

CABINET

12 JULY 2011

REPORT OF THE CABINET MEMBER FOR HEALTH AND ADULT SERVICES

Title: Permission to Tender for Tier 2 Gateway Service	For Decision
Summary: This report relates to the provision of drug treatment services for those residents who seek to become drug free. It describes the current service provision, how the services are to be redesigned and seeks Cabinet permission to proceed to procurement. All residents wanting to access drug treatment in the borough come through the open access Gateway Service and are given the necessary support or are referred on to other specialist services to become drug free. The current contract for Gateway Services was awarded for three years from 1 st April 2009, with a further option to extend for one year, subject to satisfactory service provision. The current annual contract value is £482,900. In addition two other services that could become part of the Gateway Service are currently delivered separately. This report therefore seeks approval for the integration and alignment of these services into the Gateway Service and to re-tender as one co-ordinated service. The other services are: (1) Pharmacy Based Needle Exchange Scheme This service is currently co-ordinated by one pharmacy and provided by 11 pharmacies across the borough. The current value of this contract is £50,000 per annum. (2) Arrest Referral Service This scheme is currently provided by the Council who employ 3 Enhanced Drug Workers who operate out of Police Custody Suites and Barking Magistrates Court. The current cost of this provision is £120,000 per annum. The contract value of the redesigned service will be approximately £580,000 per annum. This would bring a potential saving of £73,000 over the current expenditure on the same services. Wards Affected: ALL	
Recommendation(s) The Cabinet is recommended to: <ol style="list-style-type: none">1. Agree to the procurement of an Integrated Tier 2 Gateway Drug Treatment Service to include static and pharmacy based Borough Needle Exchange Services, an Outreach Service, an Arrest Referral Service and Single Point of Contact (SPoC) Service for offenders in prison, in accordance with the procurement strategy set out in this report.2. Confirm whether it wishes to be further informed or consulted on the progress of the procurement and/or award of the proposed contract, or if it is content for the Corporate Director of Adult and Community Services, in consultation with the Section 151 Officer to monitor progress of the procurement, and to award the contract upon conclusion of the procurement process.	

Reason(s)

To assist the Council in achieving its Community Priorities of “Improving Health, Housing and Social Care”. These services also support the Community priorities of creating a Borough that is “safe”, “fair and respectful”, “prosperous” and “inspired and successful”.

Comments of the Chief Financial Officer

The overall value of the new contract is estimated to be in the region of £580,000 per annum and the service anticipates savings of circa £73,000 per annum by aligning the 3 services together. All options for any residual gain will be investigated when materialised.

The re-tendering of this new service, aligning the Integrated Tier 2 Gateway Drug Treatment Service, pharmacy based Borough Needle Exchange Services, and Arrest Referral Service will be funded from existing funds from the Department of Health’s Pooled Treatment Budget (PTB), the Home Office and Department of Health funded Drug Intervention Programme (DIP), NHS Barking & Dagenham, and the Council (via Adult and Community Services core funding).

It should be borne in mind that the NHS is in considerable flux and both the NHS Barking & Dagenham and Pooled Treatment Budget currently carry some uncertainty in future years as decisions are made about the new Public Health Grant and about core NHS commissioning. Members will be aware of the Council’s concerns on this point. However, I am satisfied that the proposal provides the appropriate leeway for the Council to amend the contract values according to fluctuations in external sources of funding.

Legal Comments

This report is seeking Cabinet’s approval to remodel and tender for a single contract for the provision of Gateway and other related services as described in the report. The services are currently provided across the borough via two separate contracts and one in-house service. It is proposed to consolidate the services under one contract.

The report states that remodelling the current service provision strategy will improve the service, and achieve better value for money for the Council.

The aggregate value of the contracts will exceed the EU threshold for services. However the services to be procured are classified as “Part B” services under the Public Contracts Regulations 2006 (the “Regulations”), therefore the full rigour of the Regulations will not apply to the proposed (re)procurement of the contracts.

The above notwithstanding, the Council still has a legal obligation to comply with the EU Treaty principles of equal treatment of bidders, non-discrimination, and transparency in procuring the contracts. Under the Regulations, a contract award notice is also required to be published in the Official Journal of the EU upon selection of a service provider.

Furthermore, the Council’s Contract Rule 3.6 requires the strategy for the procurement of contracts of above £400K in value to be submitted to Cabinet for approval prior to procurement of such contracts. The proposed procurement strategy is set out in this report and appears to comply with the EU Treaty principles of equal treatment of bidders, non-discrimination, and transparency.

