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|------------------------------------|--------------------------------|---|---------------------------------|
| <b>Item No.</b><br>9.              | <b>Classification:</b><br>Open | <b>Date:</b><br>24 March 2020   | <b>Meeting Name:</b><br>Cabinet |
| <b>Report title:</b>               |                                | Gateway 1 - Procurement Strategy Approval<br>Adult Community Specialist Drug and Alcohol Treatment Services |                                 |
| <b>Ward(s) or groups affected:</b> |                                | All wards; individuals with drug and / or alcohol use, their families and communities                       |                                 |
| <b>Cabinet Member:</b>             |                                | Councillor Evelyn Akoto, Community Safety and Public Health   |                                 |

## **FOREWORD – COUNCILLOR EVELYN AKOTO, CABINET MEMBER FOR COMMUNITY SAFETY AND PUBLIC HEALTH**

There is significant evidence that effective drug and alcohol treatment reduces harms and improves a range of outcomes for individuals, their families, and communities. Positive outcomes do not arise from the successful completion of treatment alone, but are evidenced from treatment commencement and engagement in improved health, stability, social functioning and reduction in crime. Absence from treatment engagement imposes significant economic and social costs on the borough and society as a whole.

The Adult Integrated Drug and Alcohol Treatment System contract, in place since 2016, has delivered many successes, including parity of treatment provision for drug and alcohol users, and targeted support for groups that are not engaged in treatment. During the same period, changes to the wider drug and alcohol landscape have brought challenges for the borough in how best to meet the needs of newer users whilst continuing to offer appropriate and safe care for an aging cohort of heroin and crack cocaine users with multiple needs against a backdrop of central government reductions to the Public Health grant which funds the services.

The new contract will build upon existing good practice with an enhanced requirement for assertive outreach provision to engage and support people not engaged in treatment, including newer users. The model will be underpinned by a trauma informed approach and it will reflect the complex interdependencies of drug and alcohol users' needs across a range of services with a high degree of importance placed upon effective partnerships to improve outcomes for our residents. Improving access through digital technology will be a priority as well as using our detailed understanding of people who use our treatment services, and bettering our understanding of those who do not, to tailor the provision during the contractual term to meet locally identified need.

Through our offer of an extended maximum contractual term, Southwark Council is leading the way nationally in demonstrating our responsiveness to the current treatment climate and our commitment to ensuring we have high quality, safe and stable drug and alcohol treatment provision available in the borough and accessible to all residents who require it.

Consultation has taken place with service users, staff and other stakeholders helping us to ensure that our new service is well informed by local expertise and the views and voices of people using the provision.

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

## **RECOMMENDATION**

1. That cabinet approves an EU light touch regime competitive procurement process outlined in this report for adult community specialist drug and alcohol treatment services at an estimated annual cost of up to £3,420,000 for a period of three years from 1 April 2021 with the option to extend for up to nine years in increments with break clauses at the council's sole discretion, making a total estimated maximum contract value of up to £41,040,000.

## **BACKGROUND INFORMATION**

2. Local authorities are required to provide drug and alcohol treatment services as part of their Public Health grant conditions. As well as preventing deaths from drug and alcohol misuse, treatment services contribute to a number of council priorities, including preventing violence and crime, including that arising from drug markets and youth violence, as well as domestic abuse; tackling unemployment, homelessness and rough sleeping; safeguarding children; and reducing the burden on both adult and children's social care services. Public Health England estimates that drug treatment reflects a return on investment for society of £4 for every £1 invested, and that alcohol treatment reflects a return of investment for society of £3 for every £1 invested.<sup>1</sup>
3. 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:
  - Tier 1 – drug interventions provided by generic providers (housing, health etc)
  - Tier 2 – open access interventions (engagement into treatment, pre-treatment support, harm reduction, retention in treatment)
  - Tier 3 – structured, recovery planned interventions, including pharmacological and psychosocial treatment
  - Tier 4 – residential drug and alcohol treatment (detoxification, rehabilitation).
4. The external review undertaken in June 2019 evidenced a complex treatment population with multiple needs, which means that drug and alcohol treatment services need to be holistic, with a wide range of well developed partnerships with housing, social care, and the NHS, as well as other local services. Despite this, Southwark's current financial envelope for the provision is lower than in equivalent boroughs, with a lower cost-per-service user, demonstrating that we have been striving to achieve best value within these services throughout the past four years.
5. Current service provision is delivered under the Adult Integrated Drug and Alcohol Treatment System (AIDATS) service contract, delivered by change, grow, live services, which expires on 31 March 2021. This has created an opportunity to consider the future provision of the services.

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<sup>1</sup> <https://www.gov.uk/government/publications/alcohol-and-drug-prevention-treatment-and-recovery-why-invest/alcohol-and-drug-prevention-treatment-and-recovery-why-invest>

6. These services comprise of a range of community-based Tiers 2 and 3 drugs and alcohol treatment interventions for adult residents aged 18 years and over. The service is directed by a detailed service specification, which includes the requirement for evidence-based pharmacological and psychosocial drug and alcohol treatment interventions, underpinned by the most recent national guidance, with a strong focus on recovery and building resilience.
7. In addition to specialist pharmacological and psychosocial treatment specific interventions, the service delivers a range of activities that contribute to improving outcomes, and the life chances of the borough's residents with drugs and / or alcohol issues including:
  - facilitated access to support with employment and training opportunities,
  - support to establish new substance free social networks and interests,
  - work with service users and stakeholders to build a visible recovery community in Southwark.
8. The current service has made some great achievements in supporting a highly chaotic and complex treatment population to tackle their drug and alcohol misuse. It has demonstrated its ability to help new entrants to the treatment system to reduce their drug and alcohol use and reduce harm to themselves and others.
9. However, it should be noted that as Southwark's treatment population is more complex, service users often need to be in treatment for longer, some of whom may cycle through several attempts to cease substance use before they recover and others who will be retained in treatment for their lifespan in order to reduce harm and keep them safe. As such, measures such as successful treatment completion cannot be considered as the most appropriate measures of treatment impact and success for these groups.
10. Officers are working on generating a suite of local Key Performance Indicators (KPIs) to sit alongside national indicators, to measure the new service's performance and to demonstrate continuous improvement with regards to Southwark's drug and alcohol treatment cohort. Officers intend for service users and people with lived experience to be involved in these developmental processes to ensure that their views and voices are represented in the final data set for the new service.
11. The key service components detailed within the current service specification are:
  - Recovery Navigation (Single Point of Contact, Advice and Information, Assessment, Recovery Planning, Keywork, Case Management and Care Coordination)
  - Structured Psychosocial Interventions (individual / group)
  - Pharmacological Interventions (community prescribing, community detoxification)
  - General Practice Liaison and Support
  - Recovery Community Activities
  - Harm Reduction Interventions (Needle Exchange, Blood Borne Virus and Health Service, Clinical Waste)
  - Needs-Led Drug Testing
  - Hospital Liaison and Support
  - Family and Carer Support
  - Criminal Justice Pathway

