

Committee: Cabinet

Date: 16 October 2017

Wards: All wards

Subject: Award of Contract for Adult Substance Misuse Treatment Service

Lead officer: Dr Dagmar Zeuner, Director of Public Health

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

Contact officer: Keith Daley, Substance Misuse Commissioning Manager

Recommendation:

- A. That the Cabinet approves the award of a contract for the provision of the Adult Integrated Substance Misuse Service to Organisation A.

The value of the contract over three years is £3,785,219.

The contract will commence on 1 April 2018 and be for a period of three years with the option to extend for a further period of up to 24 months, subject to satisfactory performance, availability of budget and continued need at the sole discretion of the Council. The maximum possible contract period would be no more than five years.

- B. That the Cabinet delegates to the Director of Public Health, in consultation with the Cabinet Member for Adult Social Care and Health, the authority to extend the contract by the further increment of up to 24 months (as above).
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to seek the approval of the Cabinet to award a contract for the provision of the Adult Integrated Drug & Alcohol Service.
- 1.2. This report makes a recommendation that the Cabinet agrees to the award of contract to the organisation A identified in Part Two.
- 1.3. The contract price, over three years will be £3,785,219.

2 SUBSTANCE MISUSE STRATEGIC FRAMEWORK

- 2.1. Following extensive engagement with partners across Merton, the Substance Misuse Strategic Framework (SMSF) was supported and endorsed by the Health and Wellbeing Board in June 2017.
- 2.2. The overall aim of the SMSF is to reduce the significant harm caused by alcohol and drug misuse to individuals, families and communities in Merton.
- 2.3. It takes forward specific objectives of the Health and Wellbeing Strategy 2015/18, Children and Young People's Plan, and CCG Whole Merton Vision & Strategy, and contributes to the implementation of the Safer Stronger Merton priorities (including domestic violence). Tackling alcohol and drug

misuse will also help close the gap in health inequalities between the west and east of the borough.

- 2.4. The SMSF has established priorities for the substance misuse agenda over the coming years and the procurement of the Adult Integrated Substance Misuse Service is an integral part of those plans for substance misuse prevention and treatment.
- 2.5. The award of contract for the Adult Integrated Substance Misuse Service will support the council to deliver on improving positive outcomes for some of our most vulnerable residents as well as improving the life chances of many of the borough's residents.

3 THE ADULT INTEGRATED DRUG & ALCOHOL SERVICE

- 3.1. The Adult Integrated Substance Misuse Service will deliver an appropriate response to meeting the needs of drug & alcohol users and those individuals identified with both substance misuse and mental health needs within tight financial constraints.
- 3.2. This service will have a strong focus on recovery and prevention and will be critical in reducing the impact of problematic drug and/or alcohol use on individuals, families and carers, services and communities in Merton. The service will include:
 - 3.2.1 A single assessment system
 - 3.2.2 Low intensity intervention and assertive outreach (engagement & re-engagement, including links to vulnerable groups such as those at risk of homelessness)
 - 3.2.3 Structured psychological interventions including structured day and group work
 - 3.2.4 Clinical interventions: substitute prescribing and community detox; and interface with mental health services
 - 3.2.5 Harm reduction interventions (including prevention of transmission of blood borne viruses)
 - 3.2.6 Primary and secondary care liaison (including pathway with A&E & acute services)
 - 3.2.7 Criminal justice pathway (including links to courts, probation, prison, and MARC processes)
 - 3.2.8 Volunteering and peer mentoring, and access to mutual aid support
 - 3.2.9 Support for recovery (access to education, training and employment opportunities, housing and benefits).
 - 3.2.10 Opportunities for innovation in service delivery and design through a flexible service framework designed to enable greater responsiveness to the changing needs of the treatment population.
 - 3.2.11 A strong focus on alcohol. It will work with the community, to raise numbers in treatment, to meet and exceed outcomes targets and reduce alcohol-related harm.

- 3.2.12 Better integration with partners across Merton; working with statutory, voluntary and community organisations, building on Merton's existing supportive environment to achieve a holistic platform for recovery and entrench the Better Care Together partnership approach.
- 3.2.13 Work with those opiate users who have become 'stuck' in treatment and break the cycle of dependence on substitute prescription doses, in order to increase successful opiate completions.

