Item No.	Classification:	Date:	Meeting Name:
15.	Open	10 February 2015	Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Adult Integrated Drug and Alcohol Treatment System	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Barrie Hargrove, Public Health, Parks and Leisure	

FOREWORD – COUNCILLOR BARRIE HARGROVE, CABINET MEMBER FOR PUBLIC HEALTH, PARKS AND LEISURE

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 crime, healthcare and provision of public services.

Delivering an appropriate response to meeting the needs of older drug and alcohol users and those individuals identified with both substance misuse and mental health needs within tight financial constraints are key challenges. The procurement of a new fully integrated adult drug and alcohol treatment system will support the council to deliver on its vision of improving positive outcomes for some of our most vulnerable residents as well as improving the life chances of many of the borough's residents.

The new contract will create parity in the delivery of drug and alcohol services for the first time in the borough and increase 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. Utilising a Payment by Results mechanism to focus service delivery on the outcomes that are of greatest importance to the council and service users is one such area of innovation.

Extensive consultation has taken place with communities, ensuring that the views and voices of those impacted by drug and alcohol treatment services are embedded within the new service model.

This proposal represents an exciting change not only for the residents who benefit from substance misuse services in the borough, but also for their families, communities and the council.

RECOMMENDATION

1. That cabinet approves the procurement strategy for the adult integrated drug and alcohol treatment system contract up to a maximum annual value of £4,100,000 for a period of three years commencing on 4 January 2016 with an option to extend for a further period or periods not exceeding two years in total making a total maximum contract value of £20,500,000.

BACKGROUND INFORMATION

2. The Health and Social Care Act 2012 placed responsibility for the public health functions to be transferred from the National Health Service (NHS) to local authorities.

3. On 1 April 2013, by virtue of two statutory transfer schemes signed by the Secretary of State for Health, a number of public health staff and contracts transferred from Southwark Primary Care Trust (PCT), which was then abolished, to Southwark Council.

4. A number of the PCT contracts that transferred to the council were due to expire on 30 September 2013. These included contracts for substance misuse (drug and alcohol) treatment services provided by Blenheim Community Drug Programme (BCDP), Crime Reduction Initiatives (CRi) and Foundation 66 which transferred into the community safety and enforcement division of the council.

5. An IDM report dated 12 September 2013 sought approval to extend the current service provision for the existing providers for a period of 12 months between 1 October 2013 and 30 September 2014 by transferring the contracts into grant awards. The approval was granted on 20 September 2013 by the then cabinet member for finance, resources and community safety.

6. An IDM report dated September 2014 sought approval to extend the grant awards to the providers detailed in paragraph 13 for a further period of six months between 1 October 2014 and 31 March 2015 to enable the Drug Action and Alcohol Team (DAAT) to plan and make decisions as to the future commissioning framework for the borough-wide substance misuse treatment system. The approval was granted on 2 October 2014 by the cabinet member for environment, recycling, community safety and volunteering.

7. An IDM report dated January 2015 sought approval to extend the grant awards to the providers detailed in paragraph 13 (with the exception of the South London and Maudsley NHS Foundation Trust (SLaM) CDAT service) for a further period of nine months and 3 days between the 1 April 2015 and 3 January 2016 to enable the DAAT to undertake the procurement process detailed within this report. The new service contract will commence on 4 January 2016.

8. In addition to the services that transferred to the council detailed in paragraph 4, SLaM are commissioned by the Clinical Commissioning Group (CCG) in partnership with the council to deliver substance misuse treatment services in the form of a Community Drug and Alcohol Team (CDAT). This is due to expire on 3 January 2016.

9. Throughout 2014, the DAAT undertook a full service review of the existing treatment system; utilising the substance misuse needs assessment and other measures to inform the commissioning arrangements and framework for substance misuse treatment provision across the borough.

10. As the review progressed, it became clear that there is a need and an opportunity to re-commission an adult integrated drug and alcohol treatment system inclusive of interventions tailored to all levels of complexity within the overall model and services for adults with involvement in the criminal justice system.

11. For the first time in the borough, this will offer better outcomes for service users including services for primary alcohol users on an equitable and equivalent basis to those available for primary drug users. This will demonstrate cost-effectiveness and good value for money by enabling existing provision to be transferred into one overall commissioned service contract reducing the capital and organisational costs of multiple providers as well as reducing duplication of provision and focusing service provision on current need.

12. A joint decision was agreed between the CCG and Southwark DAAT in September 2014 to include the scope of the services delivered in the SLaM CDAT service within the wider procurement project.

