

# HEALTH AND WELLBEING BOARD

9 SEPTEMBER 2014

<b>Title: Contract: Re-procurement of Drug Treatment and Prescription Services</b>	
<b>Report of the Corporate Director of Adult and Community Services</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All Wards	<b>Key Decision:</b> Yes
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<b>Sponsor:</b> Anne Bristow, Corporate Director Adult and Community Services	
<b>Summary:</b> <p>Barking and Dagenham Council currently has provision in place for drug treatment services which are on a three year contractual basis, two of which expire in March 2015.</p> <p>The Gateway Service is an open access service which is the main entry for drug treatment. The service is free to residents of Barking and Dagenham who have issues with drug use. The service can provide advice and information as well as referral to more intensive drug treatment. The Gateway service also provides treatment for Class A drug use for those individuals involved in the Criminal Justice System. This part of the service is also known as the Drug Intervention Programme (DIP).</p> <p>The Recovery Service is a prescribing service for Barking and Dagenham residents who require substitute medication for heroin. The total cost for these two services is approximately £1.262m per annum.</p>	
<b>Recommendation(s)</b> The Health and Wellbeing Board is recommended to:	
(i) Agree that the Council proceeds with the re-procurement of the Gateway Service as set out in the report;	
(ii) Agree that the Council proceeds with the re-procurement of the Recovery Service as set out in the report;	
(iii) Delegate authority to the Corporate Director of Adult and Community Services to conduct the procurement in accordance with the procurement strategy set out in this report, and award the contract, in consultation with the Chief Finance Officer and the Head of Legal and Democratic Services, to the successful bidders.	

## **Reason(s)**

The reprocurement of the two services will support the Barking and Dagenham Community Strategy in the following areas :

- a) Maximise growth opportunities and increase the household income of Borough residents through use of local businesses to provide the service;
- b) Create thriving communities by minimising impacts of drug addiction, use and misuse, and subsequent crime and antisocial behaviour.

## **1. Introduction and Background**

- 1.1 Barking and Dagenham has a range of services in place for the needs of service users with drug and substance misuse problems. The Gateway and the Recovery service are two of the drug treatment services in the Borough and their contracts come to an end in March 2015. In 2013/14, 500 people accessed the Gateway Service, and 400 people accessed the Recovery Service, with some overlap between the two and a total of 831 individuals accessed the services.
- 1.2 The Gateway and the Recovery service are currently managed by the Crime Reduction Service. Both services are run from the Red Lion premises in George Street, Barking. The services are free for Barking and Dagenham residents to access. Residents who live out of Borough who try to access the service are signposted and re-directed to appropriate services in other Boroughs. The Gateway is the initial entry point in to the treatment system for most drug and alcohol users. It serves as a support in to treatment, referral pathway management and for exit strategy. The Recovery Service delivers a specific element of the National Framework for drug treatment, namely prescribing of substitute medication.

### **The Gateway Service**

- 1.3 The Gateway Service is available to residents who require advice and information or treatment for drug misuse. Access to this service can be via self referral, GP, hospital or referral from the Criminal Justice System. Service users can get support with housing issues such as rent arrears and help with claiming benefits as well as support for their drug use. For those individuals requiring more intensive treatment such as counselling and group-work there are services that they can be referred to that have that provision.
- 1.4 The Criminal Justice aspect to the service is also known as the Drug Intervention Programme (DIP). The service works with those individuals who commit crimes in order to supplement their Class A (cocaine and heroin) drug use. There are drug workers in police custody who assess and refer offenders who have drug issues to the Gateway (DIP) service. Since January 2013, Police have been drug testing individuals for Class A (cocaine or heroin) if they suspect that they are drug users or that their offence is linked to drug use. If an offender tests positive for Class A drugs they are required to undergo an assessment and attend one appointment at the Gateway service. If they fail to comply they can be charged and sentenced. The DIP service also work with Drug Rehabilitation Requirement (DRR) clients. These individuals have been given a community sentence from the court that require them

to attend drug treatment. If the individual fails to comply or attend any appointment they can be referred back to court for re-sentencing.

- 1.5 In addition to providing drug treatment, service users also address their offending behaviour and the links to drug misuse through the Gateway Service. Service users look at the reasons why they offend and the barriers that prevent them from reducing or stopping offending. Addressing offending behaviour in keywork sessions is imperative to success, as many individuals in this cohort have spent many years committing crime.
- 1.6 Under the Crime and Disorder Act 1998, local authorities have a statutory obligation to have a strategy for reducing crime and disorder, combating the use and misuse of drugs, alcohol and other substances. As such, the Gateway Service is central to the response of the local authority to the Crime and Disorder Act.
- 1.7 The current contract for the Gateway Service began on 1 April 2012 and expires on 31 March 2015. The contract is funded from the Public Health Grant, as well as other local authority monies and funding from the Mayor's Office for Policing and Crime (MOPAC). The value of the contract in the last financial year was £593,241 and the estimated spend over the contractual period has been approximately £1.8million. The MOPAC element of the funding is £98k per annum and is available until end of 16/17.

