Health and Wellbeing Board 08/07/2014	Tower Hamlets Health and Wellbeing Board
Report of the London Borough of Tower Hamlets	**Classification:** Unrestricted
Drug and Alcohol Action Team (DAAT) Commissioning Intentions	

Lead Officer	Stephen Halsey, Director CLC / Head of Paid Service
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Executive Key Decision?	Yes

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 now an urgent need to re-procure this provision for three reasons:

i) Most services have not been subject to a competitive tender for a number of years.
ii) Current performance is declining across many providers
iii) There is now a request from ESCW to reduce the amount of Public Health Grant allocated to drug / alcohol services by £1.06m (from £8.8m to £7.74m, including £865k for in-house Drug Intervention Programme provision).

The need to re-procure drug/alcohol treatment services presents an opportunity to procure a more recovery-orientated service delivering improved performance and better value for money. Options for re-procurement have been developed, including a standstill option, and have been reviewed by the DAAT Board, ESCW and CLC DMTs and CMT. It should be noted that this report is only concerned with contracts commissioned via the DAAT.

Recommendations:

The Health and Wellbeing Board is recommended to:

1. Note the intention to re-procure drug / alcohol treatment services in Tower Hamlets
2. Note the preferred option of the DAAT Board (agreed by CLC / ESCW DMTs and CMT) and comment in advance of consideration at Cabinet.
3. Note the timescales provided

1. REASONS FOR THE DECISIONS

No decisions are required. The report is for noting.

The Treatment system must be re-procured for three reasons:

1.1 Most services have not been subject to a competitive tender for a number of years.

1.2 Current performance is declining across many providers

1.3 There is a request to reduce the amount of Public Health Grant allocated to drug / alcohol services by £1.06m

2. ALTERNATIVE OPTIONS

2.1 Current recommendations from DAAT Board, CLC / ESCW DMTs and CMT suggest option 3 is the preferred option of the four options presented.

3. DETAILS OF REPORT

3.1 Prior to the implementation of the Health and Social Care Act 2012, 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 1 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.

3.2 The health contracts were legally transferred from the NHS to the DAAT under a statutory instrument and were time limited to 31 March 2013 (following Cabinet agreement to extend them for a year). As previously reported the existing Council 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.

3.3 However, due to the legal and technical complexity of the process, and the lack of national guidance until quite late in the process, numerous delays materialised. This resulted in the original re-procurement deadline being unachievable. As a consequence, the DAAT sought Mayoral Executive Approval (January 2014) to extend the contract renewal timeline to January 2015 to enable resources to focus on the re-commissioning process. This opportunity to re-procure all drug / alcohol treatment services presents an opportunity to align service configuration to local need.

3.4 The extension of 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

3.5 Procurement plans began immediately but a proportion of the activity could not take place during the pre-election period due to the decisions required, hence the current timetable.

3.6 Current contractual arrangements have been extended until the end of December 2014 as there is a commitment within the Mayor's Decision paper to agreeing mobilisation dates for new contracts by that date. There is now an immediate need to begin procuring/re-procuring drug/alcohol treatment services.

Need for Re-procurement

3.7 There has been a corporate request for 10% savings to be generated from the Public Health Grant in 2015/16. Public health have specified that £1m of these savings should come from the adult drug/alcohol commissioning budget and £60k from DAAT salaries and savings proposals will be presented to the Mayor. It would not be possible to re-procure the current model of provision with such a budget reduction.

3.8 This presents an opportunity to examine what is currently procured and procure an integrated treatment system which will deliver improved outcomes. The case for changing the provision currently procured is outlined below.

Future service options

3.9 The need to re-procure all adult substance misuse provision is now unavoidable. However the decision regarding exactly what to procure has yet to be made.

3.10 Following Mayoral Approval, key workstreams were initiated to serve as the evidence base for the future treatment system – these included:

- A Needs Assessment to identify local needs (Appendix 1)
- An independent Service Review (to assess the extent to which the borough treatment system currently addresses need and identify any gaps)

This work identified a number of pressing priorities for the Tower Hamlets treatment system which have largely stemmed from an organic growth of the treatment system over many years – resulting in a highly complex arrangement. As such, the borough system has evolved, rather than being

holistically planned, and is a treatment system that is focused on Opiate substitution therapy and addressing presentation through the Criminal Justice System. The key priorities highlighted through the needs assessment and the service reviews were to:

- Maintain Opiate priorities within the system
- Expand non-Opiate and alcohol provision
- Integrate drugs and alcohol services
- Rationalise and reduce the number of service contracts
- Regularly review and scrutinise substitute prescribing
- Increase psychosocial interventions
- Build stronger recovery capital of clients
- Reduce client key worker ratios and support the role of key workers
- Increase 1-1 and group counselling/work
- Increase client readiness for structured treatment and maximise the outcomes from inpatient detox (drugs and alcohol) and residential rehabilitation
- Review information management systems to better understand how best they serve strategic and service level needs
- Maintain a client focused services fit for purpose that encompasses strong client involvement and peer led recovery outcomes

A previous attempt to reconfigure the treatment system and address the same issues was started in 2011 but this work was terminated due to the announcement that all substance misuse services and the associated funding streams would transfer to the Council in April 2013.

