

Committee(s)	Dated:
Procurement Sub Committee Finance Committee Court of Common Council	25.11.21 07.12.21 13.01.22
Subject: Extension to the contract for the provision of E-Services relating to the Pan London Sexual Health Transformation Programme.	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly? People enjoy good health and wellbeing	Outcome 2
Does this proposal require extra revenue and/or capital spending?	Y
If so, how much?	£75-100k
What is the source of Funding?	The Public Health Grant
Has this Funding Source been agreed with the Chamberlain's Department?	Y
Report of: Joint report of the Director of Community & Children's and the Director of Commercial Services	For decision
Report author: Monica Patel, Commercial Contract Manager, Commercial Services Adrian Kelly, Lead Commissioner, DCCS	

Summary

The purpose of this report is to seek Member approval for the recommended procurement strategy to extend the existing contract with Preventx Ltd for 3 years at an additional value of c£50m. Approval from Procurement Sub Committee is required as the total contract value exceeds £2m as per rule 25 [Compliant Waivers] and rule 16 [Contracts Letting Thresholds]. The City of London's exposure to the cost of the 3-year extension in respect of its residents is estimated at £75-100k.

The initial term of this contract ends 14th August 2022 and a decision to extend this service is required. The contract contains provision to extend the contract, to a maximum of four years. The Corporation is obliged to serve notice to the supplier of an intention to extend the contract by February 14th, 2022.

The need for this variation is to secure the continuation of the service for the benefit of the 30 participating authorities after the initial term which ends 14th August 2022.

This is necessary because the participating authorities have decided to not initiate a procurement leading to a new award and have recommended that the Corporation of London, in its capacity as the Lead Authority, extend the contract as was envisaged at the outset. The authorities have also recommended that the Corporation varies the contract extension period, from four extensions of a single year to an initial extension of 3 years with the option for a final extension of one year. For the avoidance of doubt, no change to the maximum term provided for under the contract is proposed.

Recommendation(s)

Members are asked to:

- Approve a variation to the contract in respect of the duration of the initial extension period, from one year to three years with a subsequent option of a further extension of one year
- Approve an extension of the contract for the provision of E-Services relating to the Pan London Sexual Health Transformation Programme.

Main Report

Background

1. London's Sexual Health E-Service is part of the Pan London Sexual Health Transformation Program (LSHTP) that aims "to manage and deliver an efficient virtual service as part of a wider healthcare system that responds effectively to the sexual and reproductive health needs of London's residents."
2. The contract for the provision of the e-service valued at £204m. It was awarded to Preventx Ltd on August 15th, 2017, for a minimum 5-year term with options to extend by 1 year at a time for a maximum of 4 years.
3. The contract provides online assessment for self-sampling, sexual health testing by post with remote treatment of chlamydia infections. The e-service is partnered with London's NHS Trusts who provide ongoing care to e-service users who need further tests or treatment. The e-service also provides contraception to residents of 11 authorities who have called off this optional service line.
4. The contract is delivered through a consortium of providers with Preventx Ltd being the lead provider, Chelsea and Westminster NHS Trust providing clinical care and Lloydsonlinedoctor providing medical treatment remotely.
5. A program team, hosted by the City of London Corporation, manages the contract on behalf of 30 participating authorities via inter-authority agreements. This includes the recharging local authorities for their residents' usage in a timely manner so that financial risk for the Corporation is managed. An E-Service Management Board (ESMB), comprising of representatives from each participating authority, provides strategic oversight for the contract.
6. The service has performed well against the key performance indicators and the supplier has been responsive to the need for individual authorities to control their expenditure or mitigate against capacity issues in their local clinics. Service user feedback is consistently positive, and the supplier has delivered service improvements at no additional cost.

7. When compared with providing similar care pathways in a traditional clinic setting, the e-service provides value for money to the participating authorities and convenience for their residents.

Options

8. Approve an extension to the contract for the provision of E-Services relating to the Pan London Sexual Health Transformation Programme contract from 15th August 2022 to 14th August 2025 for an additional £50m.
9. Approve and extension to the contract of only one year, and not accept the recommendation of the authorities to vary the period of the initial extension by increasing it from one year to three years.
10. Not approve an extension to the contract.

