £1,259,800 per annum. The proposed contract value of £1,255,412 per annum equates to £2,510,824 over the two (2) year period and should not create a budget pressure for the Council.

The Council's Public Health expenditure must be contained entirely within the grant funded cash limit indicated above. If any additional pressures are incurred management actions will need to be identified to cover this.

4.2 Legal Implications

The threshold for application of the Public Contracts Regulations 2006 (the Regulations) is currently £172,514. The value of the contract to be let is significantly above this

threshold. These services fall within Part B of the Regulations. Although Part B services do not need to strictly comply with the provisions of the Regulations, there is a requirement under EU rules for Part B services to be procured in compliance with the principles of equal treatment, non-discrimination and fair competition. The Council's Procurement Rules require contracts over the value of £100,000 to be subject to competitive tender.

It is not clear at this stage whether there is a market for the provision of these services. If there is such a market there would be potential for procurement challenge on the basis of noncompliance with the requirements of the Regulations and the Council's Procurement Rules. However the fact that a proper procurement is being planned following the development of new service models from 2017/18 and the need for such contracts to be coterminous across London is likely to mitigate this.

As a result of the value of these contracts the decision on the waiver (Procurement Rule 3.6) as well as the contract award decision (Procurement Rule 14.1.1) needs to be made by the Executive.

4.3 Environmental Implications

There are no direct environmental implications expected at this stage. It is unlikely that the integrated tariff would have environmental implications. There is a possibility that the transformation programme might have implications, but this would need to be assessed as part of the development of more detailed service model options.

4.4 Equality Impact Assessment

Resident and equality impact assessments will need to be carried out as the proposals on the integrated tariff and the transformation programme are developed.

5. Conclusion and reasons for recommendations

5.1. Islington has high levels of sexual health needs among local residents. Open access services for GUM and SRH are important parts of effective action to improve sexual health, mandated in the Public Health Grant conditions. Commissioning open access services in London, with significant cross-boundary flows of patients, presents particular challenges for commissioners around coordination and implementation of changes.

5.2. There are significant opportunities to improve value and quality through changing the payments system and transformation of open access sexual health services. Islington is only likely to fully realise the benefits of these proposals by working in collaboration with other London councils, so it is important that local commissioning changes are co-terminous with other commissioners in order to fully realise efficiencies and benefits.

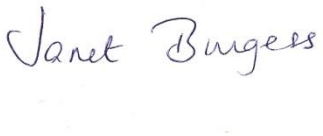
5.3. Working collaboratively with other London councils, will enable Islington and other participating councils to draw on talent from across the councils in developing and implementing effective solutions in the context of a complex sexual health system, and increases the potential to gain greater efficiencies and better outcomes from provider services. Significantly this collaborative approach also increases the scope for greater market management as part of the transformation of open access sexual health services to deliver improved outcomes for sexual health for residents, subject to the development and agreement of programme proposals.

5.4. In order to allow time to fully develop, agree and deliver these programmes of change

working with other London councils, this paper requests that the procurement rules for open access GUM and SRH community contraceptive services provided by CNWL are waived from April 2015 until March 2017 (please see attached waiver documents) and that Islington's participation in the collaborative agreement between London councils for commissioning open access GUM services developed in 2014/15 is extended to cover 2015/16 and 2016/17.

Background papers:
None

Final report clearance:



5 January 2015

Signed by:

Executive Member for Health and Wellbeing Date:

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