

Item No.	Classification: Open	Date: 22 November 2017	Meeting Name: Cabinet Member for Public Health and Social Regeneration
Report title:		Gateway 1 - Procurement Strategy: Tier 4 Drug and Alcohol Placements	
Ward(s) or groups affected:		All	
From:		Strategic Director of Environment and Social Regeneration	

RECOMMENDATIONS

That the Cabinet Member for Public Health and Social Regeneration:

1. Approves the procurement strategy for Tier 4 Drug and Alcohol Placements at a maximum cost of £2.906m inclusive of:
 - Category 1, 2 and 3 services (paragraph 24) for an initial period of four years commencing on 1 April 2018
 - Category 4 services (paragraph 24) for an initial period of three years and nine months commencing on 1 July 2018.
2. Notes that the council will be setting up a light touch Dynamic Purchasing System (hereafter referred to as DPS) and that after the initial four year term, this will operate for an indefinite period commencing on 1 April 2022 subject to satisfactory performance with further reports approving continuation and associated expenditure sought at least every four years from this date onwards.
3. Notes that an update report will be presented to the Cabinet Member for Public Health and Social Regeneration on conclusion of the initial supplier selection process which will confirm the approved providers for each category and other relevant information relating to the procurement process with individual contract awards for placements under the DPS subject to separate approval under Contract Standing Orders (CSOs).
4. Approves the use of the stated budget allocations in paragraph 118 for the reasons stated in paragraphs 25 to 28 when necessary and required in accordance with approval from the relevant departmental financial delegation schemes.
5. Approves a charge of up to £7k per annum for other local authorities to access the DPS as detailed at paragraph 61.
6. Notes that the proposals within this report are anticipated to generate savings against the Public Health grant and Adult Social Care (ASC) core budgets for the period between 1 April 2018 and 31 March 2022 as detailed in paragraphs 118 to 130.

BACKGROUND INFORMATION

Overview of the treatment tiers and tier 4 services

7. The National Treatment Agency's (now Public Health England) Models of Care (2002) outlined a conceptual tiered framework to support rational and evidence-based commissioning of drug and alcohol treatment in England with services grouped into four broad tiers of treatment. There is an expectation for commissioners to ensure that drug and alcohol users within their area have access to the full range of Tiers 1 – 4 services reflected in local commissioning arrangements for drug and alcohol treatment tailored to meet the needs of the local population as identified within the annual joint strategic needs assessment (JSNA).
8. Specialist inpatient detoxification, residential rehabilitation and structured day programme provision (referred to as tier 4 treatment interventions) are an integral part of Southwark's drug and alcohol treatment system and are specifically intended for service users with complex needs and vulnerabilities that are unable to achieve abstinence and recovery in the council's separately commissioned tier 3 adult integrated drug and alcohol treatment system service.
9. Although tier 3 community treatment services are accessible and available to all adults resident in the borough identified with a drug and / or alcohol treatment need, there will be service users whose needs are so complex and high threshold as to require Tier 4 treatment intervention.
10. Identification of need for assessment, stabilisation and assisted withdrawal / detoxification in an inpatient unit is primarily linked to complexity of drug and alcohol treatment need, chaotic presentation due to use or requirement for medical stabilisation to reduce and cease drug and / or alcohol use in an inpatient environment. Aftercare following an inpatient placement may involve transfer to a residential rehabilitation placement once drug and / or alcohol free or can involve transfer to community-based care through the tier 3 service. On occasion, there is a need to support a placement with no forward plan due to the level, frequency and pattern of substance misuse deeming this necessary in order to reduce immediate risk to life and risk of harm.
11. Residential rehabilitation placements and high intensity structured day programmes, which are predominantly delivered by voluntary and private sector organisations, tend to be geographically spread across England with the majority located outside of London. A variety of structured programmes are offered, dependent upon individually assessed need, which may include psychosocial interventions, individual and group therapeutic interventions, education, training and social / domestic skills development. Residential placements are primarily provided at the facility with service users staying there for a period of time in order to receive treatment although some programmes involve day placement only.

History of commissioning for Inpatient detoxification and stabilisation services

12. From 1 April 2013, as a result of the Health and Social Care Act 2012, operational and strategic responsibility for population based health improvement, including the reduction of health inequalities and improving the health and wellbeing of adults and young people misusing drugs and / or alcohol, transferred to upper tier local authorities.
13. As part of the transfer of duties on 1 April 2013, commissioning responsibility for a range of specialist commissioned substance misuse services for adults and young people resident in the borough, including Tier 4 inpatient detoxification and stabilisation

provision, was allocated to the council's Drug and Alcohol Action Team (DAAT). These services are primarily funded by the council's Public Health grant with a funding contribution from the ASC budget for tier 4 Residential Rehabilitation and Structured Day Placements for drug and alcohol users.

14. Tier 4 inpatient detoxification and stabilisation services have been commissioned under council grant award arrangements since 1 October 2013 to the current day to ensure no disruption in access to drug and / or alcohol treatment provision for some of the borough's most vulnerable residents, thus creating a 'steady-state' of delivery whilst the DAAT undertook the re-commissioning of the borough's drug and alcohol treatment system. A 2016 review of tier 4 services can be found at Appendix 1. Consultation has taken place with existing providers as appropriate in relation to the proposed change in contracting arrangements.
15. The proposal to recommission tier 4 inpatient placements was planned for late 2016 or 2017/18 and is anticipated to complete by 30 June 2018. As the current grant awards are due to expire on 31 March 2018, a separate IDM report will seek approval to extend the grants on a block placement basis for Quarter 1 2017/18.

History of commissioning for residential rehabilitation and structured day programmes

16. Following the advent of the NHS and Community Care Act 1990, which became operational on 1 April 1991, the council's former social services department was responsible for the commissioning and funding of tier 4 residential rehabilitation services. At this time, the treatment budget was solely allocated from the social services adult division funds and remained this way up until 2001 when the National Treatment Agency was formed followed closely by the rolling out of the criminal justice focused Drugs Intervention Programme.
17. This period marked an unprecedented expansion in resources targeted at service provision for substance misuse nationally with the adult services' substance misuse team's budget bolstered by additional funding provided through the Local Authority Drug Action Team (now DAAT). This funding was later routed through the NHS Southwark Primary Care Trust to the council until 1 April 2013 when the statutory transfer of duties referenced in paragraphs 12 and 13 took place.
18. In Southwark, service users with tier 4 residential / structured day programme drug and alcohol treatment needs are assessed by the council's ASC Substance Misuse Team (SMT) before being presented to a social services panel who allocate resources on the basis of the NHS and Community Care Act 1990, needs assessment, the guidance of the Fair Access to Care Services 2003 and later directed by the requirements of the Care Act 2014.

