

Committee: Finance Committee	Date: 1 July 2025
Subject: Report of Action Taken	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	See background papers
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Town Clerk	For Information
Report author: John Cater, Governance and Member Services Manager	

Summary:

This report provides details of delegated decisions taken between Committee meetings.

Recommendation

Members are asked to note the report.

Delegated Decisions Under Standing Order 41B

1. Procurement for the replacement Pan-London Sexual Health eService (SHL.UK)

At the last Finance Committee meeting (04/06), Members granted Delegated Authority to the Town Clerk, in consultation with the Chairman and Deputy Chair of the Committee to consider the procurement for the replacement Pan-London Sexual Health eService (SHL.UK) once this had been considered and endorsed by the Projects & Procurement Sub-Committee at its meeting on 16th June. This was subsequently approved by PPSC.

Background

1. London's Sexual Health E-Service is part of the Pan London Sexual Health Programme (LSHP) which 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. In 2017 the 30 London local health authorities, including the City Corporation acting in that capacity, agreed to collaborate to deliver these sexual health services under an Inter-Authority Agreement (IAA) dated 16th May 2017, with the City Corporation also agreeing to be appointed as the Lead Authority, being the accountable body responsible for hosting the programme management service and procuring the E-service.
3. The contract for the provision of the E-Service, valued at over £200m, was awarded by the City Corporation on 15 August 2017, for a minimum 5-year term with options to extend it by a maximum of 4 years. The contract was extended for a further 3-years extension in 2022, and then a final 1-year extension was applied, taking the contract end date to 14 August, 2026.
4. The current E-Service is provided by Preventx Ltd who sub-contract with Chelsea and Westminster NHS Trust and Lloyds Online Doctor for clinical leadership, patient care and the supply of medical treatments.
5. It provides online assessment for sexual health testing services by post with remote treatment for chlamydia. The E-Service is partnered with London's NHS Trusts who provide ongoing care to E-Service users as required. It provides contraception to residents of 16 authorities, who have called off this optional service line.
6. The E-Service has performed well against the key performance indicators, the supplier has been responsive to our evolving needs and service user feedback is consistently positive. 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.
7. A small Programme team, the London Sexual Health Programme Team (LSHPT) hosted by the Directorate of Community and Children's Services within the City Corporation, manages the E-Service contract on behalf of 30 participating authorities under the IAA. The arrangements provide for the costs of the hosting to be met by the participating authorities as well as for recharging each of the local authorities for their residents' usage in a timely manner so that liquidity risk is managed for the City Corporation as the accountable body.
8. An E-Service Management Board (ESMB), comprising of representatives from each participating Authority, provides strategic oversight for the contract and makes recommendations to the City Corporation when variations, including extensions, to the contract are needed.

Current Position

9. The 30 participating Authorities have recommended to the City Corporation, via the E-Services Management Board (ESMB), that the current E-Services contract is reprocured and to go live on 15 August 2026.

10. Publishing the tender documentation in June 2025 will ensure there is adequate time for the delivery of a comprehensive competitive procurement process by the City Corporation as Lead Authority, allowing all participating Authorities to obtain their own authorisations throughout the process, and to participate in the subsequent service contract awarded by the City Corporation. The competitive procurement (including legal advice) will be funded by all the participating authorities.
11. The new Provider Selection Regime (PSR) sets out the rules for procuring health care services in England by organisations termed Relevant Authorities. The key criteria under regulation 5 of the PSR are (a) quality and innovation, (b) value, (c) integration, collaboration and service sustainability, (d) improving access, reducing health inequalities and facilitating choice and (e) social value.
12. The participating Authorities reached a consensus in the ESMB of the 18 April 2024 for a competitive process to be undertaken for the (re)procurement of the Sexual Health E-services and this was endorsed by the authorities at a subsequent meeting of the LSHP's Strategic Board. City Corporation as the host authority has taken this decision on behalf of the Related Authorities via the IAA.

Options

13. There were four options identified to take forward the re-procurement:

Option 1: Run a “Competitive Process” under the Health Care Services Provider Selection Regime

Advantages to this Option:

- Value for Money: Encourages cost-effective service provision.
- Innovation: Promotes new approaches and improvements in service delivery.
- Transparency & Fairness: Reduces legal and reputational risks associated with direct awards.

Disadvantages to this Option:

- Time & Resource Intensive: Longer procurement timelines and higher administrative costs.
- Potential Disruption: Transitioning between providers may pose risks to service continuity.
- Market Uncertainty: Can create instability for existing providers.