In making their decision whether to approve the recommendations or not, Members need to be satisfied that the proposed strategy not only complies with the legal requirements, but that it also meets the Council’s objectives as set out in its community strategy and that the proposed contract structure (single supplier of the all the three services across the borough)

will deliver value for money as well as the savings identified in the report.

The report, in accordance with Contract Rule 3.6.4, is also requesting Cabinet to confirm whether it wishes to be further informed or consulted on the progress of the procurement and/or award of the proposed contract, or if it is content for the Corporate Director of Adult and Community Services to award the contract upon conclusion of the procurement process.

Contract Rule 13.3 provides delegated authority to the commissioning Chief Officer, in consultation with the Chief Financial Officer (Section 151 Officer), to award contracts upon conclusion of the procurement process where the value of a contract is in excess of £50,000

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1. Background

- 1.1 The Adult and Community Services Department, together with NHS Barking & Dagenham jointly fund the provision of drug treatment in the borough. The treatment system is funded from a combination of central government grant funding, local authority core funding and local NHS funding.
- 1.2 All residents wanting to access drug treatment in the borough come through an open access Gateway Service for an initial assessment (known as triage) and are given the necessary support or referred on to other specialist services to become drug free, move away from criminal activity, be supported into secure accommodation and helped into employment, training and education. This is known as a Tier 2 Service. Access to shower and laundry facilities is also available at The Gateway. In addition other professional groups run satellite clinics from the premises to meet service user needs. Outreach Services are provided to engage the hard to reach; those who have dropped out of treatment and meet prison leavers on release from prison. The Gateway acts as the Single Point of Contact (SPoC) and provides access to a Prison Link Worker in order that substance misusing offenders can access service upon release from prison and break the revolving door of criminal activity and substance misuse.
- 1.3 In 2009/10 2,032 individuals accessed drug treatment services in the borough with 1,381 of them being new presentations through the Gateway Service. 289 of those individuals had a mental health diagnosis whilst in drug treatment and 355 people accepted Hepatitis B vaccinations. In 2010/11 854 individuals were referred to the Tier 2 Gateway Service for assessments for drug treatment.
- 1.4 The current provider of the service was awarded a contract to deliver the service for 3 years from 1 April 2009, with a further option to extend for 1 year. There are some concerns about current performance and activity and this has been subject to

robust contract monitoring through commissioners. Therefore it is not recommended that the contract be extended for the additional year. At the same time this gives the opportunity to integrate two additional services into the contract to provide economies of scale, efficiency and cost savings. These services are currently provided independently of the Gateway Service

- 1.5 The Gateway provides a static Needle Exchange Service. A Pharmacy Needle Exchange Scheme also operates in the Borough. It is currently being provided by 11 pharmacies across the borough. This is coordinated by one pharmacist who oversees performance and payments. In 2010/11 there were over 30,000 needles and syringes given out through the Pharmacy Needle Exchanges and Gateway Needle Exchange to over an estimated 200 individual Injecting Drug Users in the Borough. Previous Needs Assessments have highlighted the lack of data integrity coming from the Pharmacy Needle Exchange Scheme and lack of referrals from pharmacists of injecting drug users into drug treatment. This service needs to go to public tender as stipulated by the Council's Contract Rules and EU requirements for the procurement of services.
- 1.6 The Arrest Referral Scheme employs three Enhanced Drug Workers who operate out of police custody suites and Barking Magistrates Court. They provide assessments of those individuals arrested for acquisitive crime and assess service users for Drug Rehabilitation Requirements. From March 2009 until February 2010 216 individuals were referred into drug treatment via the scheme and of these 50 people were given a Drug Rehabilitation Order by the Courts. The service is currently funded from Drug Interventions Programme (DIP) Funding provided through the Department of Health and the Home Office. The service is currently provided through the Council's Substance Misuse Team.