Overview of local tier 4 funding arrangements

19. Since July 2016, all funding for tier 4 drug and alcohol placements is approved at the multi-disciplinary tier 4 panel which meets on a fortnightly basis. The panel is chaired by a DAAT officer with support from the ASC SMT manager who agrees placements for these services. Activity data can be observed at Appendix 2.
20. Placement suitability is influenced by a number of factors including therapeutic ethos, location and specialisms such as female only, mental health and individuals involved in the criminal justice system with large variations in price range dependent upon complexity of presentation. There are pre-defined eligibility criteria for residents of the

borough to be able to access these placements which will be reviewed prior to the commencement of the new contracting arrangements.

21. As the tier 4 treatment placement costs per individual are significantly higher than those observed across the lower treatment thresholds in the borough's treatment system, funding applications must demonstrate effective planning arrangements both before and after placement to ensure that service users are prepared for the intensity of treatment and motivated to make changes as well as able to make best use of the placement without attrition. The exception to this is the support of placements with no forward plan with close partnership working required between local services and commissioning bodies to ensure the appropriateness of referral and placement linked to primary drug or alcohol misuse issues under these circumstances.
22. Contractual arrangements for individual placements are coordinated through the Children's and Adults' brokerage service once a placement and costs have been identified and approved through the panel. Under the existing arrangements, any negotiations for reduced placement costs would need to take place between the brokerage service and individual providers on an ad hoc basis. It is not anticipated that this would result in ongoing or significant efficiencies. There are no formal agreements that outline additional costs and payments when extra requirements such as mental health assessment arise.

Summary of the business case/justification for the procurement

23. The overall aim of the proposals within this report is to procure tier 4 drug and alcohol placements through a DPS procurement tool in order to drive efficiency savings in the commissioning of this service provision, as detailed in paragraphs 118 to 130 whilst improving on the high quality of delivery already procured through grant awards and individual placement arrangements.
24. The proposed procurement strategy seeks to set up comparable contracting arrangements for all tier 4 provision through a demand-led DPS across four categories of required provision as set out in Table 1 below. Consideration will be given to appropriate location requirements for each category in order to meet service user need which is currently in development. Two soft market testing exercises have been undertaken as part of the planning for this procurement with the results to be analysed and used to inform the development of the lots / categories.

Table 1 Proposed categories of tier 4 drug and alcohol placements

Category Number	Category description
1	Front loaded residential detoxification with residential rehabilitation or structured day programme (Drugs & Alcohol)
2	Residential rehabilitation (Drugs & Alcohol)
3	Community structured day programmes (Drugs & Alcohol)
4	Residential detoxification, stabilisation and assisted withdrawal (Drugs & Alcohol)

25. Whilst the overall budget allocation will primarily fund the four categories of provision detailed in paragraph 24 in accordance with the budget allocations set out in paragraph 118, there may be a rare requirement to part-fund a placement for a young person under 18 years of age. Funding decisions for young people's placements will be undertaken as part of a partnership approach with input from other agencies involved in their care as well as discussions around collaborative funding.

26. Due to the highly specialised nature of services for young people and the negligible level of need with approximately one enquiry of this nature per year, it is recommended that individual placements outside of the contracting arrangements detailed in this report, but with access to the relevant budget allocations, is approved in accordance with the relevant departmental financial delegation schemes if appropriate (paragraph 4).
27. There may also be a rare requirement to approve funding for a placement with a provider not on the DPS if the presenting level of complexity exceeds the service provision available to the council through the contracting arrangements although this is deemed to be highly unlikely and would only be approved in accordance with the relevant departmental financial delegation schemes under exceptional circumstances. With reference to paragraphs 26 and 27, there is a comparable process in place to that which will govern contract awards under the DPS, that is to say the identification of providers from a national list with consideration given to lowest price and ability to meet specialist need areas.
28. It may be necessary to fund travel costs from the budget allocations set out in paragraph 118 when assessed as a requirement in accordance with the council's Travel Assistance Policy (Appendix 3). The council will only agree to fund travel arrangements if the assessment identifies that a service user does not have adequate means to make their own arrangements. The service user may need to contribute towards the cost of their travel arrangements following a financial assessment if the council agrees to fund a placement.
29. Detailed information in relation to the demography of residents who utilise these services is not currently available although work will be undertaken as part of the preparation for the new contracting arrangements to ensure that sufficient information is collected to inform continuous needs assessment. There is an intention to open the DPS lots on an annual basis as a minimum, as detailed in paragraph 53, which provides assurance to the council that the contracting arrangements will be driven by knowledge of evolving local needs. This will offer the ability to future proof against new patterns of substance use such as the use of club drugs and novel psychoactive substances as well as being able to effectively respond to new cohorts of individuals who are using substances in harmful ways such as Lesbian Gay Bisexual Trans Queer (LGBTQ), through revising lot requirements as and when necessary.
30. Utilising the DPS procurement tool will not commit the council to any business with providers at any point during the term. Volumes of service users will not be dictated from the commencement of the contractual term and services will be subject to call-off as and when required through service user presentation to the fortnightly Tier 4 Panel and a recommendation to fund presented to the appropriate decision maker in accordance with the relevant departmental financial delegation schemes. The proposals will also accommodate the placement of service users with no forward plan outside of the Tier 4 Panel as detailed in paragraph 68 although the demand for this is expected to be minimal.
31. The project has three primary outcomes:

- To seek to reduce the cost of commissioning Tier 4 drug and alcohol placements across the initial four year term that will be driven by securing more competitive prices and economies of scale.
 - To improve the visibility of what services are funded and how expenditure takes place through the introduction of improved data and performance quality requirements in addition to increased transparency around spend.
 - To procure single coherent commissioning arrangements for all areas of Tier 4 drug and alcohol treatment provision with a confirmed list of suppliers that have all been subject to intensive due diligence processes and meet the council's minimum threshold requirements for the delivery of the required services to some of the borough's most vulnerable residents.
32. Tier 4 drug and alcohol placements will support the delivery of a range of outcomes for service users engaged in the adult and young persons' treatment systems including:
- 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 parent¹.
33. The wider benefits of the services include but are not limited to:
- Reduction of antisocial behaviour
 - Reduction of drug related litter
 - Reduction of children being removed from families due to parental or sibling substance misuse
 - Reduction of hospital admissions.

Market considerations

34. The tier 4 drug and alcohol treatment field is a developed market with a range of different providers of varying size (including NHS, third and private sector organisations) currently delivering the required treatment services in London and throughout England. In recent years, the market has been more volatile following financial pressures on funding bodies and the reduction of treatment budgets resulting in many local authorities moving to spot purchase rather than block purchase arrangements resulting in less funding certainty and some providers closing down.
35. Knowledge of the tier 4 drug and alcohol market, in addition to discussions with other London based commissioners, has identified that there are a number of providers who would be able to fulfil one or more of the proposed lot requirements of the framework as independent providers and it is anticipated that competitive, but viable, prices will be obtained through this process. However, it is recognised that some of the lots will have low numbers of providers due to the reasons stated in paragraph 34 with prices subject to less competition.

