DECISION-MAKER:		COUNCIL		
SUBJECT:		AUTHORITY TO PROCURE A CONTRACEPTIVE AND SEXUAL HEALTH SERVICE FOR SOUTHAMPTON FOR 2017-2024		
DATE OF DECISION:		16 MARCH 2016		
REPORT OF:		DIRECTOR OF QUALITY AND INTEGRATION		
CONTACT DETAILS				
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STATEMENT OF CONFIDENTIALITY
None

BRIEF SUMMARY

This report seeks delegated authority to re-tender Contraception and Sexual Health services for a new service starting in April 2017. It recommends that this will be best achieved through a collaborative procurement with Hampshire County Council and Portsmouth City Council. It is also recommended this should be aligned as far as possible with procurement of termination of pregnancy and vasectomy services commissioned by Southampton City Clinical Commissioning Group (SCCCG) and the other CCGs across Hampshire and Portsmouth, to retain the benefits to patients, public health outcomes and the taxpayer of an integrated sexual health service.

Reproductive and sexual health services will need to be delivered within a reduced financial envelope in future. In Southampton Central Government reductions in the public health grant means that the Council's £17.19m public health budget will be reduced by £1.06m in 2015/16, rising to a 8.39% reduction (£1.47m) in 2016/17, 10.89% reduction (£1.91m) in 2017/18, 13.49% reduction (£2.38m) in 2018/19 and 16.09% reduction (£2.85m) by 2019/20. Given that almost 56% of the public health grant is invested in commissioned services, this will mean a significant reduction in these services.

Southampton City Council spends approximately £2.6m per annum on commissioning contraception and sexual health services through a mixed economy delivery model via primary care (GPs and Pharmacies), community settings and specialist reproductive and sexual health services. Ensuring free and open access to reproductive and sexual health services became a local government responsibility in April 2013, under the Health and Social Care Act 2012. Most of the current service by value (£2.5m) is commissioned as a specialist integrated sexual health service through a block contract with Solent NHS Trust, managed as part of the CCG contract with Solent NHS Trust for a range of health services. The current service covers access to routine and specialist contraception,

sexual health screening, Genito Urinary Medicine (GUM), sexual health promotion and psycho-sexual counselling. The Southampton service is integrated with the termination of pregnancy service commissioned through the Clinical Commissioning Group. Termination of pregnancy services have an approximate contract value of £710k for 2015-16. The Southampton service is delivered as part of a wider integrated sexual health service that covers all of Southampton, Hampshire and Portsmouth.

Southampton residents can access contraception and sexual health services anywhere in the Country without charge. As most choose to access services close to home it is important to commission services that reflect the needs of the local community. Access to effective control of reproductive health has been a foundation stone of the economic and social change in Britain over the last 50 years. Despite this, not all communities benefit equally from good control of reproductive health, undermining people's social and economic potential, leading to unplanned pregnancy and contribute to overcrowded housing, benefit dependency and poor education, social and health and wellbeing outcomes for children and adults alike. Effective contraception and sexual health services avoid the unnecessary social, human and financial costs associated with treatment of a high level of sexually transmitted disease and unwanted pregnancies. These services can also help to identify and protect individuals who may be vulnerable to or subject to sexual exploitation, abuse or other sexual violence in their relationships. In addition to the integrated service, the Council also commissions a number of additional complementary sexual health services in relation to contraception in primary care (GP and pharmacies) and community providers.

Accessible and effective sexual health services therefore make an important contribution to the economic, health and social wellbeing of Southampton residents – adults and children alike. Local authorities are mandated by The Local Authorities (Public Health Functions and Entry to Premises by Local Healthwatch Representatives) Regulations 2013 to "provide or secure the provision of open access sexual health services that:

1. Prevent the spread of sexually transmitted infections
2. Treat, test and care for people with such infections
3. Notify sexual partners of people with such infections
4. Provide contraceptive services including the availability of advice on, and reasonable access to, a broad range of contraceptive substances and appliances.