13. The existing contracts and grant awards for substance misuse treatment services relate to the scope of services detailed within the table below:

Existing provision aligned with grants/contracts (2014/15)	New provision from 4 January 2016
• SLaM – CDAT (Assessment and Triage / Complex Team) • BCDP Kappa Opiates Service • BCDP Evolve Stimulant Service • BCDP Rise Day Programme • BCDP Access Service • BCDP Party Drugs Service • BCDP Restart Service • BCDP Integrated DIP Service • CRI Integrated DIP Service • CRI Reach Day Programme • CRI Criminal Justice SPOC Service • CRI Criminal Justice Drug Testing Service • Foundation 66 Alcohol Service	Adult Integrated Drug and Alcohol Treatment System

14. It is proposed that the new contract will be funded in accordance with existing Public Health grant arrangements.

15. The existing service providers currently deliver the following:

Service	**Definition**
SLaM CDAT Service	Community Drug and Alcohol Team
BCDP Kappa	Open access drop in service for opiates users and shared care provider with GPs
BCDP Evolve	Structured stimulant treatment service
BCDP Rise Day Programme	Structured group programme
BCDP Access Service	Cannabis and cocaine service
BCDP Party Drugs Service	Party drugs service
BCDP Restart Service	Assertive re-engagement service
BCDP Integrated DIP Service	Criminal Justice treatment service
CRI Integrated DIP Service	Criminal Justice treatment service (including support for RADAR clients)
CRI Reach Day Programme	Criminal Justice / DRR Day Programme
CRI Criminal Justice SPOC	Single Point of Contact Service

Service	Definition
Service	
CRI Criminal Justice Drug Testing Service	Drug Testing linked to Criminal Justice service users
Foundation 66 Alcohol Service	Tier 2/3 Alcohol and Drugs service

Summary of the business case/justification for the procurement

16. A Substance Misuse Needs Assessment was published in December 2013, which will be updated prior to the invitation to tender (ITT) phase of the procurement process.

17. The Needs Assessment (2013) identified the following:

- Prevalence estimate of opiate and/or crack cocaine users (OCUs) in Southwark of 2,546 (Home Office, 2010/11)
- 1,256 OCUs engaged in effective treatment in 2011/12 representing 49 per cent of the estimated population of OCUs in the borough
- 35 per cent of OCUs are not known to treatment services
- National and local prevalence indicates that the number of OCUs are declining resulting in an ageing treatment population with physical and mental health issues arising from long term use
- Increased prevalence of emerging drugs such as novel psychoactive substances, 'legal highs' and party drugs
- Estimate of 6,370 dependent alcohol users in the borough (Alcohol Learning Centre, 2012)
- 338 new presentations for alcohol treatment in 2011/12
- 75 per cent of the Southwark treatment population present with primary opiates or crack cocaine use.

18. Other key themes identified within the Needs Assessment (2013) were:

- Lack of focus on recovery in some services underpinned by a medical model
- Service users becoming 'stuck' in some parts of the treatment system resulting in extended periods in treatment
- A need to re-orientate harm reduction provision to becoming a first point of access to the treatment system rather than an end in itself with a need for harm reduction services to refer into structured treatment services.

19. A recent review of the National Drug Treatment Monitoring System (NDTMS) Treatment Outcomes Profiles data revealed the following:

- The rate of successful completions (number of people leaving the treatment system and not re-presenting to treatment within six months) is declining, which supports the finding from the Needs Assessment that service users are becoming 'stuck' in treatment and not progressing to recovery
- 36 per cent of alcohol users and 28 per cent of drug users in treatment are identified with a dual diagnosis (co-morbid mental health and substance misuse)
- 69 per cent of alcohol users and 58 per cent of drug users in treatment are aged 40 years or above.

20. The investment made in the drug treatment system over the last decade has built capacity and enabled individuals to access treatment for a sufficient period of time to achieve significant health benefits. The council now needs to make the same progress in treating individuals with primary alcohol related issues and to become more ambitious in supporting individuals to leave treatment free of their drug and / or alcohol dependence.

21. Southwark DAAT intends to create and develop a recovery-orientated adult integrated drug and alcohol treatment system that focuses not only on engaging people in treatment, but enabling them into long term sustained recovery.

22. The proposed re-commissioning of the adult substance misuse treatment system is the first opportunity that Southwark DAAT has had to outline this ambition within a commissioned service contract. The procurement will provide continuity of the scope of existing service provision with the opportunity to progress towards a nationally recognised model focused around the development of recovery-orientated treatment services as set out in the National Drug Strategy 2010.

23. Appendix 1 provides an outline of the key emphasis and principles of the new service model.

24. There is a need for a shift away from viewing substance misuse treatment services in isolation. The Southwark Treatment and Recovery Partnership (STARP) have begun to shape this vision of recovery which will be facilitated by the procurement exercise to transform the culture of service delivery in the borough.

25. The proposed treatment system model is innovative as it is aligned with a Payment by Results (PbR) outcomes framework which has not been used for the monitoring of substance misuse treatment provision in Southwark before. Adopting a PbR model, as outlined in paragraph 104, for this contract will ensure that the service and staff employed to deliver it are focused upon achievement of positive outcomes for service users. This will support a transition towards a renewed focus on the outcomes for those individuals engaged with the treatment system as opposed to primarily focusing on traditional numerical targets such as numbers in effective treatment.

26. The commissioned service will measure progress against the following outcomes as outlined within the National Drug Strategy 2010:

- Freedom from dependence on drugs or alcohol
- A reduction in crime and offending
- Preventing drug related deaths and blood borne viruses
- Sustained employment
- Ability to access suitable accommodation
- Improvement in mental and physical health and wellbeing
- Improved relationships with family members, partners and friends
- The capacity to be an effective and caring parent.