¹ National Drug Strategy 2010; updated National Drug Strategy 2017

36. It should be noted that it is difficult to anticipate the number of providers who will apply to join the DPS although the following numbers as a minimum are considered likely – category 1: 5, category 2: up to 20, category 3: 3-5 and category 4: 2.
37. Additional considerations have been made in relation to category 2 services of which it is known there is currently a restricted market in London with two voluntary and community sector (VCS) suppliers providing the services. On the basis that limited bids are anticipated in the first round of commissioning, steps have been taken to support the viability of this sector which include an appropriate price cap to promote sustainability should the existing suppliers choose to bid and subject to meeting the Council's minimum threshold requirements to be appointed as a preferred supplier of the services.
38. The OJEU notice and the Contracts Finder notice will ensure that the tender opportunity is in the public domain with extensive publicity which should be sufficient to generate a positive response from the market with both notices reflecting the differential commencement dates dependent upon category of provision. An advertisement will also be placed in the Drink & Drugs News (DDN), the primary magazine for drug and alcohol treatment services in England, in order to increase the reach of the contract opportunity.
39. Two soft market testing consultations have been undertaken to ascertain the views of the Tier 4 market which will be considered in the development of the service specifications and tender documentation.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

40. Cease to commission the services or continue with current arrangements: The option of ceasing to commission the services is not viable. The services are strategically and operationally essential to the successful delivery of the wider adult drug and alcohol treatment system as well as reducing hospital admissions for drug and alcohol users in poor health with an acute treatment need. In addition, the current arrangements do not demonstrate an effective way of negotiating and securing the best possible prices for service provision at a time when there are significant financial pressures on council budgets and there is a need to evidence best value for money is being achieved in the procurement of higher cost service provision.
41. Undertake a competitive tender process and award a contract to a single provider for each lot category: This option was considered and is not viable. A wide spectrum of presenting service user needs are considered at the tier 4 panel with no single provider able to meet all of these needs within a unilateral service contract for a specific lot category which would result in an inability to appropriately place individuals in a unit tailored to meet their needs, thus providing a basis to achieve the best possible outcomes.
42. Explore the option of a framework agreement: Officers had previously approached other boroughs to explore the option of joining their existing framework agreements. This was not considered viable due to concerns that a framework agreement was not the best option due to market volatility which could result in a loss of all providers from a lot category and no opportunity to open this up for new providers during the term.

43. Explore the option of a DPS or light touch DPS: Usually DPS, which are subject to full EU procurement rules, operate on the basis of providers being able to submit a Selection Questionnaire (SQ) to join at any time during the contractual term with a requirement for the council to respond and assess this within ten days of receipt. However, the services to be tendered are categorised as Schedule 3 services under the EU Public Contracts Regulations (PCR) 2015 which qualifies them for light touch regime processes. As such, the council has a high degree of flexibility in the proposed procurement route and can design an appropriate model accordingly. A number of options were considered to support the identification of the most appropriate DPS procurement route. These are set out in paragraphs 44 to 46.
44. Option A) Joining a pre-existing DPS: There is no pre-existing DPS within the council, in neighbouring boroughs or in London currently that would fulfil the requirements of the service specifications that is accessible to the council.
45. Option B) Procure a Southwark only DPS: This option would provide the council with maximum control in developing a DPS that would be completely tailored to Southwark's needs. Adopting a unilateral approach would still seek to deliver savings for the council from year 2 but would potentially not offer such great economies of scale on the part of providers who may not quote as competitive prices as would be the case where a number of local authorities offer business through the contracting arrangements.
46. Option C) Procure a Southwark DPS which is open to other local authorities to join: The option of a DPS which is accessible to other local authorities is based upon realising maximum savings through offering providers an opportunity to bid to join the DPS on the basis of potentially having access to greater volumes of business from more than one authority.
47. Discussions with two other London councils have been taking place since early 2017 when it was identified that all three boroughs were in a similar commissioning cycle stage in relation to the provision and keen to deliver efficiencies through a collaborative procurement process with the added advantage of potential cost savings.
48. Initial discussions identified a similar range of issues are being experienced in relation to the presenting need for the services with commonalities observed. Discussions with commissioners across London indicate similar themes with particular reference to the limited availability of complex detox placements with no acute provision within London.
49. A firm commitment to participate is not in place from either council at the time of writing due to approval needing to be granted through their constitutional processes. Expressions of interest have also been received from five other London local authorities, but who do not wish to join at this early stage. At the time of writing, it is anticipated that other local authorities will not request to access the DPS until such a time as it has been operational in Southwark for a sufficient period of time to ascertain its effective operation in procuring the services which is deemed to be an acceptable risk with the proposed savings in paragraphs 118 to 130 not dependent upon the involvement of other local authorities.
50. In the event that other councils are unable to confirm authority to participate prior to the OJEU notice, Southwark Council will proceed with the tender and any local authority will have the opportunity to join at a later date.

Proposed procurement route

51. The preferred option (Option C) is to procure a light touch DPS, open to other local authorities to join, through a competitive tender process for the reasons stated in paragraph 46. This is the preferred option on the basis that it offers the ability to design a procurement tool to specifically meet the council's needs for the services to be tendered. In this instance, it will enable the council to refresh the supply of providers who can join the contracting arrangements, subject to satisfying requirements, on a minimum annual basis reducing the potential problem of loss of providers on a framework agreement due to market volatility resulting in limitations in service provision as no further providers can be added to a framework agreement after the initial tender.
52. In order to set up a DPS, it is usual to follow an EU restricted procedure. However, as noted in paragraph 43, these services are classed as light-touch and fall within the CPV codes listed in Schedule 3 of the PCR 2015 and, as such, allows significant flexibility in setting up a light touch DPS.
53. The four categories, which may be divided into more than four lots subject to the outcome of consultation, will be subject to competitive tender with no upper limit on the number of providers in each category. The council will reserve the right to open the categories for new providers to join or for existing providers to revise their pricing schedules or specialist areas on a minimum annual basis although some may be opened more frequently than others to account for market volatility.
54. In order to get onto the DPS on the first round, suppliers will need to complete a SQ document which will include an assessment of their technical capabilities and a pricing schedule which will essentially be their ITT submission. The council will stipulate set price caps for each category. Once the council has assessed each supplier's SQ, qualitative and quantitative submission, it will rank suppliers in each category according to their pricing submission.
55. A ranked list approach is required as opposed to a mini competition for every placement due to the resources and timescales involved for both suppliers and the council as well as the need to respond quickly with a confirmed treatment placement following presentation to the tier 4 panel and recommendation to fund so as not to delay or impede access to treatment for vulnerable residents. As such, each placement award will be defined by the supplier within a category who has demonstrated ability, competence and expertise at SQ stage through their responses to provide the services and meet the full range of presenting needs, subject to their capacity to offer a placement at the time. Lowest price will be used to decide the placement in the event of more than one supplier being able to meet the presenting needs. Additional details are found at paragraph 90.
56. When a new round of the DPS is opened, new suppliers will need to complete an SQ document which will include a qualitative assessment of their technical capabilities and a pricing schedule which will essentially be their ITT submission, whereas existing providers on the DPS will just need to confirm the validity of their original submission or make any updates as required which will include the opportunity to resubmit their pricing for the following period.
57. Contracts will be awarded on a demand led basis throughout the term which will be documented in accordance with the council's Contract Standing Orders (CSO) requirements for every call-off from the DPS and approval sought in accordance with the relevant departmental financial delegation schemes.
58. Suppliers within each category, once identified as part of the procurement exercise, will be selected for contract award or 'call-off' to provide a service that will meet the

