

<b>Item No.</b> 17.	<b>Classification:</b> Open	<b>Date:</b> 15 September 2015	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Gateway 2 – Contract Award Approval Adult Integrated Drug and Alcohol Treatment System	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Barrie Hargrove, Public Health, Parks and Leisure	

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

Since the responsibility for delivering public health transferred to the council under the Health and Social Care Act 2012, we have been committed to improve our substance misuse services and ensure that we provide cost effective interventions that help clients achieve recovery. This report recommends the approval of a contract for a maximum of 5 years that 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. It is recognised that there are always challenges in procuring a service of this nature, most importantly that current clients are successfully managed between the existing and new provider. Work has already commenced with our provider agencies and with the involvement of the Southwark Substance Misuse Service User Council, I am confident that this will be achieved as smoothly as possible. At a time when government cuts to the public health budget are challenging us to do more for less, this will also reduce the cost of the substance misuse budget by 33%, enabling us to meet that challenge whilst still providing the public health services that our residents need.

## **RECOMMENDATION**

1. That the cabinet approves the award of the adult integrated drug and alcohol treatment system contract to Lifeline Project Ltd. up to a maximum annual value of £3,913,104 in year one, £3,513,667 in year two and £3,499,467 in year three 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 £18,656,306.

## **BACKGROUND INFORMATION**

2. Contract prices for the first three years are not index linked and will not increase year on year. For the purpose potential extension negotiations, which may include increased activity, officers have made provisions for an uplift in years four and five.
3. The procurement strategy for this contract was approved by the cabinet on 10 February 2015.
4. 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.
5. 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.

6. In September 2013 approval was granted by the then Cabinet Member for Finance, Resources and Community Safety to extend the 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.
7. In October 2014 approval was granted by the cabinet member for community safety and volunteering to extend the grant awards 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.
8. In January 2015 approval was granted to extend the grant awards for a further period of nine months and three days between the 1 April 2015 and 3 January 2016 to enable the DAAT to undertake the procurement process detailed within this report.
9. In addition to the services that transferred to the council detailed in paragraph 5, the South London and Maudsley NHS Foundation Trust (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 action team (CDAT). This is due to expire on 3 January 2016.
10. 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.
11. As the review progressed, it became clear that there was 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.
12. 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. This will reduce the capital and organisational costs of multiple providers as well as reducing duplication of provision and focusing service provision on current need.
13. 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.
14. The existing contracts and grant awards for substance misuse treatment services relate to the scope of services detailed within the table below:

<b>Existing provision aligned with grants/contracts (2014/15)</b>	<b>New provision from 4 January 2016</b>
SLaM – CDAT (Assessment and Triage / Complex Team)	Adult Integrated Drug and Alcohol Treatment System

Existing provision aligned with grants/contracts (2014/15)	New provision from 4 January 2016
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	

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 Service	Single Point of Contact 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

16. A detailed business case outlining the need for this service was included as part of the Gateway 1 report approved in January 2015, please see background documents.
17. Through this procurement exercise 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.

#### Procurement project plan (Key Decision)

18. The following procurement timetable was agreed and adhered to with only minor variations:

Activity	Completed by/ Complete by:
Forward Plan (If Strategic Procurement) Gateway 2	29/05/2015

Activity	Completed by/ Complete by:
Approval of Gateway 1: Procurement Strategy Report	10/02/2015
Invitation to tender	05/05/2015
Closing date for return of tenders	30/06/2015
Completion of evaluation of tenders	12/08/2015
DCRB Review Gateway 2:	20/08/2015
CCRB Review Gateway 2:	27/08/2015
Notification of forthcoming decision – despatch of Cabinet agenda papers	06/09/2015
Approval of Gateway 2: Contract Award Report	15/09/2015
End of Scrutiny Call-in period and notification of implementation of Gateway 2 decision	28/09/2015
Alcatel Standstill Period (if applicable)	28/09/2015
Contract award	28/09/2015
Add to Contract Register	28/09/2015
TUPE Consultation period (if applicable)	28/12/2015
Contract start	04/01/2016
Publication of award notice in Official Journal of European (OJEU)	30/09/2015
Publication of award notice on Contracts Finder	30/09/2015
Contract completion date	03/01/2019
Contract completion date – if extension(s) exercised	03/01/2021