- Aftercare and Reintegration.
12. On 23 December 2019, the cabinet member for community safety and public health approved a Gateway (GW) 0 report. The report recommended carrying out a light touch regime (LTR) competitive procurement exercise under the EU Public Contracts Regulations (PCR) 2015 with the aim to seek a prime provider, or consortium with lead provider, to deliver all of the requirements of the service specification.
  13. This EU PCR 2015 LTR procurement route was considered to be the best approach to ensure best value is achieved with local services delivered by a provider or provider(s) with the appropriate governance arrangements in place to ensure high quality and safe drug and alcohol treatment delivery to vulnerable service users, families and carers.
  14. The GW0 report detailed the 40% reduction in funding for the services since 2014-15, and the current uncertainty about the future funding of Public Health services (pending a HM Government decision about the withdrawal of the ring-fenced grant and the move to a retained business rates model expected to be announced in 2020-21). This sector has seen significant funding reduction and demonstrable impact on frontline delivery with one possible resulting outcome could be the council not receiving any tender submissions.
  15. Despite this financial uncertainty, officers considered that this is a timely opportunity to demonstrate its forward thinking and responsiveness to the current treatment climate, to build upon its demonstrable commissioning innovation for substance misuse and the known commissioning impact of re-procurement on treatment delivery, and to lead the way nationally by recommending a maximum contractual term of up to 12 years. By way of assurance, appropriate break clauses will be included in the new contract to ensure that the council has the flexibility to end the contract early if necessary. A longer potential contract term is a more attractive proposition for providers, and will help to build sustainability and longer-term partnerships into the service, whilst maintaining best value.
  16. At the time the GW0 report was approved, a review of Primary Care opiate drug misuse provision, commissioned and funded separately to the council's AIDATS contract by the Public Health grant via the Section 75 agreement with NHS Southwark Clinical Commissioning Group (CCG), was underway and the future commissioning intentions are detailed in this report.
  17. A revised Primary Care opiate drug misuse service specification has been written and was provided to the CCG in December 2019, which aligns expectations and performance requirements for the delivery of the services from 1 April 2020 with the wider drug and alcohol treatment system, and with Primary Care services continuing to be commissioned by the CCG via the Section 75 agreement in 2020-21.

### **Summary of the business case/justification for the procurement**

18. The overall aim of the proposals within this report in relation to future service provision are summarised as follows:
  - a. New provision will replace the scope of services commissioned under the current AIDATS service contract, thus becoming the council's major vehicle for meeting the Public Health grant condition which states: "A local authority must,

in using the grant: *'have regard to the need to improve the take up of, and outcomes from, its drug and alcohol misuse treatment services.'* (Section 31(4) Local Government Act 2003)

- b. A number of features will be maintained under the new provision, including open access and voluntary engagement provision for any adult aged 18 years + with drugs and / or alcohol treatment needs in the borough through an integrated drug and alcohol treatment system offer. Service requirements in relation to the care of individuals misusing prescribed medication will be refined.
  - c. A 'whole person' treatment offer, which is delivered in line with a trauma informed approach, and which considers the complex interaction between substance use and trauma.
  - d. The inclusion of a range of national and local performance measures, that are appropriate to the local treatment population including measures of 'in treatment' benefits and outcomes. Local consultation will take place to develop the future performance matrix, with officers keen to consider co-production with service users.
  - e. Commissioning in alignment with national and local policies, including the most current national drug strategy
  - f. Enhanced assertive outreach provision to reduce unmet need; creating opportunities for treatment engagement for people who find hub-based services difficult to access by building upon the success of the ring-fenced outreach provision commissioned in 2018. Consideration is being given to minimum time commitments and a ring-fenced budget within the service specification.
  - g. A focus on current and emerging needs, including an intention to work closely in partnership with NHS Southwark Clinical Commissioning Group, Adult Social Care and commissioned mental health provision (community and residential) to drive improvements and improve outcomes for people with concurrent substance misuse and mental health and older people with complex comorbidities.
  - h. Inclusion of a refreshed digital offer to improve access and engagement, with consideration also given to digitally excluded people and how best to engage with them.
  - i. A focus on coherent and effective partnerships with a range of services to contribute to wider council and borough objectives. This includes work with hostels, tenancy and homelessness prevention services, Southwark Works and between health provisions.
19. The reasons for a longer contract period (up to 12 years) are to reduce churn in the system arising from re-procurement, and the associated adverse impacts of instability, and disrupted performance, and treatment outcomes during the transitional periods. This will create the conditions for a period of long term stability in Southwark, and a focus on enhancing partnerships and pathways, assuring quality and aligning treatment provision with partnership services where there are areas of interface, thus improving the service user experience and social value that can be gained from the future contract. Additionally, this will maximise the attractiveness of the tender opportunity.
20. During the contract period should local requirements dictate a need to change the commissioning and / or service model for Primary Care provision; this will be addressed through the appropriate governance pathway and in adherence with the council's contract standing orders.

