


<b>Cabinet Decision</b> 04/03/15	
<b>Report of:</b> Stephen Halsey, Head of Paid Service and Corporate Director, Communities, Localities and Culture	<b>Classification:</b> Unrestricted
<b>Substance Misuse Commissioning Intentions – Next Steps</b>	

<b>Lead Member</b>	Councillor Ohid Ahmed, Cabinet Member for Community Safety
<b>Originating Officer(s)</b>	Andy Bamber, Rachael Sadegh
<b>Wards affected</b>	All wards
<b>Community Plan Theme</b>	Safe and Cohesive, Healthy and Supportive
<b>Key Decision?</b>	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. On 23<sup>rd</sup> July 2014, the Mayor in Cabinet agreed to a re-procurement of the substance misuse treatment system in Tower Hamlets. After consideration of the options presented, it was agreed that “Option 3” be progressed.

Since the Cabinet decision on 23<sup>rd</sup> July, further work has been undertaken to map current interventions provided to this model in order to ensure service specifications cover all interventions required and to determine financial breakdown across the model. This process has identified current treatment interventions which would not fit within this model of contracts.

Option 3 outlined a structure which did not include the Harbour Recovery Centre (a borough based inpatient detoxification unit) and instead included access to inpatient detoxification and residential rehabilitation interventions via the Tier 4 panel based upon an established application procedure.

Therefore the report outlines the rationale for continuing to commission distinct services via Barts Health NHS Trust and for commencing consultation on the decommissioning of the Harbour Recovery Centre.

As part of the corporate savings plan, a proposal has been agreed to reduce funding available for drug / alcohol treatment by £500k.

## **Recommendations:**

The Mayor in Cabinet is recommended to:

- 1.1. Agree to the continued commissioning of the services outlined in the report
- 1.2. Agree the proposal to commence consultation around the decommissioning of the Harbour Recovery Centre.
- 1.3. To note a reduced funding envelope for drug / alcohol treatment services in the borough
- 1.4. Authorise the commencement of the treatment system procurement exercise

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

- 1.1 In July 2014, the Mayor in Cabinet agreed to re-procurement of the drug / alcohol treatment system in line with a specified model (Option 3). This paper highlights additional services that need to be procured within that system in order that the system may operate effectively and improve outcomes for Tower Hamlets residents
- 1.2 In order to secure cost effective residential treatment services and improve outcomes for drug users in treatment, LBTH should undertake a consultation process regarding the future of the Harbour Recovery Centre.
- 1.3 There are considerable financial pressures across LBTH which necessitate a review of spend across all projects. The proposed reduction in funding across drug / alcohol services is considered achievable via re-procurement without a significant impact upon frontline services
- 1.4 The drug / alcohol treatment system has not been subject to competitive procurement for a number of years and there is a commitment within the substance misuse strategy to review the structure of the treatment system to improve outcomes and increase cost effectiveness.

