

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

**Reference Number:**

1878

**Author:**

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**Department:**

Children and Families

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**Subject:**

Laboratory Test Costs - The Health Shop Sexual Health Service

**Total Value:**

£50,236 expenditure over 2 years (Type: Revenue)

**Decision Being Taken:**

To approve an increase in Nottingham City Council's funding contribution to The Health Shop sexual health service from £139,405 to £164,523 per year, for 2 years (2014/15 and 2015/16). This change is to include the value of previously unknown costs to the provider in the contract value.

**Reasons for the Decision(s)**

The Health Shop is a 'one stop shop' for sexual health services, providing a wide range of services in one place. It is a specialist sexual health service which works alongside Recovery in Nottingham (a needle exchange and drug user service). The Health Shop provides sexual health advice, contraception, screening for sexually transmitted infections, pregnancy testing, and signposting to specialist Clinical Psychology and Neuropsychology services as appropriate. The Health Shop service targets the highly vulnerable drug using population through outreach services and operates drop in clinics during the week. The services are combined, so for example when someone who injects drugs is seen by Recovery in Nottingham, they are also offered STI tests and sexual health advice. This ensures that the service provides a way to reach vulnerable groups who may not usually access sexual health services. The service also provides an alternative way to access STI tests rather than through Genitourinary Medicine (GUM) services (GUM services are tariff-based, more expensive, and it is a statutory requirement to provide open access to all. Therefore the only way to mitigate the costs of the GUM services is by providing more cost effective prevention and treatment options).

The Health Shop, which is provided by Nottinghamshire Healthcare Trust, was initially funded jointly by Nottingham City and Nottinghamshire County PCTs, and transferred to the City and County Councils during the Public Health transition in April 2013. The annual contract value for Nottingham City is currently £139,405.

It has recently come to light that the cost of laboratory tests incurred by the Health Shop are not included in the contract value. Prior to the transfer of public health services to NCC, these costs were paid directly to Nottingham University Hospital (who carry out the tests) by the PCT on the Health Shop's behalf. Nottingham University Hospital are now invoicing the provider (Nottinghamshire Healthcare Trust) directly for the costs associated with these tests. The decision being taken is to add the value of these laboratory test fees to the contract value, so these costs can be paid directly by the service provider. This would expose Nottingham City Council to less risk than paying the invoices ourselves and being subject to rising costs. It will also ensure that full delivery costs are contained in the contract, in line with other services.

To do so we need to add an additional £25,118 to our contribution. This additional funding is for Nottingham City only.

A formal review of the service in March 2014, carried out by City and County Public Health, identified that the Health Shop has been consistently performing well against targets during 2013/14, provides good value for money, is well-accessed by the LGBT population, fits with the strategic priorities for Nottingham City Council and Nottinghamshire County Council and delivers against three of the indicators in the Public Health Outcomes Framework.

The current contract value was formally agreed by Dr. Chris Kenny, Director of Public Health Nottinghamshire County and Nottingham City, and Councillor Alex Norris, Portfolio Holder for Health, through DDM ref.1583 in July 2014. This agreement included the option to continue this service until 31st March 2016, and dispensation from Contract Procedure Rule 5.1.2 in order to increase the value of the contract as above, without re-tendering for the service.

The change in funding contribution detailed above is now needed to ensure continued stable delivery of the service. Any continuation of the service beyond March 2016 will be done through a procurement which will comply with the City Councils Contract Procedure Rules, undertaken during 2015/16. This will be the subject of a future report.

**Other Options Considered:**

1. Continue to fund The Health Shop at its current value, in 2014/15 and 2015/16, remaining as associates to the Healthcare Trust contract. Due to the costs of the lab tests, Nottinghamshire Healthcare Trust would be unable to meet the current level of service delivery with the funding currently allocated for 2014/15 (and the option to maintain it in 2015/16). This would leave the service unable to continue to operate effectively, and could lead to some service users accessing the more expensive treatment services such as GUM, increasing our costs, and some of the more high-risk citizens failing to access any sexual health services, leading to a potential increase in sexually transmitted infections. This course of action could also cause considerable damage to Nottingham City Council's reputation and relationship with both Nottingham University Hospitals and the Healthcare Trust.

