


<p style="text-align: center;"><b>Cabinet</b></p> <p style="text-align: center;">10 May 2016</p>	
<b>Report of:</b> Corporate Director, Communities, Localities and Culture	<b>Classification:</b> Part Exempt
<b>Substance Misuse Commissioning (1)</b>	

<b>Lead Member</b>	<b>Councillor Shiria Khatun, Cabinet Member for Safer Communities</b>
<b>Originating Officer(s)</b>	Service Head, Safer Communities
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Community Plan Theme</b>	<b>Safe and Cohesive, Healthy and Supportive</b>

### Executive Summary

The Drug and Alcohol Action Team (DAAT), within CLC, currently commissions drug / alcohol treatment interventions via 23 individual contracts with statutory and third sector providers. There is an urgent need to re-procure this provision.

A new treatment system and procurement model approach has previously been agreed by Cabinet (March 2015).

As a result the procurement process commenced via the London Tenders Portal in July 2015 for three core services: Tower Hamlets drug and alcohol outreach and referral service (Lot 1), Tower Hamlets drug and alcohol treatment service (Lot 2), Tower Hamlets drug and alcohol recovery support service (Lot 3). The procurement process has now concluded and recommendations for award are presented in this report.

Current contracts have been extended via Mayoral Decision until 30/09/16 with an option to extend for a further 3 months if required. Activity is currently on track to implement new services within this period.

### Recommendations:

The Mayor in Cabinet is recommended to::

1. Approve contract awards as recommended by the tender panel and set out in Appendix 3 for:
  - a. Tower Hamlets drug / alcohol outreach and referral service
  - b. Tower Hamlets drug / alcohol treatment service
  - c. Tower Hamlets drug / alcohol recovery support service

## **1. REASONS FOR THE DECISIONS**

- 1.1 To award drug / alcohol treatment service contracts as recommended following procurement exercise.

## **2. ALTERNATIVE OPTIONS**

- 2.1 Restart procurement process. This would further delay satisfactory replacement of important treatment provision and is not considered appropriate.
- 2.2 Extend current contracts without procurement. This would not demonstrate best value and is not considered appropriate.

## **3. DETAILS OF REPORT**

- 3.1 The Drug and Alcohol Action Team (DAAT), within CLC, currently commissions drug / alcohol treatment interventions via 23 individual contracts with statutory and third sector providers. There is now an urgent need to re-procure this provision for three reasons:
  - 3.1.1 Most services have not been subject to a competitive tender for a number of years.
  - 3.1.2 Current performance is declining across many providers
  - 3.1.3 Cabinet agreed a £560k reduction in the amount allocated to drug / alcohol services (from £8.8m to £8.24m, including £865k for in-house Drug Intervention Programme provision). These savings were agreed as part of the Public Health savings programme.
- 3.2 Prior to the implementation of the Health and Social Care Act, most drug / alcohol contracts were funded via NHS held monies. Funding was provided directly to services or via Section 256 agreements specifying the services to be contracted by LBTH. In 2012, a project was initiated to redesign the treatment system to ensure fitness for purpose and better value for money. Unfortunately this was delayed due to the impending implementation of the Health and Social Care Act and transfer of Public Health responsibilities to Local Authorities. On 1st April 2013 Public Health responsibilities were transferred and since that date, LBTH have been responsible for delivering a number of public health interventions which include drug/ alcohol interventions.
- 3.3 The health contracts were legally transferred from the NHS to the DAAT under a statutory instrument and were time limited to 31.03.14 (following Cabinet agreement to extend them for a year). As previously reported the existing Council's contracts expired some time ago (with these services operating longer than the original contract term). As such, TH Legal Services advised that all DAAT contracts should not be extended any further and be re-commissioned to be legally compliant.