### **The Recovery Service**

- 1.8 The Recovery Service is available to residents of Barking and Dagenham who require substitute prescribing for heroin (such as Methadone or Buprenorphine – also known as Subutex). Referrals to this service are predominately from the Gateway Service, although referrals can come from prison establishments for those individuals on substitute medication who have been incarcerated and who are due for release back into the community.
- 1.9 People within this service receive this treatment as part of a combined service including key working, counselling, and other interventions with the outcome of cessation of use of controlled substances and substitutes.
- 1.10 Delivery of this service aligns to Council objectives and its strategies to reduce crime and improve the well being of the Borough, and fulfils the statutory obligations specified in The Controlled Drugs (Supervision of Management and Use) Regulations 2013.
- 1.11 This service is also offered in an equitable, near-identical manner in all neighbouring boroughs and failure to provide the service exposes the Council to potential risk around recidivism, relapse, and potential health risks around safe administration of controlled substances. In addition, the Council is at risk of litigation around not fulfilling duties of care.
- 1.12 The current contract for the Recovery Service was established on 4 May 2011 and expires on 3 May 2015. The value of the contract in the last financial year was £638,944 and the estimated spend over the contractual period has been approximately £1.97million. The contract is funded from Public Health Grant.

## **2. Proposed Procurement Strategy**

- 2.1 The proposal is for the Health & Wellbeing Board to delegate authority to the Corporate Director of Adult and Community Services, in consultation with the Chief Finance Officer and Head of Legal & Democratic Services, to reprocure the services described above and award contracts for provision in line with regulations, legislation, Council Rules, and best practice.
- 2.2 It is proposed that the services can be bid for separately or together, resulting in a two year contract with two 12 month extension options up to a maximum of four years. The service model and specification will be reviewed prior to tender issue. Providers will be requested in their tender response to propose how to best deliver the services with room for innovation.
- 2.3 In order to ensure the most attractive commercial outcome for the Council, it is proposed to ask capable suppliers to submit proposals for delivery of the requirement based on quality and cost. As part of the response, suppliers will be tasked to propose how to best meet the minimum requirements of the statutory obligations whilst minimising the incidences of relapses, recidivism, and anti social behaviour.
- 2.4 The total contract value for the reprocurement of the Gateway and Recovery Service is estimated to be circa £5m based on previous spend.
- i) With an annual spend of circa £593,241 for Gateway Services, the estimated spend for a four year contract period would be £2,372,964.
  - ii) With an annual spend of circa £638,944 for Recovery Services, the estimated spend for a four year contract period would be £2,555,776.
  - iii) The total annual spend would be circa £1.232m
  - iv) The total four year spend would be circa £4.92m
- With a consolidation and streamlining of the service, it is anticipated that some cost reductions can be achieved of circa 10%.
- 2.5 It should be noted that given the uncertainty over the future of the Public Health Grant, if the decision is taken to procure services over a four year period, the contracts will need to contain appropriate break clauses if Public Health funding ceases.
- 2.6 It is envisaged that this will be a single stage procurement process in compliance with the Council's Contract Rules for requirements. Suppliers will be asked to provide proposals which will detail both:
- i) the costs of providing the service and the cost model (i.e. payment by results, or payment by patient, dependent upon a

market analysis of what is most likely to deliver best value for money) in an innovative value-for-money way and;

- ii) the service proposal that will detail how the service will be delivered in terms of, but not limited to, provision of the service, controls and risk assessments, customer experience, checks and balances, outcomes, treatment options and measurement of success (i.e reduce number of relapse episodes, duration of dependency), control of substances and substitutes, outcomes, reporting, controls, responsiveness, added value and other factors. Bidders will be requested to submit proposals on how to streamline the service whilst fulfilling the statutory obligations, and how to ensure the service is equable to similar peer local authorities and bodies. This could include looking at operating the service only within 'office' hours, or an out-of-hours service at selected locations that would have been open anyway, or other innovative service proposals that may be successful in other boroughs.