3.11 The Home Office Drugs Strategy 2010 moved the focus of treatment towards long term goals of recovery and reintegration for drug users, whilst maintaining provision that minimises harm to both the individual and the community. This is now measured within the Public Health Outcomes Framework (PHOF2.15) as the number of drug users who successfully leave treatment and do not re-present to services within 6 months. Whilst the treatment system in Tower Hamlets has been successful in engaging large numbers of clients in effective treatment, successful completions of treatment are low and decreasing, and re-presentations are increasing. There have been numerous strategies for improving this performance over recent years and a new action plan will be implemented for 2014/15. However, significant improvements within the same treatment system structure are unlikely.

3.12 An Options Appraisal has been developed to establish which potential future service arrangements could best meet the identified local needs. In total, four structural options have been considered reflecting the key points in the treatment journey from treatment entry, through various treatment interventions and ultimately successfully exiting treatment (a structural diagram of each option is presented in Appendix 2). The four potential options developed are as follows:

Option**One**: Standstill (23 contracts) (leave the treatment system largely as it is) but with a single point of system entry, triage and comprehensive assessment with onward referral to provider services.

Option **Two**: Main treatment provider for Tier 3 treatment (all drugs and alcohol) with separate recovery/support contracts (10-15 contracts). Therefore combine the main treatment provision for tier 3 treatment (opiate, non-opiate and alcohol) into one contract including treatment entry, assessment, pharmacological and psychosocial interventions. This would work with targeted access points into treatment and additional recovery providers offering the full menu of recovery support.

Option**Three**:Two drug + alcohol treatment contracts; one for treatment and one for recovery (2 contracts). Single drug treatment provider for all Tiers 2-3 treatment, this option should coexist with a separate commissioned recovery agency, targeting their work solely on recovery activity.

Option **Four**: Single integrated drugs and alcohol service contract. (1contract).

Alongside all of these options would be a referral/outreach contract to focus on engaging targeted groups into treatment and re-engaging individuals who have dropped out of treatment. There is also an ongoing need for an element of (re-specified) shared care provision and a service at Health E1 (homeless GP practice).

3.13 On 8th April 2014 these options were presented to the DAAT Board who unanimously recommended Option 3 as the most appropriate borough service arrangement to take forward – given it addressed the key concerns and requirements highlighted in both the Needs Assessment and Service Review while also offering the potential to deliver improved performance efficiencies.

Procurement plan

3.14 It is intended that all borough substance misuse services will be re-procured and be fully mobilised in April 2015.

3.15 The procurement approach will be guided by the seven imperatives outlined by LBTH and will incorporate these imperatives within the tender process and the final service specifications. In particular we will be keen to deliverbudget efficiencies, value for money and local employment and training opportunities within the context of a highly specialised service.

3.16 To mitigate the risk of a successful procurement challenge a robust project plan has been developed (see appendix 3). The plan highlights the timeline for the various phases of re-procurement process including contract initiation,

planning, re-procurement and mobilisation to replace all the DAAT contracts over the next 8 months or so. Key dates are listed below:

- Consultation (June)
- EQIA (June)
- Spec and tender material development (Apr-June)
- Decisions prior to tender (July-Sep)
- Tendering and Evaluation (July-Nov)
- Decision ratification (Oct-Dec/Jan)
- Contract sign off and mobilisation dates set (Jan/Feb)

3.17 There has been extensive consultation undertaken regarding treatment provision in Tower Hamlets with commissioners, providers, service users and other stakeholders. This has been in conjunction with previous plans for remodelling as well as the recent needs assessment and service review. When a proposed model for procurement is agreed, there will be further consultation as well as an equality assessment.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

4.1 There is currently budget provision of £8.8m from the Public Health allocation. This currently commissions £7.9m drug and alcohol treatment interventions (DAAT) including salaries. The balance of the provision supports the £865k in-house Drugs Intervention Programme (DIP).