Nationally, integrated services tend to be associated with better outcomes in relation to sexual health. Southampton currently benefits from an integrated level 3 service not only within the City, but which extends across Hampshire and Portsmouth. This Hampshire wide approach also ensures that approx. 98% of City Council funding spent supporting the sexual and reproductive health needs of Southampton residents is spent with a service specified in relation to their specific needs.

Commissioning a new service to be in place for April 2017 would benefit the Council and CCG by ensuring the earliest practicable alignment of these services with other preventative services developed through the transformation programme. It would also

allow the Council and CCG to financially take advantage of the opportunity for the future service to be delivered through a collaborative procurement. Hampshire and Portsmouth are both aiming to commission a new service for 1 April 2017. The significantly larger contract value offered through a collaborative integrated model would make the opportunity attractive to both existing and potentially other providers of the specialist service, and help any provider to create and sustain a resilient, effective service that demonstrates best value for Southampton taxpayers.		
RECOMMENDATIONS:		
	(i)	To delegate authority to the Director of Quality and Integration, after consultation with the Director of Public Health, the Chief Executive and relevant Cabinet Member to recommission the service through a collaborative procurement subject to the new service being deliverable within approved budgets.
	(ii)	To delegate authority to the Director of Quality and Integration, after consultation with the Director of Public Health and relevant Cabinet Member and Service Director , to do anything necessary to secure the commissioning of revised arrangements for contraception and sexual health services through a collaborative procurement, up to and including entering into appropriate contract(s).
REASONS FOR REPORT RECOMMENDATIONS		
1.	Responsibility for commissioning Contraception and Sexual Health Services (excluding Termination of Pregnancy) transferred into Southampton City Council in April 2013. A review of needs and outcomes was carried out during 2013-14, which has led to the development of a Sexual Health Improvement plan (appendix 1). Following this and engagement with the public, a set of commissioning intentions for Sexual and Reproductive Health Services 2015-2019 was agreed (appendix 2). To ensure that a revised service demonstrates the best value for money, it will be essential to test approaches to delivery of the proposed model in the market.	
2.	There is evidence from sexual health commissioning elsewhere and from local experience of the current service that a jointly commissioned service, albeit with local variation to meet specific local priorities, gives greater scope for cost efficiencies in relation to provider overheads, particularly in relation to some of the more complex clinical leadership. The recommendation to be part of a collaborative procurement exercise seeks to ensure that Southampton is best placed to continue to benefit from this, and to test/demonstrate this benefit in the marketplace.	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
3.	**Not to go out to market test the service**, and/or make changes to the service specification was considered. This option was rejected on the basis that it would not provide the opportunity to really test whether there were market opportunities for delivery of better sexual health outcomes or value for money nor make significant revisions to the service specification to strengthen the focus on prevention, emphasis on sexual health screening and targeted extension of Long Active Reversible Contraception among specific groups. This option would also not comply with the Council's Contract and Procurement regulations.	