4 PROCUREMENT PROCESS

- 4.1. The intention to procure the service was taken to the Council's Procurement Board in January 2017 where approval was given.
- 4.2. The tendering process was carried out strictly in accordance with the council's Contract Standing Orders and in accordance with the Public Contracts Regulations 2015 and the EU Procurement Directive 2014/24/EU, using the open procedure and the following stages.
- 4.3. **Stage 1 (Invitation to Tender):** Potential providers are invited to submit responses to selection questionnaire, detailed solutions, including financial information for evaluation.
- 4.4. **Stage 2 (Clarification Questions):** Those organisations that responded to the Invitation to Tender were sent formal questions of clarification where a written response would suffice, and invited to clarification interview where face to face responses were required.
- 4.5. **Stage 3 (Contract Award):** A preferred bidder is appointed to deliver the Services.
- 4.6. The tender was managed via the council's web based Electronic Tendering System Pro-Contract. The exercise was carried out and supported throughout by the Commercial Services Team and the Council's Legal Services to ensure a robust approach that adopted good practice.

5 ALTERNATIVE OPTIONS

- 5.1. This service was subject to a recent procurement exercise in late 2015. The objectives of that re-procurement were to achieve efficiency savings whilst creating a more integrated substance misuse service model. Unfortunately there were no bids.
- 5.2. Feedback from those providers who had expressed an initial interest in the bid opportunity, stated that the specified activity required, could not be safely achieved within the financial envelope. The specification for this current procurement, has been developed in consultation with the market as well as partnership, stakeholders and service users.
- 5.3. Due to the unsuccessful procurement, Cabinet, on 6th June 2016, approved the extension of the current substance misuse contract from 1st April 2016 to 30th June 2016, and agreed to delegate to the Director of Community and Housing (C&H) (in consultation with the Cabinet Member for Adult Social Care and Health), the authority to negotiate and approve a further contract

extension. This further extension was agreed and covers the period from 1st July 2016 to 31st March 2018. This extension is currently active.

- 5.4. The unsuccessful procurement exercise and the decision to begin the current procurement exercise, has meant that we are now able to complete the preferred option, which is to award a contract to the preferred bidder.
- 5.5. Should the Cabinet decide not to award the contract, those Public Health Outcomes Framework outcomes which relate to substance misuseⁱ and outcomes identified within the Substance Misuse Strategic framework will not be realised.

6 CONSULTATION UNDERTAKEN

- 6.1. The development of the specification for the new service was based on a review process involving extensive engagement with stakeholders (colleagues across community safety, licensing, CCG, police, probation, Children, Schools and Families and specialist providers.
- 6.2. Two successful ‘market warming’ events were held, which were attended by providers from across the sector including providers from within NHS and third sector providers.
- 6.3. Commissioners carried out a ‘soft’ market testing exercise to give a better understanding of the current market and identify and understand market trends.
- 6.4. These activities enabled commissioners to clarify a number of areas with potential bidders and finalise the specification in advance of the formal process.
- 6.5. Extensive Service user engagement was undertaken including consultation at all stages of the process and representation at all market engagement events. Service users were also represented on the evaluation panel.

7 TIMETABLE

- 7.1. The timetable for contract signature (which is subject to democratic procedures) is as follows:

Gateway Two – Procurement Board Decision	19 th September 2017
Community and Housing Divisional Management Team	21 st September 2017
Corporate Management Team	26 th September 2017
Leaders Strategy Group	2 nd October 2017
Cabinet	16 th October 2017
Call in period ends	19 th October 2017
Notification of Preferred Bidder	20 th October 2017

End of 10 day stand still period	30 th October 2017
Contract Signature	January 2018

8 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 8.1. In the financial year 2017/18 £60,000 savings were released from the substance misuse treatment annual contract value which has reduced the envelope for this procurement.
- 8.2. The contract value for the initial Three years is £3,785,219. This will mean a budget saving over three years, of £39,781.
- 8.3. There will be no additional costs to LBM to extend the contract. Bidders were required to submit costs for any potential year 4 or 5 within their pricing schedules. Any extension will not be subject to inflationary uplift.
- 8.4. Overall substance misuse services have a high level of return on investment- off setting costs to the health, social and criminal justice budgets (for example costs relating alcohol related hospital admissions, substance misuse associated with domestic violence cases, and broader alcohol and drugs related crime).
- 8.5. Overall it is estimated that every £1 spent on drug misuse treatment saves £2.50 in costs to society (National Treatment Agency 2012).
- 8.6. TUPE costs including redundancy and pensions, where appropriate, have been identified within the pricing schedule of the preferred bidders.