4.2 A savings reduction of 10% has been specified from the Public Health grant for 2015/16. A savings target of £1.06m has been requested from the DAAT budget. There is the expectation that £1m of the savings target will be delivered from the drug /alcohol commissioning budget of £7.4m reducing the commissioning provision to £6.4m. The remaining savings of £60k is to come from a reduction in the staffing budget of £566k reducing to £506k.

4.3 The report provides four options for consideration. Option 1 provides a standstill position and does not relinquish any savings. The other three options all provide an element of restructuring and consolidation, Option 2 (10-15 contracts), Option 3 (2 Contracts) and Option 4 a single contract. The recommendation of the DAAT board is that Option 3 be considered as the most appropriate borough service arrangement. The reduction in the Public Health allocation suggest that Option 3 and 4 are the most likely options that would deliver the £1.06m reduction and provide for sufficient resources to commission contracts.

4.4 The procurement strategy detailed within this paper is aimed at the Option agreed being fully mobilised April 2015. It is likely that an extension would be required to the current contracts post January 2015. There is sufficient provision within the existing budget envelopeto manage any contracts extension.

5. LEGALCOMMENTS

Council's Duties

5.1 In January 2012, the Council adopted its Substance Misuse Strategy 2012 – 2015, consistent with its obligation under section 6 of the Crime and Disorder Act 1998 to formulate and implement strategies in conjunction with other specified responsible authorities for: reduction of crime and disorder; combating the misuse of drugs, alcohol and other substances; and reduction of re-offending. The Council is obliged when carrying out its functions to have due regard to the likely effect of the strategy on, and the need to do all that it reasonably can to prevent, crime and disorder, misuse of drugs and alcohol and re-offending in Tower Hamlets. The proposed contracts are connected with the delivery of that strategy.

5.2 The proposed contracts may also help deliver the Council's other statutory duties, which include the following –

- The Council is required under the National Health Service Act 2006 to take such steps as it consider appropriate for improving the health of the people of Tower Hamlets
- Under section 11 of the Children Act 2004, the Council is required in the discharge of its functions to have regard to the need to safeguard and promote the welfare of children.

5.3 The Council has power under section 1 of the Localism Act 2011 to do anything that individuals generally may do, subject to specified restrictions and limitations imposed by other statutes. The provision of drug and alcohol treatment interventions is something that an individual could do, if so minded, so this may also be a source of power to support entry into the contracts. There may be good reasons for exercising the power in this way, given the alignment of the interventions to the Substance Misuse Strategy.

5.4 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.

5.5 The Council may comply with its best value duty by subjecting the proposed purchase of services to the appropriate level of competition. Whichever of the options are chosen the final contracts must be tendered in order to meet this obligation. The Council must award tenders to the bidder who has made the most economically advantageous tender to the Council. For this purpose the Council must set award criteria which have regard to both quality and price and award the contracts to the bidders whose offers most closely reflect the evaluation criteria. Further, the Council must comply with European law in respect of requirements for the procurement process.

5.6 When considering its approach to procuring these services, 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. If services have been significantly redesigned then consultation prior to implementation must occur with the service users, their families and any other relevant stakeholders. An initial equality analysis has been carried out which identifies that further and more detailed equality analysis will be required, once a general approach to procurement has been chosen.

Role of the Health and Wellbeing Board

5.7 The HWB is asked to note the intention to re-procure drug / alcohol treatment services and note and comment on the preferred option of the DAAT Board at its meeting on 8 July 2014. This is consistent with the general policy, reflected in the Health and Social Care Act 2012, of giving HWBs responsibility for joint health and wellbeing strategies and the joint strategic needs assessment, and falls within the functions of the HWB set out in its Terms of Reference agreed by the Mayor in Cabinet on 4 December 2013, in particular the following function –

- To have oversight of the quality, safety and performance mechanisms operated by member organisations of the Board, and the use of relevant public sector resources across a wide spectrum of services and interventions, with greater focus of integration across outcomes spanning health care, social care and public health. Areas of focus to be agreed by the Board from time to time by members of the Board as part of work planning for the Board.

5.8 Due to the significant financial implications of these proposals, this will be a key decision which requires Executive approval. The recommended approach was presented to the Mayor's Advisory Board on 10 June 2014 for endorsement. The HWB is asked to provide comment in respect of the proposals in advance of presentation to Cabinet on 23 July 2014.

6. ONE TOWER HAMLETS CONSIDERATIONS

6.1. The current treatment system within Tower Hamlets has been successful in attracting a wide range of individuals into treatment across the equality strands. Within the large number of services commissioned there are specialist services for BME clients (with a focus on Bangladeshi and Somali individuals), female clients, pregnant clients and clients with mental health issues. Commissioning a simplified structure would mean fewer specialist provisions. However, within the procurement process there will be requirements for providers to determine how best they will incorporate the needs of such populations. Providers will be encouraged to form consortia or sub-contract with other providers and provide services in a flexible manner from a wide range of venues to ensure specialism is incorporated into their

service offer. Once contracts are awarded there will be performance targets for engaging targeted populations based upon the equality strand data that has been collected over the last three years.