## KEY ISSUES FOR CONSIDERATION

### Description of procurement outcomes

19. Based on the procurement process outcomes, the panel recommends the contract is awarded to Lifeline Project Ltd. who is not the current provider for the service.
20. The new contract will provide an integrated drug and alcohol treatment system delivered by a single third sector provider (Lifeline) with forty years experience of delivering drug and alcohol services.
21. The new service, operating six days per week, will deliver evidence based drug and alcohol treatment with an increased focus on recovery and building resilience among service users. This will mean that the new service, along with delivering drug and alcohol ‘treatment’, will be ensuring access to support to help with employment and training opportunities, ensuring support to rebuild social networks and interests and working alongside service users and stakeholders to build a visible recovery community in Southwark. This will result in improved outcomes for Southwark residents with drug and alcohol misuse issues.

22. The new treatment system will be delivered from two main hubs based in Camberwell and Walworth Road, as well as a number of community satellites located across the borough.
23. The service will consist of:
  - a. Recovery co-ordination with Recovery Co-ordinators delivering strength based assessments, recovery planning and evidence based psycho-social interventions (PSI). Recovery coordinators will be based within the main hubs as well as in community hubs.
  - b. Clinical Services will be delivered both as part of the core provision and within primary care. These services will be consultant led, and be delivered by qualified medical staff including nurses, doctors and psychologists. Clinical interventions will be delivered alongside PSIs.
  - c. Core clinical provision will include special prescribing and community detoxification for both drug and alcohol. Physical health needs will be addressed by a specialist Blood Borne Virus (BBV) and physical health services. The clinical service will liaise with mental health services and coordinate treatment for those with a dual diagnosis.
  - d. Primary care clinical provision will integrate with the wider primary care provision within practices, supporting GPs to deliver recovery focused Opiate Substitution Therapy (OST) prescribing and community detoxification. Those service users accessing clinical interventions via primary care will also access PSIs and other support offered within the core provision.
  - e. Early intervention and prevention will be delivered via the open access and low threshold service, which will increase numbers in effective treatment at earlier stages of dependence through tailored engagement programmes and targeted outreach. They will deliver identification and brief advice as well as harm reduction interventions such as Brief Interventions (BI) and Extended Brief Interventions (EBI) to service users with low threshold drug and/or alcohol issues.
  - f. Involvement and recovery support will be co-produced in partnership with service users, in particular the Southwark Service User Council and Peer Mentor service. As well as a Family and carers support service, there will be a number of activities to support recovery and build recovery capital including physical activities, volunteering opportunities, peer mentors as well as access to cultural/art based activities and other diversionary activities.
  - g. Aftercare and sustainable recovery will ensure that those who exit the service remain in recovery by offering continued relapse prevention interventions to those that wish to engage. The service will support the on-going development of mutual aid and peer support via the Southwark recovery community, as well as continuing to offer diversionary activities to those that choose to access them.
24. Current spend on existing services included in the scope of the re-commissioning project equates to £5,869,309 per annum.
25. Projected savings based on current spend are as follows:

	<b>New service costs per annum</b>	<b>Current service cost per annum</b>	<b>Cost reduction</b>
<b>Year one</b>	£3,913,104	£5,869,309	£1,956,205
<b>Year two</b>	£3,513,667	£5,869,309	£2,355,642
<b>Year three</b>	£3,499,467	£5,869,309	£2,369,842
<b>Total over three years</b>	£10,926,238	£17,607,927	£6,681,689

26. The potential savings have been realised by eliminating significant duplication within the currently system. We have also achieved economies of scale by reducing from four providers delivering thirteen services, to one provider delivering an integrated service.
27. The variance in price among the four bidders was approximately £1.25m over the length of the three year contract. The three lowest bidders showed a variance of approximately £565,000 over the length of the three year contract.
28. Efficiencies achieved will be utilised to support reinvestment into the wider substance misuse treatment system and other Public Health priorities.
29. Risks associated with the impact of financial disinvestment from the scope of services to be provided within this contract have been considered. This will be mitigated by a reconfiguration of the overall scope of services to reduce duplication and drive a more cost-effective model of delivery.

### **Policy implications**

30. This procurement activity is in line with the key national policy drivers and legislation detailed in Appendix 1.
31. The procurement of this service contract directly aligns with the council's Fairer Future principles and Joint Health and Wellbeing Strategy.