presenting needs of the service user in accordance with the operational guidelines of the DPS (in development) which will be explicitly communicated to all suppliers.

59. The DPS will account for the purchase of all placements where a need for Tier 4 substance misuse services is identified including inpatient detoxification and stabilisation, residential rehabilitation and structured day programmes (with the exceptions detailed in paragraphs 25 to 27).
60. Where a service user is not in agreement with the most cost-effective placement to meet their needs which is generated by the ranked list and expresses a preference for a more expensive placement, they will be required to fund the difference between the overall cost of the most cost-effective placement to the council and their preference for the duration of the placement term to be able to access this. In addition, where one or more suppliers is identified to be able to meet the needs and are offering the services at the same price, the service user will be asked to identify their preference.
61. It is proposed that the contracting arrangements are open to other local authorities to participate through an access agreement for the duration of the term at a cost of up to £7k per annum. Where other local authorities do not wish to purchase from all categories, the council will identify an appropriate charge. The decision to approve a charge is usually reserved for Cabinet. The Leader of the Council has varied the executive schedule of delegation for this variation decision to the Cabinet Member for Public Health & Social Regeneration on 30 October 2017 due to the urgency of the timescales.
62. As previously referenced in paragraph 46, the primary benefit of enabling other boroughs to join the contracting arrangements is the potential scope for an increased volume of business for the selected providers and the opportunity to secure more favourable prices on behalf of the participating local authorities.
63. It should be noted that there is no requirement for a standstill period as providers will not have any grounds for challenge on the basis that any provider who was unsuccessful at meeting the council's minimum thresholds at SQ stage would have an opportunity to reapply to the DPS in the next round.
64. Other local authorities will have differential funding processes in place for Tier 4 placements. Formal agreements will be required between any local authority utilising the DPS and the providers in all lots as Southwark Council will not be involved in arrangements for non-borough residents.

Identified risks for the procurement

65. The identified risks for the procurement are detailed in Table 2:

Table 2: Procurement risks

Risk	Risk grading	Mitigating action
Possible delays arising from joint working with other local authorities at procurement stage	Low	Establishment of strong governance structures between councils, adoption of appropriate project management principles and comprehensive project controls. In the event that other local authorities are not

Risk	Risk grading	Mitigating action
		in a position to proceed in accordance with the council's timescales, Southwark will proceed with the procurement on a unilateral basis.
Procurement exercise fails to meet quality thresholds or recruitment of providers to all categories at SQ stage is unsuccessful	Low	<p>Preparation for this procurement includes significant consultation with finance, procurement and legal officers to ensure procurement/contract best practice is observed as well as testing the market through a soft market testing exercise.</p> <p>Additional considerations made in relation to category 1 services of which there is a restricted market to support viability of VCS providers.</p>
Uncompetitive fee rates submitted on return of tender due to low numbers of providers for some lot categories	Low	<p>The proposal is for a price cap to be stated for each lot above which tender returns would automatically be rejected and for this to be made explicit within the tender documentation.</p> <p>Benchmarking has taken place to establish the range of prices currently paid for the 8 different lots with the price cap for each lot to be defined on the basis of this information.</p>
DPS proves too complex or bureaucratic for operational purposes.	Medium	<p>Early development of performance and contract management processes to ensure that the DPS is 'fit for purpose' once it is up and running.</p> <p>A focus on engaging with providers and all officers who will be expected to work with the DPS once it is operational.</p>
Low number of providers in lot 1 may result in limited or no capacity to admit Southwark residents to the most cost-effective placement if already in use by another authority	Medium	<p>Majority of lot 1 admissions are planned in nature allowing a period of time between agreement to fund and placement if necessary with service user managed in community.</p> <p>Maximum price cap will ensure</p>

Risk	Risk grading	Mitigating action
		that the council may offer the placement to another provider without a significantly higher cost as this would be within the council's acceptable price thresholds.

Key decisions

66. This is a key decision.
67. At the Gateway 2 stage, which will involve the award of individual contracts following placement approval, approval to make the placement and fund will be agreed in accordance with the relevant departmental financial delegation schemes.
68. As detailed previously, there may be a requirement on occasion to award funding for lot 1 placements (inpatient detoxification / stabilisation) outside of the Tier 4 Panel. Governance arrangements will be set up to enable a decision recommending placement to be made by the DAAT and ASC SMT officers only outside of the Tier 4 Panel and to seek urgent approval from the decision-maker within the H&M departmental financial delegation scheme.
69. A report will be produced by the DAAT on a quarterly basis containing information on all contract award activity during the period which will be shared with all three strategic directors in light of the contract award decision being taken in accordance with the financial delegation schemes of the two departments that hold the budget for the services: H&M and C&A.

Policy implications

70. This procurement activity is in line with key national policy drivers and legislation in relation to drug and alcohol treatment in England including the recently published HM Government National Drug Strategy 2017.
71. The benefits listed in paragraphs 32 and 33 also impact on cross council priorities and the successful delivery of Southwark's Council Plan 2014 to 2018 in relation to the following Fairer Future promises:
 - Best start in life – offering intensive specialist support for parental drug and alcohol users to address dependency improves the life chances of their children and reduces the likelihood of harm with decreased impact on children's social care (CSC) services.
 - Healthy active lives – tackling dependency and associated ill-health helps to reduce health inequalities and support people to improve their lives with contribution on a wide range of Public Health Outcomes Framework (PHOF) indicators.
 - Cleaner, greener, safer – engagement of drug and alcohol users in effective treatment reduces substance related crime and antisocial behaviour as well as reducing the discarding of drug related paraphernalia in public places

- Strong local economy – achieving stability in treatment and sustained recovery enables drug and alcohol users to find work, access training and achieve their goals as well as contributing to the local economy
72. By seeking to change the basis upon which the tier 4 placements in this report are procured and awarded, this will enable Southwark’s drug and alcohol treatment system to deliver greater benefits for individuals, families and communities across the borough supporting the successful delivery of the Council Plan and Fairer Future promises as well as delivering efficiencies for the council through competitive pricing of the services and economies of scale.
73. Due to the budget for these services being held in the H&M and C&A departments with the overall responsibility for the Public Health services portfolio, of which substance misuse is a key area, held in the Environment & Social Regeneration (E&SR) department, there is a need for this report to be sighted through the affected Departmental Contract Review Boards before progressing to the corporate contract review board (CCRB) and for decision to be taken by the Cabinet Member for Public Health & Social Regeneration. A decision was taken in August 2017, subject to approval from the strategic directors of all three departments, for the report to be considered at the E&SR DCRB with comments from the other two strategic directors.