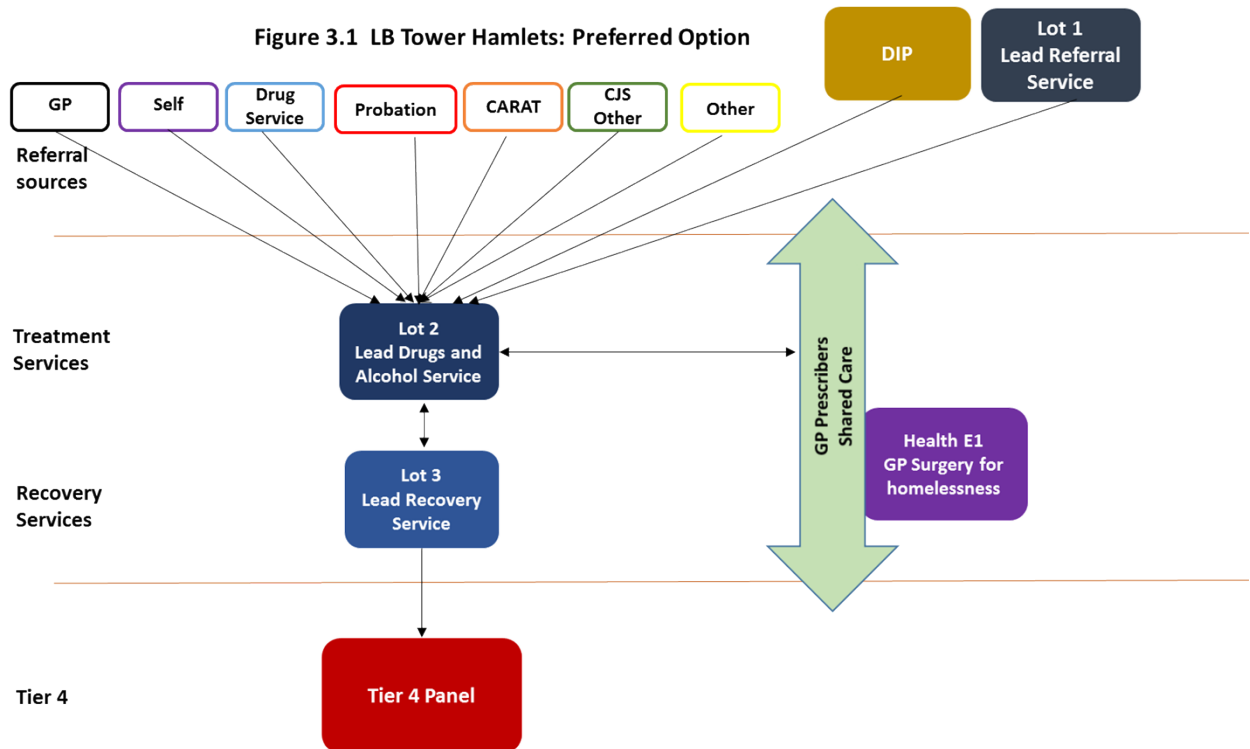
## **2. ALTERNATIVE OPTIONS**

- 2.1 Reject the re-procurement proposals and restart the design process
- 2.2 Continue with current commissioning arrangements – subject to legal challenge and worsening outcomes

## **3. DETAILS OF REPORT**

- 3.1. On 23<sup>rd</sup> July 2014, Cabinet agreed to a re-procurement of the substance misuse treatment system in Tower Hamlets. After consideration of the options presented, it was agreed that “Option 3” be progressed. The overall structure represented by Option 3 is pictured in Figure 3.1 below. This model incorporates 6 service contracts:
  1. Tower Hamlets drugs and alcohol Referral / Outreach service (Lot 1)
  2. Tower Hamlets drugs and alcohol treatment service (Lot 2)

3. Tower Hamlets drugs and alcohol recovery service (Lot 3)
4. Health E1
5. Shared Care GP provision (drugs and alcohol)
6. Shared Care pharmacy provision (supervised consumption and needle exchange)



- 3.2. Since the Cabinet decision on 23<sup>rd</sup> July, further work has been undertaken to map current interventions provided to this model in order to ensure service specifications cover all interventions required and to determine financial breakdown across the model. This process has identified current treatment interventions which would not fit within this model of contracts.
- 3.3. Additional Contracts
 

The DAAT currently commissions two services from Barts Health, based at the Royal London Hospital. These services are the Specialist Midwife service and the Alcohol and Drugs Service.

  - 3.3.1. The specialist midwife service is responsible for ensuring pregnant drug / alcohol users engage appropriately in drug / alcohol treatment as well as maternity services. This population is often hard to engage in both service areas and pose significant risk to themselves and their unborn