- 3.4 However, as previously reported delays were encountered as a result of legal, technical and political complexities including the lack of national guidance until quite late in the process. This resulted in the original re-procurement deadline being unachievable. During this period and as a consequence, the DAAT had no alternative but to secure two successive Mayoral Executive Approvals to extend the current contracts to December 2016 to enable the re-commissioning process to be properly completed.
- 3.5 The extension of the current provision was approved on the basis that a robust DAAT procurement plan be developed to:
- Mitigate the risk due to possible legal challenge
  - Enhance performance
  - Improve value for money
  - Ensure better service alignment to need
  - Improve the capability of partnership and providers
  - Facilitate a review of resource across the whole system and deliver local economic benefits
- 3.6 After extensive consultation, Cabinet approval was gained to commission the following services:
- i. Drug / alcohol outreach and referral service (Lot 1)
  - ii. Drug / alcohol treatment service (Lot 2)
  - iii. Drug / alcohol recovery support service (Lot 3)
  - iv. A&E specialist drug / alcohol service
  - v. Specialist midwifery service
  - vi. Shared care services – GPs / pharmacies
  - vii. Health E1 (homeless GP practice) substance misuse services
- 3.7 Services i-iii make up the main core of the treatment system and were procured via an open competitive process. Services iv-vii are smaller services not appropriate for integrating into the main treatment system and work was undertaken to determine the most appropriate procurement process. The procurement approach recommended for these services is detailed in a separate paper.
- 3.8 The tollgate process was followed to commence procurement of the 3 core treatment services and in July 2015 an advert was issued alongside method statements and service specifications for all 3 services as well as a premises schedule detailing premises currently utilised and costs and TUPE information.
- 3.9 52 expressions of interest were received across all 3 lots, though only 19 PQQs were submitted. At PQQ stage, one bidder was eliminated from Lot 3 and 18 bidders were invited to tender. 13 bids were received in total, 3 for Lot 1, 5 for Lot 2 and 5 for Lot 3. The top four scoring organisations across each lot (3 for Lot 1) were invited to a presentation / interview.

3.10 The Evaluation team comprised the following individuals:

- Rachael Sadegh, DAAT Coordinator (LBTH)
- Chris Lovitt, Associate Director of Public Health (LBTH)
- Tony O’Ceallaigh, Shared Care Manager, Substance Misuse and Alcohol (CCG)
- Bill Griffiths, Independent Evaluator

The above named conducted individual evaluations of bids submitted by suppliers and were part of the interview panel. A Service User Representative was also selected to sit on the interview panel and contribute to questions and feedback. The Service User Representative did not contribute to scoring of bids or interviews.

- 3.11 The quality criteria (carrying a weighting of 60%) was focused on knowledge and experience; quality, performance and outcomes; partnership and equality and commitment to supporting the local economy. Suppliers were required to demonstrate knowledge and experience of delivering successful drug and alcohol treatment services in locations similar to Tower Hamlets and suppliers’ ability to deliver a comprehensive and effective integrated treatment model inclusive of clinical, medical and psychosocial interventions and with a focus on recovery.
- 3.12 The price criteria (carrying a weighting of 30%) was calculated based on the most advantageous cost to the Authority. The maximum weighting was awarded for the most advantageous price submitted and the remaining potential providers received marks on a pro rata basis. The prices submitted by all providers across all 3 lots were all within budget.
- 3.13 The interview (carrying a weighting of 10%) was carried out by a panel of the 4 tender evaluators and 1 service user representative. Suppliers invited to the presentation were asked to describe how the service will meet the differing needs of diverse communities in Tower Hamlets, addressing issues relating to substance of abuse, stage in recovery, cultural diversity, sexual orientation, gender, disability, and age in terms of service needs, confidentiality, ease of access and appropriate service settings; and how the service will ensure appropriate assessment, treatment planning, treatment delivery (for opiate, non-opiate and alcohol), recovery planning and onward review are integrated into the delivery model. This was further explored through a number of clarification questions (where necessary) and questions set by the interview panel.
- 3.14 The highest scoring bidders after panel evaluation are listed in Appendix 3. The total annual value across all 3 contracts is £218k per annum below available budget and will contribute to the £560k savings required.
- 3.15 A Tollgate 2 report was completed and submitted to Competition Board on 15<sup>th</sup> February 2016. The procurement was agreed to proceed subject to completion of Tollgate 3 to audit the benefit of the changes introduced.