Recommended Option

11. Extending the contract by 3 years is recommended as this option fulfils our obligations to the participating authorities for whom we host the contract. There is significant risk for London's sexual health system if the Corporation does not implement the recommendation on behalf of the authorities.
12. The option of extending the contract by a single year is not recommended as the authorities have fully considered this option and concluded that their ambition for service developments, aligned to Integrated Care System will take time to develop, embed and evaluate.
13. The proposed strategy for extending this contract has been approved by a meeting of the DCCS Category Board 4th November 2021 chaired by Andrew Carter, Director of Community & Children's Services

Considerations

14. The Programme's governance allows for the E-Service Management Board to recommend that the Corporation, as Lead Authority, extends the contract after the initial term. The Strategic Board, with Director-level representation, can recommend to authorities that a procurement is initiated instead of an extension.
15. The Strategic Board agreed a report on 26th April 2021 recommending a procurement was not initiated as no consensus for this emerged. A consensus to continue with the current provider was clearly articulated by the authorities represented. It recommended that the E-Service Management Board engage the supplier about pricing and service improvement for the extension period.

16. Partner authorities considered the implications of the extension period in light of market conditions and noted:
 - A National Framework for commissioning online sexual health services led by Public Health England in response to the COVID19 pandemic, saw no new entrants to the market who can provide the breadth of services required.
 - A review of the pricing achieved in the National Framework confirmed that ALL prices London enjoyed with the current contract remained highly competitive.
17. Authorities also agreed that an annual cycle of contract extensions undermines our ability to enjoy the benefits described above to their maximum potential, particularly for the supplier who will be making investments which they will need to see returned through activity during the extension period.
18. Overall, the authorities concluded that an annual cycle of contract extensions provided no clear economic benefit, created continuous uncertainty for our stakeholders, and would dampen the supplier's appetite for investment in service improvements that would need to be recovered through the existing pricing.
19. Furthermore, the authorities felt that the Programme's priority over the medium term will be working with NHS providers in recovery and remodelling, required due to the ongoing impact of COVID19 on the NHS and on residents for accessing care remotely where possible.
20. Legal advice has confirmed the proposal to change the initial period of the extension is a non-substantial change.
21. This proposal was made in a report to the E-Service Management Board which asked them to make two decisions: to change the initial period of the extension and to extend the contract in accordance with the outcome of the first decision. Both proposals were passed at a meeting on 19th October 2021 in accordance with the requirements detailed in the terms of reference for the Board.

Results Savings, efficiencies and benefits

22. The online service provides value for money to the participating authorities when compared with providing similar care pathways in a traditional clinic setting. The greater the proportion of activity that happens online, the greater the efficiencies for the authorities. The price breakthrough achieved at the procurement does not appear to have been beaten.
23. The supplier has submitted a set of proposals for continuous service improvement and development of the online service and how it works with NHS trusts. These proposals do not include any reduction in the pricing agreed at procurement because of inflationary pressures within their supply chain. The upgrading of return postage to next day delivery, with tracking, represents added value for the pricing.

24. The Supplier is committed to piloting alternative models for the clinical management of patients in one or two sub-regions. This requires significant investment on technical development and deeper cooperation between the Supplier's team at Chelsea and Westminster NHS Trust and the clinical teams in the trusts participating in the pilot.

Financial Implications

25. The value of the monthly invoices from the supplier requires enhanced approval processes involving the City Treasurer and the Director of Community & Children's Services. The programme team includes a dedicated resource for recharging the partner authorities each month according to usage by their residents' usage. Regular meetings are held with Finance colleagues through the year to review the level of liquidity in the accounts and to agree any new measures to manage risk for the Corporation.

Legal Implications

26. The requirements of the Programme's governance for this decision have been followed and the option for extending the contract by up to 4 years was included in the original OJEU notice. Therefore, no consequential legal implications arise from this decision.
27. The Programme's specialist law firm will prepare the paperwork for implementing the decision and the Corporation's Chief Lawyer will be notified ahead of execution.

Risk Implications

28. The e-service has demonstrated, through the pandemic, that it is a vital component of resilient sexual healthcare system for London.
29. If the extension of the current contract is not approved, as recommended by the related authorities, the ensuing uncertainty would create significant risk of major reputational damage for all authorities.
30. The Corporation of London, as the Lead Authority, has made legally binding commitments to manage the contract according to the original procurement which included the option for contract extensions up to a maximum of 4 years.
31. If the extension periods remain as a single year, a secondary risk arises: The Supplier's investment in further development of the service is curtailed and the service does not develop in line with service users' high expectations.

Conclusion

32. After consideration of the operating environment, our partner authorities have concluded that an extension to the current contract provides continuity and stability for our residents, key stakeholders, and financial planning.
33. An initial extension of 3 -years is preferred by our partner authorities to enable longer term service improvements related to the clinical model.

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