child. This service could only run effectively from the Royal London Hospital as part of the current midwifery team and therefore would not fit within one of the proposed contracts. The post is an integrated part of maternity services provision within Barts Health and provides general maternity services to women with substance misuse issues as well as specialist support for other midwives in the unit. The rest of the maternity service is funded by CCGs and we have no contractual arrangement with Barts Health or funding available for general maternity services and do not wish to fund a wider maternity service structure for this cohort of service users. The interventions delivered via this role do not sit independently of the rest of the maternity service and therefore may not be delivered by an external organisation and if there were no contractual arrangement with Barts Health, there would be no agreement in place for them to work with the commissioned service, thus presenting challenges around data sharing and patient access. The service must be based in the Royal London Hospital as that is where most residents of Tower Hamlets access maternity services. Therefore this service is essentially an enhanced level of service provision within Barts Health. It is proposed that the current contract for this service is extended for a period of up to 9 months (in line with extensions for other substance misuse service contracts) during which other options for purchasing this service will be investigated. This investigation will include work with the CCG (as commissioner of maternity services) to consider how substance misuse services can be integrated into currently commissioned midwifery services as well as researching market options and provision in other boroughs. The funding associated with this service (£43k per annum) has not been included in the indicative value of lots 1, 2 and 3 in the current procurement exercise.

- 3.3.2. The Alcohol and Drugs Service at the Royal London was developed as a response to the recommendations for high impact changes identified in *Signs for improvement – commissioning interventions to reduce alcohol-related harm (DH 2009)*. It is recommended that every acute hospital has an alcohol health worker or alcohol liaison nurse to manage patients with alcohol problems within the hospital and liaise with community services. In Tower Hamlets the role of these nurses has been expanded to also cover patients attending RLH with an Opiate addiction. The service has been successful in identifying and referring individuals into drug /alcohol community services, often for the first time. The service also has a role in educating staff within the hospital and promoting universal alcohol screening. The service is situated in the Royal London Hospital to enable opportunistic screening and proactive interventions for Tower Hamlets residents presenting at RLH A&E, many of whom may not have disclosed their issues with drugs/alcohol in any other setting. There is no other A&E service in Tower Hamlets and therefore the nurses must work within the Royal London Hospital. This service can only work with Barts Health employees in post to ensure access to patients and facilitate policy development across the whole Trust. In order to effect the change in culture and policy across the Trust that is required to deliver effective drug / alcohol interventions, the provider

needs to be embedded within clinical governance structures of Barts Health. Tower Hamlets Community Alcohol Team currently provide satellite clinics within RLH but are not able to access wards or patients without a member of Barts Health and they have no role in training or policy development. If an external provider were to be commissioned, there would be no contractual arrangement with Barts Health and therefore no agreement in place for them to work with the commissioned provider thus presenting challenges around data sharing and patient access. It is essentially an enhanced level of service provision within Barts Health. It is proposed that the current contract for this service is extended for a period of 9 months (in line with extensions for other substance misuse service contracts) during which other options for purchasing this service will be investigated. This investigation will include work with the CCG (as commissioner of emergency services) to consider how substance misuse services can be integrated into currently commissioned emergency services as well as researching market options and provision in other boroughs. The funding associated with this service (£100k) has not been included in the indicative value of lots 1, 2 and 3 in the current procurement exercise.

### 3.4. Decommissioning

Whilst the proposals have previously focused on community treatment, there is a significant amount of investment made in residential services (inpatient detoxification and residential rehabilitation). Currently, most funding for residential treatment is agreed via the DAAT tier 4 panel and places secured on a spot purchase basis. These placements are determined according to need and may be situated in Tower Hamlets or across London or anywhere within the UK. Uniquely in Tower Hamlets, the DAAT also commissions an inpatient detoxification Unit, the Harbour Recovery to provide self-referral access to male, non-injecting Opiate users with no significant physical or mental health issues. This facility was originally commissioned in 2007 to attract into treatment BME drug users across the borough which hitherto had tended to access treatment in their country of origin or via private providers. More recent information shows that the target groups are now more likely to access treatment interventions in the UK.

#### 3.4.1. The case for decommissioning the Harbour Recovery Centre is three-fold:

- i. Despite continuous work conducted by the provider and Tower Hamlets DAAT, the service model is not as successful as we would like at delivering successful completions from treatment. It perpetuates multiple instances of self referral without securing commitment to and engagement with a programme that breaks dependency. Stand-alone detoxification interventions without follow-up treatment are not recognised as good practice and the Harbour Recovery Centre has for some time been under the scrutiny of the National Treatment Agency and subsequently Public Health England.