4.	The current contract for the collaborative service comes to an end at the latest on 31 March 2018, an exemption having been granted to allow scope for being part of a collaborative procurement when it was tested in the market. Under the City Council's procurement rules, the Council is required to test the market prior to entering into a new contract. This will help the Council achieve the most cost effective solution for delivering the services to the quality level required from 1 April 2017.
5.	**To go out to market just for a Southampton service** was considered. This option was rejected on the basis that it would not offer the same opportunities for economies of scale (thereby maximising value for money) that a collaborative tender across the whole of Hampshire would offer. There would also be the risk that the market would focus on the larger Hampshire procurement and that there would be little interest in a Southampton only procurement. As Southampton and Hampshire currently have the same provider, there would be the added risk of the Hampshire procurement destabilising Southampton's provision if it were not part of the same procurement.
DETAIL (Including consultation carried out)	
6.	Responsibility and associated funding for commissioning contraception and sexual health services transferred to Southampton City Council from 1 April 2013 as part of its responsibilities for local health improvement under the Health and Social Care Act 2012.
7.	As a result of the Government's reduction Southampton City Council, Sexual health services will need to be delivered within a reduced financial envelope. In Southampton Central Government reductions in the public health grant means that the Council's £17.19m public health budget will be reduced by £1.06m in 2015/16, rising to a 8.39% reduction (£1.47m) in 2016/17, 10.89% reduction (£1.91m) in 2017/18, 13.49% reduction (£2.38m) in 2018/19 and 16.09% reduction (£2.85m) by 2019/20. Given that almost 56% of the public health grant is invested in commissioned services, this will mean a significant reduction in these services.
8.	The Council reviewed needs and outcomes in relation to contraception and sexual health services during 2013-14. The review updated the needs assessment against which the service is currently commissioned and considered the extent to which the existing service and service specification can address health and wellbeing needs to improve outcomes overall and reduce the gap for groups who have poorer outcomes. For Southampton this related particularly to levels of teenage pregnancy, effectiveness of screening for Chlamydia and wider levels of sexual infection and late diagnosis of HIV. Specific communities were identified as being at higher risk of poor sexual health and/or unwanted pregnancy outcomes. In Southampton these include: children and young people including those at particular risk of teenage conception, children looked after, adults vulnerable to sexual exploitation or abuse, men who have sex with men, and specific Black and Minority Ethnic communities where ethnicity (or more specifically previous residence in a high HIV prevalence country) indicates an increased risk of exposure to HIV infection. This work resulted in a Sexual Health Improvement Plan (Appendix 1).
9.	During February and March 2015 the City Council consulted local people on their

	use and expectations of contraception and sexual health services. The consultation used a range of methods to engage a large number of respondents from an online questionnaire open to all, to more targeted focus groups with specific groups of service users identified as being more vulnerable to poor reproductive and sexual health outcomes.
10.	Following the engagement, commissioning intentions for sexual and reproductive health services for Southampton City Council (SCC) and Southampton City Clinical Commissioning Group (SCCCG) were produced (Appendix 2). These give an overview of the services currently commissioned, priorities for development and the transformation work streams that will deliver improvements against these priorities. They also set out the main options for future procurement of different elements of sexual health services, with consideration of Southampton's position within the wider market.
11.	Close working with neighbouring commissioners, Public Health England (PHE) and service providers has helped to identify best practice in relation to engagement of vulnerable groups and models of service delivery regionally and nationally. Ongoing transformation within the City Council has improved collaboration between a range of council, health, police and other services, including voluntary and community sector providers.
12.	During 2015-16 Southampton City Council in collaboration with Hampshire County Council and Portsmouth Local Authority have undertaken a Sexual Health Transformation Programme with Solent NHS Trust to meet the evolving needs and optimise outcomes within available commissioning resources. This programme has the following work streams 1 - Digital and non-face to face triage and delivery of Sexual Health Services 2 - STI Self-Sampling for asymptomatic low risk residents 3 - More appropriate uptake of other service providers in primary care and community settings 4 - Reducing out of area activity (Hants only) 5 - Improving Data and IT systems 6 - Finance 7 - Workforce and estates rationalisation
13.	Commissioning of the sexual health services provided in Southampton is managed through the Integrated Commissioning Unit, working with Senior Managers within the City Council and the CCG as the budget holders for these services. In anticipation of the Council maintaining the option of an integrated Sexual Health service, commissioners have started working with colleagues in Public Health and the CCG to develop a specification for the future service that would best meet local reproductive and sexual health needs whilst also contributing to protection and prevention of avoidable demand in other areas of public service. This has been informed by the above transformation programmes, national developments in best practice and the consultation with service users, the wider public, and professional and provider networks carried out during 2015. There is also ongoing collaboration with commissioners and commissioning advisers nationally and regionally.
	COST EFFECTIVENESS OF SPENDING ON SEXUAL HEALTH