- 3.16 If approved by Cabinet, contracts will be awarded within the maximum extension period given to current service contracts (December 2016) and will allow for an appropriate implementation period.
- 3.17 Impact upon Current Providers is set out in Appendix 3.

#### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 4.1 The Public Health ring-fenced grant was reduced by £2m by the government in 2015-16 and the allocation for 2016/17 will be reduced by a further £0.666m. A total of £8.8m has been allocated from the grant to fund the DAAT at a total of £7.935m and £865k has also been allocated for the in-house Drug and Alcohol Intervention Team, formerly the DIP provision.
- 4.2 As part of the Medium Term Financial Plan for 2015/16 a savings target of £560k was identified to be delivered through a reduction in the DAAT budget. The revised budget available for commissioning the new contracts and operational costs will be reduced by the savings target and therefore the total provision will be £7.375m. There is sufficient provision within the revised budget envelope to manage the contracts extension period approved by Mayoral Decision and the re-procurement contracts process.
- 4.3 The recommendations of the evaluation panel for award of the 3 contracts are set out in Para 3.14 based on the highest scoring bidders. All contracts are expected to be awarded and implemented before within the extension period with all staff eligible for TUPE transfer to the new provider. The figure of £0.218m has been identified as the reduction in the contract costs based on the recommended contract award of 2 year plus 1. The savings identified is consistent with the contribution required to deliver the MTFP savings target figure mentioned above.
- 4.4 The financial assumptions in relation to the savings target set out above will need to be revised when the final out-turn position, including any underspends in relation to the Public Health Grant allocation for DAAT is confirmed.

#### **5. LEGAL COMMENTS**

- 5.1 Section 2B of the National Health Service Act 2006 (as amended by section 12 of the Health and Social Care Act 2012) introduced a new duty for all local authorities in England to take appropriate steps to improve the health of the people who live in their areas. Subsection 12(4) of the 2012 Act gives local authorities powers to make grants or lend money to organisations or individuals in order to improve public health; it is for the local authority to determine the appropriate terms of such grants or loans. The Council is therefore responsible for improving the health of its local population and for public health services including services aimed at reducing drug and alcohol misuse.

- 5.2 This is consistent with its duties under Sections 1-7 of the Care Act 2014 the Council has a number of general duties, including a duty to promote integration of care and support with health services and a duty under section 6 to co-operate generally with those it considers appropriate who are engaged in the Council's area relating to adults with needs for care and support. Further, there is a general duty under to prevent needs for care and support from developing.
- 5.3 Section 116A of the Local Government and Public Involvement in Health Act 2007 places a duty on the Health and Wellbeing Board to prepare and refresh a joint strategic health and wellbeing strategy in respect of the needs identified in the Joint Strategic Needs Assessment, so that future commissioning/policy decisions are based on evidence. The duty to prepare this plan falls on local authorities and the Clinical Commissioning Group, but must be discharged by the Health and Wellbeing Board.
- 5.4 In preparing this strategy, the HWB must have regard to whether these needs could better be met under s75 of the National Health Service Act 2006. Further, the Board must have regard to the Statutory Guidance on Joint Strategic Needs Assessments and Joint Health and Wellbeing Strategies published on 26 March 2013, and can only depart from this with good reason.
- 5.5 The Council has an obligation as a best value authority under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". This obligation extends to the purchase of all goods works and services. The Council meets this obligation by subjecting the purchase to the appropriate level of competition.
- 5.6 The Council is obligated by the Public Contracts Regulations 2015 to submit certain procurements to advertising and methods of procurement in accordance with these regulations. However, these services are of the type that fall into Schedule 3 of the regulations which means that whilst the regulations may still apply the formalities of the procurements are less stringent
- 5.7 In respect of Schedule 3 services the regulations only apply to a procurement that has a value greater than £650,000 (the current threshold is less than this but this was the threshold at the time these services were tendered)
- 5.8 Also, where the regulations do apply, Schedule 3 services' procurements are only subject to a "light touch regime". At this point central government intends to dictate what is meant by a light touch regime, but broadly speaking at the time this procurement was run this meant a procurement process whose parameters in all respects (time for response, evaluation criteria, evaluation methodology as examples) were simply those that were fair open and transparent. The processes followed appear to conform to these requirements.