21. The council's main vehicle for achieving the Public Health duty is through its adult community specialist drug and alcohol treatment system, which provides drug and / or alcohol treatment for over 90% of Southwark's adult treatment population. As the current contract is due to end on 31 March 2021, it is necessary for the council to procure a new contract and ensure treatment system stability for many of the borough's most vulnerable residents, with sufficient time to mobilise and undertake personnel transfers under the Transfer of Undertakings (Protection of Employment) (TUPE) regulations.
22. The proposed procurement strategy will replace the current AIDATS service contract, thus providing open access community based drug and / or alcohol treatment provision to residents with a treatment need, many of whom will require a prescription for the management of opioid dependency. The services will be tailored to meet individual need, with a minimum ambition of sustaining life / harm reduction and an ultimate ambition of cessation of substances / successful completion of treatment.
23. Individuals' reasons for drug and / or alcohol use are often complex and are rarely experienced in isolation from other aspects of their life. For this reason, provision of drug and / or alcohol treatment alone will not be sufficient to fully address an individual's needs and a much more holistic approach, working in close partnership with a range of internal and external services, will be necessary to best enable needs to be met. This approach will deliver benefits for the individual, their family and community as well as a range of internal and external services.
24. This procurement has been informed by engagement with senior officers from Children's and Adults', Housing and Modernisation, Place and Wellbeing and NHS Southwark Clinical Commissioning Group as well as a range of partners, treatment system staff and service users. These partners agree that we need high quality and safe drug and alcohol treatment provision to meet the needs of drug and alcohol users in the borough, and that this should be well embedded within wider initiatives that work with the service user group.
25. Drug-related deaths (DRDs) in England and Wales are at their highest level since records began in 1993, with 53% in 2018-19 related to opiate use. For the period 2016-2018, drug misuse deaths in Southwark are recorded at a rate of 5.0 per 100,000; this is similar to the national rate of 4.5 per 100,000 and to the deprivation decile.<sup>2</sup>
26. It is known that half of opiate-related deaths occur in people who have never been engaged with drug treatment or who have not been engaged in drug treatment for several years (known as unmet treatment need). Opiate users in treatment with a prescription are less likely to inject drugs, overdose or contract blood borne viruses, thus demonstrating that treatment engagement reduces harm.

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<sup>2</sup> Public Health England Commissioning Support Pack 2020-21

27. The most recent prevalence estimates, including unmet treatment need, for opiate, crack cocaine and alcohol users in Southwark are as detailed in Table 1:

Table 1: Prevalence estimates and unmet need<sup>3</sup>

| Cohort                   | Most recent prevalence estimate (2016-17) | Local unmet treatment need | National unmet treatment need |
|--------------------------|---|----------------------------|-------------------------------|
| Opiate                   | 1980                                      | 55%                        | 46%                           |
| Crack cocaine            | 1635                                      | 59%                        | 61%                           |
| Opiate and crack cocaine | 2492                                      | 61%                        | 53%                           |
| Alcohol only             | 3729                                      | 85%                        | 82%                           |

28. Unmet treatment need has a significant impact on crime, including as a driver of drug markets through creating demand for drug supply, unemployment, homelessness and rough sleeping, safeguarding children and long term health resilience and reducing the risk of drug misuse death. There is a need to address this by actively identifying the users that are not in treatment, and trying to engage them with the borough's treatment provision; this will continue to be a key priority for the new service contract with a view to reducing risk to life and wellbeing.

### Market considerations

29. As part of the planning for a future procurement exercise, and following the council's previous experience of provider financial failure in 2017 for these services, officers have undertaken market analysis processes.
30. To date, these have included the identification of potential prime providers of the services operating in England and Wales in 2019-20, and an analysis of the MINT report, credit score and likelihood of failure for each provider.
31. The substance misuse market is well developed with a range of third sector and NHS providers delivering comparable services. However, the extent of funding reductions seen nationally since 2014-15 combined with increasing numbers of people with multiple complex needs and a national increase in drug related deaths has impacted on the sector's ability to meet need and deliver high quality and safe treatment. Steps have been taken to increase the attractiveness of the tender opportunity, as detailed in paragraph 15.
32. Information days to engage with the provider market will be facilitated by the council for both stages of the proposed procurement process with indicative dates detailed in the anticipated timescales table.

### KEY ISSUES FOR CONSIDERATION

#### Options for procurement route including procurement approach

33. The nature and value of these services means that the full tendering requirements of the Public Contracts Regulations 2015 and Public Sector Directive 2014/24/EU would apply.

<sup>3</sup> PCC support pack 2019/20 – key drug and alcohol data

34. The GW0 report approved on 23 December 2019 detailed the options available to the council that were considered:

#### **Do nothing**

35. This is not an option as to allowing the current AIDATS contract to expire on 31 March 2021 without commissioning a new contract would result in the council being unable to comply with improving and protecting the health of the local population through the provision of services to reduce drugs and / or alcohol misuse. It would create risk to health, wellbeing and potentially life for many of the borough's most vulnerable residents, and would also result in the council being unable to comply with the drugs and alcohol specific Public Health grant condition that affects payment of the grant.

#### **In-Source**

36. This was not considered to be a viable option as the services sought are highly specialist in nature and the necessary expertise, governance, knowledge and skills are not available within the council. A review undertaken by commissioners in June 2019 was unable to identify any local authority that was delivering these types of services on an in-sourced basis.

#### **Existing frameworks**

37. This is not an option as there are no existing framework arrangements in place, which the council could purchase the services from.

#### **Shared Service Delivery with other boroughs**

38. This is not an option as officers could not identify any council in London that currently co-commissions or intends to co-commission comparable services of size and complexity with other boroughs. Additionally, officers are not aware of any neighbouring boroughs that are planning to commission their treatment system provision that aligns with the Southwark indicative timescales.