Possible risks associated with this Option:

The key risk to this option is the continued provision of a quality service to residents of London. This has been mitigated through extensive market engagement and the drafting of a detailed specification. The ITT will seek responses to key method statements, with minimum scores required to ensure continued quality. A period of 4 months has been allowed for the new service to “ramp up” prior to the cessation of the current service (a term confirmed with all potential bidders to be sufficient). The

contract will contain key performance indicators to allow for robust contract management post award.

Option 2: Use the “Most Suitable Provider” process under the Health Care Services Provider Selection Regime.

Advantages to this Option:

- Flexibility: Enables authorities to tailor service selection to strategic priorities.
- Reduced Procurement Burden: Avoids lengthy competitive processes.
- Continuity of Care: Maintains stability when transitioning to a new contract.

Disadvantages to this Option:

- Subjectivity Risk: Requires clear justification, which may be challenged.
- Limited Market Testing: Does not always ensure the best value for money.
- Potential Provider Discontent: Other providers may dispute the selection process.

Possible risks associated with this option:

Due to the complexity of this service (value, cross-borough), conducting a desktop exercise to identify the most suitable provider would be a huge risk, as it would be unlikely to sufficiently allow us to be satisfied that any provider would be able to meet the requirement to the scale and complexity required.

Option 3: Use the “Direct Award Process C” process under the Health Care Services Provider Selection Regime (awarding to the incumbent).

Advantages to this option:

- Efficiency: Faster procurement with reduced administrative burden.
- Continuity: Ensures stability in service delivery.
- Market Confidence: Reduces uncertainty for providers currently delivering services.

Disadvantages to this option:

- Limited Competition: May not encourage innovation or cost savings.
- Legal Challenge Risk: Could be subject to scrutiny if the justification for direct award is weak.
- Equity Concerns: Could be perceived as favouring incumbent providers unfairly.

Possible risks associated with this option:

The soft market testing that has been conducted has demonstrated that there are several providers working in this space. They have demonstrated an appetite to bid for this contract and bring with them new and innovative ideas regarding service delivery. Having engaged with them throughout the process so far, The City would stand a significant risk of challenge should the contract not be competed. Whilst the

service being provided is of a high quality, some Boroughs are happier than others with the incumbent provider performance.

Option 4: Use a framework agreement.

Advantages to this Option:

- **Reduced Procurement Burden:** Avoids lengthy competitive processes.
- **Risk Management:** With established terms and conditions, there is more certainty and stability in the procurement process, reducing potential risks and uncertainties.
- **Compliance:** They help demonstrate and justify decision-making and best practices, ensuring compliance with procurement regulations.

Disadvantages to this Option:

- **Reduced Competition:** Framework Agreements limit access to new or alternative suppliers, hindering the opportunity to achieve the full service requirement, and negotiate better prices or terms (the Framework Terms and Conditions must be used).
- **Lack of Flexibility:** The scope and T&Cs of the Framework may restrict our ability to adapt to changing needs or circumstances and explore new or improved ways of delivering goods or services.
- **Simplistic:** Framework Agreements are not designed for such complex service delivery models of SHL.UK

Possible risks associated with this option:

There is currently no Framework Agreement in the market available for us to use should this have been the preferred route to market. NHS SBS are putting a Framework in place, but it will not be active until after we have awarded our contract. As such, it is not clear whether the incumbent and other providers included in the soft market testing will be on the Framework. Going to market later using a Framework that may not include these suppliers would provide a significant risk of challenge.

Proposals

14. In April 2024, contract law specialists held a workshop for London commissioning and procurement teams to review the new legislative framework for sexual health services. A consensus emerged that both Direct Award Process C and a Competitive Process were viable procurement routes.

During the LSHP Strategic Board meeting in October 2024, a number of Authorities agreed on their preferred procurement route for the London e-Service **being the Competitive Process**; the rationale being that since the award of the existing contract, a number of new entrants have entered the market. With new entrants in the market, this approach fosters competition and innovation, ensuring value for money while enhancing service quality for users.

Accordingly, under Delegated Authority, the Town Clerk, in consultation with the Chairman and the Deputy Chair approved the procurement for the replacement E-services contract, due to commence on 15 August 2026, under Option 1, namely, by running a “Competitive Process” under the Health Care Services Provider Selection Regime and endorsed it for onward consideration at the Court of Common Council on 26th June.

Background Papers

Joint Report of the Director of Community & Children’s DCCS and the Chamberlain.

2.MRI Horizon (Property Management Software)

At the last Finance Committee meeting (04/06), Members granted Delegated Authority to the Town Clerk, in consultation with the Chairman and Deputy Chair of the Committee to consider the allocation of funding for the the purchase of an upgrade to the City Corporation’s Property Management Software tool, MRI Horizon.