### **Tender process**

32. Throughout this process the Southwark Service User Council have been consulted regarding key documentation and service specification design. The Service User Council participated in Pre Qualifying Questionnaire (PQQ) evaluation and Invitation to Tender (ITT) evaluation.
33. The tender for the adult integrated drug and alcohol treatment system was advertised on 03 March 2015. In line with rules and regulations, officers advertised the tender opportunity on a number of sources, including the Official Journal of the European Union and specialist substance misuse press and on line publications.
34. In accordance with the agreed gateway 1 procurement strategy, the procurement route followed was a two stage restricted process. Bidders were given until the 7 April 2015 to submit expressions of interest in the form of a PQQ.
35. Southwark Drug and Alcohol Action Team (DAAT) received 13 expressions of interest and issued PQQ packs to all 13 providers. By the closing date, six PQQ submissions were received. The reasons given by other providers for not submitting a PQQ were: not the right time, other priorities, not enough specialism in required areas and concentrating on other contracts.

36. The six submissions comprised of six lead providers (one of them leading a consortium) who would utilise sub-contracting arrangements to deliver some aspects of the service. All six submissions were scored according to the following criteria: financial information, health and safety track record, equalities and diversity track record, quality assurance and technical ability.
37. The PQQ evaluation criteria ensured that only service providers with sufficient experience of delivering substance misuse services would be considered further. It was evaluated as follows:

<b>Criteria</b>	<b>Score</b>
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

38. All six submissions met all the necessary thresholds and were invited to tender on the 05 May 2015 with an original deadline for submissions of 18 June 2015. Due to the complex nature of the tender and the need to ask bidders to respond in detail to a large number of method statement questions, the deadline was extended until the 30 June 2015.
39. These organisations were:
- Blenheim CDP
  - Cranstoun Drug Services Ltd.
  - Crime Reduction Initiatives (CRI)
  - Lifeline Project Ltd.
  - South London and Maudsley NHS Foundation Trust (SLaM)
  - Surrey and Borders Partnership NHS Foundation Trust.
40. Officers were subsequently contacted by representatives of two of the bidders informing them that due to competing priorities and limited resources they would not be submitting a tender.
41. Officers held a bidders' briefing event on 26 May 2015, which was attended by representatives from the four remaining providers.
42. The bidders' event was an opportunity for providers to learn more about the tender process, the tender evaluation methodology and to ask questions.
43. A public questions log was kept and circulated twice a week throughout the tendering period.
44. According with council processes, on 30 June 2015 officers in the legal team conducted a tender opening ceremony. Tenders were received from the following organisations:
- Blenheim CDP
  - Crime Reduction Initiatives (CRI)
  - Lifeline Project Ltd.
  - South London and Maudsley NHS Foundation Trust (SLaM)

## Tender evaluation

45. In order to reflect the cross cutting nature of substance misuse, the tender evaluation panel was made up of:

### Clinical Commissioning Group (CCG)

- Director of Integrated Commissioning
- General Practitioner

### Southwark Council:

#### Children and Adults Services

- Substance Misuse Team Manager
- Safeguarding Adults Manager
- Senior Commissioning Officer
- Joint Commissioning Officer
- Practice Lead Pre-birth and Integrated Homelessness Team
- Head of Mental Health

#### Community Safety and Enforcement Division

- Head of Community Safety and Enforcement
- Unit Manager DAAT
- DAAT Community Safety Officers (x2)
- Community Safety Officer (Reducing reoffending lead)
- Clinical Advisors Substance Misuse (x2)
- Safer Communities Manager

#### Public health

- Health Improvement Partnership Manager
- Consultant in Public Health

#### Other council departments

- Environment and Leisure Head of Service Development
- Housing Re-enablement and Sustain Service Manager

#### Other organisations:

- Service User Council Representatives
- Chief Executive – London Friend
- Blood Borne Virus Nurse – Guys and St Thomas NHS Trust

46. Due to the nature of this service which will support very vulnerable people in very difficult circumstances, the council wanted to send a clear message to potential bidders that for this contract the quality aspect was important. Therefore a 60:40 price quality weighting was agreed at gateway 1 stage and applied throughout the evaluation.
47. The tenders technical quality assessment was based on the method statements received from the bidders in response to 120 evaluation questions. Each question was weighted according to its importance. Bidders were required to submit responses to all evaluation questions.
48. Each question was scored between 0 – 5 according to the guidelines below:



5	Excellent Response	The bidder's response indicates that the bidder has a comprehensive understanding of the contract requirements. The proposed solution is a model answer, which demonstrates an innovative approach and indicates that the bidder can deliver all stated requirements.
4	Good	The bidder's response is fully compliant, logical and robust. It indicates that most stated requirements are met but there are some minor omissions.
3	Satisfactory	The bidder's response is fully compliant, logical and of a good standard. All basic requirements are met; however there is a lack of clarity on some requirements.
2	Unsatisfactory	The bidder's response is only partially compliant, with shortfalls in the solution offered. This indicates that not all the basic requirements of the contract would be met and there would be difficulty in delivering the contract requirements.
1	Unacceptable	The bidder's response shows serious deficiencies in the solution offered. This indicates there would be serious difficulties or inability in delivering the contract requirements.
0	Non compliant	The bidder's response has not provided relevant information to answer or indicate a solution to any of the required contract requirements.

49. Four key method statement questions required a minimum score of three (satisfactory) to be achieved in order to be eligible for award of the contract:

- Question 4A/42: Please describe the Clinical Governance arrangements for the service.
- Question 4A/45: Please demonstrate how the service will ensure that children are appropriately safeguarded in a way that meets statutory requirements and local policies and procedures.
- Question 4A/46: Please demonstrate how the service will ensure that service users who may be adults at risk are appropriately safeguarded in a way that meets statutory requirements and local policies and procedures.
- Question 4B/47: Please detail how the Needle Exchange Service will adhere to guidance regarding Under 18 year olds.

50. Across all other method statement questions, the council reserved the right to reject any tender which received more than three scores of two or less (unsatisfactory/unacceptable/non compliant) in the submission. This right was not applied.

51. The financial evaluation was based on the responses provided within the Tender Pricing Schedule and was assessed as follows:

- Part A: 50 per cent of the overall financial evaluation weighting available against lowest price stated for delivery of the contract (representing 30 per cent of the overall tender evaluation weighting).
- Part B: 50 per cent of the overall financial evaluation weighting available against robust supporting commentary / narrative based on all costs stated to be

recovered from the overall contract value (representing 30 per cent of the overall tender evaluation weighting).

52. Applicant organisations were asked to provide comprehensive and robust supporting commentary / narrative detailing how the stated costs were identified from the overall price of the contract (Part B). There was a requirement to substantiate all stated costs and provide evidence of the calculation of the costs where appropriate.
53. All four bids achieved high scores within the technical quality assessment of the tender evaluation, with a final score variance of less than 3% between first and fourth place. Officers recommend that the contract is awarded to Lifeline Project Ltd who meets the criteria in terms of technical quality, value for money and price.
54. The panel consensus score for the quality and price evaluation and the final total scores can be found in the closed version of this document.

#### **Plans for the transition from the old to the new contract**

55. As part of the tender process, all providers were asked to submit detailed implementation and risk management plans. The DAAT will work with the successful provider to further develop and implement these plans.
56. The DAAT has met with the current providers to plan the decommissioning of the current system, and are working together to produce a decommissioning plan.
57. Throughout the tender process the DAAT has carried out a number communication events with service users. Following contract award, the DAAT will keep both service users and the workforce informed by regular news letter.

#### **Plans for monitoring and management of the contract**

58. 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. It is proposed that this continues to be the case with the new service contract.
59. Following award of contract, weekly meetings with the new provider 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.
60. 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.
61. In addition, the Service User Council will be involved in the development and monitoring of the contract in conjunction with the DAAT.
62. 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.

63. 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.
64. 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 as standard and 20 per cent of the overall quarterly contract value will be paid based on satisfactory performance. This payment will be 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 has been identified in consultation with stakeholders.
65. 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.
66. It is proposed that a phased approach to the PbR element of the contract will apply with no funding withheld for the first six months of delivery to enable the provider to embed service delivery and fully implement the scope of the service specification with the full 20 per cent PbR element being enforced from the third quarter of service delivery.
67. The service contract will be underpinned by a clear focus on outcomes, with a requirement for the provider to demonstrate and evidence how service provision has a positive impact on individuals, families and communities. There is an explicit requirement 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. Officers will use this information alongside trend and other data, to evidence cost-effectiveness and support future decision-making on service development and treatment system configuration.
68. There will be an expectation for the provider 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.
69. 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. The new provider will submit comprehensive technical and financial information to the DAAT prior to the formal review meetings. The provider 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.
70. There will be a mandatory requirement for the provider 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.

