

MUNICIPAL YEAR 2013/2014 REPORT NO. 165

MEETING TITLE AND DATE:

Cabinet - 22nd January 2014

REPORT OF:

Director of Health, Housing and
Adult Social Care

Ray James

&

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Agenda - Part: 1

Item: 10

Subject: Award of contracts for three services for substance misuse provision in Enfield.

Wards: All

Key Decision No: KD3738 (Adult), KD3737 (Crime) & KD3736 (Young People)

Cabinet Member Lead Consulted: Cllr
Christine Hamilton

Other Cabinet Members Consulted: Cllr
Ayfer Orhan & Cllr Don McGowan.

1. EXECUTIVE SUMMARY

- 1.1 A tender process has been completed for the provision of the Adult Substance Misuse Recovery Services, the Crime Reduction Substance Misuse Recovery Services, and the Young People's Substance Misuse Services. These contracts formally expire in 2014 and the tender importantly supports the Council with mitigating for unnecessary commercial risks.
- 1.2 The value of all three contracts is £2,270,709 per annum. The value of the contracts is slightly less than 2009/2010 commitments and is capped at a maximum fixed price level for the duration of the contracts. Tenderers have been required to increase performance over current levels to afford year on year efficiency gains for the Council and two of the contracts are 100% payment by results compliant.
- 1.3 Following approval from the Strategic Procurement Board (SPB) on the 7th August, a full tender process was implemented which adhered to Corporate Procurement Procedures and EU Procurement Regulations. The new contracts include an initial contracting period of three (3) years with optional extensions on a two (2) yearly basis rolling up to a further four (4) years.
- 1.4 A highly successful market engagement event attended by 35 organisations was held following SPB's decision. Seven (7) organisations were invited to tender for the contracts after the PQQ stage. Service users and key statutory partners have been active members of the tender panels.
- 1.5 The ITT stage has now been completed and in order to finalise the procurement process agreement is now being sought from Cabinet to proceed with obtaining Approval for the award of the new contracts.

2. RECOMMENDATIONS

- 2.1 That Cabinet notes the tender process has adhered to Corporate Procurement Procedures, EU Procurement Regulations and the new contracts will afford the Council with on-going year on year performance and value for money benefits.
- 2.2 That Cabinet notes the procurement process and endorses the award of the three (3) contracts to the preferred bidders, as outlined in Part 2 of this Report, for an initial period of three (3) years, with the option to apply extensions on a two (2) yearly basis rolling up to four (4) further years.

3. BACKGROUND

- 3.1 Enfield Council is committed to fulfilling the requirements of the *National Drugs Strategy (2010)*, *The Government Alcohol Strategy (2012)*, *Hidden Harm – Responding to the needs of children of problem drug users (2003)* and the *Public Health Outcome Framework: Improving Outcomes and Supporting Transparency (2013)*. Substance misuse impacts on a wide range of areas including health, mortality, crime, families and communities. Recent research undertaken by Public Health England identified that for every £1 spent on substance misuse services it saves £2.50 to the wider community.
- 3.2 The Council is responsible for commissioning health and social care services for residents with substance misuse needs as part of its Public Health England (PHE) Requirements. These services specialise in delivering drug and alcohol treatment, crime reduction interventions for drug and alcohol offenders, and targeted services for young people affected by substance misuse. Together these services minimise the impact that substance misuse has on individuals and the community and, ultimately, they make a positive contribution to addressing the health inequalities in the Borough and the crime reduction priorities of the Safer Stronger Communities Board. The existing contracts for these services expires in 2014 and cannot be extended without posing unnecessary risk to the Council from the market place as two (2) of the contracts do not contain provision for further extensions.
- 3.3 The London Borough of Enfield tendered the three (3) services at the same time but undertook a separate tender process for each contract to support attracting competitive submissions from the market place. This approach also enabled innovative thinking from the market place around a whole systems design for service delivery. However it equally did not preclude bidders from applying for just one contract, pending their preference.
- 3.4 Each contract is for an initial period of three (3) years with extensions on a two (2) yearly basis rolling for a further four (4) years. Any extension will be subject to satisfactory year on year performance being achieved. This will incentivise

successful bidders to retain high performance levels throughout the life of the Contracts and will offer the Council improved opportunities for efficiency gains given that historical allocations of PHE funding for substance misuse have been determined by performance achievements.