2 Proposal

- 2.1 The Tier 2 Gateway contract expiry date is 31 March 2012, as is the current contract for the Needle Exchange Service. There is no contract for the Arrest Referral Scheme as it is delivered in house. It is therefore proposed to integrate these three services into a single contract which will be procured in a two stage process in compliance with EU rules.
- 2.2 Bringing both services within the Gateway Contract will enable improved activity and performance and align service provision to improve access and greater outcomes for drug using offenders. A value for money exercise will also take place and contract prices will be reviewed in order to deliver economical service provision and deliver cost savings to the Community Safety Partnership. It is estimated that the overall value of the new consolidated contract will be in the region of £580,000, resulting in a saving of around £73,000.
- 2.3 The procurement of the service will achieve improved outcomes for residents accessing drug treatment. This will include an increase in service users fully recovering from substance misuse problems as stipulated in the Government's Drug Strategy. Future government funding of drug treatment services will be linked to this outcome. Other outcomes to be sought through this contract will include: an increase in the number of service users who return to or start employment, education or training; a reduction in substance misuse hospital admissions and a decrease in acquisitive crime amongst drug using offenders.
- 2.4 Under the Public Contract Regulations 2006, Health and Social Care services such as those intended to be procured under this contract are regarded as Part B services and as such are not subject the full EU procurement regime.
- 2.5 The first stage of the process will be to invite expressions of interest requiring the completion of a pre-qualification questionnaire which will be assessed against the

responses given. This will result in a shortlist of up to six preferred providers being invited to tender.

- 2.6 Officers are currently drafting the tender specification based on best practice models provided by The National Treatment Agency for Substance Misuse.
- 2.7 The evaluation of tender submissions will be based on a quality cost matrix of 70/30 with weightings to be as follows:

Staffing & Personnel related issues	(10)
Partnership Working and Information	
Sharing to Achieve Effective Outcomes	(10)
Safeguarding	(5)
Service Delivery	(25)
Presentation	(5)
Interview	(15)
Cost / Pricing Schedule	(30)

- 2.8 Tenderers will be advised of these weightings beforehand. This will enable a fair and even handed approach to be taken. Prior to award of the contract an evaluation of the price will be carried out to ensure that provider organisations tendering for the integrated contract provide fair and competitive prices that are consistent with the service specification and the services required to be delivered.
- 2.9 In addition tenders will be designed to ensure compliance with grant funding conditions from all agencies. Statutory requirements mandate that a range of drug treatment options are available within Barking and Dagenham for its residents. The provision of the tendered services will deliver against statutory requirements under the Drugs Act 2005.
- 2.10 **Expected Outline Timetable for Integrated Tier 2 Gateway Service** (all dates are provisional and subject to change)

Action	Date
Cabinet Approval	12 th July 2011
Advertise	26 th July 2010
Expressions of interest to be returned	6 th September 2011
Evaluate returns	16 th September 2011
Invitation to Tender to be sent out	27 th September 2011
Tenders to be returned	25 th October 2011
Interviews to be conducted	15 th November 2011
Approval from Chief Officers and 10 day standstill period	29 th November 2011
Contract Award	13 th December 2011

- 2.11 Contracts will be awarded to the successful provider/s for a period of three years with an option to extend for further period(s) of up to two years dependent upon satisfactory performance and availability of funding. The total contract value for the Integrated Tier 2 Gateway Service over a five year period is £2,900,000. If the contract is not extended beyond the initial three years period, then the total contract price over the three years is expected to be approximately £1,740,000.

3. Financial Issues

- 3.1 Funding for these contracts is currently provided by the Department of Health's Pooled Treatment Budget (PTB), the Home Office and Department of Health's Drug Intervention Programme (DIP), NHS Barking & Dagenham, and the Council via Adult and Community Services core funding. Allocations are as shown below.

Service	Value	Source
Gateway Tier 2 and Community Outreach	£246,319	PTB
	£100,681	Council - ACS
	£96,000	DIP
	£39,900	NHS B&D
	£482,900	
Pharmacy Needle Exchange Scheme	£50,000	PTB
Arrest Referral Scheme	£120,000	DIP
	£652,900	

- 3.2 It is estimated that the overall contract value of the new contract will be in the region of £580,000 per annum resulting in estimated savings of £73,000 by aligning all three services together. This will result in estimated cost savings in the region of £219,000 over the lifetime of the contract (3 Years).
- 3.3 It should be noted that the Department of Health has only guaranteed that the Pooled Treatment Budget will come to the Partnership and remain ring-fenced for drug treatment up until 2011/12. From 2013/14, the Council will be awarded a Public Health Grant, ringfenced for the purposes related to public health activity as specified in regulations, and this is currently expected to include the substance misuse funding received through the Pooled Treatment Budget. This accompanies the merging of the National Treatment Agency for Substance Misuse into Public Health England. This leaves a year - 2012/13 - for which we will have a 'shadow' public health budget allocation and we would reasonably expect that the contents of this budget be honoured by local health commissioners as they prepare for this funding to be formally transferred to the local authority in the following year. The formula for allocating the budget is taking account of current investment in services. Nonetheless, these changes may have a consequent effect on services and the guarantee and certainties of funding cannot be absolute in the current economic climate.
- 3.4 North East London NHS Cluster (ONEL) which supports NHS Barking & Dagenham have agreed that they will continue to work in partnership with the Council to deliver Substance Misuse Treatment services. Confirmation has now been received in writing from ONEL that the cost of drug and alcohol treatment services for 2011/12 will be met. Consultation is underway regarding the level of funding for the duration of the contract with effect from 1st April 2012. Should the appropriate level of funding not be secured from ONEL then the approach to the commissioning of treatment services will have to be revised in terms of any actual contract to be agreed. Accordingly, the contract for the new service will contain break clauses enabling notice to be served at any time should existing funding streams cease or be reduced.

