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Information relating to the financial or business affairs of any particular person (including the Authority holding that information).

Members and officers are advised not to disclose the contents of the appendix

Date: 23rd June 2022

Wards: All

Subject: Public Health Alcohol and Substance Misuse Contract Extension

Lead officer: John Morgan, Interim Director of Community and Housing.

Lead member: Councillor Peter McCabe, Cabinet Member for Adult Social Care and Public Health

Contact officer: Lance Douglas, Interim Head of Strategic Commissioning, Public Health.

Date of Report	23rd June 2022	
Department and Division	Community and Housing	
Interim Director of Community and Housing	John Morgan	
Cabinet Member for Adult Social Care and Public Health	Councillor Peter McCabe	
Contract manager	Lance Douglas, Interim Head of Strategic Commissioning, Public Health.	
Commercial Services lead contact	Nathan Brennan	
Authority	Chief Executive Officer and Director of Corporate Services	
Description of Services/Goods/Works	Adult Substance Misuse Service.	
Existing contracts	Alcohol & substance misuse	
	Start and end dates of existing contracts: 1 st April 2018-31 st March 2023	
Variation/extension	Length of envisaged extension/variation: 1 year	
	Estimated savings / value of cost avoidance over the life of new the variation/extension (if none, please state why): The proposed contract price will remain at existing prices leading to savings during the extension period as this would avoid provider price increases.	

	Value of extension/variation: £1,411,270 per year
Please provide the outcome of a credit check for the supplier, carried out within one month of the date on this report:	A credit check was undertaken on 17 th June 2022 on the existing provider, Westminster Drugs Project, and details can be found in appendix one (exempt information)

1. RECOMMENDATIONS

- 1.1. That the alcohol and substance misuse contract held by Westminster Drug Project is extended for a further 12 months from 1st April 2023 to 31st March 2024.
- 1.2. Approve the extension of this public health contract under Regulation 72 of the Public Contracts Regulations (PCR 2015) until 31st March 2024. This will allow the necessary time to consider a new service model, undertake stakeholder, service user and resident engagement and seek out any opportunities for integration.
- 1.3. The total cost of the extension for these services is £1,411,270, including a continuation of a variation on the substance misuse contract that was granted until March 2023.

2. EXECUTIVE SUMMARY AND PURPOSE OF REPORT

- 2.1. The existing adult alcohol and substance misuse contract held by Westminster Drug Project (WDP), commissioned by Public Health, is due to expire on 31st March 2023.
- 2.2. Due to Public Health's front-line role in the management of the COVID-19 pandemic and the reduced capacity of partners, commissioners and providers of substance misuse services it has not been possible to deliver the strategic commissioning work required in advance of the procurement exercise for this critical service. Due to additional investment in Substance Misuse services, linked to the publication of the Governments 10-year strategy, the market is in an uncertain position. Due to these reasons, we are now requesting a further 12 months extension to provide the time to deliver a Substance Misuse Needs Assessment, review the options for the service model, undertake stakeholder, service user and resident engagement, deliver on the local asks from the Government 10-year strategy and seek out any opportunities for integration building on additional investment.
- 2.3. There was provision within the original contract to extend the contract with WDP to March 2023 but not beyond that date. This proposed extension was considered and supported by the Community and Housing Operational Procurement Group, Community and Housing Departmental Management Team, Corporate Procurement Board and the Corporate Management Team. Agreement is now required by the Director of Corporate Services and the Chief Executive Officer.

3. DETAILS

- 3.1. Initially commissioned in 2018, WDP delivers an integrated substance misuse service that meets the complex needs of adults presenting with drug and alcohol misuse, including
- A range of evidence led interventions designed to reduce physical and psychological harms associated with drug and alcohol misuse. This includes health screening including HIV, hepatitis, and alcohol related liver disease and provision of needle exchange services and overdose training and response kits.
 - Care planning, including liaison with partners e.g. health, social care and housing to address unmet needs and assessment and referral for inpatient detoxification and residential rehabilitation if required.
 - Work with children and families to address parental substance misuse.
 - Partnership working with criminal justice partners by supporting court mandated treatment orders for drug and alcohol related offenders.
 - Targeted support for rough sleepers and street drinkers in addressing drug and alcohol use.
 - Joint working with mental health services to support adults with comorbid serious mental illness and substance misuse.
 - The provision of training to provider partners and community groups to support community capacity and resilience in response to drug and alcohol misuse.
- 3.2. The service consistently performs in the top quartile of treatment providers in England in terms of all performance and outcome indicators, including treatment completion and representation rates. The quality of the service was reflected by the findings of the Care Quality Commission (CQC) review in 2019 which gave the service an overall rating of Good, whilst rating its 'responsiveness' as outstanding. A service review, carried out by commissioners in 2021, prior to extending the contract reiterated the CQC findings whilst also noting the quality, effectiveness of the service and its recognition as a co-productive partner.
- 3.3. The service was initially planned to be re-procured during 2022, in line with the expiry of the existing contract, however this has not been possible due to the Public Health's front-line role in the management of the COVID-19 pandemic and the reduced capacity of partners, commissioners and providers of substance misuse services during this time.
- 3.4. The additional time requested from this extension is required in order to deliver the strategic commissioning work required in advance of the procurement exercise; including the refresh of the borough's strategic approach to alcohol and substance misuse led by the Substance Misuse Partnership Board, consider the options for a new service model and to undertake significant stakeholder, service user and resident engagement.
- 3.5. This engagement, funded by additional funding provided by the Office for Health Improvement and Disparities (OHID) will have a significant emphasis on engaging with the most vulnerable adults and will identify ways of engaging meaningfully with these service users, who often endure the worst outcomes including chronic ill health. The process of engagement will also seek to better understand risk and vulnerability and