- ii. The unit is relatively small and due to the staffing requirements of a residential facility is expensive in terms of unit price. The provider has indicated that the funding provided by LBTH does not cover costs and is subsidised by the Salvation Army (the current provider). This has meant LBTH reducing the number of beds commissioned from 8 to 6 and therefore the unit can now potentially be used by other commissioning bodies. In practice, there has been no interest in commissioning the other beds and Tower Hamlets utilisation rates are decreasing. The DAAT have undertaken a review of service costs and we do not believe there are any further cost efficiencies that can be made by the provider. The current annual cost of the service is £544k for approximately 146 admissions annually equating to £3723 per admission. The average cost per admission across other detoxification units utilized is £3529. If access were limited to individuals demonstrating the commitment required to benefit from this intervention long term, the bed utilisation would decrease and cost per unit would increase accordingly.
  - iii. The proposed reduction in Public Health Grant allocated to drug / alcohol services (£500k) will have an impact upon the quantity and quality of drug / alcohol treatment interventions offered in Tower Hamlets. A minimum saving of £28k per annum could be achieved by decommissioning this service whilst still offering the same number of inpatient detoxification episodes on a spot purchase basis at facilities elsewhere. Furthermore, if access were via the tier 4 panel process, there would be fewer inappropriate admissions and therefore opportunity for further saving. This would reduce the impact of the grant reduction on the wider treatment system whilst still facilitating the same level of residential provision where appropriate.
- 3.4.2. In consideration of the issues highlighted above, it is proposed that LBTH consults on the decommissioning of this service and utilising funding to provide access to other residential facilities on a spot purchase basis via the tier 4 panel application process. The funding associated with this service (£544k) has not been included in the indicative value of lots 1,2 and 3 in the current procurement exercise.
- 3.4.3. On presentation of this proposal to MAB on 23/09/14, the Mayor indicated that he wished to see a report that explored the potential for a move away from the spot purchase with regard to the re-procurement of substance misuse residential treatment provision towards a borough dedicated residential intervention service. This approach would have a number of basic benefits:
- The service would be directly controlled by and accountable to the Council
  - Lines of accountability for the Service to the Public would be clearer
  - Decision making specific to the service would be simpler

However, on balance the risks, as outlined below, tend to outweigh the potential benefits:

- A Tower Hamlets dedicated unit would not be cost effective.
- A unit with a small number of beds will always run at a high unit cost and we could not fill a larger unit by ourselves.
- A single Facility for Tower Hamlets would not meet the needs of a wide ranging treatment population
  - In order to meet wider profile of needs so that beds are not empty and so that there would not be a need to spot purchase, the unit would need to cater for drug users, alcohol users, men, women, complex mental health needs, physical disability, injectors, non-injectors. This is almost impossible and spot purchasing from a range of facilities is the only way to meet individual need.
  - The unit would need to offer a longer (evidence based) programme (at least 8 weeks) which may at times lead to long waiting lists within a small unit (current target for treatment start is within 3 weeks of assessment).
  - Many drug users seeking residential treatment are desperate to leave the borough as they are not able to sustain recovery whilst within their current networks. Residential treatment offers that break and a new opportunity where appropriate, but not if we were limited to a unit in the borough.

It should also be noted that there is already a detoxification unit in the borough. Greig House is based in the building next to HRC and is already utilised on a spot purchase basis for individuals who do not fit HRC criteria. Therefore individuals requiring inpatient detoxification in the borough could still be treated within the borough on a spot purchase basis without committing to an annual spend.

- 3.4.4. There is understandably concern that a withdrawal of funding for a dedicated inpatient detoxification unit in the borough for Tower Hamlets residents only could be perceived as a reduction in services for a vulnerable population. However, the funds currently invested in the Harbour Recovery Centre would continue to be invested in accessible residential treatment services (at a reduced cost) and would be utilised via more effective pathways to secure improved treatment outcomes.