6.2. Whilst the current treatment system has been successful in engaging known populations of drug / alcohol users, there are still a number of groups not engaging in treatment. For example, it is well documented that problematic drug / alcohol use is more prevalent within populations such as homosexual men, Chinese, Eastern Europeans, students / young adults, high earning individuals, than the demand presented to our current services. In the current financial situation, it will not be possible to initiate specialist services for each new population that demonstrates a demand for treatment services and therefore a more flexible approach should be developed to target emerging population needs.

6.3. A full equality analysis is underway now that the election is over and we may full engage stakeholders in consultation.

7. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

7.1 There are no major environmental implications within this proposal but bidders for services will be requested to demonstrate their commitment to contributing to a sustainable environment.

8. RISK MANAGEMENT IMPLICATIONS

8.1. As mentioned earlier in the report, there is now an urgent need to re-procure to avoid legal challenge with regards to current contracts. Hence the procurement project necessary to mitigate that risk.

8.2. If option 1 is pursued and the treatment system remains broadly the same as its current configuration, there are risks to future affordability and performance. An element of payment by results would be implemented as an additional contract management tool but this would not greatly change the client experience. This option would not realise any savings for this year or future years and required savings would need to be met fromelsewhere.

8.3. Options 2-4 would involve an element of restructure. A large scale restructure of any system will bring a risk of destabilisation. Potential ramifications within the treatment system are a temporary drop in numbers of individuals accessing treatment and potential risks to effective ongoing management of individual clients. In order to mitigate against this risk, a comprehensive implementation plan will be developed to ensure handovers between services are as smooth as possible, including data, premises, client handover, communications, records transfer etc. It is highly likely that a number of staff currently engaged in services will continue to be part of the treatment system via TUPE arrangements and as many of the leases for premises are held by

LBTH, many of the current service premises will be available for use in a new system.

8.4. There is a significant risk that the re-procurement of treatment services across the borough may not be completed prior to the end of December 2014. A timetable has been developed to complete the tender process and make recommendations for contract award by the first week in October, allowing presentation to Cabinet in December (subject to meeting schedule). However, this tight schedule requires a smooth process with no meeting cancellations and is not sufficiently robust to withstand any unforeseen issues that may delay the process. Therefore, it is highly likely that the delivery timeline will extend beyond 1st January 2015 – requiring a further extension in the later part of the re-procurement process. Legal have advised this approach would be defensible against challenge on the basis that the procurement process was being undertaken.

9. CRIME AND DISORDER REDUCTION IMPLICATIONS

9.1 Problematic drug / alcohol use within the borough contributes significantly to crime and anti-social behaviour across the borough. Treatment interventions are funded on the basis that they prevent further health harm and costs associated with crime. In Tower Hamlets, it is estimated that every £1 spent on drug treatment saves £2.82 in health and crime costs. This is based upon current performance of the treatment system and a more effective system with improved outcomes would increase this cost benefit. Latest data shows that 23% of referrals into the treatment system are via criminal justice agencies (police, probation, prison).

10. EFFICIENCY STATEMENT

10.1 The current treatment system configuration does not offer good value for money. Options for re-procurement have been developed and all four options presented have currently been developed within the same commissioning budget envelope (£7.4m) to allow direct comparison of spend and maintain the integrity of the treatment system. If spend is retained and merely distributed differently, options 2,3 and 4 would facilitate progressively lower management / admin costs which may be re-invested in frontline staff and recovery focussed services resulting in lower case loads and facilitating improved performance.

10.2 Options 2-4 have also been developed to demonstrate the effects of budget reductions of between 5% and 20%. Whilst this modelling gives an idea of the budgets available for individual elements of the service, there is further work to be completed on the frontline staffing impact within individual services.

10.3 The DAAT team is currently carrying a number of vacant posts. A restructure of the team will be carried out once the model of treatment provision to be procured is determined. A team can then be built around the requirements of

the service and will generate savings of at least 10% against current establishment costs.

Appendices and Background Documents

Appendices

- Appendix 1: Needs assessment executive summary
- Appendix 2: Treatment System Options
- Appendix 3: Project timeline
- Appendix 4: Equalities Analysis Quality Assurance Checklist

Background Documents

If your report is a decision making report, please list any background documents not already in the public domain including officer contact information.

- Options Appraisal

Officer contact details for background documents:[delete if not required]

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