39. Even in the event of timescale alignment, cross-borough commissioning is likely to take longer to explore and to procure than working independently due to a number of complexities to be addressed. These include the need to fully assess need in other boroughs and to ensure that services are commissioned that sufficiently meet the needs of Southwark's complex treatment population as well as any partners.

#### **External Procurement, including voluntary / not for profit**

40. Short term solution – this was not considered a viable option because it was perceived that this would significantly reduce market interest in undertaking the extensive amount of work and cost associated with submitting a tender for a service of this risk, scale and size for the potential of only a short confirmed contractual term.

41. Long term solution – this was considered the best option for the following reasons:

- a. External provision of this type of service is common in England, and is nationally achieved through an EU competitive procurement process. Since the transfer of commissioning responsibilities to local authorities, there has

been an increase in contracts for similar services principally awarded to registered charities, whilst the number of NHS providers of the services has declined.

- b. The services detailed in this report are considered to fall within the light-touch regime (LTR). As the services to be tendered are categorised as Schedule 3 services under the EU PCR 2015 which qualifies them for LTR processes, this gives the council a high degree of flexibility in the proposed procurement route and enables the council to design an appropriate model that provides assurance of high quality and best value, both of which are of high importance in the contracting of services for vulnerable people with complex needs.

**Proposed procurement route**

- 42. The proposed procurement route is for an EU LTR competitive procurement exercise to be undertaken aligned with legislation seeking a single provider or consortium with lead provider to deliver all of the requirements of the service provision. This will ensure best value is achieved, with local services delivered by a provider or provider(s) with the appropriate governance arrangements in place to ensure high quality and safe drug and alcohol treatment delivery to vulnerable service users, families and carers.
- 43. Whilst the GW0 report considered an option to allocate some aspects of the future provision into separate Lots in order to ensure that funding is ring-fenced to specific provision, this option will not be exercised, with the full scope of services commissioned within a single lot.
- 44. However, on the basis of the need for robust and sufficiently resourced assertive outreach provision within the new service contract, the tender documentation will stipulate a minimum amount of ring-fenced resource to be allocated to this specific area of provision; compliance will be monitored as part of formal contract monitoring processes.

**Identified risks for the procurement**

- 45. The following risks have been identified for this project;

| a. R/N | b. Risk Identified  | c. Risk Rating | d. Mitigation   |
|--------|---|----------------|---|
| R1     | Poor procurement response could result in no providers submitting a tender for the service contract | Low            | The potential for a 12 year contractual term and holding financial envelope at current level, with no performance related pay element, coupled with planning a procurement timescale that limits conflict with the procurement timescales of other boroughs will make the opportunity more attractive |
| R2     | Service   | Low            | Specification will be   |

| a. R/N | b. Risk Identified  | c. Risk Rating | d. Mitigation  |
|--------|---|----------------|--|
|        | specification that is not robust enough in detail could result in poor or unsuitable delivery                       |                | updated in line the current contract, best practice, commissioning guidance and benchmarking. An external review in June 2019 provided considerable detail on the local adult treatment population and their needs in addition to the Joint Strategic Needs Assessment (JSNA).   |
| R3     | The procurement process is delayed resulting in the need to extend the existing contract                            | Medium         | A 15 month project timeline is planned; however, this may be affected by the timescales for the successful bidder to acquire a NHS Pension Direction/Determination, which may take up to 3 months, and supply this to the council 28 days before the transfer date. Should the NHS Pensions Direction/Determination timescales necessitate this, a short period of extension at the end of the contract is considered unlikely to attract a legal challenge. |
| R4     | Market failure – an appropriately qualified and adequately sized provider may be unable to tender for the services. | Low            | Market consideration work is underway. There are a minimum of six identified providers that are likely to be interested in the opportunity. Other comparable tenders in London over the past 2 years have not evidenced an inability to secure a suitable provider.  |
| R5     | Potential impact of Brexit on procurement regulations and   | Low            | Although Brexit took place on 31 January 2020, there will be no change to procurement  |

| a. R/N | b. Risk Identified   | c. Risk Rating | d. Mitigation   |
|--------|--|----------------|---|
|        | where procurement opportunity will be published  |                | regulations or where the procurement opportunity will be published during the transitional period.  |
| R6     | Providers become insolvent, go into administration or liquidation                      | Low            | Appropriate financial checks will be undertaken throughout the procurement process.   |
| R7     | Abnormally low tender price submission as a methodology for trying to win the contract | Low            | Tender price submissions will be scrutinised in great detail, given the known pressures due to the reduced financial envelope available for the services since 2014-15, with a particular focus on those that appear to be abnormally low in accordance with the EU PCR 2015. |

### Key /Non Key decisions

46. This is a key decision.

### Policy implications

47. A comprehensive overview of local and national policy implications are detailed in the GW0 report; the policy implications detailed were:

- Public Health grant conditions of funding
- Southwark Council Plan 2018-19 – 2021-22
- Southwark Health and Wellbeing Strategy 2015 – 2020
- Southwark Joint Mental Health and Wellbeing Strategy 2018 – 2021
- HM Government Drug Strategy 2017
- HM Government Serious Violence Strategy 2018
- Southwark Council Extended Learning Review 2019
- Southwark Community Safety Plan 2017 – 2020.

