

**EXECUTIVE BOARD COMMISSIONING SUB COMMITTEE**

**10 SEPTEMBER 2014**

<b>Subject:</b>	<b>Public Health Contracts</b>		
<b>Corporate Director(s)/ Director(s):</b>	Dr Chris Kenny Director of Public Health		
<b>Portfolio Holder(s):</b>	Councillor Alex Norris, Portfolio Holder for Adults, Commissioning and Health		
<b>Report author and contact details:</b>	Rachel Doherty, Partnership Manager, Early Intervention Directorate, Nottingham City Council, rachel.doherty@nottinghamcity.gov.uk, 0115 8765108		
<b>Key Decision</b>	<input checked="" type="checkbox"/> <b>Yes</b>	<input type="checkbox"/> <b>No</b>	<b>Subject to call-in</b>
			<input checked="" type="checkbox"/> <b>Yes</b>
			<input type="checkbox"/> <b>No</b>
<b>Reasons:</b>	<input checked="" type="checkbox"/> Expenditure	<input type="checkbox"/> Income	<input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
			Revenue <input checked="" type="checkbox"/> Capital <input type="checkbox"/>
Significant in terms of its effects on communities living or working in an area consisting of two or more wards in the City			<input checked="" type="checkbox"/> <b>Yes</b>
			No <input type="checkbox"/>
<b>Total maximum value of the decision: £ 2,620,292</b>			
<b>Wards affected:</b> All	<b>Date of consultation with Portfolio Holder(s):</b> Councillor Alex Norris - 20 August 2014		
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input checked="" type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
This report seeks approval to recommendations relating to the re-procurement of a number of contracts for the delivery of Public Health services due to expire on 31 March 2015.			
<b>Exempt information:</b>			
Appendix 1 is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial affairs of a particular person (including the authority holding that information) and having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it is commercially sensitive and may jeopardise contract negotiations.			
<b>Recommendation(s):</b>			
1. Approve the procurement of those services outlined in exempt Appendix 1, Tables A and B in line with Council procurement procedures.			
2. Approve the procurement of the Locally Commissioned Public Health Services (LCPHS) outlined in exempt Appendix 1, Table C, in line with Council procurement procedures.			
3. Delegate authority to the Director of Public Health in consultation with the Portfolio Holder for Adults and Health, to agree the final values and award contracts for the services listed in exempt Appendix 1, Tables A, B and C, providing these do not exceed the maximum values indicated.			

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| 4. Delegate authority to the Head of Quality and Efficiency to sign the final contracts and contract extensions in respect of all services detailed in exempt Appendix 1, Tables A, B and C following approval by the Director of Public Health to the agreed contract awards. |
| 5. Approve the budget to support the contractual values set out in exempt Appendix 1. If the contractual values are over and above the indicative maximum values a separate report will be presented for approval.                                                             |

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 The Public Health contracts listed in exempt Appendices 1 Table A, are due to expire on 31 March 2015, but do not have an existing option to extend. It is recommended that these contracts are re-procured on a time limited basis in order to ensure citizens can continue to access services, while longer term commissioning strategies are finalised. The exempt appendix sets out the rationale for re-procuring each service, along with details of the proposed maximum service values, contract duration and details of potential efficiencies. It is envisaged that the re-procurement of services listed in exempt Appendix 1, Table A will commence during quarter 3, so that it can be completed in time for new contracts to be in place from 1 April 2015.
- 1.2 It is further recommended that the Public Health contract detailed in exempt Appendices 1 Table B, which is also due to expire on 31 March 2015, but does have an option to extend is also re-procured on a time limited basis. In this instance work to release efficiencies is more advanced and extensive remodelling is not required. It is also best practice to test the market through an open tender process, unless there are clear circumstances that prevent this. Table B sets out the rationale for re-procuring the service, along with details of the proposed maximum service values, contract duration and potential efficiencies. Again it is envisaged that the re-procurement will begin in quarter 3, so that it can be completed in time for a new contract to be in place from 1 April 2015.
- 1.3 For 2014/15, Locally Commissioned Public Health Services (LCPHS) contracts for a number of sexual health services were directly awarded to General Practitioners and community pharmacy providers. Previously known as Locally Enhanced Services, these LCPHS contracts offer citizens easy open access to a range of sexual health and contraception services. For 2015/16 and 2016/17, it is recommended that an accreditation type procurement exercise is undertaken. It is envisaged that the re-procurement of services listed in exempt Appendix 1, Table C will commence during quarter 3 and be completed in time for new contracts to be in place from 1 April 2015.
- 1.4 General Practitioners and community pharmacies are important providers of demand led community based primary care services. There is good evidence that open access to sexual health services is important to address identified public health needs across Nottingham City. In particular, the LCPHS contracts enable front line providers to help address the high rates of sexually transmitted infections in the City and reduce further transmission. As well as ensuring easy access within local communities, the services offer the additional benefit of building on well-established and trusted relationships between citizens and their local GP and community pharmacists.