- 3.5 The Adult Substance Misuse Recovery Service and the Crime Reduction Substance Misuse Recovery Service are 100% fully payment by results compliant. This model of service delivery incentivises providers to deliver high performing provision and enables the Council to only pay for actual service delivery achieved; thereby offering further opportunities for efficiency savings.
- 3.6 The Young People's Substance Misuse Service contract includes a comprehensive clause to enable the Council to change the contracting mechanism to payment by results at its discretion if required in the future.
- 3.7 Service users have been involved throughout the process through their representation on the Drug and Alcohol Action Team Board and by providing on-going feedback to Enfield Council through the service user group – Break the Cycle. They have importantly been involved in the tender panel selection process.
- 3.8 The collective contract value of all three tenders is £2,270,709 per annum. The annual contract price for all three contracts is capped at a maximum fixed price level, pending performance. There is no annual increase for inflation and prices are slightly less than the 2009/2010 contractual commitments.
- 3.9 Full details of the preferred bidders, contract prices, and improved performances are contained herein within Part 2 of this Report.

3.10 The Tender Process

- 3.11 Following approval from the Strategic Procurement Board in August 2013, after the initial presentation in June 2013, a competitive tender process for the Adult Substance Misuse Recovery Service, the Crime Reduction Substance Misuse Recovery Service, and the Young People's Substance Misuse Service was commenced.
- 3.12 A project board was established to work to the agreed project plan. This group has consulted with and received support from Corporate Procurement, Finance and Legal Services over the management of the tender process. A restricted tender procedure was chosen due to anticipated high levels of interest from the market place. The process was carried out in accordance with the Council's Contract Procedure Rules and EU Procurement Regulations.
- 3.13 A market engagement event was held in July 2013 which was attended by 53 people from 35 organisations. This event offered interested bidders an opportunity to gain an early understanding of the services being commissioned. It equally supported the Council to share details of its payment

by results commissioning framework and receive feedback from the market place.

- 3.14 As a result of the market engagement event it was agreed that a Pre-Qualification Questionnaire (PQQ) stage would be introduced due to the level of interest expressed. It was further agreed the contract start date should be amended to allow adequate time for the successful bidders to process TUPE requirements. A revised Business Case was re-presented back to SPB in August who approved the recommendations.
- 3.15 The Council advertised the opportunity in August 2013 through the London Tenders Portal. Initially 59 organisations expressed an interest, with eight (8) of those submitting a PQQ in September 2013.
- 3.16 Technical capacity in the PQQ and responses to the technical questionnaire in the Invitation To Tender (ITT) was evaluated by the tender panels. Financial viability assessments in the PQQ were completed by Finance Officers. The five (5) highest scoring bidders at PQQ stage were invited to tender after being evaluated as having both the technical capacity and financial viability to provide the services. The Crime Reduction Substance Misuse Recovery Service received three PQQ's and as all bidders satisfied the criteria they were all invited to tender.
- 3.17 The evaluation criteria for the Adult Substance Misuse Recovery Service and the Crime Reduction Substance Misuse Recovery Service were based upon 50% quality and 50% finance. The Young People's Substance Misuse Service evaluation criteria were based upon 60% quality and 40% finance. The technical evaluation of ITT responses has been designed to assess bidders' ability to offer quality services across the full breadth of specified requirements.
- 3.18 The commercial evaluation of the ITT responses was produced to assess bidders' ability to improve on baseline performance data from 2012/13. There has been no increase in contract value for any of the three contracts. Tender bidders have been required to outperform previous performance with no additional resources. The Adult Substance Misuse Recovery and Crime Reduction Substance Misuse Recovery Service ITT assessed commercial value on the basis of bidders responses to three (3) performance elements: for Numbers in Effective Treatment; Numbers in Treatment; and Numbers of Successful Completions. These had to be above current 2012/2013 baseline performance levels.
- 3.19 The tender process complied with Corporate Procurement Regulations and EU Procurement Regulations and it is now necessary to award the contracts for each service as follows:
 - 3.19.1 Adult Substance Misuse Recovery Service
 - 3.19.2 Crime Reduction Substance Misuse Recovery Service