Background

1. MRI Horizon is the class leading leasehold and property management software solution. It collects property rent, service charge and insurance income across the commercial property estates (City Fund, City’s Estate, and City Bridge Foundation). The system supports activity across the organisation, including the Chamberlain’s Department, Comptroller and City Solicitor, Department of Community and Children’s Services, including the Barbican Estate (commercial income), Environment, and the City Surveyor’s Department (including Markets).
2. This software solution deployed in the City of London (version 10.3.5) started its deployment in 2020. The version implemented relies upon a Microsoft SQL Server which is moving out of support – an action decided by Microsoft and not within our control. The organisation now needs to successfully transition into the new / current version (released in late 2023) of the software by the start of July 2026. This transition is estimated to take between six and nine months.
3. The upgrade will cost in the region of £250k covering supplier costs, external project management expertise, and contingency. This cost will be partially defrayed by an earlier project underspend of £10k, leaving a shortfall of £240k to be funded split across the three constituent funds, based on use of the service.
4. This paper was presented under Delegated Authority in order to progress with contracting arrangement with both the external project manager and the supplier – it is critical that we get these key resources established and mobilised swiftly to achieve the hard deadline in July 2026.

Options

5. The City has explored extended server support arrangements, but the advice from IT is that this would open the organisation to considerable risks and is not advised. The July 2026 date can therefore be considered a 'hard deadline'
6. Moving to an alternative platform would have a lead time of 12-24 months and would be considerably more expensive (the deployment of MRI Horizon involved a spend of circa £1.8m).
7. The Horizon system was implemented within the City environment from 2020, with a phased go-live from 2023. The current version 11 was only available to early adopters in early 2023, with wider availability from early 2024. It would not have been possible, when the City commenced the Horizon deployment in 2020, to implement version 11.
8. The City has also sought advice as to whether part of the cost could be recovered from the supplier. It was noted that this is a major system upgrade which affords customers a range of enhanced options (and therefore not a simple like-for-like swap out). Further, the server change was a Microsoft-led activity, meaning that MRI were unable to retain customers on the legacy platform, even if desirable. This can therefore be considered a mandatory system upgrade.

Proposals

9. It is proposed that the organisation swiftly commence the version 11 upgrade to the MRI Horizon software.
10. A speedy agreement on the proposals will ensure that we can formally engage with the supplier. This will ensure that there is appropriate dedicated resource available to the City from the supplier. The City should be mindful that all customers on the current version of the solution will need to transition to version 11 by July 2026, and there is a risk that there is a resource bottleneck closer to that date.
11. The upgrade will be overseen by the Property Income Collection Board. This is a set of senior officers from across the organisation who will oversee the upgrade work, ensuring the appropriate sequencing of activities, and managing interfaces with their areas of expertise. This will be overseen by a Senior Responsible Officer (SRO). The Investment Property Director, Robert Murphy, has agreed to act as the SRO.
12. This proposal will also ensure that there is appropriate Horizon expertise within the business to oversee the critical interface with the new SAP Enterprise Resource Planning solution (Project Sapphire). This will de-risk this interface update.

Key Data

Project costs are noted in the table below.

Category	Cost
Project Management Support (9 months)	£145,000
Supplier Costs	£80,000
Contingency	£25,000
Total	£250,000

An underspend from the Service Charge deployment project (Horizon phase 2) can be utilised towards this cost, leaving £240,000 of funding to be identified. The required funding is then split by each of the constituent funds. The allocation is consistent with the earlier phases of the Horizon deployment within the City, based on usage.

Total cost		£250,000
(underspend from earlier phases of deployment)		(£10,000)
Funding required		£240,000
City Fund	40.8%	£97,920
City's Estate	43.9%	£105,360
City Bridge Foundation	15.3%	£36,720

City Bridge Foundation have been appraised of the funding requirement and are supportive.

Accordingly, under Delegated Authority, the Town Clerk, in consultation with the Chairman and the Deputy Chair:

- Noted the total sum required to deliver the version upgrade of £250k (including a costed risk provision of £25k)
- Noted that due to an underspend on the earlier system deployment project (Horizon Phase 2), £10k can be applied to the funding requirement. There is therefore a funding shortfall of £240k which will need to be met from the three funds, based on usage.
- Approved the funding of the City Fund (40.8%) and City's Estate (43.9%) components of the version upgrade from Finance Contingency Funds. This amounts to £97,920 from City Fund and £105,360 from City's Estate.
- Noted that a separate application has been made to the City Bridge Foundation (CBF) for their contribution, 15.3%, £36,720. This falls within the delegation level held by the Managing Director of the CBF for the use of CBF's contingency. CBF are supportive of the funding requirement.

Background Papers

Report of the City Surveyor.

John Cater

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