

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 22nd July 2014

Report of: Director of Public Health – Dr Heather Grimbaldston

Subject/Title: Substance Misuse Services – Contract Award

Portfolio Holders: Cllr Janet Clowes, Care and Health in the Community

1 Report Summary

- 1.1 The responsibility for commissioning Substance Misuse Services transferred to the Council in April 2013. This provides Cheshire East Council with a real and positive opportunity to bring about significant change to how our future services are delivered. Reframing services to focus, where possible, upon early intervention and prevention, and will reduce pressures upon acute services and lead to the improvement in the health and wellbeing of Cheshire East residents. This report informs Cabinet of the strategic review and procurement process undertaken for securing substance misuse services and seeks Cabinet's authority to delegate to the Portfolio Holders [Health & Adult Social Care and Children & Families], the Director of Public Health and the Executive Director of Strategic Commissioning, the authority to award and conclude contractual documentation with the successful tenderer.
- 1.2 During 2013/14 the existing Drug and Alcohol Misuse Services were monitored and costs were controlled, realising improved value for money. The inherited contractual arrangements focused predominantly on treatment and steps towards recovery. There is currently little capacity for earlier intervention and prevention. The key challenges are the longer term adult cohort in treatment, the under 18yrs admissions to hospital and the development of robust prevention and earlier intervention capacity. These are contained within the new contract as covered in 9.2 of this report.
- 1.3 Work commenced on the 'review' of the transferred services, best practice, and population need in September 2013. A continuation of existing contractual arrangements, for 2014/15, [until the new contract can be awarded] was agreed by Cabinet on 4/2/14 thus allowing existing arrangements to continue until the strategic review and procurement process was complete.

- 1.4 Progress on the strategic review and retender was reported to the Corporate Leadership Board on the 15/4/14 and Informal Cabinet on the 13/5/14. This review work included an Equality Impact Assessment, Engagement, Consultation, and Market Engagement. The initial results informed Councils decision to undertake a procurement exercise to appoint a lead supplier. The procurement process has now reached the stage of identifying a preferred supplier.
- 1.5 To complement this commissioning review the Council continues to work with partners across the sub-region to reduce alcohol related harm. With the costs to the public purse of dealing with the consequences of Alcohol related harm in excess of £136 million per annum in Cheshire East, and the significant, often hidden, impact on individuals, families and communities this is a priority for the Council and the Health and Wellbeing Board. This will included a number of initiatives such as exploring the feasibility of introducing a minimum unit price across Cheshire and Merseyside; improving the sharing of data between health and the Police in relation to alcohol related incidents and ensuring high quality interventions in schools to advise children and young people about the harm of alcohol and drug misuse.

2 Recommendations

- 2.1 That Cabinet note that an EU compliant procurement exercise has been undertaken.
- 2.2 That Cabinet grant the necessary delegated authority to the relevant Portfolio Holders, the Director of Public Health and the Executive Director of Strategic Commissioning to award and conclude contractual documentation with the successful tenderer.

3 Reasons for Recommendations

- 3.1 The council has a responsibility for commissioning Drug and Alcohol Services for the prevention and treatment of substance misuse.
- 3.2 The strategic review enabled the Council to determine the commissioning approach to fulfil its statutory duties and involved appropriate others in this work:
- Police and Crime commissioners representative
 - ECCCG & SCCCCG commissioning representatives
 - Children & Families commissioning representative
 - Adult Services commissioning representative

- Probation service representative
- DWP representative

Links and the involvement of additional stakeholders was also achieved:

- Public Health England Substance Misuse lead
- NHS Local Area Team for Cheshire and Lancashire for CCG & Offender Health Commissioning
- The Councils Strategic Housing commissioners who are developing a vulnerable persons housing strategy

3.3 The engagement and consultation process concluded that **a recovery orientated service** should be commissioned for adults, with a particular focus on those held in long term treatment and **an early intervention service for young people, families, and carers** was needed. [Almost 400 people responded to the consultation in total either by questionnaire or through focus group discussion].

3.4 The Council tendered a contract with an initial two year term with the potential to extend the term up to a maximum of four years.

The Council sought a lead / prime supplier or consortia to sub commission or join with other suppliers to deliver the service across the 'lifecourse' in Cheshire East to provide the following:

Communication, information and advice

Early help and prevention

Evidence based treatment and harm reduction

Recovery to support 5 Ways to Wellbeing

Safeguarding & protection, partnership working

Reducing substance misuse related offending in collaboration with Criminal Justice Services

Consultation & engagement with children/YP, adults, families, parents, partners, and carers

Consultation & engagement and communication with wider stakeholders and professionals

Working as part of a 'Whole System'

With:

- An emphasis on **local** recovery, Asset Based Community Development, mutual aid, empowered self care, peer support, peer challenge and treatment services.
- An offer of Step up and Step down treatment and support with follow up for gathering learning from sustained recovery/ and or relapse.
- Services for Children/Young People, Adults, Families, Parents and Carers with clear support pathways that are connected with wider system entry point.
- A “No wrong door” approach; early help, crisis avoidance, recovery focused towards a substance free life
- Provision of specialist advice and guidance for the wider system services around substance misuse.
- The key service challenges within the current arrangements being addressed to ensure continuous service development in line with the changing needs of our population.

3.5 Market Engagement - We were keen to seek the views of potential Service Providers to further inform the specification, and to also measure interest in the tendering process. An engagement session was held on 11th February 2014 and 70 participants attended. This had been advertised on three procurement portals – Blue Light [Police], Supply to Health [CCGs], and The Chest [Council]. Attendees received a presentation on the commissioning intentions of the Council and were able to raise questions and provide specific feedback on the outlined intentions. Complements were received regarding the clarity of the vision and intentions for the future service.