14.	In preparation for the transition of sexual health spending to local authorities in April 2013 the Department of Health commissioned the preparation of "A Framework for Sexual Health Improvement in England". This document sets out the broad commissioning responsibilities of different agencies for Sexual Health in England. Section 5 of this framework presents the fundamental evidence base for effective commissioning of sexual health services. This indicates that: • For every £1 spent on contraception, £11 is saved in other healthcare costs(1). • The provision of contraception saved the NHS £5.7 billion in healthcare costs that would have had to be paid if no contraception at all was provided (2) • National Institute for Health and Clinical Excellence (NICE) Clinical Guideline CG30 demonstrated that [LARC] is more cost effective than condoms and the pill, and if more women chose to use these methods there would be cost savings (3) • Early testing and diagnosis of HIV reduces treatment costs – £12,600 per annum per patient, compared with £23,442 with a later diagnosis (48) • Early access to HIV treatment significantly reduces the risk of HIV transmission to an uninfected person (4) Work from the South West of England demonstrated that improvements in the rates of partner notification resulted in a reduced cost per chlamydia infection detected.
	KEY PRIORITIES, PRESSURES AND STRATEGIC ISSUES
15.	It is anticipated that the revised specification for the service would deliver scope for better balancing capacity of the new service to achieve the following priorities in the City's Health Needs Assessment for Sexual Health and Sexual Health Improvement Plan: • Improving the City's sexual health outcomes in relation to the incidence of sexually transmitted infections. • Reducing the incidence of late diagnosis of HIV. • Improving access and availability of contraception and reducing unwanted pregnancies. • Stronger leadership in relation to reducing teenage conceptions and improving outcomes for teenage parents and their children. • Improved links between sexual health services and other commissioned services working with young people and adults at particular risk of poor outcomes, e.g. substance misuse, mental health and public health nursing services. • Improving sexual health and related outcomes for vulnerable groups: o Children, young people and vulnerable adults through effective partnerships with schools, colleges, health, police and other statutory early help and children and family services. Protecting the vulnerable from risk of infection, unwanted pregnancy, freedom from sexual exploitation, abuse, inappropriate relationships and freedom from female genital mutilation. Improved capacity to support prevention of current and future poor sexual health outcomes through comprehensive sex and relationships education for all children and young people in the city to give them the foundations for

	relationships based upon consent and respect. • More effective engagement of communities at significantly increased risk of HIV infection in effective screening programmes that will protect them and others from the poor outcomes associated with late diagnosis of HIV.
	SCOPE OF RECOMMENDED PROCUREMENT
16.	It should be noted that the option of a collaborative procurement with Hampshire and Portsmouth only relates to specialist sexual health contraception and treatment services. It includes routine and specialist contraception, sexual health screening, Genito Urinary Medicine (GUM), sexual health promotion, psycho-sexual counselling (and the termination of pregnancy and vasectomy services commissioned by the CCG if this can be aligned). It does not include contraception and sexual health services commissioned directly from a range of local primary care and local community settings (mainly GP practices and pharmacies). These have been reviewed in 2015 and the Locally Commissioned Services will be going out to tender in early 2016 with the new services to commence on 1 April 2016. The aim of these services is to embed sexual health into existing local provisions and settings that are frequented by local residents.
	PROCUREMENT TIMETABLE
17.	In 2014, ICU commissioners gained exemption from re-tendering Sexual Health Services to give the Council time to review the model, reassess its plans in relation to improving sexual health outcomes and therefore be in a better more informed position to test the market. Exemption was sought and granted for an extension of contract until no later than 31 March 2018 to align with the Hampshire timetable. To implement a new service from 1 April 2017 the City Council will need to serve notice on its existing contract with Solent NHS Trust for Sexual Health services by 31 March 2016. Under a collaborative procurement, commissioners will need to start market engagement in January 2016. The intention is to have identified and appointed a provider to commence services by September 2016. This would provide a six month demobilisation / mobilisation period to allow for the potential complexities and risks of either a change in provider and/or a major change in service delivery model.
18.	To gain best value and the full advantage of the procurement process as part of a strategic commissioning cycle requires significant investment in earlier preparatory activities. Some activities, such as refreshing the health needs assessment for sexual health in Southampton was completed in March 2014. Engagement of strategic commissioning partners such as the CCG, neighbouring commissioners and regional commissioners of specialist sexual health services as well as the engagement of advisory bodies such as Public Health England has been established as part of commissioning best practice. Consultation with service users and partners was undertaken between January and February 2015, and will shape the future service specification. The advert is due to be published in June 2016.
19.	The sexual health procurement project plan, including timetable to deliver a new service for April 2017 is included at Appendix 3. Opportunities to ensure appropriate management overview of the procurement have been built into the project plan and a Memorandum of Understand (MOU) will be developed to set

	out respective roles and responsibilities and ensure that Southampton has a strong voice in this procurement.