71. 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.
72. An annual review of the contract will take place at the Quarter 4 monitoring meeting where overall performance for the year will be evaluated.
73. Dates of contract monitoring meetings and payments (as well as amounts) will be stipulated from the outset in the contract.
74. Regular contract performance monitoring reports will be presented to the Cabinet Member for Public Health, Parks and Leisure.
75. Notice periods will be built into the contract that can be enforced on the basis of non compliance.

#### **Identified risks for the new contract**

76. 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.
77. The contract will contain caveats to allow for changes of volume and quantities of activity. Where funding allocation is reduced in subsequent years, the provider 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.
78. The contract will allow a termination period of six months.
79. There are TUPE implications for the existing and the new provider. This will involve the transfer of staff from the existing providers 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.
80. There is a risk that the council's decision to award this contract to the successful bidder might be challenged by unsuccessful bidders which could lead to a judicial review. The procurement process has been open and transparent throughout. A wide cross section of officers from different service areas has taken part in the evaluation of tenders. Officers have had regular meetings with colleagues in the legal and procurement teams to ensure that due processes and procedures were adhered to.
81. Robust implementation and transition plans into the new service will be put in place, however some clients have been using these services for many years and might not be receptive to change therefore there is a risk that a number of service users might drop out of treatment during the transition period from the existing providers to the new provider. This will be mitigated by ensuring that both the outgoing and incoming providers agree a detailed transition plan and client handover process. The incoming provider will use their outreach provision to prevent dropout and encourage engagement. The DAAT will ensure that both the incoming and outgoing providers have a coordinated communications strategy during the transition.

82. During the initial transition period there is a risk that overall service performance might worsen. Officers will ensure that regular and frequent performance monitoring meetings are held with the provider during this time.
83. The successful bidder is new to the borough and will have to secure a number of new premises from which to deliver the service. Officers have probed the provider's plans in relation to this and are satisfied that the proposed venues are suitable and have been budgeted for realistically in the proposed budget. However, the location of substance misuse related premises can be a sensitive issue for residents and communities located within close proximity. Lifeline has a wealth of experience in dealing with setting up new services in new locations. Officers will ensure that they work closely with residents, communities, partner agencies, relevant Elected Members and the provider to ensure that the location of these new premises is handled sensitively.
84. The detail within the specification for the new service called for a change in the way in which dual diagnosis is managed within the treatment system. In order to mitigate against any deterioration of service for this cohort, we met with the Chief Executive Officer of the Clinical Commissioning Group and agreed to fund two mental health specialist who will deliver a triage service for those who present to the drug and alcohol service with a potential mental health issue. This will ensure that those with a dual diagnosis will receive the service most appropriate to their needs.

### **Community impact statement**

85. The Substance Misuse Needs Assessment 2013 identified the current and projected needs for adult substance misuse treatment in Southwark.
86. 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.
87. 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, communities and partnership agencies 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.
88. 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 was utilised to inform the service specification.
89. The successful provider 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.

90. 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.
91. 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**

92. 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**

93. Because of the nature of the required services they will be delivered within the local area and this will provide opportunities for local labour, bringing local economic benefits. The service will also provide numerous opportunities for volunteering.
94. 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.
95. 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.
96. 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 costs to the NHS associated with the treatment of acute and chronic drug and alcohol related conditions. In the cost of crime committed by adults and young people using substances and individuals who are actively using substances. Those with substance misuse issues 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**

97. 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.
98. Bidders were informed of the requirement to pay London Living Wage (LLW) to all its employees and subcontractors involved in delivering the service as part of the contract, in order to fulfil the council's aspirations in relation to LLW. The current LLW is £9.15 per hour (approximately £17,600 per annum). None of the posts identified within the winning bid are priced at less than the current LLW.
99. Pursuant to section 149 of the Equality Act 2010 the council has tendered this contract having 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.
100. 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.
101. Officers have taken steps to ensure compliance with the Public Sector Equality Duty imposed by the Equality Act 2010 as set out in the Community Impact Statement section above, in particular:
  - The Needs Assessment mentioned in paragraph 10 and 92;
  - The consultation exercise reported at paragraph 95 which has influenced and informed the drafting of the service specification (so that it covers the range of issues and needs identified by the needs assessment and the consultation).