### 3.5. Procurement Process

Option 3 as represented in Figure 3.1 was considered by the Strategic Competition Board and Lots 1, 2 and 3 will soon be advertised, subject to agreement of the available budget (see 3.6) and Cabinet agreement to commence procurement. Service specifications have been developed and reviewed by a number of key partners and include requirements related to the LBTH procurement imperatives. A consortium approach has been encouraged to ensure appropriate expertise, knowledge and competence and local knowledge can be maximised within service provision. Additional

support will be provided to ensure smaller third sector providers may be supported to engage in this process appropriately.

- 3.5.1. A consultation exercise has been undertaken with stakeholders, service providers and service users and there has been broad approval for the changes proposed.
- 3.5.2. A business case has been presented for Health E1 and agreement achieved for this service to be commissioned within the new treatment system.
- 3.5.3. Pharmacy enhanced services will be contracted using the terms and conditions currently in development for other public health services provided by community pharmacies in Tower Hamlets.
- 3.5.4. GP services will be commissioned via the CCG or, if ready in time, via the GP provider arm.
- 3.5.5. Current contractual provision of drug / alcohol treatment services was extended via Mayoral Decision to 31/12/14 with a commitment to establish mobilisation dates for new services prior to that date, commencing in late 14/15. These dates were noted in the Cabinet paper of 23<sup>rd</sup> July. Upon presentation at Strategic Competition Board and on the advice of procurement and legal colleagues, timelines were developed to facilitate a consideration of contract award at the March Cabinet and a mobilisation date for new services in April / May 2015. The original timetable has now been subject to some delay whilst the level of available funding was discussed. An April / May mobilisation date was dependent upon advertising the services to be tendered in September 2014. This date is now not achievable and a new timetable will be developed once a date to advertise is agreed which must allow sufficient time for some development of the local market to facilitate the formation of meaningful partnership / consortia arrangements. A Mayoral Executive Decision report has been submitted to request a 9 month extension of current services to 30/09/15.

### 3.6. Treatment Services Budget

- 3.6.1. There has been a proposal submitted and agreed to reduce the drug / alcohol budget by £500k to contribute to the savings required across the Public Health Grant.
- 3.6.2. This suggestion has been considered by officers and the majority of the saving can be achieved without reducing funding to frontline services. The funding reduction required within frontline services is considered to be manageable within the re-procurement process which will generate some cost efficiencies via reduced management costs and overheads.
- 3.6.3. An Equalities Analysis has been completed in light of the proposed funding reduction and has been provided at Appendix 1.



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

- 4.1 A savings target of £500k has been set as part of the Medium Term Financial Plan that will be delivered through a reduction in the drug/alcohol commissioning budget which currently stands at £7.4m. There is currently sufficient provision within the existing budget envelope to manage the contracts extension, if approval is given to the 30<sup>th</sup> September 2015. However, this will mean that the planned savings reduction will not be fully realised in 2015/16.

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

- 5.1 The value of the lots proposed to be tendered is above the OJEU threshold and, consequently, the Public Contracts Regulations 2006 apply. The extent of the application of the Regulations is limited, however, because the services are “Part B” services within the meaning of those Regulations. In the circumstances, the Council is required to:
- follow a fair and transparent process
  - undertake a reasonable level of advertising; and
  - place a final award notice in the Official Journal of the European Union.
- 5.2 The Council has a duty under 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 is referred to as the Council’s best value duty. One of the ways in which the Council achieves best value is by subjecting its purchases to competition in accordance with its procurement procedures and the Public Contracts Regulations 2006. The proposed tendering of lots 1 to 3 should meet these requirements.
- 5.3 It is proposed that there be direct contract awards to Barts Health to continue provision of –
- specialist midwifery services to women with substance misuse issues as part of the wider midwifery service at the Royal London Hospital; and
  - opportunistic screening and proactive interventions as part of the accident and emergency service at the Royal London Hospital.
- 5.4 In each case, the proposed direct awards are to be limited to 9 months to enable consideration to be given to future commissioning intentions. The values of these contract awards will be below the threshold set in the Public Contracts Regulations 2006 for compliance with the requirements of EU law for public procurement. The services in question are also Part B services and would be subject to more limited application of the Public Contracts Regulations (as set out in paragraph 5.1 above) even if the values did exceed the EU threshold.