Procurement project plan

Activity	Complete by:
DCRB Review Gateway 1:	02/10/2017
CCRB Review Gateway 1:	20/10/2017
Cabinet Member Briefing	09/11/2017
Approval of Gateway 1: Procurement strategy report	08/12/2017
Completion of SQ and ITT documentation	08/12/2017
Publication of OJEU Notice	11/12/2017
Publication of Opportunity on Contracts Finder	12/12/2017
Issue of SQ and ITT	12/12/2017
Closing date for return of SQ and ITT	19/01/2018
Completion of clarification meetings/presentations/evaluation interviews	06/03/2018
Completion of evaluation of tenders	09/03/2018
Cabinet Member Briefing – Update report	21/03/2018
DPS commencement date – Categories 1, 2 and 3	01/04/2018
Initial DPS call off – Categories 1, 2 and 3	01/04/2018
DPS commencement date – Category 4	01/07/2018
Initial DPS call off – Category 4	01/07/2018
Add providers to contract register	02/04/2018
Batched call offs (By LA) on quarterly basis to Official Journal of European (OJEU)	30/06/2018

Activity	Complete by:
Batched call offs (By LA) on quarterly basis on Contracts Finder	30/06/2018
DPS Review Date (and every four years thereafter)	31/03/2022

TUPE/Pensions implications

74. TUPE will not apply in respect of Southwark’s commissioned services on appointment to the DPS and neither is it anticipated that TUPE will apply on an initial call-off because each call-off is anticipated to be of a short term duration and no current Southwark provider has staff dedicated to Southwark commissioned services. Further, it isn’t anticipated that TUPE will apply to subsequent call-offs for similar reasons. Participating suppliers offer service provision for any funding body that wishes to utilise it and will not be solely commissioned to deliver services for Southwark residents only.
75. In addition to paragraph 74, the inclusion of a provider on the DPS is not representative of a commitment to offer any business at all during the contractual term and providers will be unable to allocate any staffing resource to Southwark on this basis.

Development of the tender documentation

76. The development of tender documentation will be undertaken by DAAT officers, ASC officers, legal and procurement services with specialist medical input from an independent substance misuse doctor with expertise in this field. Key documents included in the tender pack will include:
- Service specifications which will set out the services to be provided in each of the four proposed lots which will comprise the contracting arrangements.
 - A SQ as a means of approving suppliers for inclusion on the DPS inclusive of competency, experience and quality project specific questions and guidance document.
 - An ITT pricing schedule and evaluation methodology.
 - Conditions of Tendering to support suppliers in completing the tender documents (including maximum prices for each category of provision).
 - Contract documents which set out the formal terms and conditions under which prospective suppliers need to sign up to the DPS if successful.
 - A Form of Tender (FoT) to enable suppliers to confirm their intention to meet the terms and conditions of the DPS and;
77. A number of targeted performance and outcomes measures will be included within the service specifications to enable the council to monitor the performance of the providers.

Advertising the contract

78. The council will be seeking submissions from tier 4 providers who have the relevant expertise, knowledge and skills to deliver the required scope of substance misuse treatment service provision outlined in the service specifications of the eight lots.

79. The tender will be advertised through a variety of forums including OJEU, Contract Finder, Drink and Drug News (DDN), the council's website and other sources including NHS Southwark Clinical Commissioning Group (CCG) recommended forums.

Evaluation

80. Tender evaluation panels will be structured around the four lots. It is proposed that the panels will consist of Southwark Council DAAT, Public Health and ASC officers, CCG officers and other individuals with expertise in the required services. The evaluation methodology will be clearly set out in the tender pack.
81. The single stage tender evaluation process will commence with evaluation of a SQ inclusive of organisational financial viability and a number of pass / fail project specific questions designed to identify providers who meet a minimum threshold standard required by the council to join the DPS and deliver the lot services for which they have applied. This will also include specific questions related to specialist need areas that are of relevance to the requirements which will be fully assessed at this stage of the process.
82. The SQ evaluation process will result in the creation of a pivot table listing all providers for each lot, the services and any specialist need areas that they have demonstrated competency and expertise in delivering and demographic information such as location, age criteria etc.
83. Subject to satisfactory compliance with the SQ requirements, the evaluation panel will then go on to evaluate the ITT submission, the process of which will adopt a one stage evaluation consisting of assessment of lowest price.
84. The council's standard tender evaluation is a 70:30 price / quality weighted model. However, a price / quality weighted evaluation model is not proposed for this tender in line with the rationale underpinning the evaluation methodology as set out in paragraphs 84 to 91. Therefore, the ITT evaluation will be weighted at 100% on lowest price.
85. The quality of inpatient detoxification and stabilisation services (categories 1 and 4), which are person centred supporting the most vulnerable and high need residents with complex drug and alcohol issues in exceptionally poor physical health who are often at risk of significant harm to themselves and their communities, is of paramount importance. Due to the likelihood of poor physical health at point of admission, 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.
86. All placements in categories 1 and 2 are residential in nature with all placements for categories 1, 2 and 3 usually agreed for a minimum period of 12 weeks which represents a vast amount of service users' time being in contact with the service provider. It is of paramount importance to be assured that the quality of this enhanced contact will be of the highest standard at the point of tender to safeguard the wellbeing of vulnerable residents for whom conventional community based treatment has not been successful and to reduce the risk of attrition from poor quality or sub-standard programmes that fail to deliver the required outcomes or result in untimely death, neglect or inappropriate harms.