4. Legal Issues

- 4.1 The legal implications have been identified in the Legal Comments section above.

5. Other Implications

Risk Management

- 5.1 Risks associated with the procurement process will be mitigated by ensuring that officers follow Corporate and EU rules and processes in commissioning this service. The support of the Council's Strategic Partner, Elevate, will also be used to ensure the process is followed correctly and in a timely manner.
- 5.2 All potential providers will be assessed for financial viability before progressing to the tender stage. The entire procurement process and the 70:30 balance between quality and price in the evaluation of tenders is designed to ensure that only competent providers progress to the final stage.
- 5.3 Once the new service is in place it will be managed through formal quarterly performance and contract monitoring meetings and ongoing service improvement audits, service user and professional's consultation and informal reviews by Adult and Community Services and the Community Safety Partnership.
- 5.4 As noted above, contracts will allow for the Council to serve notice or amend them at any time should external funding sources be withdrawn.

Contractual Issues

- 5.5 The current contract (Tier 2 Gateway Services and Assertive Detached Community Outreach) contract expires on 31 March 2012 and the proposal that it is not extended, due to performance issues and to allow for the integration and alignment of all Tier 2 services is the subject of this report.
- 5.6 The current Pharmacy Needle Exchange Scheme contract expires on 31 March 2012. This service should be subject to the Council and EU Procurement Rules and as such should be incorporated within a fair competitive tendering process. Aligning the scheme with the static Tier 2 Needle Exchange will also enable improved monitoring processes, performance and provide greater management accountability for this element of the service.
- 5.7 A timescale has been set and is being followed to ensure the procurement of the new service is completed in time for the new service to start on 1 April 2012.

Staffing Issues

- 5.8 There are TUPE implications for the three Enhanced Drug Workers who are employed as Council staff. Officers will advise and consult with the Council staff affected.
- 5.9 As the commissioner, the Council will also facilitate any TUPE discussions between the existing provider and any new provider should a change of provider occur. However, the risks of staff redundancy sit with the commissioned organisation that provides the service and not with the Council.

Customer Impact

- 5.10 There are a range of drug and alcohol treatment services available to all residents of the borough. The Tier 2 Gateway Services that will include Needle exchanges, Drop-ins, Outreach, SPoC, Prison Link and Arrest Referral Scheme are an integral

and essential part of the borough drug treatment system. There are approximately 800 people in drug treatment over the course of a year. The removal of these essential services would impact on the ability to provide necessary frontline drug treatment services to meet the needs of residents. The alignment of Tier 2 service provision and integration and delivery of these services will enable improved access to treatment for new clients and improved outcomes for those currently accessing drug treatment services. The tendering of this service has been informed by the annual needs assessment process and is in line with the needs of the Barking and Dagenham drug using population. The need to provide drug treatment services has been subject to extensive consultation, with the benefit of input from all local partners, key agencies and professional groups.

- 5.11 The Equality Impact Assessment undertaken by the Drug and Alcohol Action Team found that the main areas for improving services were in relation to providing equitable and fair access to and for marginalised groups. This knowledge will directly inform the tender process.
- 5.12 There are a number of improvements for inclusion within the tenders that are expected to have positive customer impacts. These are:
- Extension of current opening hours.
 - Increased opportunities for improved outcomes for those accessing treatment to improve health, wellbeing and safety.
 - Drug Treatment Organisations to set up drug treatment satellite services within community, voluntary and religious organisations to ensure that access is fair and equitable for all residents.
 - In line with the National Drugs Strategy to enable individuals to fully recover from Substance Misuse and associated problems and to gain the maximum opportunities from drug treatment.