## **Environmental considerations**

102. Not identified.

## **Market considerations**

103. This contract is outsourced.
104. The successful supplier is a limited company (limited by guarantee).
105. The successful supplier is a registered charity (Registered Charity No: 515691)
106. The successful organisation has more than 50 employees.
107. Lifeline is a national based organisation delivering services in a number of London boroughs.

108. Officers confirm that the procurement process has been carried out on the basis of the known market for these services and that all reasonable efforts have been made to attract maximum interest and participation in the tendering opportunity (as demonstrated within paragraph 38).
109. Officers consider that the market has been properly tested and that the range of tenders received demonstrates adequate competition.

### **Staffing implications**

110. There is no negative impact on internal staff and both the procurement and subsequent contract management will be undertaken using existing resources.

### **Financial implications**

111. The total estimated commitment is £10,926,238 over 3 years (£18,656,306 if extended by a further 2 years). The annual contract sum reduces from £3,913,104 in year 1 to £3,499,467 in year 3 as part of the strategic plan to find efficiencies to support reinvestment into the wider substance misuse treatment system and other Public Health priorities.
112. The tender evaluation methodology was weighted 60/40 to price/quality, the outcome of the overall evaluation was that the lowest price was successful resulting in £6,681,689 potential saving on the value of the contract over three years. This contract is based on 1997 service users per annum (total service users in treatment 2014-2015) being supported through service; cost per service user of £1959 in year one, £1758 in year two and £1752 in year three. This is in comparison to the current costs of £2939 per service user per annum. The savings in comparison to previous contract arrangements are set out in paragraph 32 above.
113. The funding for these services is 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 contain caveats to allow for changes of volume and quantities of activity.
114. Risks associated with the impact of financial disinvestment from the scope of services to be provided within this contract have been considered. This will be mitigated by a reconfiguration of the overall scope of services to reduce duplication and drive a more cost-effective model of delivery.
115. The risk of a significant variance to this contract sum is unlikely. The contract will be monitored on a regular basis as part of the departmental revenue monitoring process.

### **Legal implications**

116. Please see concurrent from the director of legal services.

### **Consultation**

117. 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 93.

118. The cabinet member for public health, parks and leisure has been fully briefed and consulted on the content of the Gateway 2 report.

#### **Other implications or issues**

119. None.

#### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

##### **Head of Procurement**

120. This gateway two report seeks the cabinet's approval of the award of the adult integrated drug and alcohol treatment system contract to Lifeline Project Ltd for a maximum period of five years. The total estimated contract value including possible extensions is £18.65M.
121. A procurement strategy report for the contract was approved by the cabinet in February 2015.
122. The open report details the services to be delivered within the proposed contract.
123. An OJEU restricted process was followed with the intention of inviting a minimum of five providers to tender.
124. Details of the contract were requested by 13 organisations and ultimately six PQQ submissions were received. Although all six met the required PQQ thresholds and were invited to tender two bidders subsequently withdrew from the process.
125. The report confirms the process and the criteria that were used at tender evaluation to select a provider to deliver this contract including the 60: 40 price: quality evaluation ratio. Significant resources from across the council and partner organisations were used to undertake the detailed quality evaluation and it is recognised that all bids received high marks for the technical submissions. The report identifies potential savings which will be delivered through the contract arising for example from economies of scale and the elimination of duplication in the current contracts.
126. The procurement process undertaken was in line with that described at gateway one stage and that the process undertaken has been compliant with both CSOs and relevant legislation.
127. Detailed plans are included for the monitoring and management of the contract including a payments by results performance management framework. The provider will be required to use a recognised outcomes monitoring tool with all service users who are engaged in treatment. The client section will be responsible for monitoring the contract through regular meetings and service reviews.
128. From review of the report timetable it is noted that whilst tight there is sufficient time between award and contract start for appropriate transition arrangements to take place.