- 5.9 In order to satisfy the Best Value duty in accordance with Section 3 Local Government Act 1999 as detailed above, the Council must ensure that it awards the contract on the Most Economically Advantageous Tender basis. In this procurement process this means awarding to the provider in each lot that has attained the best score on a blend of quality and price and in accordance with the advertised evaluation criteria. This also appears to have been met.
- 5.10 When carrying out the procurement exercise, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector equality duty).
- 5.11 The nature of the public sector equality duty is that the Council must carry out all reasonable activities to ensure that it has a proper understanding of how the effects of any changes in contracting affect any person who have a protected characteristic and to have regard for such effects when making the decisions.
- 5.12 Such activities may include desktop assessments and consultation with affected persons, and their families in order for the Council to gain the proper understanding required to absolve this duty.

## **6. ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1 An Equalities Analysis (EA) has been completed in relation to the reconfiguration of services and is attached at Appendix 1.
- 6.2 This EA examines the impact on service users and staff in service providers. Quantitative and qualitative information contributed to our analysis and informed the conclusion and recommended actions. The EA is also informed by the extensive consultation including focus groups and survey based research with relevant interest groups, service users, service providers and other stakeholders, which were carried out as part of the Substance Misuse Needs Assessment 2013/14. The EA states that the re-procured service will offer treatment to all who need the treatment regardless of their background and identifies six actions to further enhance 'due regard'.

## **7. BEST VALUE (BV) IMPLICATIONS**

- 7.1 The current treatment system is not fit for purpose and includes too many overheads. The new treatment system model will allow for efficiencies in premises and management costs. The most economically advantageous tenders were identified via the competitive procurement process. The providers recommended for award have submitted bids that total £218k per annum less than budget available and this will contribute to PHG savings required. Whilst the model proposed is more economical and efficient, it is also anticipated that effectiveness of the treatment system will increase due to

the simplified pathways and clarified responsibilities. Therefore this proposal is in line with the best value duty of the Council.

## **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 8.1 There are no environmental actions associated with the proposals outlined though the integration of services are likely to lead to less travel for service users as more services are co-located..

## **9. RISK MANAGEMENT IMPLICATIONS**

- 9.1 Procurement of DAAT services is recorded as a directorate risk. Current drug/ alcohol services in place cannot be extended beyond 31/12/16 as there have already been a number of contract extensions presenting significant legal risk.
- 9.2 The second significant area of risk relates to transition of services. This has been partially mitigated by the outcome of the procurement process, in that a number of current providers are the highest bidders across the 3 lots. The transition of staff, premises and client records will be complex but will be more easily managed if some of the current providers are continuing to deliver services in the borough. Now that there are award recommendations in place, the DAAT has commenced work on an implementation plan in advance of contract award to ensure that mobilisation is achieved as swiftly as possible following the award decision.

## **10. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 10.1 It is estimated that every ten addicts not in treatment in 2010-11 committed 13 robberies and bag snatches, 23 burglaries, 21 car-related thefts and more than 380 shoplifting thefts (Public Health England). LBTH has the 8th highest rate of alcohol related crime in London.
- 10.2 The new model of treatment services recognises the benefits that effective drug / alcohol treatment brings and maximises the opportunity for individuals with drug / alcohol issues to recover from their addictions and stop committing crimes.

## **11. SAFEGUARDING IMPLICATIONS**

- 11.1 Safeguarding was addressed via the method statement in all 3 lots and safeguarding responsibilities of providers are included in all 3 contracts. Safeguarding policies and protocols will be clearer with a streamlined treatment system model and the Recovery Support Service will be contracted to deliver family interventions.
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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- Substance Misuse Commissioning (2).

### **Appendices**

- Appendix 1 and 2: Equality Impact Assessment.
- Appendix 3: Tender information (Exempt)

### **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- NONE.

### **Officer contact details for documents:**

N/A