Table 1: Sexual Health commissioning budgets in scope for procurement (2015-16 values)

Service	Provider	Budget Holder	Value (£) 2015-16	Contract Type
Psychosexual counselling	Solent NHS Trust	SCC (Public Health)	£28k	Block
Integrated Open Access Sexual Health Service including Sexual Health Promotion	Solent NHS Trust	SCC (Public Health)	£2,531k	Block
CCG Commissioned Service Termination of Pregnancy	Solent NHS Trust	SC CCG	£709k	Block
CCG Commissioned Vasectomy provision	GPSI/ Acute	SC CCG	£100k	Payment by Activity
L3 GUM spend - Out of Area provision	Various	SCC (Public Health)	£53k	Payment by Activity
		Total	**£3,421k**	**Various**

20.	Funding for the new service is within planned City Council budgets for Public Health functions, taking account of anticipated reductions in central government funding and the demand led nature of this service as an open access health service. Commissioners are planning for a service that reflects the need for reproductive and sexual health services to be delivered within a reduced financial envelope in future through a combination of transformation, channel shift, efficiencies and a shift in focus towards prevention. Central Government reductions in its funding for the City Council's spend on this public health function will ensure that these funding pressures are maintained throughout the foreseeable life of the contract.
21.	The Council's £17.19m public health budget allocation from Government was reduced in year by £1.06m in 2015/16, confirmed in December 2015. This reduction against the original public health grant paid to the Council, rises to 8.39% (£1.47m) in 2016/17, 10.89% (£1.91m) in 2017/18, 13.49% (£2.38m) in 2018/19 and 16.09% (£2.85m) by 2019/20. In procuring this service, commissioners are expecting providers to operate a service model that can meet these needs within this reducing envelope over the life of the contract. These will reduce the annual financial value from £2.55m in 2015-16 to approximately £2.10m by 2019-20.
22.	The final cost of the proposed integrated service for Sexual Health services will be subject to the tender submissions as part of the procurement process, but subject to indicative budgets.
25.	**FINANCIAL RISKS**

RESOURCE IMPLICATIONS

26.	There are several financial risks associated with this procurement. If any manifests itself, there is significant risk to whether value for money will be achieved. These are divided between procurement financial risks and demand management financial risks. They include:

1. Failure to maintain a collaborative timetable with neighbouring commissioners leading to loss of current benefit of economies of scale. Proposed Mitigation - This risk will be mitigated entirely by agreeing to commission this collaboratively, and being part of a collaborative commissioning procurement project. The only remaining risk then would apply to all partners in the collaboration.
2. Failure to maintain a collaborative timetable with CCGs leading to fragmentation of the integrated sexual health pathway, and poorer reproductive and sexual health outcomes for local women. Proposed Mitigation - This risk will be mitigated entirely by agreement of all CCGs to commission this collaboratively to the same timetable. Southampton sexual health commissioners are working with LA and CCG commissioning and procurement partners to minimise this risk, and its impact if it occurs.

Further changes in the size, make-up and sexual behaviours of the Southampton population due to wider developments in the number, type and location of housing in the City, the age profiles of new residents and wider developments in the night time economy all have a potential bearing upon demand for sexual health services. Depending upon the tariff mechanism for the service, changes in demand have different financial pressures upon either the commissioning authority or the provider which could destabilise provision. Proposed Mitigation – Commissioners are modelling in relation to both LA and CCG commissioned sexual health activity what would achieve the best value for money. There will still be risk in relation to demand trends, but these will be mitigated to some extent by achieving the most economically favourable price for the services which the collaborative procurement provides the best opportunity for doing, through a stronger focus on prevention which is part of the service specification and through applying the most cost effective payment mechanism. It is likely that an activity and outcome based contract would attract more interest from potential providers, and give more scope for ongoing savings, though it does have its own risks if demand increases. Proposed Mitigation – One advantage of a collaborative procurement is that more providers are interested in the tender opportunity, and having more providers from the offset addresses this risk. If we are part of a collaborative procurement we will almost certainly eliminate this risk. There is not likely to be a significant risk in relation to this for the CCG, as a move to an activity based tariff may well be an attractive option that carries little risk.