87. Officers are of the view that it is of exceptional importance to ensure that any prospective supplier is assessed fully in terms of quality at the SQ stage of the process negating the need for a quality assessment to also take place as part of the ITT stage.
88. Project specific method statement questions designed to assess quality will be developed for each service categories and will be included in the SQ document with suppliers required to supply a written response at this stage to demonstrate to the council that they can deliver a high quality service to meet a range of needs. All responses will be assessed in accordance with the council's standard scoring template with suppliers required to meet a minimum pass / fail threshold to be considered for placement award of the services. This technical assessment process will provide the council with a quality assured list of providers across all required categories at SQ stage.
89. The ITT assessment will relate to an assessment of price only achieved by all suppliers submitting their lowest price for provision of the services in the category. The lowest price offered by each provider will be input into the pivot table created at SQ stage against the supplier to which it relates.
90. On receipt of approval to fund a placement, the pivot table for the particular category will be used to identify the supplier who offers the services required to meet the service user's needs. Where more than one supplier is identified as able to meet the needs, the lowest priced supplier will be offered the placement award. In the event that the supplier is unable to accept the service user, the next lowest priced supplier on the ranked list who offers the required services to meet the needs will be approached and offered the placement award until such a point as a placement is confirmed.
91. In the event of a tie-break where more than one supplier is able to meet the needs and have offered the same price, the preference of placement will be offered to the service user. In addition, service users can express a preference for a different unit subject to self-funding the difference in price between the most cost-effective option for the council that meets the service user's needs and their choice.
92. Each category will have a price cap representing the maximum price that the council is willing to fund for each category of placement. This will provide assurance that there is a maximum accepted price for all suppliers who wish to participate on the DPS and receive business from the council with no expenditure above this level. The price cap for each lot (and / or lot sub-categories) will be defined by benchmarking processes of current service costs as well as consideration of viable supplier costs in order to safely deliver the services and facilitate service user engagement.
93. In addition, the evaluation panel will carefully scrutinise any tender that contains a price or pricing schedule which appears very low (having regard, amongst other things, to the prices submitted in the other tenders received for the lot) and has the power under regulation 69 of the PCR 2015 to disregard/reject any Tender that is abnormally low. Suppliers will be invited to revise their pricing on a regular basis to be determined by officers but at a period of no longer than one year. Suppliers who initially applied to get onto the DPS will get further opportunities to reapply and be reassessed along with any new entrants at the point when officers reopen the DPS.

Community impact statement

94. Annual Joint Strategic Needs Assessment (JSNA) support packs are provided to the council by Public Health England. The JSNA packs clearly identify a need for provision

of Tier 4 substance misuse treatment services to meet the needs of residents in the borough who misuse substances and require this threshold of treatment provision.

95. An independent Tier 4 needs assessment was commissioned by the DAAT in January 2015 which identified a cohort of individuals in need of Tier 4 treatment interventions and made recommendations for consideration going forwards. The needs assessment is in the process of being updated and will be included with the tender documentation
96. The proposed services will ensure individuals with high-threshold needs who cannot be safely supported to achieve recovery in the community receive the appropriate level of intensive support at the time that it is needed. The procurement process will ensure that the new contractual arrangements deliver in this regard.

Social Value considerations

97. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. The details of how social value will be incorporated within the tender are set out in the following paragraphs.

Economic considerations

98. This tender opportunity is likely to attract interest from a range of providers including small and medium voluntary and charity enterprises. This may serve to support this sector to continue delivering services at a time when many Tier 4 suppliers are losing business or closing services.
99. A potential direct consequence of difficulties in access to or availability of Tier 4 treatment interventions could result in an increase in acute admissions to hospitals with a potential negative impact on CCG budgets as a result. The proposed categories 1 and 2 will offer appropriate and specialist residential placements to meet the drug and alcohol treatment needs of drug and alcohol users in exceptionally poor physical health negating the necessity for a hospital admission in the absence of treatment.
100. With consideration given to paragraph 99, there is an economic consideration for the council linked to the inappropriate referral of residents as a means to meet other needs outside of their drug and alcohol use which will impact on the treatment budget if not managed carefully. The Tier 4 Panel will scrutinise any such referrals very carefully inclusive of recent health review, readiness and capacity to engage to ensure that all placements are appropriate to meeting the drug and alcohol needs of residents as opposed to wider needs that are the primary remittance of other services or commissioning bodies.
101. Achieving stability in treatment and sustained recovery brings economic benefits to the borough through enabling drug and alcohol using residents to find work, access training and achieve their goals as well as contributing to the local economy. It also brings positive economic benefits for the council in reducing ongoing need and financial costs for public health funded services and ASC by enabling residents to live independent lives with improved health and wellbeing.

Social considerations

102. The evaluation of the bids will ensure that suppliers have a good track record in delivering services to a diverse group of service users. It will also assess the quality of

clinical governance and safeguarding policies and protocols for all providers who wish to receive business from the council providing assurance that residents will be placed with providers offering safe, clinically robust care and be safeguarded at all times.

103. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Southwark pay their staff at a minimum rate equivalent to the LLW rate. Successful contractors will be expected to meet LLW requirements and contract conditions requiring the payment of LLW will be included in the tender documents.
104. 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.
105. 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.
106. An equality impact assessment has been completed for this proposed procurement (Appendix 4). The proposed changes will not negatively impact those with protected characteristics on the basis that there is no proposed reduction or restriction of the scope of the services that are already being offered and access to Tier 4 placements is open to any adult or young person that meets the criteria for ordinary residence and requires support. In addition, the services will support the reablement of vulnerable residents offering specialist support to enable them to address their substance misuse and to develop strategies that will support independent living as far as possible.

Environmental/Sustainability considerations

107. The environmental implications of residential drug and alcohol treatment are associated with residential living, i.e. energy and water usage, purchasing of domestic goods and waste generation (potentially including clinical waste).
108. The tender will be developed to include reference to environmental implications with suppliers required to demonstrate their considerations in this regard as part of the overall process.

Plans for the monitoring and management of the contract

109. A DPS protocol is being developed to award placements to suppliers and govern the operation of calling off individual suppliers under the DPS. Operational principles will be based on a decision to recommend funding for a placement at the Southwark Tier 4 Panel and calling off the most appropriate supplier to deliver the services, following formal approval, dependent upon the ability to meet the service user's needs and lowest price (in the event of more than one supplier being able to meet the needs) as defined within the pivot table.