27. There are wider service impacts the council would expect to see including but not limited to;

a) Increasing the number of planned exits and successful completions from treatment;

b) Decreasing the number of service users who report use on top of their medication;
c) Improving transitions between treatment modalities;
d) Increasing service user, carer and family involvement and reducing treatment waiting times;
e) Reducing programme attrition rates.

28. Resource allocation will be aligned with the public health approach of ensuring those with the greatest need are prioritised for treatment with tiered provision available for all adult residents who present with a substance misuse need. This will include early intervention, prevention and treatment initiatives.

29. In relation to the newly commissioned service, it is proposed that the following principles will apply:

- Delivered by a single provider or consortia with a lead agency
- Offered as one contract with specific elements of provision outlined in the specification
- Encompass all drug and treatment modalities as defined by Models of Care Update 2006 and Models of Care – Alcohol
- Align with the National Treatment Agency (NTA) Building Recovery in Communities framework.
- The service model will:
    - Be underpinned by a recovery focused culture within the workforce
    - Inclusive
    - Shaped by the needs and views of service users within the borough
    - Offer access and support that will be available at any point within a service users' recovery journey
    - Be underpinned by a strong current evidence base
    - Be outcome-focused.

30. The integrated adult drug and alcohol treatment system contract will be awarded for an initial period of three years to commence on 4 January 2016 with an option to extend for a period or periods not exceeding two years in total up to a maximum annual value of £4,100,000.

Market considerations

31. The substance misuse treatment field (drug and alcohol) is a well developed market with a range of different providers of varying size (including NHS and third sector organisations) currently delivering treatment services within the borough. In addition to these providers, there are a significant number of other providers delivering substance misuse services in other comparable localities and across the country.

32. Knowledge of the substance misuse treatment market has identified that there are a number of providers who would be able to fulfil the requirements of the contract as a single provider or through a consortia arrangement with a lead provider. Currently there are four separate providers delivering service provision comprising of the scope of the new service contract in the borough.

33. Procurement of substance misuse treatment services has increased nationally over the past few years with a wide market of organisations consisting of both current and potential providers evidencing established consortia arrangements when bidding for and delivering similar contracts. On the basis of this, it is not perceived that smaller providers will be disadvantaged as a result of the tight project plan timescales.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

34. In arriving at the preferred option identified in paragraph 40, the following options, inclusive of advantages and disadvantages, have been considered.

35. The option of doing nothing is not viable. The cabinet meeting of 12 February 2013 noted its new public health responsibilities and agreed an approach to commissioning related services under which it committed to a steady state of transition for the first year after the transfer in order to minimise the risk of disruption to services. To date, substance misuse treatment service provision has not been subject to competition since the transfer on 1 April 2013 or for many years previously.

36. A collaborative consortium of the current providers is an option and will be explored. Consortia arrangements consisting of potential providers who do not currently deliver services in the borough will also be considered as part of the tender process.

37. The option of providing the service in-house is not a viable option as this is a specialist service and the necessary expertise, knowledge and skills are not available within the council.

38. There is no existing framework agreement that could provide the scope of services required within this contract.

39. Officers have explored collaboration and co-commissioning with other local authorities. It would be difficult to commission substance misuse treatment services to meet the specific needs of Southwark's residents as part of a cross-borough initiative and would result in the council having less influence and power over the delivery of the service contract. Co-commissioning of services is also affected by the current status of commissioning arrangements within neighbouring boroughs that are not at the same stage. Officers will explore opportunities for collaborative working with other boroughs and service providers as part of the continuous delivery of the service following commencement.

40. The option of undertaking a formal tender process has been considered as the overall contract award value exceeds the EU Procurement Threshold for Services of £172,514. The advantages and disadvantages of adopting this option are as follows:

    - A formal tender process provides the opportunity to achieve cost savings through a competitive process and to renew / vary the specifications for the services

- The procurement project will ensure that the successful bidder has the ability to deliver a service to meet the needs of adult residents who use drugs and / or alcohol in the borough
- Enhanced cost certainty for the council following award of contract
- Re-alignment of local substance misuse treatment provision within an outcome-based framework and specification allowing for innovation and flexibility of delivery to meet need
- No disadvantages to undertaking a tender process were identified.

Proposed procurement route

41. The preferred option is to undertake a formal tender process as outlined in paragraph 40.

42. This is a Part B service so the full EU regulations do not apply but following best practice the tender will still be advertised through the Official Journal of the European Union (OJEU). The tender will also be advertised online and through known substance misuse forums.

43. A restricted two stage procurement process combining a pre qualification questionnaire (PQQ) and invitation to tender (ITT) stage will be adopted for this tender. There are a significant number of providers who have the experience, skills and knowledge to deliver the service and adopting a restricted process will enable the council to limit the number of tenders due to the volume of providers. The restricted procedure is the most appropriate route as this will enable a tightly controlled and streamlined process to be followed with no need for negotiation with bidders around the scope of services as this has previously been defined by needs assessment and other measures.