## Director of Legal Services

129. This report seeks approval of the award of a contract for the adult integrated drug and alcohol treatment system, as detailed within paragraph 1.
130. The director of legal services (acting through the corporate team) has advised officers throughout this matter and confirms that the procurement process which has been undertaken (described from paragraph 40) is compliant with the EU procurement regulations and with relevant domestic legislation and with the council's Contract Standing Orders ("CSOs"). Paragraphs 86 to 88 note the position in relation to the possible application of TUPE to the proposed contract award and explain the steps which have been taken to facilitate the transfer of the service to the new provider and to ensure continuity and consistency of service delivery. The proposed contract award is also consistent with national and corporate policy and guidance relating to the treatment of substance misuse, as described within Appendix 1.
131. This contract is classified as a strategic procurement under CSOs and therefore the decision to authorise its award is reserved to the cabinet or cabinet committee, after consideration of the report by the corporate contract review board (CCRB).
132. CSO 2.3 provides that a contract may only be awarded if the expenditure has been included in approved revenue or capital estimates or has been otherwise approved by, or on behalf of the council. Paragraph 120 of this report advises how the contract is proposed to be funded and also confirms how the contract terms are to be structured in order to provide flexibility and to protect the council's interests.

## Strategic Director of Finance and Corporate Services (FC15/017)

133. The report seeks the approval of the cabinet for the award of the adult integrated drug and alcohol treatment system contract to Lifeline Project Ltd for up to a maximum commitment of £10,926,238 over 3 years (£18,656,306 if extended by a further 2 years).
134. The strategic director of finance and corporate services also notes the strategy to achieve efficiencies by enabling existing provision to be transferred into one overall commissioned service in order to support reinvestment into wider council Public Health priorities.
135. The strategic director of finance and corporate services notes the financial implications contained within the report including the significant reduction in costs compared to previous arrangements. Officer time to effect the recommendation will be contained within existing budgeted revenue resources.

## BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 – Procurement Strategy Adult Integrated Drug and Alcohol Treatment System	Southwark Council, 160 Tooley Street, London SE1 2QH	Paula Thornton 020 7525 4395
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/documents/s51893/ReportAdult%20Integrated%20Drug%20and%20Alcohol%20Treatment%20System.pdf">http://moderngov.southwark.gov.uk/documents/s51893/ReportAdult%20Integrated%20Drug%20and%20Alcohol%20Treatment%20System.pdf</a>		

## APPENDICES

No	Title
Appendix 1	Legislation and other key drivers
Appendix 2	Total Scores and ranking

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Barrie Hargrove, Public Health, Parks and Leisure	
<b>Lead Officer</b>	Jonathon Toy, Head of Community Safety and Enforcement	
<b>Report Author</b>	Eva Gomez, Safer Communities Team Manager Keith Daley, Drugs and Alcohol Team Manager	
<b>Version</b>	Final	
<b>Dated</b>	3 September 2015	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
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	N/a	N/a
<b>Contract Review Boards</b>		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	3 September 2015	

# APPENDIX 1

## Legislation and other key drivers

1. The Government's agenda in relation to substance misuse since 2010 is clear with significant changes to the wider policy context in conjunction with the drive towards reductions in public expenditure. Several policy developments are drivers of change for this agenda.
2. There are many different definitions of what constitutes 'recovery' in the context of substance misuse. The definition outlined by the UK Drug Policy Commission (UKDPC) will be adopted in order to promote a shared understanding across all stakeholders of the ambition of the future borough-wide treatment system. This states 'the process of recovery from problematic substance use is characterised by voluntarily-sustained control over substance use which maximises health and wellbeing, and participation in the rights, roles and responsibilities of society.' Full details of the UKDPC's definition can be found in Appendix 1.
3. The National Drug Strategy 2010 sets out the Government's ambition to promote the recovery of drug users in their communities and how this commitment would be delivered. Within the key thematic area of 'Building recovery in communities', the strategy identifies two overarching aims:
  - Reduce illicit and other harmful drug use; and
  - Increase the numbers recovering from their dependence.
4. The Government's Alcohol Strategy (2012) focuses on irresponsible drinking, support for individuals to make informed choices about their alcohol use and reducing the numbers of individuals drinking to excessive levels.
5. The National Treatment Agency's (NTA - now Public Health England) 'Medications in Recovery: Re-orientating Drug Dependence Treatment' (2012) provided recommendations in relation to maximising individuals' recovery outcomes through the delivery of good practice in Opiate Substitution Therapy (OST).
6. The NTA's Joint Strategic Needs Assessment (JSNA) Pack for Commissioners (2011) provided guidance and recommendations to inform the commissioning of a recovery-orientated treatment system. This aligned with the National Drug Strategy 2010's ambition to replace the substance misuse national service framework (Models of Care 2002 and 2006) with a new model focusing on recovery and updated evidence base.
7. The NTA's 'Commissioning for Recovery' (2010) set out guidance for partnerships on a shift towards outcome-based commissioning for the drug treatment system inclusive of recovery and reintegration identifying key areas of good practice within a recovery-oriented treatment system.
8. The 'Building Recovery in the Community' consultation (NTA, 2011) identified the following key factors for consideration in an integrated recovery-orientated treatment system:
  - Collaborative working between all partners to commission services based on outcomes.
  - Prompt access to appropriate treatment interventions for drug-dependent individuals including those involved in the Criminal Justice system.
  - High-quality treatment that prepares service users for recovery while protecting the wider community.