### Procurement Project Plan (Key Decisions)

48. The table below sets out the anticipated timescales for this procurement exercise. However, this may be affected by the time period for the successful bidder to acquire an NHS Pension Direction/Determination, which may take up to three months, and supply a copy to the council at least 28 days before the transfer date. Should this take the full three months, a brief contract extension may be needed, but this will not be known until Quarter 4 2020-21, with appropriate action taken if necessary.

| <b>Activity</b>   | <b>Complete by:</b> |
|---|---------------------|
| Enter Gateway 1 decision on the Forward Plan  | 02/01/2020          |
| DCRB Review Gateway 1   | 23/01/2020          |
| CCRB Review Gateway 1   | 30/01/2020          |
| Brief relevant cabinet member (over £100k)  | 06/02/2020          |
| Notification of forthcoming decision - Cabinet  | 02/03/2020          |
| Approval of Gateway 1: Procurement strategy report                                      | 24/03/2020          |
| Scrutiny Call-in period and notification of implementation of Gateway 1 decision        | 02/04/2020          |
| Completion of tender documentation  | 22/04/2020          |
| Publication of OJEU Notice  | 23/04/2020          |
| Publication of Opportunity on Contracts Finder  | 24/04/2020          |
| Market information day  | 05/05/2020          |
| Closing date for receipt of expressions of interest                                     | 22/05/2020          |
| Completion of short-listing of applicants   | 18/06/2020          |
| Invitation to tender  | 19/06/2020          |
| Market Information day  | 25/06/2020          |
| Closing date for return of tenders  | 31/07/2020          |
| Completion of any clarification meetings/presentations/evaluation interviews            | 21/09/2020          |
| Completion of evaluation of tenders   | 28/09/2020          |
| Forward Plan (if Strategic Procurement) Gateway 2                                       | 30/09/2020          |
| DCRB Review Gateway 2:  | 16/10/2020          |
| CCRB Review Gateway 2   | 30/10/2020          |
| Notification of forthcoming decision – despatch of Cabinet agenda papers                | 30/11/2020          |
| Approval of Gateway 2: Contract Award Report  | 08/12/2020          |
| End of scrutiny Call-in period and notification of implementation of Gateway 2 decision | 16/12/2020          |
| Debrief Notice and Standstill Period (if applicable)                                    | 16/12/2020          |
| Contract award  | 18/12/2020          |
| Add to Contract Register  | 06/01/2021          |
| Place award notice in Official Journal of European (OJEU)                               | 06/01/2021          |
| Place award notice on Contracts Finder  | 06/01/2021          |
| NHS Pension Direction/Determination if applicable* (paragraph 47)                       | 03/03/2021          |

| <b>Activity</b>  | <b>Complete by:</b> |
|--|---------------------|
| TUPE Consultation period (if applicable)               | 31/03/2021          |
| Contract start   | 01/04/2021          |
| Initial contract completion date                       | 31/03/2024          |
| Contract completion date – (if extension(s) exercised) | 31/03/2033          |

### **TUPE/Pensions implications**

49. On the basis of legal advice provided as part of the previous procurement and transfer of services, which has been revisited with the council's specialist TUPE lawyer in November 2019, it is anticipated that TUPE will apply if the current contracted provider of the service does not take part, or is unsuccessful, in a competitive procurement exercise.
50. A number of the current provider workforce hold NHS pensions, transferred from previous employment by a NHS provider. Within the tender documentation, a mandatory requirement of the successful bidder(s) (if they are not an NHS body or do not participate automatically in the NHS Pension Scheme) to secure a NHSPS Pension Direction/Determination and supply the council with a copy at least 28 days before the transfer date, will be made explicit.
51. Due diligence work will need to be undertaken and staffing information sought from the current provider. On receipt of this, the full TUPE and pensions implications will be determinable, and this information, as appropriate, will be made available to prospective bidders in the tender pack.
52. There are no direct TUPE implications for the council as the service contract will be delivered by an external provider or providers.
53. The procurement timetable has been developed with consideration of TUPE and pensions timescale requirements.

### **Development of the tender documentation**

54. A project team has been set up who will be responsible for developing the tender documents. The Project Team comprises of Drug and Alcohol Action Team (DAAT) officers responsible for designing and delivering the procurement project with additional advice and expertise provided by procurement and legal officers.
55. The Project Board has been set up to provide governance over the procurement. The Project Board is chaired by the Consultant in Public Health (Behavioural and Digital Health), and meets regularly to provide strategic oversight of the work of the Project Team. The Board includes representation from Community Safety and Partnerships, Public Health, Finance, Legal and Procurement.
56. As the services involve pharmacological interventions, specialist clinical expertise and knowledge will be sought from an independent substance misuse doctor to assist with the development of the tender documentation and service specification. The doctor already assists the council on a consultancy basis with clinical residential services on the Tier 4 Dynamic Purchasing System.

57. In addition, results from pre-procurement consultation processes will be considered by the project team to ensure that the specification meets the necessary requirements in readiness for this procurement.
58. Key documents, but not limited to, included in the tender pack will comprise of:
- Volume 1: Suitability Assessment Questions
  - Volume 2: Invitation to Participate
  - Volume 3: Service specification
  - Volume 4: Terms and Conditions of Contract
  - Volume 5: Pricing Schedule
  - Volume 6: Project specific questions, including method statements
  - Volume 7: Evaluation methodologies
  - Volume 8: Form of tender, other required documents and compliance checklist.

### **Advertising the contract**

59. The drugs and alcohol treatment field is a well developed market with a range of providers of varying size. The council is seeking tender submissions from a provider or providers of the services with the relevant expertise, governance, knowledge and skills to deliver the full requirements of the provision, as detailed in the service specification.
60. The contract will be advertised via the council's e-portal system, Pro-Contract 3 by way of an official notice that will be published in OJEU. After publication of the OJEU notice, the council will also publish a contract notice on the Contracts Finder website; an advert will be placed in Drink and Drugs News (DDN) as well as on the council's website and social media pages as a minimum. Known providers of the services will also be contacted by email to advise them of the opportunity.

### **Evaluation**

61. The tender process will adopt a two stage process comprising of Suitability Assessment Questionnaire (SAQ) and Invitation to Tender (ITT) stages.
62. The bespoke SAQ returned will be evaluated by council officers with support from the external expert. The selection process will be an evaluation of each bidder's economic and financial standing and their technical knowledge, accreditation, experience and ability and capacity to deliver the full scope of services. The SAQ will include a number of pass / fail project specific questions as well as mini method statements in order to provide assurance to the council of the bidder's experience of delivering comparable services to those sought by the tender
63. Up to six (6) tenders, to be agreed by the project board, will be shortlisted at SAQ stage and invited to tender.
64. The council's standard tender evaluation is a 70:30 price / quality weighted model. However, a different price / quality weighted evaluation model is proposed which will comprise of quality, financial and social value evaluation - 30:65:5 price/quality/social value weighted model. This differs from the previous procurement both on the basis of the price/quality divide which is due to the inclusion of a 5% social value aspect to the procurement, in line with the council's Fairer Future Procurement Framework approved in June 2019.

