

Agenda Item:

# Joint Public Health Board

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Bournemouth, Poole and Dorset councils working together to improve and protect health

Date of Meeting	8 February 2016
Officer	Director of Public Health
<b>Subject of Report</b>	<b>Sexual Health Service Update</b>
Executive Summary	<p>This paper provides an update of progress in the procurement process for the integrated sexual health service since the last report to the Board in July 2015.</p> <p>The paper covers:</p> <ul style="list-style-type: none"> <li>• A summary update on procurement;</li> <li>• An update on the sexual health contract;</li> <li>• Next steps.</li> </ul>
Impact Assessment:	<p>Equalities Impact Assessment:</p> <p>An equalities impact assessment screening tool has been completed and does not include a full equalities impact assessment</p>
	<p>Use of Evidence:</p> <p>The commissioning update uses</p> <ul style="list-style-type: none"> <li>• Internal performance and data monitoring information</li> <li>• Evidence base for best practice guidance</li> <li>• Financial and service review recommendations</li> <li>• Risk assessment tools</li> </ul>
	<p>Budget:</p> <p>The budget for 2016/17 will reflect the Comprehensive Savings Review outcome. As the overall sexual health budget is one of the largest, the reduction in budget will be</p>

	<p>correspondingly large, although spread across a number of provider organisations.</p> <p>Risk Assessment:</p> <p>There is a medium financial risk as the value of services being commissioned through a single managed contract is in excess of £1 million. The main risks include public health funding changes and subsequent pressures, effective management of early decommissioning, potential destabilisation of elements of NHS commissioned services and the need for media plans to be in place.</p> <p>Current Risk MEDIUM Residual Risk MEDIUM</p> <p>Other Implications: non acceptance, media challenge, legal challenge, contractual disengagement.</p>
Recommendation	<p>The Joint Public Health Board is asked to:</p> <ol style="list-style-type: none"> <li>1. Note procurement developments</li> <li>2. Approve current contract management and financial changes for 2016/17</li> <li>3. Consider and approve next steps</li> </ol>
Reason for Recommendation	To enable service continuation in short term and consider longer term options.
Appendices	
Background Papers	<p>Joint Public Health Board report 6 November 2014, 3rd February and 8<sup>th</sup> July 2015</p> <p>National and local integrated service specification</p> <p>Risk register for sexual health</p> <p>Public Health Dorset financial updates 2015</p>
Report Originator and Contact	<p>Name: Sophia Callaghan, Assistant Director of Public Health/ Sexual Health Lead</p> <p>Public Health Dorset</p> <p>Tel: 01202 261105</p> <p>Email: <a href="mailto:sophia.callaghan@dorsetcc.gov.uk">sophia.callaghan@dorsetcc.gov.uk</a></p>

## **1. Update on Service Procurement**

- 1.1 Developments to date are described in the Joint Public Health Board three background papers from November 2014 to July 2015.
- 1.2 To summarise, in November 2014 a paper was submitted to the board, which outlined the current services for sexual health and the vision for an integrated cost effective service. This was approved. Supplier engagement days took place in early 2015.
- 1.3 Procurement plans were developed and presented to the Board and approval was given to award a newly commissioned service and contract, to commence early 2016. A further Board update in July 2015 outlined the tender and evaluation process, risks and mitigation plans and the in-year funding changes announced during 2015/16.
- 1.4 The tender submission evaluation process ran during July 2015 with three interested providers. During this time, central government announced a proposal to reduce the public health in year grant by approximately 7.5%, (subsequently 6.2% when out to consultation). All those providers involved in the tender process were consulted and acknowledged the financial changes and agreed to proceed. At a later stage however, a challenge by one of the bidders, regarding the legality of the budget changes during the tender process, led to withdrawal of consent to proceed by a provider and a subsequent stop to the tender process. This was to mitigate the risk of any further challenge at final award stages.
- 1.5 In December 2015 the Treasury announced a further budget reduction, together with the removal of the ring fence in 2018, which are 6.2% in year plus 3.9% per year for the next four years. This equates to approximately 20% overall reduction with inflation.
- 1.6 Whilst it has been disappointing and challenging not to proceed to award stage, it presents us with the opportunity to reconsider our options.

## **2. Progress with Current Contracts**

- 2.1 In view of the above events, Public Health Dorset have changed from a NHS contract process to a Local Authority contractual process with associated terms and conditions from January 2016.
- 2.2 Letters requesting a continuation of the current sexual health service have been sent to all incumbent providers for a twelve month contract from January 2016, which has been agreed in principle. The new contractual and monitoring arrangements will improve risk and activity management directly with providers, as payment will be no longer associated with the NHS payment by results (PBR) system, it will reflect the relevant savings required.
- 2.3 The contract will be non-compliant (unlawful), as it represents spend that has not been subject to competitive tender, as required to do so under Public Regulations 2015 and EU Legislation. A monitoring officer report has been submitted in respect of sexual health services.
- 2.4 The contract for 2016/17, will be a block payment 6.2% less than previous and we are working to agree and prioritise change in existing service provision with providers. Given the history of trying to effect system wide change informally in sexual health, this may be challenging.

### **3. Next Steps**

3.1 The plan was to re-tender early in the spring, with implementation by the end of 2016. The tender however, would need to be structured in a way to ensure relevant contractual commitments end with the end of the ring fence public health grant in March 2018. This would mean, the effective time for the contract is only 15 months. It is suggested it is not prudent for the three authorities to engage in a tender process given the changes announced in the Comprehensive Spending Review.

3.2 We propose that:

- We stop the tender process;
- Continue with a block contract for 2016;
- Consider future commissioning options, e.g. return clinical services to the NHS and retain Local Authority commissioning for those elements which are directly linked to Local Authority corporate goals and other core elements of Public Health Dorset commissioning.

### **4. Recommendations**

4.1 The Joint Public Health Board is asked to:

- Note procurement developments;
- Approve current contract management and financial changes for 2016/17;
- Consider and approve next steps.

**Sophia Callaghan**  
**Assistant Director of Public Health**  
January 2016