110. It will be made explicit to all suppliers who join the contracting arrangements that there is no guarantee of business from the council or any of the participating local authorities.
111. There will be a mandatory requirement for all referrals for funding placements for Southwark residents to be processed through the fortnightly Tier 4 panel with a record of decision completed for every recommended placement and approved by the appropriate decision-maker (with the exception of paragraphs 25 to 27). Referrals, outcome of funding decisions, conversion rates between agreement to fund and participation on placements as well as the extent to which the placement was a success will be monitored through the DAAT and ASC SMT. Other local authorities may have differential funding processes and this would be indicated to suppliers through borough-specific protocols.
112. In the event of a presentation necessitating an admission outside of the Tier 4 Panel, robust governance arrangements will be set out in the Tier 4 Panel terms of reference enabling DAAT and ASC SMT officers to make a funding recommendation in accordance with the financial delegation scheme for each department with the case to be reviewed at the subsequent Panel. Urgent referrals will be monitored to ensure appropriateness throughout the contractual term.
113. The council will monitor the overall performance of the DPS and will make available to other local authorities any relevant information in this regard. The DAAT will liaise with procurement and legal officers to ensure that the details of all contract awards are submitted to the OJEU on a quarterly basis. Other local authorities who use the DPS will be responsible for submitting notification of any call offs to the OJEU directly.
114. Southwark specific performance and outcomes measures will be monitored by the DAAT including National Drug Treatment Monitoring System data. All local authorities using the DPS will be responsible for monitoring the performance of their own treatment system with no input from the council.
115. A range of quality assurance processes will be built into the service specifications to enable officers of the council and other local authorities to undertake audit as appropriate to provide assurances on the quality of service provision. This will include a requirement for providers to share information on serious incidents and Care Quality Commission reports as a minimum.
116. A quarterly report will be produced for all relevant chief officers as set out in paragraph 68. In accordance with Contract Standing Orders (CSOs), a performance monitoring report will be presented on a six monthly basis to the relevant DCRB.

Staffing/procurement implications

117. DAAT officers will take a lead role in this procurement utilising existing resources within the team to achieve deliverables consulting closely with Public Health and ASC officers. Advice will be sought from legal and procurement officers as necessary. At the time of writing, there are ongoing discussions in relation to the use of the DPS by other London boroughs and proposed fees to help cover the evaluation process of new suppliers for subsequent rounds, co-ordination of performance data and management of any supplier issues.

Financial implications

118. The proposals in paragraph 1 will require the annual budget allocations detailed in tables 3, 4 and 6 resulting in an overall budget allocation of £2.906m over four years.

Table 3: Proposed overall funding streams and budget allocations for tier 4 drug and alcohol placements

DPS Funding stream	2016/17 (for comparison only) (£)	2017/18 (for comparison only) (£)	2018/19 (£)	2019/20 (£)	2020/21 (£)	2021/22 (£)	Total (1 Apr 2018-31 Mar 2022 only) (£)
Public Health	838k	595k (+ £63k 16/17 underspend carried over)	455k (DPS only)*	528k	523k	518k	2.024m (DPS only)
Adult Social Care	296k	233k	228k	223k	218k	213k	882k
Total	1.134m	891k	683k	751k	741k	731k	2.906m

*Total budget of £555k allocated for 2017/18 with £100k allocated to extension of grants awards in Q1 2017/18 as detailed in Table 6.

Category 1

119. It should be noted that a budget allocation has not been indicated for Category 1 (Residential Detox / Stabilisation with Residential Rehabilitation or Structured Day Programme (Drug & Alcohol)), but that any placement will be jointly funded by the Public Health inpatient detoxification budget (Category 4) and the Public Health /Adult Social Care residential budget (Categories 2 & 3) as it includes both types of service provision. At the time of writing, it is impossible to provide an indicative expected spend as this dual treatment option has not been available to service users before, but is included now to increase access.

Categories 2 and 3

Table 4: Proposed budget allocations for residential rehabilitation / structured day programmes

Funding stream	2018/19 (£)	2019/20 (£)	2020/21 (£)	2021/22 (£)	Total (£)
Public Health	212k	207k	202k	197k	818k
Adult Social Care	228k	223k	218k	213k	882k
Total	440k	430k	420k	410k	1.7m
Proposed recurrent saving (when compared to previous financial year budget)	10k	10k	10k	10k	N/A

120. Other London boroughs were approached in 2016/17 and asked to confirm their budget allocation for categories 2 and 3 services of which 4 responded:

Table 5: Comparison of budget allocations for lots 2 & 3 services

	Lots 2 & 3 budget (£)
Southwark	450k
A	300k
B	475k
C	462k
D	280k
Mean average budget allocation	389k

121. As can be seen from Table 5, Southwark does not have the highest or lowest budget allocation for categories 2 and 3 services of those local authorities who responded. A savings target of £10k per annum, equally divided between Public Health & ASC, for each of the four years of the initial operational term is proposed at the time of writing. There are a number of measures that could support the achievement of the proposed savings including:

- Competitive rates and economies of scale achieved through the DPS which will be assessed once the DPS is in operation & which could negate the reduced budget allocation for the services.
- Robust decision-making and governance processes at the Tier 4 Panel which will be reviewed and developed prior to the commencement of the DPS including scrutiny of referral appropriateness and the development of a checklist to demonstrate that the most cost-effective options to meet the client's needs are explored before consideration is given to more costly placements.
- Working with community providers to identify residents at the earliest opportunity whose drug and alcohol use may escalate to requiring inpatient care and seeking to implement interventions at an earlier stage where possible to reduce the need for these services.
- In the case of significant budget pressures, taking a decision following consultation with senior officers to only offer one stage of lot three services.

Category 4

Table 6: Proposed budget allocations for inpatient detoxification / stabilisation services

DPS Funding stream	2018/19 (£)	2019/20 (£)	2020/21 (£)	2021/22 (£)	Total
Public Health (DPS only)	243k	321k	321k	321k	1.206m
Public Health (grant extensions Q1 18/19)	100k	0k	0k	0k	100k
Public Health (total budget)	343k	321k	321k	321k	1.306m
Proposed recurrent saving (when compared to previous financial year budget)	35k	20k	0k	0k	N/A

122. The overall Public Health budget allocation for category 4 services has reduced in recent years with the inpatient detoxification / stabilisation budget evidencing a 32.5% reduction from £560k to £378k between 1 April 2015 and 31 March 2017. In addition, the ASC funding contribution of £63,190 per annum to category 4 services was stopped as of 1 April 2017 which resulted in a 39% overall reduction in funding to this type of service provision. It should be noted that, to date, reductions in budget allocation for category 4 services have not resulted in restrictions on access to treatment but were driven in part by surplus budget allocations.