how we can better work with servicer users to better support and enable them to understand and manage risk.

- 3.6. Pre-pandemic plans were to work towards the integration of a number of contracts across health and social care as part of a larger integrated community services contract. It is now the intention to proceed on the assumption that these contracts will not be integrated into a single large contract, but to proceed with procuring these contracts individually, whilst retaining the option to later integrate or align these services in the future.
- 3.7. In December 2021 the Government published its comprehensive and bold 10-year strategy “Harm to Hope: a 10-year drugs plan to cut crime and save lives”. This strategy is designed to reduce drug related crime and harm to individuals, families and the community. To support the delivery the strategy commits to a program of significant investment of £900m over the next three years.
- 3.8. The amount of this grant allocated to each borough is determined by the level of need and its impact on communities and individuals. Merton is identified as a low/medium need area compared to others e.g. Croydon or Lambeth and an ‘indicative’ additional funding allocation is as follows. This additional investment, subject to annual review, will be focused on both building capacity and service re-design to deliver to the government's required outcomes.

2022/23	2023/24	2024/25
£242,847	£247,820	£309,034

- 3.9. In addition to the additional investment, there is a requirement that local areas set-up multi-agency Combating Drugs Partnerships (CDP), to understand and address shared challenges related to drug related harm and develop a local drugs strategy delivery plan by the end of December 2022. Work is underway to review existing plans and governance arrangements.
- 3.10. The consequence of this, welcome, investment and focus on reducing drug (and alcohol) related harm is the likelihood that many boroughs will now focus on action planning and getting the model ‘right’ before procuring new contracts and many providers may focus on their delivery of existing contracts in the first instance, and may prioritise bidding for contracts in areas where there is significantly higher investment by OHID as opposed to bidding for contracts in low/medium need boroughs e.g. Merton where additional investment by OHID is lower.

Regulation 72 of the Public Contract Regulations (quoted below) and the table below show that a 12-month extension does not exceed 50% of the original contract value.

“(1) Contracts and framework agreements may be modified without a new procurement procedure in accordance with this Part in any of the following cases: —

[c.] where all the following conditions are fulfilled: —

- (i) the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen.
- (ii) the modification does not alter the overall nature of the contract.
- (iii) any increase in price does not exceed 50% of the value of the original contract or framework agreement.”

Contract name & current contract terms	Current provider & value of contract to March 2023	Performance assessment	Contract Value per annum	Current contract dates	Extension requested
Alcohol & substance misuse	Westminster Drugs Project (WDP)	Good	Initial term - £1.27m	01/04/2018 to 31/3/2021	12 months
3-year initial term with an option to increase initial term by 2 years.	£6.6m (Original contract value £6.35m)		Extended term - £1.411m	01/04/21 to 31/03/2023	

4. OPTIONS CONSIDERED

Option	Advantages	Disadvantages
<p>1. Do not extend or vary the contract</p>	<p>There are no advantages to not extending the contract.</p>	<p>Not enough time to engage all stakeholders and consider new service options or take account of changes to funding regimes e.g. additional investment by OHID.</p> <p>Both the tender process and possible change of service provider will destabilise the existing staff team and vulnerable service users.</p> <p>Anecdotal evidence suggests that in the 6 months leading up to a new provider starting, and in the first 3-6 months of transition 30-40% of existing staff will leave.</p> <p>This disrupts provision both in terms of relationships with service users and local partners at a time of additional need and uncertainty.</p>

Option	Advantages	Disadvantages
<p>2. Vary/extend the contract</p>	<p>It offers consistency of service to residents.</p> <p>Allows time to engage stakeholders, service users and residents and to consider alternative service models.</p> <p>It offers assurances to existing providers and key strategic partners that service continuity is being maintained at a challenging time.</p> <p>Would limit disruption to provision in a period where the wider market for substance misuse provision faces challenges, in both the number of potential procurements, and the recruitment of additional staff.</p> <p>LBM would continue setting prices in line with existing contract terms.</p>	<p>It only defers, rather than avoids disruption in workforce and partnerships.</p>
<p>3. Carry out a separate procurement for the goods, services or works before March 2023.</p>	<p>The potential to offer long-term contracts sooner to providers selected via the procurement process.</p>	<p>Current commissioning and procurement capacity could affect the quality of the procurement carried out.</p> <p>We do not know if retendering the service currently is likely to attract bids from providers with relevant skills to meet the needs of our customers.</p> <p>Missed opportunity to use a more collaborative approach with key stakeholders for service development and the improvement of outcomes.</p> <p>Reprocuring at this time would limit our ability to improve the service model.</p>

