

Decision of:	Director of Public Health
Date of Decision:	29 October 2024
Publication:	Open
Council Priority:	Greener, Healthier Islington, Child-friendly Islington
Wards:	All
Responsible Officer:	Miriam Bullock, Assistant Director Public Health
Report No.	I029409

Subject: Variation to the contract for Camden and Islington Young People's Sexual Health service

1. Recommendations

- 1.1. To approve the Officer Key Decision to vary the Camden and Islington Young People's Sexual Health contract which will provide an increase of £90,000 per year to the annual contract value until the end of the contract period. This will ensure the provider, Brook, is able to pass this additional funding onto their subcontractor, Central and North West London NHS Trust (CNWL) so that CNWL can pay the lease payments for Unit B, 800 Holloway Road, N19 3JU which must be at 'market rate' in order for the Council to fulfil its obligations under the sublease.

2. Report summary

- 2.1. The purpose of this report is to vary and increase the contract value for the Young People's Sexual Health service so that CNWL (subcontractor for Brook) and the Council can fulfil the terms of the headlease for Unit B, 800 Holloway Road, and sublease this at market rent.

3. Details of the proposal

- 3.1. This proposal complements a number of decisions made regarding the lease of Unit B, 800 Holloway Road, N19 3JH including the original Executive Decision to lease: [Issue details - Letting of Unit B, 800 Holloway Road, N19 3JH | Democracy in Islington](#) and a concurrent Officer Key Decision to grant a sublease directly to CNWL: [Issue details - 800 Holloway Road lease to Central and North West London NHS Trust \(CNWL\) - I029387 | Democracy in Islington \(moderngov.co.uk\)](#).
- 3.2. Islington obtained the lease for Unit B, 800 Holloway Road from a private landlord and the headlease terms allow for the Council as a tenant, to grant a direct sublease with the conditions that there is no further underletting and that the space is subleased at market rent.
- 3.3. Brook have been commissioned by Camden Health and Wellbeing and Islington Public Health to deliver sexual health services to young people. The delivery of Islington clinical services is subcontracted by Brook to CNWL.
- 3.4. Islington policies do not allow the Council to enter into lease agreements with parties who the Council does not directly contract (i.e. in this scenario, the Council can enter a lease agreement with Brook but not with CNWL). Therefore, a separate decision is being sought, in parallel with the variation to the contract, to allow for a sublease to be granted to CNWL for Unit B, 800 Holloway Road.
- 3.5. Granting a sublease below market value, e.g. peppercorn rent, is not permissible under the headlease, meaning CNWL will be liable for the full market rent of £90,000 per annum. This funding is not currently included within the current contract value and a variation to the contract is needed to pass the money to Brook as the lead provider who will pass this onto CNWL as the subcontractor.
- 3.6. This contract was awarded with a maximum lifetime contract value of £13,671,621 shared between Camden and Islington. The value of the contract variation will be up to £630,000. The lifetime value of this contract including the variation will be a maximum of £14,301,621.

4. Other options considered and the reasons for recommending this proposal

- 4.1. With the landlord unwilling to allow a further sub / underlet of the premises, the following options were proposed to the Landlord:
 1. Negotiation regarding the headlease to allow for Brook to underlet to CNWL
 2. A concession letter as a one-off to allow Brook to underlet to CNWL
 3. Brook takes the lease and grants a licence to occupy to CNWL
 4. Shared occupation agreement for both Brook and CNWL

- 4.2. The feedback received by the Landlord solicitors is that these options do not protect the best interests of the Landlord and therefore they could not be agreeable to these terms and the Council has now exhausted all other options.
- 4.3. The funding for the rent was approved by Public Health's Departmental Management Team in January 2021.

5. Key impacts and risks of the proposal

- 5.1. By varying the contract to allow for the transfer of funding to cover the rent for Unit B, 800 Holloway Road, the Council can ensure that the property is utilised for the delivery of services and can fulfil its obligations under the sub-lease.
- 5.2. There is a risk that the funds paid to Brook for the purposes of CNWL paying the sublease are not transferred by Brook to CNWL. This risk is mitigated through careful drafting of the deed of variation which will make it a contractual obligation for Brook to pay CNWL the ring-fenced funds strictly for the purposes of CNWL paying the sublease payments and the inclusion of a set-off provision which will enable the Council to set-off or withhold any payments due to Brook in lieu of any outstanding sublease payments to CNWL.

6. Contribution to the Islington Together 2030 Plan

- 6.1. A variation to the contract for Young People's Sexual Health supports a local NHS service and strategic partner (CNWL), to continue delivering support and interventions which help reduce inequalities, improve access to the range of contraception and reduce the burden of sexually transmitted infections (STIs) in young people. Islington has the seventh highest rate of STI diagnosis in London and are eighth highest in under 25's.
- 6.2. Easy access to healthcare can improve contraception and reduce the risk of unplanned pregnancy and reduce the spread of sexually transmitted infections and promote overall well-being, contributing to a greener, healthier and child-friendly community and a more equal Islington.