3.19.3 Young People's Substance Misuse Service

3.20 This report seeks approval from Cabinet to follow due process and award the three new contracts as stated in 3.19 above.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 There were no alternative options to tendering externally as Enfield Council was unable to directly provide such a specialist service in-house within a competitive price range.

4.2 There was no option to extend the existing contracts as this would leave Enfield Council vulnerable to a challenge as the opportunity to extend was not detailed during the last tender process and two of the contracts did not contain such provision.

5. REASONS FOR RECOMMENDATIONS

5.1 Tenderers have submitted responses to the PQQ and ITT as part of a transparent and fair competitive procurement process in accordance with the Council's Contract Procedure Rules and EU Procurement Regulations. All responses have been robustly evaluated for quality and price.

5.2 Bidders have submitted applications to confirm that they have adequate experience in delivering similar substance misuse services and similar sized contracts to afford the Council the assurance required. They have also demonstrated that they have a clear understanding of the substance misuse needs of Enfield and have submitted proposals that will support the Borough in achieving their vision of '*making Enfield a Safer, Healthier and More Prosperous Community by Reducing Harmful Drinking and Illicit Drug Use*'.

5.3 It is important that the Council sustains substance misuse provision to:

5.3.1 Reduce the levels of harm caused by substance misuse to health and especially address the health inequalities in the Borough;

5.3.2 Reduce drug and alcohol related crime and anti-social behaviours;

5.3.3 Ensure that the Council's residents have direct access to services to help them make a positive and direct contribution towards the community;

5.3.4 To ensure that young people have the best opportunity to stay safe, achieve and make a positive contribution;

5.3.5 To ensure that substance misusing residents have direct access to high quality services that deliver the best interventions in the most cost effective community settings.

5.4 It is recommended that Cabinet notes the procurement process and endorses the award of the three (3) contracts to the preferred bidders for an initial period of three (3) years, with the option to apply extensions on a two (2) yearly basis rolling up to four (4) further years.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Finance Implications

6.1.2 Please refer to the accompanying Part 2 Report.

6.2 Legal Implications

6.2.1 The Localism Act 2011 provides the Council power to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law principles. The Health and Social Care Act 2012 inserted a new section 2B in the National Health Service Act 2006, which requires a local authority to 'take such steps as it considers appropriate for improving the health of people in its area'. This may include 'making available the services of any person or any facilities' (S2B(3)(g)). The recommendations within this report are within these powers.

6.2.2 The procurement of these services has been in compliance with the Councils Constitution, in particular Contract Procedure Rules and the Public Contracts Regulations 2006 (and amendments thereof).

6.2.3 The contracts for the services will be in a form approved by the Assistant Director of Legal Services.

6.3 Property Implications

6.3.1 There are no property implications as the three properties involved with the tender are either Council properties or are rented by the Council from Enfield CCG. The properties used by these services are:

- 12 Centre Way, Claverings Industrial Estate (Council owned)
- Third Floor, Forest Road Primary Care Centre (CCG rented)
- 29 Folkestone Road, Edmonton (Council owned)

7. KEY RISKS

- 7.1 A robust Risk Register was developed for the tender process and was regularly reviewed.
- 7.2 At this stage in the process the key risk is a possible loss in performance. This was been managed by requiring bidders to submit detailed Implementation Plans in their ITT applications and through using payment by results as a contracting mechanism. The amended contract start date will give the successful bidders adequate time to effectively implement the new contracts. The HH&ASC Council Officers closely monitor performance for substance misuse provision on a monthly basis and the Drug and Alcohol Action Team (DAAT) performance reports are subject to bi-monthly scrutiny by the DAAT Board and SSCB.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

The tender process has been conducted in accordance with both the Council's Contract Procedure Rules and EU Procurement Regulations. Therefore the tender process has adhered to the principles of transparency and fairness to encourage healthy competition within this specialist sector and bidders have accordingly been appropriately supported throughout the process.