Although it is possible to conduct an expedited compliant procurement process for the contract using the existing specifications, due to the COVID-19 pandemic and requirements linked to the Governments 10-year plan, there is limited capacity of commissioning staff or providers to conduct a procurement exercise for this contract. Furthermore, the up-front strategic commissioning work e.g. substance misuse needs assessment, a review of the options for the service model, stakeholder, service user and resident engagement has not yet taken place.

We also expect some continued government investment into substance misuse services going forward, however the amount has not been confirmed by Government. Extending the contract for this service will allow the new funding to align with the timetable for partnership working managed through the refreshed Substance Misuse Partnership Board and the development of the Combating Drugs Partnership; giving us the opportunity to improve the service and outcomes for Merton residents. There will be a full options appraisal and detailed commissioning and procurement arrangements over the next 12 months with further reports to the OPG, DMT and Procurement Board where appropriate.

This contract will be re-procured and will be put in place by April 2024. A compliant procurement process will be developed, with support from Commercial Services, and there will be an opportunity for providers to bid for these services or continue to provide these services and so there is limited risk of challenge to the extension of this contracts.

The indicative timeline for the procurement of the alcohol and substance misuse contract is attached as Appendix 2.

Recommended option

Extension of the alcohol and substance misuse contract with WDP for one year.

5. RESOURCES

Financial

Contract	Budget 2021-22	Cost per Financial Year
	£	£
Alcohol & substance misuse	1,411,270	1,411,270

6. COMMENTS AND SIGN OFF

Department	Comments	Date	Signed
Commercial Services	Comments incorporated in report. A project timeline is to be developed for	04/04/22	Nathan Liburd

Department	Comments	Date	Signed
	implementation of the proposed new service models		
Service Financial Adviser	Funded by the Public Health Grant.	01/04/22	Lana Hamilton
Legal	<p>The Council's CSOs (Contract Standing Orders) 27 and Regulation 72 Public Contracts Regulations 2015 (PCRs) are relevant.</p> <p>CSO (Contract Standing Orders) 27.2 provides that contracts may be extended, if any such changes are provided for within the terms of the contract and /or allowed within the PCRs.</p> <p>Regulation 72(1) (c) PCRs provides that contracts may be modified without a new procurement procedure where (i)the need for the modification has been brought about by circumstances which a diligent contracting authority could not have foreseen. (ii)the modification does not alter the overall nature of the contract. (iii) any increase in price does not exceed 50% of the value of the original contract or framework agreement.</p> <p>The extensions recommended fall within this Regulation.</p> <p>Responsible Officers must be able to demonstrate that the extension will offer Value for Money to the Council and that the contract will continue to meet the Council's requirements.</p>	04/04/22	Sanura Lambert

Department	Comments	Date	Signed
	A notice of contract modification must be published on the FTS (Find a Tender Service) e-notification service and the Responsible Officer must ensure that the Corporate Contracts Register is updated accordingly.		
Departmental Operational Procurement Group	Agreed at OPG on 6/4/22	13/04/22	Keith Burns
Corporate Procurement Board	Agreed at PB on 19/4/22	19/04/22	

7. APPENDICES

Appendix 1 – Exempt Confidential Information

Appendix 2 - Substance Misuse procurement timeline

REPORT AUTHOR'S DETAILS:

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Department:	Public Health
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Appendix 1 – Exempt confidential information

Confidential.

Appendix 2 – Substance Misuse procurement timeline.

Milestone	Start date	Completion Date
Updated needs and Impact Assessment for Drug and Alcohol Misuse	February 2022	July 2022
Seek internal permission for extension of WDP contract to run until 31/3/2024	March 2022	June 2022
Working groups to review current response to priority areas to include: Treatment and Recovery, Complex and Vulnerable Adults, Children Young People and Families and Antisocial Behaviour and Crime	April 2022	Sept 2022
Stakeholder Consultation on strengths and priorities areas for improvement to include frontline staff and service users	July 2022	August 2022
Review of innovative good practice	June 2022	August 2022
Findings of review and preliminary recommendations to SMPB		September 2022
Market engagement/warming exercise		November 2022
Draft specification for review by SMPB	October 2022	November 2022
Final specification for service confirmed	January 2022	February 2023
Gateway 1 report for OPG and Procurement Board		February 2023
Publication of tender documentation		April 2023
Tender period closes		June 2023
Evaluation period		July 2023
Contract award		September 2023
Start of new contract		1 st April 2024