- 5.5 The Council is required to comply with its best value duty in relation to the proposed awards to Barts Health. Consideration will need to be given to whether the direct awards will achieve this, having regard to the matters set out in the body of the report. The direct awards will require waiver of the Council's procurement procedures and Cabinet should first be satisfied that one of the grounds for waiving those procedures is made out. Relevant grounds for consideration are set out in section 12.1 of the procurement procedures and include the following:
- 12.1(a) the nature of the market for the works to be carried out or the supplies or services to be provided has been investigated and has demonstrated that only a single source of supply is available, or it is otherwise clearly in the Council's interest to do so
- 5.6 There is material in the report on which Cabinet may conclude the direct awards would fall into this description.
- 5.7 It is suggested that a level of spot purchasing may be carried out to meet needs currently provided by the Harbour Recovery Centre. If this is the case, the Council is required to find an appropriate way to subject these purchases to an appropriate level of competition as the combined value of the spot purchases may be significant and attract the application of the Public Contracts Regulations. In any event the Council must comply with its best value duty as outlined in paragraph 5.2 above. The Council may consider procuring a framework of spot providers to be used on an "as and when required" basis to facilitate the spot purchases and provide for the spot purchases to be subjected to competition quickly. This would need to be done in accordance with the requirements of the Public Contracts Regulations and the Council's procurement procedures.
- 5.8 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).
- 5.9 The report indicates that a level of equality analysis has been conducted which indicates that a budget cut would adversely impact on protected groups. This does not necessarily mean that cuts cannot be made, although consideration would have to be given to whether the impacts are proportionate and the extent to which they may or may not be managed.
- 5.10 It is proposed that further analysis be carried out in relation to decommissioning the Harbour Recovery Centre. If the decommissioning is likely to impact on service users, then the requirement to have due regard to equality impacts will require that consultation be carried out in order to understand fully and respond to any likely impacts.

- 5.11 The Council is required by the Public Services (Social Value) Act 2012 to consider: (i) how what is proposed to be procured might improve the economic, social and environmental well-being of Tower Hamlets; and (ii) how, in conducting the procurement exercise, it might secure such improvement. Consultation may be required on these issues.
- 5.12 Any consultation carried out should comply with the following criteria: (1) it should be at a time when proposals are still at a formative stage; (2) the Council must give sufficient reasons for any proposal to permit intelligent consideration and response; (3) adequate time must be given for consideration and response; and (4) the product of consultation must be conscientiously taken into account. The duty to act fairly applies and this may require a greater deal of specificity when consulting people who are economically disadvantaged. It may require inviting and considering views about possible alternatives, including other areas in which savings may be made.

## **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. The Harbour Recovery Centre has traditionally offered a service mainly to Bangladeshi drug users and therefore decommissioning this service will be most significant for this population. However, over recent years the client profile has become much more mixed. Decommissioning this service has

been proposed to improve the outcomes of service users accessing tier 4 treatment.

## **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. 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. Re-procurement on such a grand scale will inevitably result in some disruption to services for a short period of time. A comprehensive implementation plan will be developed to manage this risk.
- 8.3. It is anticipated that the new structure of the treatment system will attract a wider range of service users with drug / alcohol issues and therefore improve access to treatment. The structure should also facilitate improved quality of service delivery, resulting in improved outcomes. This increased demand should be anticipated and monitored to ensure capacity within the system is maintained within a reduced financial envelope.

## **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. Re-procurement of the treatment system as proposed will facilitate lower management / administration costs which may be re-invested in frontline staff and recovery focussed services resulting in lower case loads and facilitating improved performance.
- 10.2 The budget reduction of £500k will be achieved via reducing non-frontline service costs (eg equipment costs, testing services) and through efficiencies generated by integrating services across the borough.

- 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 a saving of at least £60k per annum.
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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- Public Health Savings Programme.

### **Appendices**

- Appendix 1: Equalities Analysis

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

- None