Safeguarding Children

- 5.13 Although these services will be provided primarily for adults, under the “Think Family” agenda, drug treatment services and Family Intervention Services will be working more closely and in partnership to safeguard children and improve their wellbeing. In 2009/10 there were a total of 262 drug and alcohol users accessing drug and alcohol treatment who had children residing with them. There were a further 221 drug and or alcohol users who either had children in care or living with another family member or partner. In 2009/10 there were 27 pregnant drug and or alcohol users receiving drug and or alcohol treatment. The withdrawal of these services would have an impact on the parenting capacity of these individuals in drug treatment. Substance misusing parents can affect children and young people greatly in all areas of learning, development and health. Access to drug treatment for parents who have problems with drugs can help improve the wellbeing of their children and also safeguard them against potential harm. All tendered services will have to demonstrate how they will work with the substance misuser’s family in a holistic manner under the ‘Think Family approach’.

Health Issues

- 5.14 Residents with recreational and problematic drug use experience a multitude of both physical and mental health issues. The withdrawal of these services would have a significant health and wellbeing impact on residents requiring these services as well as the wider local community as a whole. From April 2009 until March 2010 there were a total 2,032 individuals accessing the drug treatment services in the borough with 1,381 of them being new presentations to the services. There were 289 individuals with a mental health diagnosis whilst in drug treatment during

2009/10 and 355 people that accepted Hepatitis B vaccinations at these services. Without these two services all these individuals would be at risk.

Crime and Disorder Issues

- 5.15 Section 17 of the Crime and Disorder Act 1998 requires local authorities to integrate consideration of crime and disorder issues into all their functions and corporate thinking. The Act was revised in 2006 and a new provision was made under Section 17, which directly relates to the harm caused by drug and alcohol misuse. Research indicates that effective treatment and aftercare is a key component in the rehabilitation of drug using offenders. The provision of these services contributes to the reduction of crime and community safety amongst adults with substance misuse needs who maybe committing acquisitive crime to fund their illicit drug dependency.
- 5.16 Without these services being in place, the Drug Interventions Project would suffer a marked reduction in the achievement of targets and would be unable to deliver against statutory requirements. Those offenders who would be involved in the scheme would also be at risk of not being engaged with at such an early opportunity, which may lead to re-offending. In addition the Priority & Prolific Offenders (PPO's) scheme benefits directly from these services; there were 23 PPO's accessing drug treatment in 2009/10. The Gateway Service is integral to the success of people leaving prison, the Arrest Referral Scheme and The Single Point of Contact which forms part of the Drug Interventions Project (DIP).

6. Options appraisal

- 6.1 Do nothing/disinvest in drug treatment services – if the contract is not re-tendered these services will cease and customer needs will not be met. The withdrawal of these core substance misuse treatment services would result in the loss of a significant number of service users accessing drug treatment, at a time when the Community Safety Partnership needs to show better outcomes for people entering drug and alcohol treatment. Future funding for drug treatment will be determined by the extent to which the local partnership is successful in achieving drug free outcomes for residents. Therefore the consequences will be a reduction in central government funding for these services. Not having these services will accordingly impact beyond individual drug users themselves and into the local community. Statutory requirements stipulate that a range of drug treatment options and interventions are made available within Barking and Dagenham for its residents.
- 6.2 Maintain the status quo – The two contracts could be re-tendered with their current specifications and arrangements. The value of both contracts would remain the same. This option would not provide any efficiencies and the Council's ability to develop any capacity into the drug treatment system would also be undermined which could have further impacts on crime rates and the health of local residents. There would also need to be two procurement exercises – one for the Gateway Service and the other for the Pharmacy Needle Exchange – which would have an impact on staff resources.
- 6.3 Re-tender with an integrated and revised specification. This option will enable significant cost savings in the region of £73,000 per annum. It will enable the improvement of the provision of services to meet customer needs and increase the capacity within these services. The re-tendering will enable improvements to the health and well-being of residents who experience substance misuse problems and their families. Based on existing levels of activity these services will assist over 2562 residents throughout the life of the contract to lead healthier alcohol/drug-free

lifestyles and increase their opportunities to make a positive contribution to the borough and society as a whole.

6.4 The third option is recommended for the reason's outlined in this report.

7. Background Papers Used in the Preparation of the Report:

Barking & Dagenham Adult Substance Misuse Treatment Plan 2011/12

Barking & Dagenham Drug Treatment Needs Assessment 2010/11

Models of Care update (2006): Published by the National Treatment Agency

DRUG STRATEGY 2010: Reducing Demand, Restricting Supply, Building Recovery: Supporting People to Live a Drug Free Life: HM Government.

Building Recovery in Communities (2011): Consultation - Published by the National Treatment Agency.

8 List of appendices:

None