

Committee: Cabinet

Date: 6th June 2016

Wards: ALL

Subject: Extension of the Contract for the Integrated Substance Misuse Service.

Lead officer: Dr Dagmar Zeuner, Director of Public Health.

Lead member: Cllr Tobin Byers, Cabinet Member for Adult Social Care and Health.

Contact officer: Barry Causer, Public Health Commissioning Manager.

Recommendation:

- A) That Cabinet retrospectively approves the extension of the substance misuse contract from 1st April 2016 to 30th June 2016.
- B) That Cabinet agrees to delegate to the Director of Community and Housing, in consultation with the Cabinet Member for Adult Social Care and Health, the authority to negotiate and approve a further contract extension from 1st July 2016 to 31st March 2018.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to seek the retrospective approval of Cabinet to extend the contract for the period 1st April 2016 to 30th June 2016 and to agree to delegate to the Director of Community and Housing, in consultation with the Cabinet Member for Adult Social Care and Health, the authority to negotiate and approve a further contract extension from 1st July 2016 to 31st March 2018.

2 INTEGRATED SUBSTANCE MISUSE SERVICE

- 2.1. The Integrated Substance Misuse Service provides prevention, treatment and recovery pathways for Merton residents who are misusing drugs and/or alcohol and is delivered by South West London St Georges Mental Health Trust (SWLSG).
- 2.2. Following a competitive procurement exercise the contract award was approved by Cabinet on the 18th February 2013 for a three year contract from 1st April 2013 to 31st March 2016. The contract value over 3 years was £3.978million (£1.326million per annum). There are contractual provisions in the contract to extend the contract for up to a further two years, but Cabinet did not authorise the Council to enter into the extension at the time of approval of the original award of the contract.

- 2.3. A re-procurement exercise took place in late 2015/early 2016 with the objective to make efficiency savings as well as to integrate inpatient detoxification services within the overall service. Unfortunately this was unsuccessful with no bidders.
- 2.4. As a result, in the absence of any available alternative arrangement SWLSG is continuing to deliver the service on a short-term contract extension at the moment and we are undertaking detailed negotiations with them on the exact terms of the full two year extension including options for some efficiency.
- 2.5. We have carefully considered the option of repeating the procurement immediately but feed-back from the market was not encouraging and would necessitate further short-term contract extensions to provide continuity of service, which would incur increased costs.
- 2.6. Instead, we plan to use the contract extension period (up to 31st March 2018) to review our whole approach to commissioning for substance misuse, including exploring options for joint working with mental health services and/or other boroughs to increase the size of the available budget and allow for more innovative service delivery.

3 ALTERNATIVE OPTIONS

- 3.1. The unsuccessful procurement exercise has meant that we have no viable alternative option outside of extending the current contract with SWLSG, which is permitted under the terms of the current contract. The intention remains to carry out a further procurement exercise but in the meantime the only option for a continued service is to extend the contract with the incumbent.

4 CONSULTATION UNDERTAKEN

- 4.1. Feedback from other boroughs who have recently undertaken substance misuse procurement exercises, has shown that the challenges faced in Merton are replicated elsewhere with similarly unsuccessful procurement exercises and challenges around budgets.

5 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 5.1. Following the spending review in November 2015 the Public Health grant has been reduced and following detailed examination of the commitments, savings and future plans the expenditure associated with the contract extension can be contained within the public health grant.
- 5.2. The budget we currently keep available for 2016/17 mirrors the original contract value of £1.326million per annum. However, we are engaged in negotiations with the trust to achieve safe and sustainable savings over the extended contract period, starting in 2016/17. Any remaining shortfall of the anticipated savings from the tender will be covered by planned underspend from the 2015/16 budget.

6 LEGAL AND STATUTORY IMPLICATIONS

- 6.1. The extension of the contract period is permitted under the existing contract. The contract also provides for the Council to require changes to the

specification and allows the price to be varied depending on whether there is a cost saving or additional costs are incurred.

6.2. The Public Contracts Regulations 2015 (SI 102/2015) permit the contract to be negotiated in certain circumstances insofar as it is strictly necessary where the time limits for carrying out a procurement cannot be complied with for reasons of extreme urgency brought about by events unforeseeable by the contracting authority. The circumstances here are considered to have been unforeseeable since the Council fully intended to enter into a new contract, but has received no bids.

6.3. Accordingly, the risk of any challenge in the circumstances is low.

7 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

7.1. There are not expected to be any human rights issues from the extension to the contract.

8 CRIME AND DISORDER IMPLICATIONS

8.1. There are not expected to be any crime and disorder issues from the programme.

9 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

9.1. All risks, assumptions, issues and dependencies are being actively managed as part of the programme.

9.2. There are not expected to be any health and safety implications.

10 BACKGROUND PAPERS

10.1. The following documents have been relied on in drawing up this report but do not form part of the report

- The Council's Contract Standing Orders
- Merton Health and Wellbeing Strategy 2015/18.

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