## Price weighting – 30%

65. Since 2015, the funding for the services detailed in this report has been reduced by 40%. A crude estimate of cost on a 'per person' basis for numbers in treatment during the Quarter 1 period 2019-20 (April to June 2019) identified that Southwark has the lowest treatment cost per person of six bench-marked comparable London boroughs. Whilst the crude estimates calculation does not account for differences in service user complexity, commissioned service model or individual differences between the boroughs, it does provide an indicative spend per person.

| London Borough Identifier | Q1 2019-20 cost per person |
|---------------------------|----------------------------|
| <b>Southwark</b>          | <b>£2,963.03</b>           |
| Borough A                 | £3,655.18                  |
| Borough B                 | £3,907.38                  |
| Borough C                 | £4,039.35                  |
| Borough D                 | £4,163.01                  |
| Borough E                 | £4,739.76                  |

Table 2: Q1 2019-20 cost per person comparison by borough

66. The 2018-19 full year National Drug Treatment Monitoring System (NDTMS) data set shows a 7% increase in the adult drug treatment caseload numbers when compared to 2017-18, with significant increases of 32% in the non-opiate cohort and 26% in the non-opiate and alcohol cohorts. Whilst this indicates an appropriately attractive treatment offer in Southwark, which is positive, increased numbers in treatment will impact on the capacity of the provider to meet the needs of the service user group within the contract value. Ergo, more people in treatment is good for meeting unmet need, but results in a lower amount of service resource per person – this is particular issue when Southwark already has the lowest treatment cost per person.
67. As detailed in paragraphs 26 and 27, Southwark has high levels of unmet drug and alcohol treatment need. There is a need to address this by actively identifying the users that are not in treatment, and trying to engage them with the borough's treatment provision, but to do so within the existing financial envelope will reduce the crude estimate treatment cost per person, thus impacting on provider capacity.
68. As such, officers consider it appropriate to propose a lower price weighting for this tender than is the usual standard on the basis of the content of paragraphs 64 to 66.
69. Furthermore, it is considered appropriate to mirror the price evaluation methodologies arising from the previous procurement of the services, whereby the price evaluation considered both the lowest price and the robustness/sustainability of the price. This methodology requires a detailed breakdown of costs allocated against all aspects of the service specification and provides additional assurance that the lowest price stated is sufficient to meet the requirements of the contract. This provides the council with an opportunity to test cost allocations as part of a formal clarification process.

### **Quality weighting – 65%**

70. The quality of a service of this nature, which supports over 1000 of the borough's most vulnerable drug and / or alcohol using residents with complex comorbidities often at risk of significant harm to themselves, their families and their communities, is of paramount importance. Low quality of service delivery could result in inappropriate support being provided to this highly vulnerable client group, which could ultimately result in serious harm to wellbeing or loss of life.
71. On the basis of the information provided in the price weighting section (paragraphs 64 to 66), it is considered appropriate to propose a higher quality weighting for this tender. This is proposed on the basis that the financial envelope available for the services has seen a significant reduction since 2014-15, and with consideration given the lowest cost per person crude estimate, officers consider this increases the need for the council to have assurance of provider ability to deliver high quality, robust and safe treatment services within the financial envelope available prior to a contract being awarded.
72. Quality will be assessed by written narrative responses to a range of method statements, including minimum threshold 'pass/fail' requirements for some questions focused on areas where the council requires a high level of assurance as to the provider's expertise, knowledge and skills due to risk (e.g. safeguarding). A minimum threshold score will be applied to some method statements.

### **Social value weighting – 5%**

73. The service contract in itself is about social value – investment into high quality alcohol and / or other drugs treatment and support brings significant benefits to the local area, economy and health and wellbeing of Southwark's residents, some details of which are outlined in the community impact section of the GW0 report.
74. Social value will be built into the tender documentation method statements, and weighted at 5%, within the parameters of the Fairer Future Procurement Framework. As providers of these services in England and Wales are primarily funded by local authorities through the Public Health grant, it is not expected that offers of money will be made to the council in lieu of social value, but that the providers wishing to tender for the service contract adequately demonstrate how they will evidence social value in their delivery of the services.

### **Community impact statement**

75. A comprehensive and detailed community impact statement is set out in the GW0 report.
76. Pursuant to section 149 of the Equality Act 2010, due regard has been given to the council's 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.

77. 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.
78. Officers have taken steps to ensure compliance with the Public Sector Equality Duty imposed by the Equality Act 2010, as detailed in this section in particular:
- A Joint Strategic Needs Assessment for drugs and alcohol is being finalised and is due for publication in line with the tender opportunity (April 2020);
  - Formal contract review will continue to consider service level data in relation to treatment access and engagement by individuals with protected characteristics on a quarterly basis;
  - The service will continue to give priority to investigating and resolving any equality based issues that arise on a day to day basis to ensure that the service is inclusive for all;
  - Consideration of monthly feedback received from the Recovery Support Service (RSS) pertaining to all aspects of the services will continue;
  - Consultation exercises, undertaken in 2019-20, influenced and informed the drafting of the service specification (so that it covers the range of issues and needs identified by needs assessment and the consultation) and;
  - The most recent version of the Equality Impact Assessment (July 2018) for the services was updated in January 2020. The report recommendations are informed by the outcome of the EQIA.