7. Consultation and community engagement

- 7.1. Engagement took place in 2021 when working with young people and partners (Youth Justice Service, Community Wealth Building, Homerton University Hospital Foundation Trust and Whittington Health) to identify a new service location. Engagement helped to narrow down key locations that young people felt safe in

and found easily accessible by public transport. Holloway Road was identified as the most suitable area.

8. Implications

8.1. Financial Implications

- 8.2. This report proposes that Islington advances £90,000 per annum to Brook, the provider of the Young Peoples Sexual Health service. This amount is equal to rent they are charged for using the delivery site of 800 Archway. This ensures the council can fulfil the terms of the headlease and not provide the property at below market rates while ensuring that the property costs are not overly onerous on service providers.

Initial proposals assumed a peppercorn rent would be charged to the providers and any subcontractors; however, subsequent legal advice has advised this is not possible. The new proposals in this report ensure that the rent charge to providers is cost neutral and consistent with the original financial arrangement.

The new proposals carry some financial risk, namely that advancing funds to Brook to either distribute to subcontractors CNWL or pay for the property directly could end up being lost if the provider financially fails at any point. To mitigate any loss, Islington will incorporate a contract variation stipulating how this money will be used and to ensure prompt payment of rent following the distribution of any funding. If rent is not paid by the provider, Islington will suspend any money owing for the service contract to recuperate any losses from the payment of advances.

This proposal allows the council to be legally compliant and carries no net costs; however, in advancing funds to third parties it does carry some financial risks. The risks are low as the Council has some means to recuperate any funding and providers are well established suppliers. The recommendations are fully budgeted, adding no extra costs to the Council while still ensuring service delivery.

8.3. Legal Implications

- 8.3.1. The Young Person Sexual Health service is a service that falls under the Provider Selection Regime (PSR) such that any modifications to the contract must be assessed against the PSR.
- 8.3.2. The proposal is to modify the Young Person Sexual Health Contract under the PSR such that the Council will sub-lease the premises to CNWL, Brook's sub-contractor, for the purposes of it providing the services under the contract and owing to a contractual requirement that obliges LBI to sub-lease the premises at market rate, the Council has agreed to recompense CNWL through Brook further to a modification under the Contract. This is permissible under the PSR since this arrangement is as a result of external factors beyond the control of the Council

and Brook (i.e. difficulty in meeting the obligation to find suitable premises to provide services from in LBI and LBC) and because the modification is attributable to the decision of the Council and does not render the contract materially different in character and the cumulative change in the lifetime value of the contract, compared to when it was entered into, is under 25%.

- 8.3.3. Camden, Islington and Brook will need to enter into a deed of variation. The terms of this deed of variation will a) increase the contract price by £90,000 per annum b) contractually oblige Brook to passport these funds to CNWL and treat any failure to do so as a default under the contract and c) give the Council a right to withhold or set off any payments due to Brook if Brook fail to transfer the funds to CNWL.

8.4. **Climate Change and Environmental Implications**

- 8.4.1. The main environmental impact of this variation is related to buildings and people.

- 8.4.2. **Energy Efficiency:** Leased premises should be energy efficient with proper insulation, modern HVAC systems, and potential for renewable energy sources like solar panels. 800 Holloway Road is a newly constructed, top energy-efficient building with an A-rated Energy Performance Certificate.

- 8.4.3. **Waste Management:** There will be waste management systems in place for disposal of general waste, recycling and clinical waste.

- 8.4.4. **Travel:** This service is across the road from the adult sexual health service. With a shared staffing model, there will be no need for staff to use transportation systems between buildings. Staff, however, do travel between other outreach sites and as such may use public transport for this purpose.

8.5. **Equalities Impact Assessment**

- 8.5.1. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

- 8.5.2. An Equalities Impact Assessment Screening was completed, and a full Equalities Impact Assessment is not required in relation to this report, because there has been no major impact or change for residents since the original Equalities Impact Assessment in January 2021.

9. Timetable for implementation

Activity	Timeline
Prepare the deed of variation	September 2024
Proceed to execute the deed of variation following the standstill period	29 October 2024

9.1.1. This decision will be taken 28 days following the meeting of the Corporate Management Team and will be implemented on 29 October 2024.

Report authorised by:

Miriam Bullock, Assistant Director, Public Health

Date: 13 September 2024

10. Record of the decision

I have today decided to take the decision set out in section 1 of this report for the reasons set out above. My agreement is indicated by the checkbox below.

Decision authorised by:

Jonathan O’Sullivan, Director of Public Health

Appendices:

- None

Relevant decisions / reports:

- [Decision - Contract award for Young People's Sexual Health Services | Democracy in Islington](#)

Background papers:

- None

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