2.7 The expected outcomes for the reprocurement process is as follows:

- Compliant and best practice Contractual Arrangements that remove risk of challenge and reputational damage through using standard Terms & Conditions and regulating performance to minimize risk
- Clear set of controls and restrictions for usage to prevent abuse
- Potentially generate efficiencies and / or reduce costs through recompetition of service
- Potential additional reporting opportunities
- Delivery of the service will reduce on-costs to Council by £2.50 per £1 invested

2.8 The proposed split for the criteria against which the contracts will be awarded will be quality (50%) and price (50%). However, both areas will have a minimum acceptable threshold, meaning an acceptable price and minimum quality standard to ensure a good balance is achieved between quality and price. The minimum quality standard threshold will be ensured to determine that providers can demonstrably meet our requirements.

### **Proposed Timetable**

2.9 Currently it is thought that the following timetable will be adhered to during the Procurement exercise:

- Health & Well Being Board Approval – 09 September 2014
- Tender Issue – 07<sup>th</sup> November 2014 (latest date)
- Tender Return – 07<sup>th</sup> December 2014
- Tender Evaluation – 07 December 2014 - 31<sup>st</sup> January 2015

- HWB Approval to award – 10 Feb 2015 (if applicable)
- Award and Mobilise – 01 March 2015
- Start – 01 April 2015

2.10 Tender evaluation (qualitative and financial) would require a paper-based compliance, marking and financial assessment, as well as a set of interviews with potential suppliers and possible site visits. Evaluation would take a period of approximately four weeks, and require allocation of resource from internal clients to ensure the most appropriate informed individuals contribute to the decision making process.

2.11 Please note that these timescales rely on availability of internal resources and ability to balance to the existing workload with this Procurement.

### 3. Options Appraisal

3.1 Continue Existing Arrangement: *This is not recommended*. The existing arrangements have been in place for three years old and there is now an opportunity to improve the service and reduce costs There is an option to extend the Gateway Service by a further two years to 2017, and the 12 month option to extend the Referral Service expires 31<sup>st</sup> March 2015 with no further extension options. The extension options could be taken up as service is currently being delivered to a satisfactory level, however as the Recovery Service cannot be extended, and the Recovery and Gateway Services serve common purposes and objectives within the borough with an overlap of suppliers, there is an opportunity to reprocure both elements at the same time which could yield efficiencies, service improvements, and reduce costs.

3.2 Utilise Existing Framework: None are available for the Borough due to the limited geographical nature of delivery.

3.4 New Procurement Exercise: *Recommended*. This will require a full tender process that is compliant with the requirements of the Council Contract Rules and EU Regulations at the time of commencement. This is the most practical route to take, as both services will require reprocurement and to do so together will reduce the overall workload and harness economies of scale as well as yield benefits sooner rather than later. There are a number of potential options and the recommended route is the Open Process : the ITT will be designed so suppliers will be required to meet minimum qualitative thresholds that meet the legal obligations, statutory requirements, and aims of LBB. Using the Open Process will reduce the minimum timescales to complete the requirement. As there is an opportunity to do so - and suppliers and services are similar and compliment each other across both services - it is expedient to compete both requirements as separate lots simultaneously.

3.5 Cessation of Service: *This is not recommended*. Cessation of this service would be contrary to the Council Objectives and its strategies to reduce crime and improve the well being of the Borough, and in breach of statutory obligations as specified in The Controlled Drugs (Supervision of Management and Use) Regulations 2013. The consequential effects of failure to provide this service would result in failure to reduce, and likely increase in, use of drugs, and criminal / antisocial activities related to their use, such as burglary, theft and violence.

### **3 Consultation**

- 3.1 Consultation with key internal clients was conducted in May-July 2014 with a number of key internal stakeholders including the Drug Strategy Manager, Group Manager, Community Safety and Offender Management, Divisional Director Commissioning and Partnerships, Corporate Director of Adult and Community Services and the Procurement Board. Consultation with service users takes place as part of the overarching drug and alcohol needs assessment for the borough. Service users will be involved with the commissioning and procurement of these services, as in previous commissions.

### **4 Mandatory Implications**

#### **4.1 Joint Strategic Needs Assessment**

Drug and alcohol use is highlighted in the Joint Strategic Needs Assessment (JSNA) and Crime and Disorder Strategic Assessment. Compared to the rest of London, Barking and Dagenham does not have an especially high drug use. However, to address health inequalities in the borough and to protect residents from the harm associated with drug and alcohol use, services should be configured to ensure that they meet the needs of this vulnerable population, as outlined in these documents.