### **Social Value considerations**

79. 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**

80. The services will be located and primarily delivered within the boundaries of the borough providing local economic benefits both for residents who may be employed as staff and service users who will be supported to contribute to the local economy through addressing their alcohol and / or other drug use and seeking employment where appropriate.
81. There will be a requirement for the provider(s) to pay London Living Wage (LLW) to all employees involved in the delivery of the contract.
82. The service contract will bring additional economic value to the borough through a number of ways as detailed below.
83. **Creating skills and training opportunities** – the service currently works in close partnership with the council's commissioned RSS, which provides service user involvement and peer mentoring by individuals with lived experience of alcohol and / or other drugs who have first hand experience of Southwark's treatment service provision and are further along their recovery journey.
84. It is a requirement for the current provider to work in partnership with the RSS manager to support the training of peer mentors and their skill development in

knowledge of alcohol and / or other drugs treatment and delivery to enable them to deliver interventions and co-facilitate groups. This will continue to be a requirement of the future provision.

85. **Creating employment opportunities for the long term unemployed or those not in education, employment or training** – the service provides routes into volunteering and employment for ex-service users on completion of their treatment or as part of their long term recovery journey and the future provision will do the same. The service will also coordinate with existing arrangements in the borough such as Southwark Works.
86. The future provision will be expected to develop partnerships with financial / debt management providers to be delivered within the service or via a sign-posting mechanism that offers support to both service users and staff to achieve financial security.

### **Social considerations**

87. The key priority for service provision is to improve the health and wellbeing of Southwark residents with alcohol and / or other drugs use, their families, carers and communities. Extensive local, regional and national wide ranging performance measures are in place to monitor service benefits and outcomes; these include physical and mental health, employment, training and education, service pathways and conversion rates, waiting times and completion of treatment.
88. Additionally, the service contract provides additional opportunities for individuals or groups facing greater social or economic barriers. As detailed in the GW0 report, engagement in treatment reduces social and economic costs to the borough. Through a robust case management approach, the service supports users to be more stable and less chaotic, providing them with an opportunity for recovery from dependence and helping them to navigate a wide range of services to meet their needs and improve their health, wellbeing and social functioning.
89. Service users are encouraged to engage with the local treatment recovery community in order to meaningfully to fill the periods of time that would have previously been focused upon alcohol and / or other drugs use and related activities; this engagement also helps to improve social connectedness and reduce loneliness and isolation in some of the borough's most vulnerable residents.
90. The council places a high level of emphasis on treatment community engagement within this service to ensure that the voices and views of service users shape both the design and development of the services. Opportunities for treatment community engagement are well publicised and utilised and enhanced by the RSS.
91. Due to Southwark's high prevalence rates of unmet need, it is recognised that an enhanced assertive outreach approach is necessary to engage with individuals that are hard to reach or for whom services are difficult to access. The ring fenced outreach post, funded since August 2018, has delivered significant benefits in engaging with these individuals and groups and assertively bringing them into treatment.
92. As detailed in paragraph 44, it is proposed that future service provision will include a requirement for a minimum number of hours and resources to be invested into outreach with a key aim of targeting hard to reach groups, thus bringing additional value in this regard.

93. Whilst the provision is predominantly focused upon adults aged 18 years +, there will be a continued presence of hidden harm provision delivering a structured support service for children and young people affected by parental or sibling drug and / or alcohol use in order to promote emotional health, wellbeing, protective factors and resilience. This will add social value to enable vulnerable children affected by alcohol and / or other drugs to receive support and be protected.
94. The council will require the future provision to demonstrate not only a commitment to improving the health and wellbeing of vulnerable residents, but also to commit to work practices that improve staff wellbeing, reduce absenteeism due to ill health and recognise mental health as an issue.

### **Environmental/Sustainability considerations**

95. Areas to be explored for inclusion are opportunities:
  - to reduce carbon emissions
  - to reduce waste and increase recycling
  - for use of recyclable or reusable products
  - to increase recycling rates
  - for greener versions of staff transport.
96. The service will be required to support and promote responsible behaviour initiatives such as encouraging injecting service users to not discard drug related litter and paraphernalia in public spaces.

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

97. The contract will be monitored and managed by the council's Drug and Alcohol Action Team in Community Safety and Partnerships, with delegated responsibility for the commissioning of the services from the Director of Public Health.
98. Formal contract monitoring processes will take place on a quarterly basis, in alignment with the publication of National Drug Treatment Monitoring System (NDTMS) data, with representation from the council, provider(s) and RSS manager to ensure that the voices and views of service users are considered as part of every formal review process.
99. A bespoke contract monitoring report template will provide the council with a range of quantitative and qualitative information about the delivery of the services during the quarter. The council will provide the provider(s) with a quarterly performance dashboard, comprised of NDTMS data, for discussion.
100. In addition, as is currently the case, a monthly meeting will be scheduled between all parties to ensure that the council has current and relevant knowledge of contractual delivery, including highlights, new initiatives and challenges. This will be in addition to the minimum weekly telephone contact between the council and provider(s) to meet business as usual requirements.
101. It should be noted that, due to the time lag with the publication of NDTMS data and the 12 month rolling period considered for many of the indicators, NDTMS performance under the new contract cannot be considered in isolation until the fifth

quarter of service delivery following commencement of the contract (April to June 2022) as the first four quarters will include data from the previous AIDATS contract.

102. A more intensive pattern of contact will be established between the council and provider(s) during the mobilisation period (minimum of six months following contract commencement), and until such a time as the council is satisfied that successful implementation of the service specification has been achieved.
103. Continued performance reporting will be in alignment with the council's contract standing orders.

#### **Staffing/procurement implications**

104. DAAT, legal and procurement resource have been identified to deliver this procurement project. Wider council officers and individuals with expertise and knowledge of the services will be brought in to assist with the evaluation of the tender submissions.
105. Since 2014-15, the DAAT has performed all commissioning cycle functions for the services. Specialist advice to assist with this procurement will be sought from legal, including TUPE, procurement and finance.