8.2 Growth and Sustainability

The increase in performance required of each successful bidder will ensure that more people in the community are supported to access substance misuse treatment to improve health and crime reduction opportunities in more appropriate and cost effective community settings. In Enfield there are 12,454 people who drink alcohol at harmful levels and 3,648 drinkers who have a physical dependency to alcohol. It is estimated by PHE that 1,594 people are dependent of crack or heroin in the Borough. It is therefore important that the Council continues to increase capacity in service provision to optimise a reduction in these prevalence levels.

8.3 Strong Communities

There is a substantial amount of evidence to demonstrate the effectiveness that drug and alcohol treatment has on reducing crime in the community. The Home Office recently completed four (4) years of analysis that showed the important role that drug treatment has upon reducing key crimes that remain a priority for the Safer Stronger Communities Board.

The Crime Reduction Substance Misuse Recovery Service contract is solely concerned with supporting drug and alcohol related offenders change their substance misuse and offending behaviour. It is a partnership approach between the Police, the London Probation Trust and the successful bidder. It is worth noting that nearly 60% of all acquisitive crime is committed because of drug misuse.

Substance misuse equally has an essential role to play in safeguarding vulnerable children who are often at risk due to parental substance misuse. 58% of all referrals made to the Council's Children's Services Safeguarding Team are because of parental substance misuse.

9. EQUALITIES IMPACT IMPLICATIONS

- 9.1 An Equalities Impact Assessment was undertaken to inform and support the previous DAAT Commissioning objectives, the findings and recommendations from this are still current to this process and have been utilised accordingly. This will, as stated above, improve the equality of access to services in the local area.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

- 10.1 Substance misuse services are subject to robust monitoring processes for service delivery and service quality. The HH&ASC DAAT officers will ensure that appropriate and robust contract monitoring arrangements are maintained. The principal focus will be on the interventions delivered to service users as well as how the successful bidders manage performance for the key PHE indicator of Numbers of Successful Drug Completions (PHOF 2.15). It is equally imperative that we reduce the Number of Alcohol Related Hospital Admissions (PHOF 2.18) which all three of these contracts support by ensuring that treatment is sustained in more appropriate and cost effective community settings.
- 10.2 Regular contract monitoring will be undertaken by the HH&ASC Drug and Alcohol Action Team of the three (3) successful bidders on a month on month basis.
- 10.3 The successful bidders are required to make monthly submissions to the National Drug Treatment Monitoring System database managed by Public Health England. They are required to improve performance over the 2012/2013 baseline levels for Numbers of Successful Treatment Completions and Numbers Retained in Effective Treatment performance.

11. HEALTH AND SAFETY IMPLICATIONS

Not applicable.

12. HR IMPLICATIONS

Not applicable.

13. PUBLIC HEALTH IMPLICATIONS

13.1 Public Health England (PHE) was formally established by the Secretary of State for Health on the 1st April 2013. PHE replaced the abolished NHS bodies of the Health Protection Agency and the National Treatment Agency (the National Treatment Agency was the NHS Department responsible for the strategic lead on drug and alcohol misuse). The National Treatment Agency's budget amounted to over 50% of the total new PHE budget and therefore drug and alcohol misuse has remained a key priority for PHE.

13.2 The Public Health Outcomes framework has a number of relevant indicators pertinent to substance misuse and two (2) specific indicators:- Number of Successful Drug Completions (PHOF 2.15); and A Reduction in the Number of Alcohol Related Hospital Admissions (PHOF 2.18). The funding allocated from the PHE grant to the Council directly supports the Council with achieving these key PHE indicators.

Background Papers

None.