#### **4.2 Health and Wellbeing Strategy**

Securing a service for this population fits in with theme 1(Prevention) in the Health and Wellbeing Strategy and priority 3 to “increase the number of people with problematic drug or alcohol use accessing support services through improving referral pathways, raising awareness of services and improving quality and retention of service users”. The refresh of the strategy will also need to include actions for drug users in order to address the health inequalities they face.

#### **4.3 Integration**

There are no direct implications, although following the reprocurement process Providers will need to ensure that they work effectively with Partners to ensure a seamless transition, particularly through the treatment system.

#### **4.4 Financial Implications**

Implications completed by: Roger Hampson Group Manager Finance, Adult and Community Services

This report proposes the reprocurement of Drug Treatment and Prescription Services within the current contractual budget.

The contract period would be from April 2015 to March 2017, with a possible extension to March 2019 and a contract value over the potential four years of approximately £5m.

These services are currently funded by ring fenced Public Health Grant. It has been confirmed that the grant will continue for 2015/16, but the amount available has yet to be announced. Given the uncertainty over the future of the grant, and if the decision is taken to procure services over a four year period, the contracts will need to contain appropriate break clauses if funding ceases.

#### 4.5 Legal Implications

Implications completed by: Daniel Toohey - Principal Corporate Solicitor, Legal and Democratic Services

This report is seeking approval from Health and Wellbeing Board to tender the Contracts noted in the report. Under the Public Contracts Regulations 2006 (the 'Regulations') health care services are classified as Part B Services and therefore are not subject to the full tendering requirements of the Regulations. However in conducting the procurement, the Council still has a legal obligation to comply with the relevant provisions of the Council's Contract Rules and with the EU Treaty principles of equal treatment of bidders, non-discrimination and transparency in conducting the procurement exercise.

Contract Rule 28.8 of the Council's Contract Rules requires that all procurements of contracts that are health and social care related and are above £500,000 in value must be submitted to Health and Wellbeing Board for approval.

In line with Contract Rule 47.15, Health and Wellbeing Board can indicate whether it is content for the Chief Officer to award the contract following the procurement process with the approval of the Chief Financial Officer.

The report author and responsible directorate are advised to keep Legal Services fully informed at every stage of the proposed tender exercise. Legal Services are on hand and available to assist and answer any questions that may arise.

#### 4.6 Risk Management

The following risks have been identified during this process:

<b>Challenges and Risks</b>	<b>Opportunities and Mitigating Factors</b>
Lack of controls	Additional information from potential suppliers on controls, checks and balances available to LBB, to reduce risk of failure to escape drug addiction, and misuse/sale of controlled substances and substitutes
Failure of Service	Competent quality control and evaluation at procurement stage
Failure to reduce costs	Appointment of a strong commercial offering
Internal Resource Issues	Recruit and plan workload accordingly



LBBB can reduce the possibility of unsuitable bids by the use of financial evaluations, and to also weight the award criteria appropriately to emphasise quality and delivery, as seen in the relevant section regarding Quality and Price in 2.8

Qualitative thresholds will be employed in the Procurement process and will be set at the pretender stage.

## **5. Non-mandatory Implications**

### **5.1 Crime and Disorder**

This proposal will if successful, reduce crime and / or disorder and / or Anti Social behaviour, by reducing demand for, and incidences of drug dealing and consequential criminal behaviour to fund addiction. A smaller number of residents that are dependent upon drugs will reduce instances of crime such as prostitution, mugging, burglary, shoplifting, theft etc., and reduce instances of antisocial behaviour such as drug dealing, violence, etc.

### **5.2 Safeguarding**

This proposal will impact upon safeguarding of children through consequence of desired outcomes reducing risk to children as residents / dependents of addicted individuals. Cessation of service will increase risk to children in these circumstances.

This service will support safeguarding adults work across the borough, by merit of working with vulnerable client group and linking in with other commissioned services across adult social care.

### **5.3 Property/Assets**

The proposal will have a neutral impact upon the property or assets.

### **5.4 Equalities and Customer Impact**

As part of the procurement process, potential suppliers will be assessed for adherence to the necessary legislation and regulations, as well as the Council's policies in relation to race, gender, disability, sexuality, faith, age, community impact and cohesion, the Councils legal obligations, objectives, and any other factors, as well as mitigating steps taken where appropriate.

### **5.6 Staffing issues**

TUPE is possible however there are only a limited number of suppliers operating in the borough : any TUPE is considered to affect employees of external suppliers and thus no directly employed Council Staff are considered to be affected at this point.

#### **Background Papers Used in the Preparation of the Report:**

1. Public Health England Report : "National Treatment Agency : Why Invest?" report, September 2013, : <http://www.nta.nhs.uk/uploads/whyinvest2final.pdf>