## **2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 Under the provisions of the Health and Social Care Act (2012) the City Council now has a statutory responsibility to commission a range of Public Health services to improve the health of Nottingham citizens. All ongoing contracts for the delivery of Public Health services were transferred from NHS Nottingham City to the City Council in April 2013.
- 2.2 Following the high level work completed through the Health Improvement Strategic Commissioning review, Public Health policy leads are now considering the specific commissioning requirements relating to each Public Health theme. This work will include considering how further savings and efficiencies can be best identified and implemented across the Public Health agenda.
- 2.3 A number of contracts for the delivery of health improvement, sexual health, children's and other Public Health services are due to time expire on 31<sup>st</sup> March 2015. Where there is existing approval to extend these contracts, this may be used to extend activity for one year to the end of 2015/16. This will ensure that continuity of service provision is maintained and that citizens can continue to access services while consideration of future commissioning plans is completed. In all cases contract negotiations will be undertaken with a view to reducing costs and ensuring the best value possible is obtained. In light of the Government Spending Review the need to achieve maximum efficiency and effectiveness is a priority for Public Health. These short term extensions will ensure Public Health is not committed to long term contractual arrangements which may prevent the required savings being achieved. Contract performance will be monitored closely throughout the year to ensure that services are delivered effectively and best value is obtained.

## **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Decommissioning all services in exempt Appendix 1 Tables A, B and C, on expiry of the contract dates. This would provide no continuity of service and would not be in the best interests of citizens. A range of services, essential to addressing health inequalities and meeting the health priorities set out in the both Nottingham Plan and the Health and Wellbeing Strategy, would be lost. The local authority also has a specific mandatory responsibility to ensure that a comprehensive programme of sexual health services is provided. The LCPHS contracts detailed in exempt Appendix 1, Table C offer a relatively low cost alternative to the Genitourinary Medicine (GUM) service provided by NUH Trust. Any reduction in activity is likely to lead to increased take up of more expensive GUM and CASH provision. For these reasons, this option was rejected.
- 3.2 Extending the contracts in exempt Appendix 1 Tables A, B and C rather than re-procuring them for a further year. It is considered important to test the market through an open tender process, unless there are clear circumstances that prevent this. Dispensation from financial regulations would be required for a one year extension and would not ensure best value. For these reasons, this option was rejected.

## **4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

- 4.1 The annual cost of the contracts included in exempt Appendix 1 is £0.821m and £2.620m for the maximum life of the contracts.
- 4.2 The funding of the contracts can be contained within the Public Health budget allocation. None of the services, referred to in Appendix A, have been identified as being reduced or

stopped to contribute towards the budget savings challenge from 2015/16 onwards.

4.3 Approval is given to award contracts up to their current annual cost. Any increase in contract values above that level will require further approval to be gained through the appropriate process.

4.4 As noted in 2.3 above, contract negotiations will be undertaken with a view to reducing costs and ensuring best value. Contract performance will be closely monitored to ensure the outcomes align to the City Councils framework to achieve value for money and deliver on the principles of economy, efficiency and effectiveness.

## **5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

5.1 **Legal comments:** This report does not raise any significant legal issues provided the proposal to re-procure the services is carried out in accordance with the applicable procurement regime. While the procurement regime for this type of services is changing it is anticipated that the new regulations will not be in force until 2015 and therefore should not impact on the procurement of these services. Legal Services will work with the Public Health team as necessary to assist with the contract terms and the accreditation process.

## **6 SOCIAL VALUE CONSIDERATIONS**

6.1 Over recent years commissioners within Public Health have carried out extensive research and consultation to consider how health improvement commissioning will best impact on reducing health inequalities, achieving outcomes and improving economic, social and environmental well-being in Nottingham. By virtue of the type of services being commissioned the health of local people will be improved, generating other related social and economic improvements. Such considerations indicate a compliance with the Public Services (Social Value) Act 2012.

## **7 REGARD TO THE NHS CONSTITUTION**

7.1 Local authorities have a statutory duty to have regard to the NHS Constitution when exercising their public health functions under the NHS Act 2006. In making this decision relating to public health functions, we have properly considered the NHS Constitution where applicable and have taken into account how it can be applied in order to commission services to improve the health of the local community.

## **8 EQUALITY IMPACT ASSESSMENT (EIA)**

8.1 An EIA is not needed as the report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council.

## **9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

9.1 None

## **10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

10.1 Health and Social Care Act (2012)

## **11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

- 11.1 Steve Oakley, Head of Quality and Efficiency, Early Intervention Directorate, Tel: 0115 87 62836, email: [steve.oakley@nottinghamcity.gov.uk](mailto:steve.oakley@nottinghamcity.gov.uk)
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