2. Re-model and procure as a new service through open tender process. Any savings made would reduce the scale of the service available, leading to increased costs and risks to vulnerable citizens as discussed in option 1. In addition Nottingham City and Nottinghamshire County Councils are currently associate commissioners to a wider contract, managed by the Healthcare Trust, of which The Health Shop service is just one element. The terms of the contract require that parties issue at least 12 months' notice to terminate the contract. Therefore decommissioning could not take effect until March 2016. Therefore this option would still require a delegated decision to increase Nottingham City Council's contribution to £164,523 for 12015/16.

3. Decommission the service. Again it's likely that this would result in increased GUM costs and risks to vulnerable citizens as discussed in option 1. As in option 2, decommissioning could not take effect until March 2016. 4. Opt out of the Healthcare Trust contract and issue a direct award contract with the provider. As in option 2, this could not take effect until March 2016, so would still require a delegated decision. DDM ref 1583

**Background Papers:**

None

**Published Works:**

DDM ref 1583 Sexual Health Commissioning Responsibilities - The Health Shop

**Affected Wards:**

Citywide

**Colleague / Councillor Interests:**

None

**Consultations:**

Those not consulted are not directly affected by the decision.

**Crime and Disorder Implications:**

Not applicable

**Equality:**

EIA not required. Reasons: This is a continuation of existing activities, so there will be no adverse impact on citizens

**Social Value Considerations:**

Not applicable

**Regard for NHS Constitution:**

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.

**Decision Type:**

Portfolio Holder

**Subject to Call In:**

Yes

**Call In Expiry date:**

16/03/2015

**Advice Sought:**

Legal, Finance, Procurement

**Legal Advice:**

There are no significant legal issues arising from this decision. The Council may grant a dispensation for operational reasons and the operational impact if these additional costs were not included within the current contract have been set out by the report author.

As the proposed increase in contract value is not considered to constitute a material change to the original contract there are, on this occasion, not considered to be any procurement related legal issue arising.

The contract terms currently existing should be reviewed to ensure that they adequately include any obligations with regard to the laboratory testing.

Advice provided by Naomi Vass (Senior Solicitor) on 03/03/2015.

**Finance Advice:**

This decision is seeking approval to increase the contract contribution to The Health Shop at £25,118 each year for 2 years, totalling £50,236.

The figure has been calculated using data received from the Healthcare Trust. The total cost is shared between Nottingham City Council and Nottinghamshire County Council and is based on take up of the service by each authorities residents. The ratio is 36.5% Nottingham City and 63.5% Nottinghamshire County.

We are unable to cancel the contract until March 2016. The result of not approving the additional spend will be a reduction in the number of citizens being able to access the service with the possibility of these residents being referred to a more costly service. This does not represent value for money to the authority.

There is sufficient funding within the Public Health Sexual Health Services budget for 2014/15 to meet the costs in this year. It is anticipated that the amount required for 2015/16 can also be met from within the Public Health budget without any impact on the Medium Term Financial Plan Advice provided by Dee Fretwell (Finance Analyst) on 26/02/2015.

**Procurement Advice:**

**There are no specific procurement concerns in relation to this decision. The commissioner should ensure that all key elements, are included within the service specification if the service is reprocured in 2015/16.  
Advice provided by Nicola Harrison (Procurement Lead Officer) on 26/02/2015.**

**Signatures**

<b>Alex Norris (PH Adults, Commissioning and Health)</b>
<b>SIGNED and Dated: 09/03/2015</b>
<b>Chris Kenny (Director of Public Health)</b>
<b>SIGNED and Dated: 05/03/2015</b>