- Encouraging service users to successfully complete treatment without putting them at risk.
  - Links to support networks to sustain long-term recovery and reintegrate individuals back into society.
9. A cross-governmental paper 'Putting Full Recovery First' (2012) set out the Government's ambition for a new recovery-based treatment system based on the three principles of wellbeing, citizenship and freedom from dependence.
  10. The Ministry of Justice (MOJ) Green Paper: Breaking the Cycle Effective Punishment, Rehabilitation and Sentencing of Offenders focused on the rehabilitation of offenders in order to reduce crime with a directive that offenders will be required to address the issues that contribute to their offending behaviour. This included supporting drug and alcohol dependent offenders to address their use through engagement with effective treatment programmes in prison and the community.
  11. The White Paper 'Healthy Lives, Healthy People – Update and Way Forward' (2011) proposed a new public health system for England (now implemented) with an enhanced focus on outcomes. These outcomes are measured within the Public Health Outcomes Framework and monitored by the DAAT. The paper outlined the shift of responsibility, as of 1 April 2013, from PCT's to local authorities for the commissioning of substance misuse services (including prevention), which provided an opportunity to integrate the commissioning of drug and alcohol intervention and recovery services at a local level.
  12. In addition to the above policy drivers, there are other wider policy developments impacting on the Drug and Alcohol Action Team's (DAAT) business area and approach to commissioning responsibilities including the Troubled Families agenda, the Localism Bill (2010), the Welfare Reform Act (2012) and the Care Act 2014.

## APPENDIX 2

### Total Scores and ranking

#### 1 Technical Assessment - 40% of the Tender Evaluation

		A	B	Lifeline	C
	Section	Score	Score	Score	Score
1	Overarching Provision Weighted Score	831	871	821	764
2	Specific Provision Weighted Score	1265	1263	1192	1219
3.1	Total	2096	2134	2013	1983
3.2	Maximum weighted score	2760	2760	2760	2760
3.3	Percentage achieved	75.94%	77.32%	72.93%	71.85%
<b>4</b>	<b>Weighted - 40%</b>	<b>30.38%</b>	<b>30.93%</b>	<b>29.17%</b>	<b>28.74%</b>

#### 2 Financial Assessment - 60% of the Tender Evaluation

	Total price for 3 year contract	£12,158,644.84	£11,491,409	£10,926,238.44	£11,191,002.22
	Part A - Lowest Price	20.00%	30.00%	50.00%	40.00%
	Part B - Supporting Commentary / Narrative	43.00%	43.00%	40.00%	40.00%
	Overall Percentage achieved	63.00%	73.00%	90.00%	80.00%
	Weighted - 60%	37.80%	43.80%	54.00%	48.00%

### 3 Final Scores and ranking

	Section	A	B	Lifeline	C
1	Technical Assessment	30.38%	30.93%	29.17%	28.74%
2	Financial Assessment	37.80%	43.80%	54.00%	48.00%
3	<b>Total score</b>	<b>68.18%</b>	<b>74.73%</b>	<b>83.17%</b>	<b>76.74%</b>
	<b>OVERALL RANKING</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>2</b>