44. The SSP Substance Misuse Performance Delivery Group endorsed the procurement of the Adult Integrated Drug and Alcohol Treatment System on 4 September 2014 and will act as the governance group for the Project Steering Group which will consist of key stakeholders including Procurement, Legal and the Service User Council.

45. Once a preferred bidder is identified through the procurement process, the Project Steering Group will communicate this to the SSP Substance Misuse Performance Delivery Group and recommend the awarding of the contract through the Gateway 2 process.

Identified risks for the procurement

46. There is a risk that the procurement process fails to identify a preferred bidder to deliver the service. This risk will be mitigated by advertising the tender opportunity in a wide variety of local and national sources. The DAAT are aware, through discussion with other local authorities, that there would be interest from the market due to experience of undertaking procurement exercises for these types of services.

47. If a successful provider is not selected, the procurement plan allows for this to be identified three months prior to the end of the current contracts and grant awards arrangement. This situation would result in the Steering Group and other council departments including corporate procurement and legal services

determining the most appropriate course of action to prevent a gap in service delivery.

48. In any procurement exercise, there is a risk of legal challenge. This will be mitigated through the Steering Group being guided by legal and procurement advice throughout the process and ensuring that all bidders receive fair treatment with all bids being evaluated using consistent methodology.

49. Funding for the proposed services is provided from the Public Health grant inclusive of CCG contribution. As funding allocation is not confirmed for all future years of contracted provision, this will be made explicit within the terms and conditions of the contract with an annual break clause stated within the contractual terms and conditions. The contract will reflect the degree of uncertainty of funding and will contain caveats to allow for changes of volume and quantities of activity. Where funding allocation is reduced in subsequent years, the provider(s) will be informed at the earliest opportunity and the DAAT will liaise closely with the provider in order to limit the impact on frontline service delivery.

50. The council will mitigate further with a three month notification period to end the contract at any time.

51. The expectation is that TUPE will apply. This will involve the transfer of staff transferring from the existing provider to the new provider. 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 project plan.

52. There are no direct TUPE implications for the council and the council's role will involve acting as a channel through which information on staff can be collated and communicated to bidders.

Key/Non Key decision

53. This report deals with a key decision.

Policy implications

54. This procurement activity is in line with the key national policy drivers and legislation detailed in appendix 2.

55. The procurement of this service contract directly aligns with the council's Fairer Future principles and Joint Health and Wellbeing Strategy.

Procurement Project Plan (Key Decisions)

Activity	Complete by:
Enter Gateway 1 decision on the Forward Plan (By General Exception Notice)	23 December 2014
DCRB Review Gateway 1	8 Jan 2015
CCRB Review Gateway 1	22 Jan 2015
Notification of forthcoming decision - Cabinet	31/12/2014
Approval of Gateway 1: Procurement strategy report	10/02/2015
Scrutiny Call-in period and notification of implementation of	20/02/2015

Activity	Complete by:
Gateway 1 decision	
Completion of tender documentation	27/02/2015
Publication of OJEU Notice	02/03/2015
Publication of public advertisement	03/03/2015
Closing date for receipt of expressions of interest	06/04/2015
Completion of short-listing of applicants	06/05/2015
Invitation to tender	07/05/2015
Closing date for return of tenders	18/06/2015
Completion of any clarification meetings/presentations/evaluation interviews	31/07/2015
Completion of evaluation of tenders	31/07/2015
Forward Plan (if Strategic Procurement) Gateway 2	September 2015
DCRB Review Gateway 2:	August 2015
CCRB Review Gateway 2	August 2015
Approval of Gateway 2: Contract Award Report	September 2015
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	September 2015
Alcatel Standstill Period (if applicable)	
Contract award	01/10/2015
Add to Contract Register	
TUPE Consultation period (if applicable)	02/10/2015
Place award notice in Official Journal of European (OJEU) – Part A/B Services	01/10/2015
Contract start	04/01/2016
Initial contract completion date	03/01/2019
Contract completion date – (if extension(s) exercised)	03/01/2021

TUPE/Pensions implications

56. It is anticipated that TUPE will apply. However, no council staff will be affected by TUPE.

57. TUPE implications will be stated in the tender documentation.

58. The procurement plan timescales have been planned with the assumption that TUPE applies.

Development of the tender documentation

59. All tender documentation including service specifications, tender briefs, needs assessments, pricing/evaluation criteria, contractual terms and conditions, invitation to tender and PQQ compliance will be developed with consideration given to feedback received from consultation.

60. Documentation will include a technical service specification outlining the scope and requirements of the provision to be delivered with clear outcomes that will form the basis of measurement and monitoring arrangements. The service specification will be developed on the premise that there will be a balance between providing enough information to enable assurance that bidders will offer what is needed whilst being flexible enough to allow for submission of responses that are compliant, innovative and demonstrate best

value for money and will fully meet business needs. The service specification will be underpinned by the recommendations of the needs assessment, relevant data and consultation activity (detailed in paragraph 85).

