

# Contract Extension Recommendation Report

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**Committee: Chief Officer Delegated Decision**

**Date: 21 August 2017**

Wards: All

**Subject: Contract extension for the integrated sexual health, substance misuse and detached youth provision (Risk and Resilience Service)**

Lead officer: Leanne Wallder, Senior Commissioning Manager

Lead member: Councillor Katy Neep

Contact officer: Kate Jennings, CSF Commissioning Manager

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## **Recommendation:**

That the council approve the two year extension period available for the provision of the Young People's Risk and Resilience Service from 1 April 2018 to 31 March 2020.

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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to seek approval for the extension of the Risk and Resilience Service for two years in accordance with the Award of Contract Decision in January 2015.
- 1.2 The service provides integrated substance misuse, detached youth and sexual health promotion interventions for young people aged 24 and under and their families who live, work or are educated in Merton.
- 1.3 The service delivers a number of 'essential elements' focussing on a range of core 'risk and resilience' programmes to both prevent young people and their families from requiring crisis interventions through offering enhanced detached youth provision and sexual health promotion and support those requiring specialised substance misuse interventions.
- 1.4 All children referred are assessed to determine the level of need and support offered with priority given to those at enhanced or specialist levels on the child well-being model using a partnership approach.
- 1.5 The contract was awarded for an initial period of three years from April 2015 to March 2018 with an additional two years extension at the council's discretion.

## **2 RATIONALE FOR CONTRACT EXTENSION**

- 2.1 The service received an annual funding of £330,664, jointly funded through public health and CSF budgets. This was reduced to £321,098 following a 5% reduction in public health contribution in response to required council efficiency savings. Children Schools and Families contribute a smaller amount to the contract and there are no current intentions to reduce this contribution in relation to the CSF element of the medium term financial plan. CSF provides the commissioning

function to monitor and over-see the contract on behalf of public health.

- 2.2 It is considered that any further reductions would reduce the over-all impact of the service; the complementary elements of detached youth work and sexual health promotion serve to provide early identification and both step-up and step-down access into substance misuse provision. Integrated substance misuse services based on a resilience model are predicated by Public Health England as best practice models and most effective for engaging young people, as is separating young people and adult substance misuse services<sup>1</sup>.
- 2.3 The comprehensive review of need and service provision conducted prior to the initial tender for the contract has effectively shaped contract delivery over the last two years. This has led to positive outcomes for children and young people in Merton and there is no evidence to suggest that a re-tender at this stage would add any value, but instead would incur unnecessary cost.
- 2.4 Over the first two years of the contract the service has demonstrated a positive impact and good performance. Annual reports for the second year of the contract demonstrates that the service has achieved 90% of the initial targets set and exceeded targets in 76% of these. Key achievements for the service this year include:
- Meaningful contact with over 500 young people through detached youth work, with over 150 engaged on three or more occasions.
  - Utilisation of the detached Urbie Bus to deliver both daytime and evening prevention and support activities.
  - Increased training for and use of volunteers to enhance delivery of prevention and detached youth activity.
  - Increase take-up of registration to and repeat access to the C-Card scheme.
  - Delivery of SRE/DAE targeted workshops in education and youth settings and with parents.
  - Over 500 opportunistic alcohol brief interventions with children and young people
  - Advice and consultancy regarding substance use and sexual health with over 100 professionals and delivery of training to an additional 200 professionals.
  - Representations to the service remain above the national average and 100% of young people (who completed treatment) either reduced their use or became drug free following treatment.
- 2.5 Catch22 have also been awarded the combined CSE and Missing service for Merton, this contract runs from April 2017 to March 2020. This service is currently in its first year of delivery and is still within a mobilisation period. The service benefits from shared management over-sight with the Risk and Resilience service enhancing additional expenditure on front-line delivery. Re-tendering the Risk and Resilience service at this point could potentially de-stabilise this priority contract.

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<sup>1</sup> Public Health England 2016: Specialist substance misuse services for young people A rapid mixed methods evidence review of current provision and main principles for commissioning

2.6 Catch22 currently run their services from Leyton Road youth office. These premises are undergoing review and will no longer be available to Catch22. The service is therefore in negotiations with regard to moving location to the Chaucer Centre during this final year. Time and resources are being deployed to ensure that young people and their families are aware of the pending move and can continue to access the service. Re-tendering the service at this point could again add further disruption to young people's access to substance misuse, CSE and missing services and adds no additional benefit at this time.

### 3 ALTERNATIVE OPTIONS

3.1 The alternative of re-tendering the current service from April 2018 has been considered; however, the commissioning team believe that there is little prospect of achieving savings or other benefits in terms of service quality.

3.2 The funding envelop for this service has already been reduced since 2015 and there has been no inflationary uplift over the same time period. Given the constraints on funding for this service and the 5% public health reduction, the current provider has indicated that further funding reductions will lead to loss of front-line provision and mean that they would need to give consideration to terminating the contract.

3.3 There is also a significant likelihood that the council would be unable to secure an alternative provider willing to commit to the same level of provision within this cost envelop. Only three bids were received for this tender in 2015 with other providers opting out of the tender process due to the low cost and high expectations in relation to the service specification. Moreover, if another organisation were successful in winning the new contract, the council would lose the benefits derived from the operational synergies created with the contract for the Missing and CSE service recently awarded to Catch22.