Capital/Revenue

27. The City Council's approved existing budget envelope in 2016/17 for providing a Sexual Health service in Southampton is £2.28m after allowing for an 11% cut in funding for this service. The expectation is that this budget envelope could reduce each financial year in order to help offset the increasing Public Health cuts set by Central Government as shown in Table 2 and the re-procurement of this service is anticipated to meet this requirement.

28. **Table 2: SCC's reduction in Public Health grant allocations from Central Government**

Financial Year	Public Health Grant Reduction %	Public Health Grant Reduction (£)
2015/16	6.19%	£1,061,600
2016/17	8.39%	£1,472,535
2017/18	10.89%	£1,910,500

	2018/19	13.49%	£2,383,600	
	2019/20	16.09%	£2,856,735	
29.	In procuring this service, commissioners are expecting providers to operate a service model that can meet these needs within this reducing envelope over the life of the contract. These will reduce the annual financial value from £2.55m in 2015-16 to approximately £2.10m by 2019-20.			
30.	The final cost of the proposed integrated service for Sexual Health services will be subject to the tender submissions as part of the procurement process, but subject to indicative budgets. The Council currently commissions contraception and sexual health services under its statutory responsibility for Public Health. Responsibility for this service transferred to the Council under the Health and Social Care Act 2012.			
Property/Other				
31.	It is not anticipated that these will be significant as the service is not dependent upon premises owned by the Council for its delivery.			
32.	The proposals set out in this decision are consistent with the Human Rights Act 1998, and statutory guidance relating to Public Health functions in respect of the NHS Act 2006.			
LEGAL IMPLICATIONS				
Statutory power to undertake proposals in the report:				
33.	The decision sought is wholly consistent with the Council's Health and Wellbeing Strategy and other policy framework strategies.			
34.	Local Government Acts 1972 to 2000, Localism Act 2011 and National Health Service Act 2006, Health and Social Care Act 2012.			
35.				
36.				

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	All
SUPPORTING DOCUMENTATION	
Appendices	
1.	Southampton Sexual Health Improvement Plan 2014-17

2.	Southampton Sexual Health Commissioning Intentions 2015-19	
3.	ESIA	
Documents In Members' Rooms		
1.	None	
Equality and Safety Impact Assessment		
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.		Yes
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		No
Other Background Documents available for inspection at:		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	Commissioning sexual health, reproductive health and HIV services Public Health England Commissioner Guidance – Updated March 2015	https://www.gov.uk/government/publications/commissioning-sexual-health-reproductive-health-and-hiv-services
2.	A Framework for Sexual Health Improvement in England Public Health England	https://www.gov.uk/government/publications/a-framework-for-sexual-health-improvement-in-england

References

Department of Health, A Framework for Sexual Health Improvement, March 2013. Section 5 P38. References for each of the bullet points above are cited below:

1 McGuire A and Hughes D, *The economics of family planning services*, 1995
2 *Contraception Atlas*, Bayer HealthCare, 2011
3 *Long-acting reversible contraception: the effective and appropriate use of long-acting reversible contraception* (CG30), National Institute for Health and Clinical Excellence, 2005 88 'The Cost-Effectiveness of Early Access to HIV Services and starting cART in the UK', Beck EJ et al, *PLOS ONE*; 6(12): e27830
4 'British HIV Association guidelines for the treatment of HIV-1-positive adults with antiretroviral therapy 2012', BHIVA Writing Group, *HIV Medicine* 2012; 13(2): 1–85