#### **Financial implications**

106. The proposals detailed within this GW1 report should result in the award of a single integrated drug and alcohol treatment system contract. The estimated annual cost made available as a financial envelope is £3,420,000. On the basis of the proposal to award an initial contractual term of 3 years with the option to extend for up to a further 9 years in increments at the council's sole discretion, this provides a total estimated contract value of up to £41,040,000, excluding inflation. It is anticipated that an efficiency saving will be generated by providers submitting tenders for less than the available financial envelope.
107. As is currently the case, inflationary increases will not be a feature of the contract. The contract will explicitly detail a commitment to the first year of funding only, and that future funding may be less than the contract value dependent upon financial settlements for Public Health services via the Public Health grant or future funding arrangements. The uncertainty about future funding of Public Health services necessitates these requirements to be built into the contract, with the funding of the services for the duration of the contractual term kept under close review.
108. As previously detailed, the intended contract monitoring and management arrangements will be funded through established DAAT staffing costs.
109. There is a possibility that provider(s) may submit prices close to the financial envelope available to ensure profitability; this does not present a risk for the council, but could impact on the provider gaining the maximum evaluation score; this is a risk for them to manage.

#### **Legal implications**

110. Please see concurrent from the director of law and democracy

## **Consultation**

111. Consultation has taken place with senior officers of the council and CCG, partners agencies, current treatment system staff and service users, the outcomes of which will be considered in the development of the service specification.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Finance and Governance (PW19/044)**

112. This report is requesting approval from cabinet for procurement pertaining to the adult community specialist drug and alcohol treatment system for an initial contractual term of 3 years for £3,420,000 per annum, plus an option to extend up to a further 9 years, for a total contract value of £41,040,000.
113. The strategic director of finance and governance notes this new approach, the revised costs and the efficiencies the new contract is anticipated to produce and adds that future provision to extend the contract is subject to the financial constraints and arrangements of the annual budget setting process for the service.
114. Staffing and any other costs connected with these recommendations are to be contained within existing departmental revenue resources.

### **Head of Procurement**

115. This report is seeking approval of the procurement strategy for adult community specialist drug and alcohol treatment services for a period of three years with the option to extend incrementally for a further period of up to nine years at an estimated cost of £41,040,000.
116. Paragraphs 18 to 28 details the rationale for procuring these specialist services in particular the driver to improve the take up of, and outcomes from, drug and alcohol misuse treatment services from the Public Health grant.
117. Paragraph 33-41 confirms the alternative procurement options that were considered and discounted including an option to deliver these services in-house.
118. Paragraphs 97 to 103 confirm the monitoring and management arrangements that will be established with a contract management regime that aligns with the publication of National Drug Treatment Monitoring System (NDTMS) reports.
119. Paragraph 81 confirms that London Living Wage will apply to the contract above and will be included in the tender documentation.
120. The successful service provider will be required to comply with the council's fairer futures procurement framework which requires companies to report on the gender and BAME pay gap. In addition the successful service provider will be required to sign up to Unison's "End Violence at Work Charter" and the Mayor's Good Work Standard.

### **Director of Law and Democracy**

121. This report seeks the cabinet's approval to the procurement strategy for adult community specialist drug and alcohol treatment services as further detailed in

paragraph 1. At an estimated value exceeding £4m, this is a strategic procurement under contract standing orders and approval is therefore reserved to the cabinet.

122. These services are classed as ‘light touch’ services in accordance with the Public Contracts Regulations 2015 (EU PCR 2015) and are above the relevant threshold (£663,540) and are therefore subject to the full tendering requirements of EU PCR 2015. As noted in paragraph 42, a contract will be established following a light touch regime competitive procurement exercise in accordance with EU PCR 2015 of this report and will be advertised through OJEU. Officers in the contracts team in legal services will work with the project team to ensure that the contract is established in accordance with EU PCR 2015.
123. The cabinet’s attention is drawn to the Public Sector Equality Duty (PSED) contained within section 149 of the Equality Act 2010, and when making decisions to have regard to the need to (a) eliminate discrimination, harassment, victimisation or other prohibited conduct, (b) to advance equality of opportunity and (c) 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 (a). The cabinet is specifically referred to the community impact statement at paragraphs 75-78 setting out the consideration that has been given to equalities issues which should be considered when agreeing this procurement strategy and at each stage of the process.
124. The cabinet is also referred to paragraphs 90 and 91 which set out the community engagement that has taken place to help design and develop service benefits and outcomes. Paragraph 111 sets out the consultation that has taken place. The cabinet should take into account the outcome of the consultation when approving this procurement strategy.

## BACKGROUND DOCUMENTS

| Background Documents  | Held At  | Contact                      |
|---|--|------------------------------|
| GW0: Adult community specialist drug and alcohol treatment services   | Housing and Modernisation / Communities / Community Safety and Partnerships / Drug and Alcohol Action team | Donna Timms<br>0207 525 7497 |
| <b>Link:</b><br><a href="http://moderngov.southwark.gov.uk/mgDecisionDetails.aspx?IId=50021003&amp;Opt=1">http://moderngov.southwark.gov.uk/mgDecisionDetails.aspx?IId=50021003&amp;Opt=1</a> |  |                              |

## APPENDICES

| No   | Title |
|------|-------|
| None |       |

## AUDIT TRAIL

|   |   |                          |
|---|---|--------------------------|
| <b>Cabinet Member</b>   | Councillor Evelyn Akoto, Community Safety and Public Health                                   |                          |
| <b>Lead Officer</b>   | Professor Kevin Fenton, Strategic Director of Place and Wellbeing / Director of Public Health |                          |
| <b>Report Author</b>  | Donna Timms, Unit Manager – Drug and Alcohol Action Team                                      |                          |
| <b>Version</b>  | Final   |                          |
| <b>Dated</b>  | 10 March 2020   |                          |
| <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> |
| Strategic Director of Finance and Governance                            | Yes   | Yes                      |
| Head of Procurement   | Yes   | Yes                      |
| Director of Law and Democracy   | Yes   | Yes                      |
| <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>                    |   | 11 March 2020            |