The contribution of CVS Cheshire East was particularly valuable, as they facilitated the attendees time to talk session, as well as outlining the range of support they could provide to the voluntary not for profit sector in preparing for their tenders with the ‘Lead Supplier’ when determined.

3.6 The procurement process and the collaborative Evaluation Panel review has been robust, the evidence of which supports the requested Cabinet decisions outlined in section 2. This is a key decision¹. We recognise that the current

¹ A Key Decision is one which results in the local authority incurring expenditure which is, or the making of savings which are, significant having regard to the local authority’s budget for the service or function to which the decision relates.

substance misuse service focus' predominantly on treatment. The move to a Lead Supplier model means that the Council can start to drive change towards a whole system approach to effective substance misuse -prevention, early help and treatment services. The Council will hold to account the lead supplier for the substance misuse performance under the contracts, and work with them to enable the transition and service delivery change to be realised. The market will require continued development and this will be explored over the contract duration in collaboration. This recognises that the underlying causes of substance misuse are complex and multifunctional. The particular areas we would want to consider with our Health colleagues would be Child Adolescent Mental Health Services and Adult Mental Health services.

4 Wards Affected

4.1 All

5 Local Ward Members

5.1 All

6 Policy Implications

6.1 The Councils PH responsibilities for commissioning Substance Misuse Services noted in section 1.2 of this report.

7. Financial Implications

7.1 The current Substance Misuse service cost £3.661m for 2013/14 which includes services provided by a foundation Trust Hospital, VCFS providers of Treatments & Recovery Services, Pharmacists for supervised consumption and needle exchange, and GPs for Shared Care co-ordination to support the step down from specialist service case management.

7.2 This contract award will align costs to the allocated funding that transferred to the Council and contribute a small amount to the Public Health Transformation Fund [contribution to wider preventative work under the Councils Plan - Outcome 5]. The contract price for year one will be £3.2m, with the potential for a reduction in subsequent years [between 2-5%] that could contribute to prevention and early help expansion and or to efficiency should this be required. This reduction in current costs has been factored into the Public Health services response to the Council's MTFS process. This will lead to increased investment in respect of agreed Public Health outcomes within the existing Public Health ring- fenced budget regulations.

- 7.5 Potential suppliers were assessed on a number of financial ratios to ensure that there are limited risks involved. These financial assessments include liquidity checks to ensure they have a healthy cash position, receivables and payables checks (which will establish whether they pay and receive cash in a timely manner) and a contract as a percentage of turnover check to ensure it is not above their current operation levels.

8 Legal Implications

- 8.1 The Council has a statutory duty under the Health and Social Care Act 2012 to commission Drug and Alcohol Services for the prevention and treatment of substance misuse.
- 8.2 In determining the best way of fulfilling its duty the Council has conducted a strategic review, EIA, and the necessary engagement and consultation. The Council has undertaken an EU compliant procurement process with the assistance of the Procurement Unit and Legal Services. The contract will have an initial two year term with the option to extend to a maximum four year term. The contract terms and conditions have been drafted to allow for the development of service delivery requirements and performance monitoring within the schedules.

9 Key Performance Indicators

- 9.1 Public Health England monitors the performance of drug treatment services in England against local and national targets. In addition to local contract management, comparative national performance information is published. All drug services must provide a basic level of information to the National Drug Treatment Monitoring Service (NDTMS) on their activities each month. The main areas that are covered relating to the LA are adult drug treatment, adult alcohol treatment and young people.
- 9.2 As part of the tendering process, the successful lead supplier will be required to improve performance against national indicators, to change the approach to the adult longer term drug users in treatment and admissions to hospital for young people, to help people who misuse alcohol and to improve support for families affected by alcohol and drug misuse, helping children, young people and adults to reduce harmful alcohol and drug taking behaviours.
- 9.3 Contract & Performance Requirements – The Evaluation Team have specified a strong emphasis on some requirements which will be discussed and agreed with the potential supplier prior to contract award:

- **Mobilisation** – that we require a different service delivery from a previously treatment focused one, to one that is preventative and provides early help. That we expect this to be increasingly evident from month 4 following contract start date.
- **Cultural shift** – the contract will be actively Contract & Performance Managed, via a collective commissioner group [Children, Adults, CCGs, PCC and PH]. The agreement to this will be sort via the Joint Commissioning Leadership Meeting chaired by the Executive Director of Strategic commissioning. The expectation given to the potential supplier would be that further challenge / scrutiny of the new service delivery would occur through the Councils Scrutiny process.

10 Risk Management

- 10.1 Current Service Risks – As the procurement process remains current it is possible that we may see an impact on service delivery & performance. Rigorous attention to achieving KPI's and maintaining open communication with existing providers to address concerns / risks at an early stage continues to mitigate this risk. Delayed progression of contract award could also have a potentially negative impact on the current service system.
- 10.2 Transition risks – Once the official award letter and notification occurs there is an increased risk of the current service providers failing to deliver services. This will be monitored and action taken where needed to mitigate these risks. In making this comment we acknowledge fully that we are working with treatment and recovery providers who have at the heart of their approach a commitment to achieve the best for the service users they work with.
- 10.3 During the first part of the contract term there is a risk that performance of the substance misuse service could be adversely affected due to the turbulence a major change in service arrangements brings. However the potential lead supplier approach would realise system benefits as we will have a clear contract, service specification, and performance management framework which means we can more effectively hold the potential supplier to account.
- 10.4 Should it be needed this contract can be terminated with immediate effect by serving written notice on the service provider at any point in the contract deployment. Should we need to apply a notice period then it is considered that three months is reasonable.

11 Access to Information

- 11.1 The background papers relating to this report can be inspected by contacting the report writer:

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