

Cabinet

11 March 2025

Gateway 3 Contract Award: Medway Integrated Sexual Health Service (including HIV Treatment Services)

Portfolio Holder: Councillor Teresa Murray, Deputy Leader of the Council

Report from: Professor David Whiting, Public Health

Author: Claire Hurcum, Health Improvement Programme Manager (Substance Misuse and Sexual Health)

Procurement Overview

Total Contract Value: £17,813,090 (includes extension option)
Medway Council = £14,220,405
NHS England (HIV) = £3,592,685

Project Budget: £14,220,405 (from Public Health Grant)
(plus £3,592,685 from NHSE)

FTS reference number: Not applicable

Contract Term: 36 months initial term, plus 1 x 24-month extension.

Summary

This report seeks permission to award the procurement of the Medway Integrated Sexual Health Service (ISHS) Contract.

1. Recommendation

1.1. The Cabinet is recommended to award the contract to the provider named at 2.2.1 of the Exempt Appendix as they have been evaluated as meeting the Council's award criteria as per the evaluation spreadsheet contained within 2.1 of the Exempt Appendix to the report.

2. Suggested reasons for decision

2.1. To enable the continuation of the provision of sexual health services. Commissioners are satisfied with the incumbent's delivery of the current contract and are confident they will deliver against the new service requirements.

3. Budget and Policy Framework

- 3.1. Funding for the provision of a specialist sexual health comes from the Public Health Grant that is given to Local Authorities by Central Government.
- 3.2. The statutory responsibility is placed on Local Authorities under the Public Health Functions and Entry to Premises by Local Healthwatch Representatives) Regulations 2013.
- 3.3. The budget for the contract has changed since the Gateway 1 report was approved. The reason for this is outlined below:
 - The contract value in the Gateway 1 report was informed by a budget build exercise conducted in the early part of 2024. This did not factor in the NHS pay award announced later in the Summer or any future awards that the Provider is required to pass onto staff.
 - Commissioners recognised the cost pressure the NHS pay award has on the service and agreed to increase the baseline contract value (24/25) to KCHFT's forecasted spend of £2,678,991.
 - For the new contract, commissioners have built in a 2% annual uplift into the contract value to increase stability for the provider (values outlined in the Exempt Appendix 1).
 - Any potential cost pressures to the service will be monitored quarterly using open book accounting and services efficiencies discussed where needed.
- 3.4. Information confirming the PHG uplift as a result of the NHS pay award was also published in the ['Public Health ring-fenced grant financial year 2024 to 2025: local authority circular'](#) guidance.
- 3.5. The budget for the HIV Treatment Service will be provided by NHS England (NHSE) and passed on by Medway Council to the Provider. Any cost pressures within this element will also be monitored using Open Book Accounting.

4. Background Information and Procurement Deliverables

- 4.1. It is a statutory responsibility of Local Authorities to provide sexual health services comprising of both genitourinary medicine, and sexual and reproductive health. When delivered as one service this is known as an Integrated Sexual Health Service (ISHS). Such services are funded from the ring-fenced Public Health Grant and are overseen by the Director of Public Health.
- 4.2. The ISHS will deliver the following services: prevention, detection and treatment of sexually transmitted infections; prevention of unplanned

pregnancy; clinical and outreach services to reduce barriers to access and stigmatisation.

4.3. This procurement exercise has been delivered jointly with NHSE, who commission HIV Treatment services, with Medway Council leading the recommissioning process.

4.4. HIV treatment services will be commissioned using a section 75 agreement with NHSE. The Gateway 1 report stated a Section 75 would not be used for the new contract. However, after consultation with NHSE and advice from their procurement team, it was agreed that a Section 75 was required. The Council currently has a Section 75 agreement in place and NHSE have given assurance that this agreement would transfer to the ICB as part of the delegation process without any issues.

5. Parent Company Guarantee/Performance Bond Required

5.1. Not applicable.

6. Procurement Process

6.1. Procurement Process Undertaken

6.1.1. The Gateway 1 report gave approval to pursue the Direct Award C process as laid down by the Health Care Services (Provider Selection Regime) Regulations 2023. Following this approval the following processes were undertaken:

- Contract value negotiations in response to the 24/25 NHS Pay Award.
- An invitation to tender was sent to the Provider including questions on the future of the service and budget. The Provider was required to respond to the questions and confirm delivery within budget to enable us to assess against the key criteria.
- The tender was evaluated by Commissioners and has informed the recommendation in this paper.

6.2. Evaluation Criteria Used

Key Criteria	Weighting (%)	Purpose
Improving access, reducing health inequalities, and facilitating choice	30%	Services are accessible in both time and location to the wide variety of service users. Some people will face barriers coming to the service, so the service will go to them to build links, trust and an understanding that the service is for them. There are many ways to access the service and the service will mix technology with traditional health care methods.