61. Performance following commencement of contract will be measured against key indicators and a spectrum of outcomes including the Public Health Outcomes Framework successful completions measure. All performance and outcomes measures will be developed and agreed through the SSP Substance Misuse Performance Delivery Group.

62. Timescales will allow for the development of the documentation and related issues such as TUPE.

63. A prime provider (one provider or a consortium of providers with a lead agency) will be appointed for the contract and this will be confirmed to prospective bidders at the relevant stage of the procurement process.

Advertising the contract

64. The substance misuse treatment field is a well developed market with a range of different providers of varying size. The council will be seeking submissions from service providers who have the relevant expertise, knowledge and skills to deliver the required scope of substance misuse treatment service provision outlined in the service specification.

65. The tender will be advertised through a variety of forums including the Official Journal of the European Union, the national magazine for the substance misuse field; Drink and Drug News (DDN), the council's website and other sources.

Evaluation

PQQ stage

66. All organisations who request the PQQ will be provided with the documentation for completion and return. There will be a mandatory pass/fail requirement at PQQ stage for all providers who submit a return to be registered with the Care Quality Commission (CQC) at the time of submission or to confirm that registration will be in place prior to the contract commencement date. This is in accordance with the Health and Social Care Act 2008 which states that, from 1 October 2010, adult social care and independent healthcare providers that carry out regulated activities, of which dependence on alcohol or drugs is defined as a regulated activity, must be registered with the CQC.

67. There will be a requirement for organisations who submit a PQQ to provide information on their delivery of comparable services to those being commissioned as an indication of ability to fulfil the requirements of the contract. Full instructions will be provided explaining that organisations must fulfil all requirements at PQQ stage in order to progress to the ITT stage of the procurement process.

68. Consideration will be given as to the most suitable method for assessing financial information at PQQ stage in light of the wide variety of different types of providers anticipated to express an interest in this tender so as not to

discriminate against smaller providers who may not have standardised accounts.

Table A

Criteria	Score
Technical Information	1-5 (Minimum quality threshold to be reached)
Financial Information	Pass/Fail
Health and Safety	Pass/Fail
Equalities and Diversity	Pass/Fail
Quality Assurance	1-5

69. Organisations will be shortlisted at PQQ stage and those who meet the requirements will be issued with an ITT to establish ability to deliver the scope of the services to the required standard. A maximum of six bids will be shortlisted for the ITT stage comprising of the six highest ranked bidders. A quality threshold will be utilised at PQQ stage as part of the evaluation of bidders to ensure a minimum quality standard is met for providers to enable progression to ITT stage as one of the six highest ranked bidders.

ITT stage

70. Assessment of the ITT returns will adopt the Most Economically Advantageous Tender (MEAT) approach with a two stage evaluation process consisting of technical evaluation and financial evaluation to assess quality and price.

71. The council standard tender evaluation is 70:30 price quality weighted model. However, due to the nature of this service which will support very vulnerable people in very difficult circumstances, officers would like to send a clear message to potential bidders that, for this service contract, the quality aspect has a high level of importance. Therefore, officers believe that a 60:40 price quality weighting is more suitable for this tender evaluation.

72. Robust PQQ short listing criteria will minimise the risk of providers with no previous experience or specialist knowledge in the substance misuse field being shortlisted for evaluation of tender. Based on previous experience of commissioning comparable services, officers are aware that the difference in price amongst specialist service providers tends to be low; therefore it is not the most effective way to differentiate amongst bids.

73. The quality of a service of this nature, which supports vulnerable residents with complex issues often involving risk of significant harm to themselves and their communities, is of paramount importance. Low quality of service delivery could result in inappropriate support being provided to this very vulnerable client group which could ultimately result in serious harm or loss of life.

74. Officers have been informed through a different tender being undertaken within the Community Safety Partnership Service that, when commissioning services to support vulnerable people, on many occasions Children's and Adults Services have given a heavier weighting to quality, ranging from 40:60 to 10:90 price quality split.

75. This service contract will play a key role in meeting the council's expectations for community support and wellbeing in its new Fairer Future promises as well as delivering on the responsibilities outlined within the Care Act due to be enacted in April 2015. By commissioning the best quality provider, achieved through a higher quality weighting, this will support the council to deliver its priorities and meet its statutory obligations.

76. It could be considered that a higher price quality ratio than 60:40 would be balanced by the proposed Payment by Results (PbR) approach. However, PbR should be seen as an incentive for the provider to meet targets and not as a mechanism for the council to guarantee quality of the service.

77. It is further proposed that the 60 per cent weighting for price considers both the lowest price (which must not exceed the maximum contract value) and the robustness/sustainability of that price. Previous experience of commissioning comparable substance misuse treatment services in another locality identified that, where the financial element of a tender is based on lowest price only, suppliers have submitted contract prices which are insufficient to deliver on the requirements of the service specification in practice. By supplying a clear breakdown of costs against all elements of the service specification which aligns with the overall contract price, this will provide reassurance that the lowest price stated is sufficient to meet the requirements of the service specification.