3.4 On this basis, the cost of undertaking a re-tender exercise would significantly outweigh any potential benefit at this time given officer time required to carry out the procurement process and, therefore, is not recommended.

3.5 A further possibility would be to allow the contract to expire and not re-commission the service. This is not considered a valid option given the role the service plays in relation to preventing young people from entering the care and/or youth justice system, costs in relation to alcohol dependency, and costs to the broader economy for young people who are Not in Education, Training or Employment. Exemplar costs and potential for savings, derived from Home Office unit cost estimates, are set out below:

Potential Service Implication	Estimated Annual Cost (per case)	Preventative Saving (based on 25 young people entering treatment)
Cost of child taken into care	£52,676	£1316,900
Cost to NHS of alcohol dependency	£2015	£50,375
Cost of drug misuse including	£3727	£80,925

offending		
Cost per 18-24 year old NEET	£4637	£115,925
Cost of first time entrant to criminal justice system	£4637	£115,925

3.6 The above are noted as indicative/estimated figures based on 25 young people entering treatment in one year. The service actually supports almost 100 new young people through substance misuse treatment each year so savings are likely to be considerably greater. A Department for Education cost-benefit analysis also found that every £1 invested in specialist substance misuse interventions delivered up to £8 in long-term savings and almost £2 within two years. Evidence indicates that investing in specialist interventions is a cost effective way of securing long-term outcomes, reducing future demand on health, social care, and mental health services.

#### 4 CONSULTATION UNDERTAKEN

4.1 The existing contract is monitored in partnership with Public Health and CSF service managers. Consultation with Public Health regarding this recommendation has taken place and there are no further efficiency savings to be applied to the contract at this time. Consultation with the provider has been undertaken to ensure that targets over the coming year are stretched but achievable in the context of the reduced funding and pending location move.

#### 5 FINANCIAL IMPLICATIONS

5.1 The costs for delivering the contract extension are calculated as £642,196 for the additional two years. An element of this will continue to be delivered through an agreed Payment by Results route.

5.2 The funding breakdown each year is as follows:

Budget	Cost (£)
Public Health (including £10,000 for condom distribution scheme)	174,149
CSF Core Substance Misuse Budget	146,949
<b>Total funding per annum</b>	<b>321,098</b>

5.3 **Payment By Results:** A maximum of £21,800 of the above total will be subject to achieving agreed payment by results targets in each of the two extension years.

5.4 Catch22 are also expected to lever in additional funding through income generation to extend the delivery and reach of the service and will be used to provide additional activities over and above the core specification. Additional funding has already been achieved through local bids to the Wimbledon Foundation. Further bids are currently being explored and a target for additional funding will be agreed with Catch22. The use of volunteers has also expanded the reach of the service

and will be further developed over the duration of the contract.

- 5.5 This cannot, however, replace the council's funding as voluntary services are unlikely to attract charitable support for services that are considered as core Children's Service functions such as young people's substance misuse services. Moreover, the current financial environment with regard to charitable funding is also restrictive and the competition fierce. Larger amounts of funding is less frequently available than in the past and voluntary services have to spend significantly more time fundraising for small amounts of funding. This requires considerable local resource and pulls service managers away from core service provision.

## **6 LEGAL AND STATUTORY IMPLICATIONS**

- 6.1 The original procurement process was undertaken in accordance with Contract Standing Orders and relevant UK and EU Procurement guidelines/law.
- 6.2 Legal Services have been consulted on the extension of the contract and advise that the Contract Notice (published in OJEU) and Invitation to Tender (issued to tenderers) provided for an original term of three (3) years with the option to extend for up to a further two (2) years making a possible contract period of up to five (5) years.
- 6.3 The contract signed by the parties also provides for an extension of the original term at the discretion of the Council.
- 6.4 Accordingly, under the original authority given by Chief Officer on 17th February 2015 and under the terms of the contract itself the proposed extension is allowable and may be further authorised by the Chief Executive and Director of Children, Schools & Families.
- 6.5 Should approval be given, the extension must be recorded in writing and executed as a deed by the parties. Legal Services will be asked to assist in preparing the relevant documentation and arranging execution on behalf of the parties.

## **7 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 7.1 Implications pertaining to human rights, equalities and community cohesion were considered during the initial tender process and through-out the monitoring process for this service.
- 7.2 The initial tender documentation submitted by Catch22 was assessed against criteria developed to comply with equalities legislation and continue to be monitored throughout the term of the contract to ensure the service is targeted to those with high levels of vulnerability.
- 7.3 The Equality Act 2010 and the regulations in relation to discrimination on grounds of sexuality, religion and age are considered during the contract monitoring processes.

## **8 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 8.1 All organisations that are awarded contracts must have a health and safety policy

that compliments the council's corporate procedures for effective health and safety and risk management.

- 8.2 Catch22 are required to stipulate and consider, in partnership with public health and CSF service managers identified risks for this contract and suggest a plan to mitigate against these risks.

## **9 BACKGROUND PAPERS**

None.