Key Criteria	Weighting (%)	Purpose
		<p>The service is inclusive and removes barriers for people at risk of sexual ill-health. The service will provide clinics, services, partnerships, outreach, and staff will put people at the centre and understands that people think, behave and value different things, which the service adapts to accordingly.</p> <p>Prevention is prioritised and designed into all service delivery. Sexual ill-health is prevented, diagnosed and treated quickly to prevent worsening of ill-health, the likelihood of onward transmission is reduced, partners notified, and the chain of transmission broken.</p> <p>Unwanted pregnancies are prevented through contraception, emergency contraception, and rapid pathways into termination of pregnancy services. Repeat terminations are prevented by additional support to access and maintain contraception.</p>
Integration, collaboration, and service sustainability	25%	<p>The service acts as a system leader who shares expertise to develop the skills and knowledge of its staff and people from the wider workforce and community.</p> <p>They plan with system partners and use an action plan to monitor progress improving the system. The service welcomes partnership working opportunities to meet the needs of the community and places collaboration before competition, which brings people together who are working to improve the outcomes for people with a sexual health need.</p> <p>People of all ages will be supported to have good sexual health, with services tailored to meet the specific needs of those over 45, of reproductive age, young people and children, and children under 13 years.</p> <p>Safeguarding and support will be a defining feature of the service. People will have rapid access to contraception to meet both immediate and long-term needs. As those needs change over the life course the service will work with partners in General</p>

Key Criteria	Weighting (%)	Purpose
		Practice and Pharmacy to make sure the care is continuous.
Quality and innovation	20%	<p>The service is designed for and by the people of Medway. Residents are not just users of a service or patients, but they are partners in managing their own health. Their views matter, they shape the ways the service does things, and the service can evidence they have listened. This will mean that Medway residents will choose to use Medway services.</p> <p>The service will be led by good evidence, from which the service learns, contributes to, shares, and adapt to. The service will understand its role in achieving national targets and local priorities.</p>
Value	20%	Value: The service delivers services that give excellent value for money, make savings where there is waste, use innovation to reduce cost and maximise the impact on health using the finite resources. When people access the service their whole health and wellbeing is considered. The service is part of a larger system that works in partnership to reduce health inequalities and helps people access all the services they need to become healthier physically, emotionally, and mentally.
Social Value	5%	<p>No. of local direct employees (FTE) hired or retained (for re-tendered contracts) on contract for one year or the whole duration of the contract, whichever is shorter</p> <p>Percentage of local employees (FTE) on contract</p> <p>Initiatives taken or supported to engage people in health interventions (e.g. stop smoking, obesity, alcoholism, drugs, etc.) or wellbeing initiatives in the community, including physical activities for adults and children</p> <p>Innovative measures to promote local skills and employment to be delivered on the contract - these could be e.g. co-designed with stakeholders or communities, or</p>

		aiming at delivering benefits while minimising carbon footprint from initiatives, etc.
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6.3. Contract Management

6.3.1. Contract management will be the responsibility of the Health Improvement Programme Manager (Sexual Health and Substance Misuse).

6.3.2. It is proposed that the table below is used for the purpose of further reporting.

Contract Start Date	Initial Contract End Date	Extension Period in months	Reprocure Period in months	Project Extension Review (GW4) Date	End of project review (GW4) Date
01/04/2025	31/03/2028	24 months	18 months	01/10/2026	31/09/2028

6.3.3. For the above table, it is assumed that the:

- Extension period must be greater than the reprocure period.
- Project Extension date (if applicable) gives officers sufficient time to reprocure the service should the extension not be granted.
- End of Project date mandates officers present a contract management report to board prior to starting a new procurement process.

7. Risk Management

7.1. This is the continuation of a current service therefore the political risk is low.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Contract not in place by 1 st April 2025.	If this procurement does not pass through governance, or is subject to challenge under PSR processes, the Council could be in a	Commissioners have followed advice from Procurement team and governance processes to avoid this situation.	CII

Risk	Description	Action to avoid or mitigate risk	Risk rating
	position where they are unable to deliver a statutory service.	If a challenge is submitted, it is highly likely the incumbent would continue to deliver the service while the challenge is resolved.	

For risk rating, please refer to the following table (please **retain** table in final report):

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

8. Financial Implications

- 8.1. The procurement requirement and its associated delivery as per the recommendations will be funded from existing revenue/capital budgets.

9. Legal Implications

- 9.1. The procedure gives a high degree of confidence that the Council's primary objectives for procurement are met, as required by Rule 2.2 of the Council's Contract Procedure Rules ("the CPRs").
- 9.2. Under the Council's Contract Procedure Rules, the procurement is a Process 3 procurement (Rule 18), and the process set out in this report meets the requirements for such procurements. The procurement was advertised on the Kent Business Portal, in compliance with rule 18.4 of the CPRs.
- 9.3. Medway Council has the power under the Local Government (Contracts) Act 1997 and the Localism Act 2011 to enter into contracts in connection with the performance of its functions.
- 9.4. The process described in this report complies with the Health Care Services (Provider Selection Regime) Regulations and Medway Council's Contract Procedure Rules.
- 9.5. This report has been presented as a Level 4 high risk procurement, and therefore the Monitoring Officer, in consultation with the

Procurement Board will set the risk and reporting stages for the remainder of the procurement process for Gateway 4.

10. TUPE Implications

10.1. Not applicable.

11. Procurement Implications

11.1. The process followed complies with the requirements of The Health Care Services (Provider Selection Regime) Regulations 2023.

12. ICT Implications

12.1. There are no direct ICT implications arising from this report.

13. Climate Change Implications

13.1. There are no direct implications arising from this report.

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Appendices

Exempt Appendix 1 – Financial Analysis

Appendix 2 - Diversity Impact Assessment - Recommissioning of the Integrated Sexual Health Service (ISHS) Contract

Background Papers

The following documents have been relied upon in the preparation of this report:

[A Framework for Sexual Health Improvement in England](#)

[Commissioning Sexual Health services and interventions: Best practice guidance for local authorities](#)

[Sexual Health in Medway Briefing Document](#)