78. Tender evaluation criteria will be declared as part of the ITT documentation to comply with regulations.

79. Technical evaluation will take the format of method statement questions where marks will be awarded to the technical merit of tenders on the basis of individual criteria. Individual criteria, in the form of method statement questions, will be weighted in accordance with its relative importance to the successful delivery of the service. Bidders will be required to supply information on how they will deliver the scope of the service specification and to define the impact this will have on the achievement of outcomes for service users as well as how this will offer best value for money.

80. Financial evaluation will be assessed following technical evaluation to enable overall evaluation to be more objective as the preferred bidder on price/cost will not be known to the evaluation panel.

81. A financial costing template will be provided to all bidders to enable an easier and standardised comparison of responses.

Community impact statement

82. The Substance Misuse Needs Assessment 2013 identified the current and projected needs for adult substance misuse treatment in Southwark. This will be updated and provided to bidders as part of the ITT documentation.

83. It is clear that there is a significant need to raise awareness of substance misuse issues and provide services to address substance misuse in Southwark. The proposed services will ensure individuals; families and communities affected by substance misuse receive the appropriate level of support at the time that it is needed. The procurement process will ensure that the new service contract delivers in this regard.

84. The involvement of communities is a key part of the work of all parts of the health system. The value of including the wider views of individuals and communities is critical to facilitating understanding and tackling the health and wellbeing issues in the borough. Engagement with the community and with people accessing commissioned public health services is a core principle within commissioning strategies for public health within the council. The impact of the new services on the community, and the views of the local community about these services, continues to be a core element of the review work of the service described within this report and will continue to be an integral element of service development and monitoring arrangements following award of the new service contract.

85. A borough-wide consultation, co-facilitated by the DAAT and Service User Council, took place between 1 November 2014 and 31 January 2015 offering service users, stakeholders and partners the opportunity to engage and consult on the future model of adult drug and alcohol treatment system provision in Southwark through a variety of methodology. Information received has been collated into a formal report which will be utilised to inform the service specification.

86. The successful provider(s) will be required to develop and implement a robust equalities and diversity monitoring framework as part of the contract. This will allow the council to effectively monitor the demographics of individuals accessing services and develop targeted activity in order to address any disproportional issues with engagement. This data will also be used to identify if there are any particular needs of any particular community group that needs to be addressed.

87. The services provided by the existing contracts and grant awards are available to all individuals identified with substance misuse needs regardless of their gender, sexual orientation or faith. Services are available to all adults over 18 years of age.

88. The positive duties under Articles 2 (right to life) and 3 (prevention of inhumane and degrading treatment) as well as the duty to have regard to the right to private family life and home, as set out in the Human Rights Act, are engaged by the responsibilities which this service meets to those directly in need of service provision and to the wider community. The design of the service model and contract management will ensure that these obligations are met.

Sustainability considerations

89. The Public Services (Social Value) Act 2012 requires the council to consider a number of issues including how what is proposed to be procured may improve the economic, social and environmental well-being of the local area. These issues are considered in the following paragraphs which set out economic, social and environmental considerations.

Economic considerations

90. Because of the nature of the required services, it is expected that they will be delivered within the boundaries of the borough and that this will provide opportunities for local labour bringing local economic benefits.

91. The benefits of providing effective drug and alcohol treatment have been extensively researched through clinical trials; government and private funded research and demonstrated to have a positive impact on individuals, families, communities and society in general. Public Health England estimates that for every £1 invested in substance misuse treatment in Southwark, £2.77 is saved for the borough in costs as well as benefiting communities and individuals.

92. There is significant evidence that effective drug and alcohol treatment reduces the harm to communities from dependency and is effective in improving a range of outcomes for individuals. Positive outcomes do not arise from the successful completion of treatment alone, but are evidenced from the improved health, stability, social functioning and reduction in crime that is observed on treatment commencement. The absence from treatment engagement of many adults and young people imposes significant economic and social costs on the borough. These costs are primarily reflected in the cost of crime committed by adults and young people using substances and costs to the NHS associated with the treatment of acute and chronic drug and alcohol related conditions. Individuals who are actively using substances are less likely to be in education, employment or training and leave school without qualifications, which has a cost to the local authority in relation to welfare and to the individual in terms of lower wages and poorer employment prospects.

Social considerations

93. The service will improve the life chances outcomes of individuals with substance misuse issues, their families and children reducing the negative impact of drug and alcohol use. In addition it will support safer communities across the borough due to a reduction in offending to fund substance use and supporting people to recover and reintegrate into society through meaningful activity meaning that there will be less substance misusers congregating in public places across the borough.

94. Bidders will be asked to demonstrate that they will pay London Living Wage (LLW) to all its employees and subcontractors involved in delivering the service, in order to fulfil the council's aspirations in relation to LLW.

95. Pursuant to section 149 of the Equality Act 2010 the council has a duty to have due regard in its decision making processes to the need to:

    (a) Eliminate discrimination, harassment, victimisation or other prohibited conduct.
    (b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not.
    (c) Foster good relations between those who share a relevant characteristic and those that do not share it.

96. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The Public Sector Equality Duty also applies to marriage and civil partnership, but only in relation to (a) above.

Equalities assessment

97. Equalities will be assessed at the PQQ stage of the procurement.

98. The scope of service provision will be available to all residents who present with a substance misuse need regardless of protected characteristics, and as such may be considered a universal service. Any impacts are likely to be positive in terms of the individuals engaging with the service. Consideration has been given to how substance misuse affects residents and the impact of financial disinvestment from the overall treatment system has also been considered.

Environmental considerations

99. None applicable.

Plans for the monitoring and management of the contract

100. The DAAT is responsible for the commissioning, contract management and monitoring of the existing substance misuse contracts and grant awards. This is achieved through formal quarterly monitoring meetings with all providers. This will continue to be the case with the new service contract.

101. Following award of contract, weekly meetings with the new provider(s) will be scheduled throughout the implementation phase to monitor progression in mobilising the contract. This will continue post-commencement on an agreed schedule until such a point as the DAAT is satisfied that quarterly contract review meetings will be sufficient to effectively monitor delivery and performance.

102. The DAAT reports to the Safer Southwark Partnership (SSP) Substance Misuse Performance Delivery Group on a quarterly basis. The group has representation at an appropriate level of seniority for a variety of partners to ensure that commissioned services are providing the highest quality and best value for the communities that they serve.

103. In addition, the Service User Council will be involved in the development and monitoring of the contract in conjunction with the DAAT.

104. As the successful delivery of adult substance misuse treatment provision is dependent upon effective integration and partnership working between the new service contract and the GP Shared Care contract commissioned by the CCG, the DAAT will work closely with the CCG commissioners and providers to ensure that this is implemented and robustly managed in practice.

105. The existing contracts and grant awards have a performance management framework in place aligned with National Drug Treatment Monitoring System (NDTMS) outcomes. It is proposed that the new contract will have a revised performance management framework.

106. A Payment by Results (PbR) performance management framework will be adopted utilising an 80:20 weighting where 80 per cent of the overall quarterly contract value will be paid at the commencement of the quarter as standard and 20 per cent of the overall quarterly contract value will be paid retrospectively based on satisfactory performance linked to the achievement

of key outcomes as defined within the service specification. Decisions on the identification of key outcomes and weighting in accordance with the 20 per cent PbR element will be identified through the Project Steering Group in consultation with stakeholders and service users and will be ratified through the Substance Misuse Performance Delivery Group.

107. Adopting a PbR approach will enable the DAAT to focus providers on the most important areas of service provision in order to achieve the best possible outcomes for service users and ensure continued funding through the Public Health Grant.

108. It is proposed that a phased approach to the PbR element of the contract will apply with no funding withheld for the first 6 months of delivery to enable the provider to embed service delivery and fully implement the scope of the service specification with the full 20% PbR element being enforced from the third quarter of service delivery.

109. The service contract will be underpinned by a clear focus on outcomes, with a requirement for the provider(s) to demonstrate and evidence how service provision has a positive impact on individuals, families and communities. There will be an explicit requirement within the service specification for providers to utilise a recognised outcomes monitoring tool with all service users who are engaged in treatment. This will enable enhanced monitoring of outcomes at an individual, treatment modality, service and borough level, evidence of cost-effectiveness and support for future decision-making on service development and treatment system configuration.

110. There will be an expectation for the provider(s) to develop and implement systems and tools that facilitate the measurement of the key service outcomes. This will be a standing agenda item at all formal quarterly contract review meetings.

111. Formal quarterly contract review meetings will take the format of contract monitoring reports, meetings with provider management and staff, feedback from other agencies/professionals and input from the Service User Council. There will be an expectation to provide comprehensive technical and financial information to the DAAT prior to the formal review meetings. Providers will be required to outline priorities for the subsequent quarter through horizon scanning at each review and progress will be monitored at the subsequent meeting.

112. There will be a mandatory requirement for the provider(s) to include specialist organisational input to the clinical and medicines management elements of the contract. Where additional specialist clinical expertise is required to support the DAAT, this will be sought from the CCG.

113. The DAAT will develop a clinical governance and quality assurance framework that will underpin service delivery within the new contract. It is intended that these processes will complement existing organisational processes. Compliance will be monitored within the formal quarterly contract review meetings.

114. An annual review of the contract will take place at the Quarter 4 monitoring meeting where overall performance for the year will be evaluated.

115. Dates of contract monitoring meetings and payments (as well as amounts) will be stipulated from the outset in the contract.

116. Notice periods will be built into the contract that can be enforced on the basis of non compliance.

117. Should the service contract be awarded to a consortium, the DAAT's expectations around a lead provider and single negotiating representative in the contract will be confirmed at the earliest opportunity to ensure effective management and resources focused upon the delivery of the service and outcomes.

Staffing/procurement implications

118. Resources are required to undertake the procurement process and to evaluate the bids. This is a necessary investment to ensure that the process complies with legislation and the council's own processes. This will be drawn from existing resources and the appointment of maternity cover for the DAAT Unit Manager post for a period of up to one year.