9 LEGAL AND STATUTORY IMPLICATIONS

- 9.1. As per the main body of this report, the Council is seeking approval to award a contract for the delivery of adult substance misuse services following the conclusion of a procurement process.
- 9.2. The Council in awarding contracts must comply with the provisions of The Public Contracts Regulations (PCR 2015) and its Contract Standing Orders. In addition, there is a duty on the Council to comply with EU Fundamental Treaty Principles of transparency, non-discrimination, and equal treatment.
- 9.3. The procurement process with advice from the Council's Procurement Services and Legal Services at various stages (as per the main body of this report) has been carried out in compliance with the requirements set out in the Council's Contract Standing Orders, PCR 2015, the Fundamental Treaty Principles and current procurement Best Practice.
- 9.4. Legal Services has been consulted in respect of the proposed award and invited to input in this report as necessary. Having reviewed the procurement process set out in the main body of this report, we are satisfied that the procurement process followed presents little or no risk of challenge should a contract be awarded to the successful tenderer as recommended by this report.
- 9.5. The Council must ensure that once approval to award has been obtained, it publishes a contract award notice in accordance with Regulation 50 of PCR

2015 and ensure also that it maintains an audit trail of the procurement process in accordance with Regulation 84 of PCR 2015.

- 9.6. Legal Services will upon receipt of instructions from the Council (assuming that there is no challenge to the procurement process) prepare hard copies of the services contract for execution by the Council and the successful tenderer.

10 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 10.1. There are not expected to be any human rights issues from the programme.
- 10.2. It is expected that the service will make a positive contribution towards the reduction of health inequalities through the effective prevention of substance misuse related harm.
- 10.3. The implementation of the proposed service will be subject to an Equalities Impact Assessment. Any negative impact identified will be subject to a mitigation action plan.
- 10.4. Although a borough wide service, the specification highlights a need for the service to proactively engage with those currently under represented within treatment services and those in 'hard to reach' communities.

11 CRIME AND DISORDER IMPLICATIONS

- 11.1. The delivery of an Integrated Adult Substance Misuse Service is an aim of the Substance Misuse Strategic Framework. The Strategic Framework objectives and desired outcomes cover issues of community safety and crime reduction.
- 11.2. Substance misuse and its associated issues have a disproportionate impact on individuals, families and communities imposing significant economic and social costs to society reflected in the cost of healthcare the provision of public services and the cost of crime. A reduction in crime and offending in those that access the service is a measured and monitored deliverable of the new service.

12 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 12.1. Risks associated with the mobilisation of this contract are:
- 12.1.1 **The continuity of care of service users.**
- The continuity of care of service users is managed both through the provider's implementation plan and Risk/Contingency management plan.
 - Commissioners will actively monitor the safe transfer of care.
- 12.1.2 **TUPE-** The expectation is that TUPE will apply. There is the possibility of a selection process as the staff structure in the new service may be different from the existing staff structure.
- Consideration of timescales linked to the TUPE process has been accommodated within the implementation plan.
 - LBM would not be responsible for any redundancy costs. The bidders were required to identify TUPE costs within their Pricing schedule.

12.1.3 Premises-

- The tenderers were required to outline plans for acquiring premise within their method statements.

12.2. Legal Challenge

- In any procurement exercise, there is a risk of legal challenge. This has been mitigated through the commissioners being guided by legal and procurement advice throughout the process and by ensuring that all bidders received fair treatment with all bids being evaluated using consistent methodology.

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

12.4. There are not expected to be any Health and Safety implications.

13 **CONFIDENTIAL APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT.**

13.1. A. Organisation to whom it is recommended to award the contract

13.2. B. Evaluation of Integrated Service Bids.

13.3. C. Financial Implications.

14 **BACKGROUND PAPERS**

14.1. 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's Joint Strategic Framework for prevention of substance misuse & related harm 2017-2021 (LBM & MCCG).

ⁱ 2.15i - Successful completion of drug treatment - opiate users

2.15ii - Successful completion of drug treatment - non-opiate users

2.16 - People entering prison with substance dependence issues who are previously not known to community treatment

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