123. Other London boroughs were approached in 2016/17 and asked to confirm their budget allocation for category 4 services of which 4 responded:

Table 7: Comparison of budget allocations for lot 4 services

	Detox budget (£)
Southwark	378k
A	185k
B	386k
C	260k
D	230k
Mean average budget allocation	288k

124. As can be seen from Table 7, Southwark has the second highest budget allocation for category 4 services although it should be noted that the borough has also observed higher levels of activity than the responding boroughs in previous years, the reasons for which are unknown. Although a budget allocation of £378k was approved for 2017/18, this has been increased by c£63k due to the carry forward of 2016/17 underspend by the two grant commissioned inpatient units resulting in a total budget allocation of £441k for 2017/18. A review of Q1 2017/18 category 4 placement activity in July 2017 evidenced £84k of expenditure resulting in a revised full year forecast of £336k if current activity levels are maintained which will realise a projected non-recurrent saving of £105k for 2017/18.
125. As detailed in paragraph 15 and referenced in table 6, the current grant awards offered to the two category 4 VCS providers will be extended for Quarter 1 2017/18 on a block placement basis at a maximum cost of £100k resulting in a total Public Health budget allocation of £343k for the services in 2018/19.
126. Recurrent savings targets are set out in table 6 with a proposal at the time of writing to save £35k in year 1, £22k in year 2 and £0k per annum in years 3 and 4 when compared to the previous year's budget allocation. There are a number of proposed measures identified to support the achievement of the proposed savings including:
- Competitive rates and economies of scale achieved through the DPS which will be assessed once the DPS is in operation & which could limit the reduction of placements due to lower budget allocation.
 - Robust decision-making and governance processes at the Tier 4 Panel which will be reviewed and developed prior to the commencement of the DPS including scrutiny of referral appropriateness.
 - Increased use of community detoxification through the adult treatment provider in accordance with a revised support programme which is currently being rolled out.
 - Working with community providers to identify residents at the earliest opportunity whose drug and alcohol use may escalate to requiring inpatient care and seeking to implement interventions at an earlier stage where possible to reduce the need for these services.
 - Full implementation of revised community detoxification programme by the commissioned adult drug and alcohol treatment service seeking to offer detoxification in a community setting where appropriate negating the need for admission to category 4 services.
127. Officers recommend that the proposed savings in this Gateway 1 report are considered in conjunction with the following caveat. As Tier 4 services are demand led, there is a risk that reducing the budget allocation during the term could result in a budget that is not sufficient to meet presenting need. DAAT and ASC officers will closely monitor all service activity on a minimum monthly basis and will report to senior officers and members on any likely financial pressures at the earliest opportunity to enable action to be taken. Alternatively, it is also possible that the range of measures detailed in paragraphs 122 and 128 will generate additional non-recurrent savings within each financial year which could be used as evidence of the ability to realise recurrent savings at a greater level than what is proposed within this report, but that this is unable to be accurately forecasted at the time of writing.

128. It is recommended that a formal review of the operation of the DPS is undertaken by DAAT officers in Q3/4 of every year of operation for the purpose of identifying the impact of economies of scale and competitive pricing rates on the council's expenditure on Tier 4 placements with a view to identifying and offering additional savings against both funding streams, where appropriate, from 2019/20.
129. All budget allocations are subject to the outcome of the council's annual budget setting process and are not confirmed at the time of writing.

Legal implications

130. Please see concurrent from the Director of Law and Democracy

Consultation

131. Consultation to inform the development of the service specification and tender documentation includes the council's Children's & Adults' Commissioning Team and Adult Social Care officers, NHS Southwark CCG commissioners, Public Health officers and service users.
132. The views of existing commissioned providers in the borough and sector providers across the UK have been sought in two soft market testing exercises and will be considered as part of the development process.

Other implications or issues

133. Not applicable.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

134. This report seeks the Cabinet Member for Public Health & Social Regeneration approval for the procurement strategy for Tier 4 Drug and Alcohol Placements by setting up a light touch Dynamic Purchasing System, which will be open up to other local authorities with an annual charge of up to £7k, for an initial period of four years commencing on 1 April 2018 at a maximum cost of £2.967m.
135. The nature and value of these services means that it is subject to the tendering requirements of the Public Contracts Regulations 2015. Regulation 34(5) requires the rules of the restricted procedure to be followed, subject to other provisions of those Regulations, when procuring a DPS. However, as this service is classed as a 'light touch' service, and falls within the CPV codes listed in Schedule 3 PCR 2015, there is significant flexibility in how a light touch regime DPS can be set up, provided that the general principles of transparency, equal treatment and proportionality are complied with. Paragraphs 50-63 confirm how the light touch regime DPS will be procured and set up.
136. Southwark Council's procurement officers will be advising on the set up of the light touch DPS on the council's e-procurement system and on the development of the tender documents to ensure that all relevant statutory questions are included and due diligence is conducted to ensure the shortlisted providers are financially stable and technically able.

Director of Law and Democracy

137. This report seeks the approval of the cabinet member for public health and social regeneration for the procurement strategy to establish a DPS for Tier 4 Drug and Alcohol placements as further detailed in paragraphs 1 and 2. As the value of the intended contract is between £2-4m, the decision to approve this procurement strategy is reserved to the relevant cabinet member.
138. The nature and value of this service is such that it is subject to the tendering requirements of the Public Contracts Regulations 2015. Regulation 34(5) requires the rules of the restricted procedure to be followed, subject to other provisions of those Regulations, when procuring a DPS. However, as this service is classed as a 'light touch' service, and falls within the CPV codes listed in Schedule 3 PCR 2015, there is some flexibility in the tender process which can be adopted, provided that the general principles of transparency, equal treatment and proportionality are complied with. Paragraphs 50-63 confirm how the light touch regime DPS will be procured and set up.
139. When considering the recommendations, the cabinet member must have due regard to the public sector equality duty (PSED) contained within section 149 of the Equality Act 2010. That is the need to eliminate discrimination, harassment, victimisation or other prohibited conduct; advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion, religion or belief, sex and sexual orientation. The duty also applies to marriage and civil partnership but only in relation to the elimination of discrimination. The cabinet member is specifically referred to paragraphs 104-106 of the report which notes the community impact statement, demonstrates how the council has had due regard to PSED and the cabinet member should satisfy themselves that this duty has been complied with when considering the recommendations.

Strategic Director of Finance and Governance (H&M17/034)

140. The Strategic Director of Finance and Governance notes the procurement strategy for the Tier 4 Drug and Alcohol Placements contract for an initial period of four years commencing on 1 April 2018 at a maximum budget allocation of £2.906m and the financial implications in paragraph 116 to 128.
141. This contract is to be funded by the Public Health Grant, the value of which has not been confirmed by the Department of Health beyond 2018-19, as well as Adults and Social Care, who face budgetary pressures.
142. It is also noted that the contract is expected to make savings of £125k over the four year period, although subject to demand, this will be reviewed annually for additional savings beyond 2019-20 and where other local authorities join, they will also be subject to a joining fee of maximum £7k.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Tier 4 Commissioning File	H&M/Communities/Community Safety and Partnerships/DAAT	Donna Timms 0207 525 7497

APPENDICES

No	Title
Appendix 1	2016 tier 4 services review
Appendix 2	Tier 4 drug and alcohol provision: available activity data
Appendix 3	Travel Policy
Appendix 4	Equality Impact Assessment: Tier 4 Drug & Alcohol Placements

AUDIT TRAIL

Lead Officer	Stephen Douglass, Director of Communities	
Report Author	Donna Timms, Unit Manager - DAAT	
Version	Final	
Dated	22 November 2017	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	21 November 2017	