Financial implications

119. The DAAT will seek efficiencies from this procurement, and through the commencement of one contract for the Integrated Adult Drug and Alcohol Treatment System on 4 January 2016, expect a reduction in management costs.

120. There is potential for economies of scale through the procurement process. Currently the demand for some elements of service provision outweighs the resource within the services resulting in waiting lists for current service provision. Economies of scale will potentially increase the level of service provision for a lower budget commitment.

121. Undertaking a procurement process will promote competition that will ensure that bids are evaluated against price and quality achieving best value.

122. A Payment by Results Model is proposed and this will increase the likelihood of increased capacity and quality of service delivery with a return on investment.

Legal implications

123. Please see concurrent from the director of legal services

Consultation

124. Consultation in relation to the commissioning principles, outcomes, service specifications and model with service users has been factored into the project plan timescales and procurement process, a large part of which took place in November 2014 as detailed in paragraph 85.

125. The cabinet member for public health, parks and leisure has been fully briefed and consulted on the content of the gateway 1 report in January 2015.

Other implications or issues

126. None identified.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

127. This report seeks approval for the procurement strategy of an adult integrated drug and alcohol treatment system contract.

128. The report explains that there are currently four providers delivering the services that cover the scope of the new service to be procured. This procurement aims to streamline these arrangements and deliver the required service either through a single provider or a consortia arrangement with a lead provider.

129. Paragraphs 34 - 40 describe the procurement options that have been considered for the delivery of this service and confirm that the recommended procurement route is to carry out a competitive tender process following a public advertisement.

130. The report confirms that a restricted process will be followed which is in line with the council's contract standing orders (CSO's) and EU regulations.

131. The evaluation methodology for this procurement will be on the basis of the most economically advantageous tender and in determining this shall use a price/quality ratio of 60:40. A detailed justification for using this weighted model is set out in the evaluation section of the report.

132. The project timetable included within the report is achievable for the proposed procurement strategy, provided that appropriate resources are allocated to the project at the appropriate time.

133. The report confirms the project governance arrangements that will be in place which will help support successful delivery of this procurement.

134. Paragraphs 99 - 116 set out the management and monitoring arrangements that will be established for life of the contract which describes an approach that is intended to focus providers on the most important areas of service provision to achieve the best outcomes for the service users.

Director of Legal Services

135. This report seeks the approval of cabinet to the procurement strategy for adult integrated drug and alcohol treatment system outlined in this report.

136. The council, through its drug action and alcohol team, wishes to work with other organisations to achieve successful delivery of the service.

137. Contract Standing Orders 5.4 requires all reasonable steps to be taken to obtain at least 5 tenders following a publicly advertised competitive tendering process for non-construction works and services over the EU threshold. Paragraph 41 of this report confirms that this process is to be followed.

138. These services fall under Part B service of the Public Contracts Regulations 2006 and therefore there is no requirement to publicly advertise this procurement in the Official Journal of European Union (OJEU) although the procurement must still comply with rules regarding non-discriminatory requirements. In this case it is proposed to place a voluntary OJEU contract notice.

139. Paragraph 43 of this report confirms that a restricted two stage tendering procedure is proposed which will comply with EU regulations and CSO tendering requirements.

140. This contract is classified as a strategic procurement and CSO 4.4.2 (a) reserves approval for the procurement process is reserved to the cabinet or cabinet committee after consideration by the corporate contracts review board (CCRB).

141. Pursuant to section 149 of the Equality Act 2010 the council must have due regard to the need to:
    (a) Eliminate discrimination, harassment, victimisation or other prohibited conduct;
    (b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
    (c) Foster good relations between person who share a relevant protected characteristic and those who do not share it.

142. Paragraph 97 of the report demonstrates how the council has considered the Public Sector Equality Duty. The decision-maker should satisfy itself that this duty has been complied with when considering the recommendations in this report.

Strategic Director of Finance and Corporate Services (FC14/047)

143. The strategic director of finance and corporate services notes the recommended procurement strategy for the adult integrated drug and alcohol treatment system contract. Further that improved value for money is expected from this new procurement strategy with a lower contract value than the current expenditure, the utilisation of payment by results approach and improved outcomes.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Extension of awards and grants to substance misuse treatment providers	Environment and Leisure / Community Safety and Enforcement / Community Safety Partnership Service / DAAT	Donna Timms 020 7525 7497
Link: http://moderngov.southwark.gov.uk/mgDecisionDetails.aspx?Iid=50004713andOpt=1		

APPENDICES

No	Title
Appendix 1	Service Model Principles
Appendix 2	Background information: legislation and other key drivers
Appendix 3	Procurement Project Outcomes and Outputs

AUDIT TRAIL

Cabinet Member	Councillor Barrie Hargrove, Public Health, Parks and Leisure	
Lead Officer	Deborah Collins, Strategic Director, Environment and Leisure	
Report Author	Jonathon Toy, Head of Community Safety and Enforcement	
Version	Final	
Dated	29 January 2015	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments sought**	**Comments included**
Head of Procurement	Yes	Yes
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Specialist Housing Services	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		29 January 2015