



Hackney and City Integrated Substance Misuse Service

CONTRACT APPROVAL

Key Decision No. CACH Q56

CPC MEETING DATE (2019/20)

10th February 2020

CLASSIFICATION:

OPEN with EXEMPT APPENDIX A

By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 appendix A is exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

WARD(S) AFFECTED

All Wards

CABINET MEMBER

Mayor Philip Glanville

Mayor - London Borough of Hackney

KEY DECISION

Yes

REASON

Affects two or more wards

GROUP DIRECTOR

Anne Canning, Group Director of Childrens, Adults and Community Health

1. CABINET MEMBER'S INTRODUCTION

- 1.1 Drug and alcohol misuse and its associated issues have a substantial impact on individuals, families and communities. This imposes significant economic and social costs on society, reflected in the cost of crime, healthcare and provision of public services.
- 1.2 The procurement of an integrated adult drug and alcohol treatment system across the London Borough of Hackney and the City of London Corporation will support the two authorities to deliver on their shared vision to improve positive outcomes for some of our most vulnerable residents, as well as improving the life chances of many of the individuals who choose to live, work and visit here.
- 1.3 The new integrated service will also effectively engage with other priority groups requiring excellent drug and alcohol treatment. This will be achieved via increased outreach, widened accessibility for the service, and a broader range of health and wellbeing interventions offered, including mental health support. An increased focus on communication and locally informed campaigns has been added to the service to increase the reach of the service, support partnership working and enhance the 'making every contact count' (MECC) approach. The Provider being recommended for contract award assured they will deliver on these aspects throughout the tender process, including the addition of an Access and Engagement Team, sub-contractual arrangements with a mental health charity and a dedicated Partnership Manager who will lead on training and communication across the two local authorities.
- 1.4 By combining the service across City of London and Hackney, both local authorities have maximised opportunity for efficiency savings, whilst also designing a service model that will effectively promote recovery, reduce harm and is accessible and attractive to all those who need support.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1 The procurement of an integrated drug and alcohol treatment service for adults across the Hackney and the City of London will help ensure that individuals affected by substance misuse are supported in an effective, safe and responsive way. This will, in turn, safeguard local residents, reduce risks associated with drug and alcohol use, and motivate individuals to achieve long term independent recovery.

- 2.2 Recent years have seen changes to local needs and treatment delivery, which will be addressed within the new service. This includes, but is not limited to:
- An ageing treatment population who can present with multiple health and social care complexities
 - An increased number of individuals with both substance misuse and mental health needs
 - Reduction of alcohol only service users engaging with treatment services, despite estimated need remaining unchanged
- 2.3 Following approval from Cabinet Procurement Committee (CPC) in September 2019, Public Health colleagues across Hackney and the City of London have completed a thorough and fair procurement of the new Integrated Substance Misuse Service, and are now ready to recommend a provider for the new contract which will go live on 1 October 2020.

3. RECOMMENDATION(S)

- 3.1 To award the contract for the delivery of the Hackney and City Integrated Substance Misuse Service to **Provider E** for a maximum value of £24,000,000 for a period of 5 years commencing on the 1 October 2020. There will be a further option to extend for up to 4 years (2 +2).

4. RELATED DECISIONS

- 4.1 On 10 September 2019, the Cabinet Procurement Committee approved the Business Case for this procurement (see link [here](#)).

5.1 REASONS FOR DECISION/OPTIONS APPRAISAL.

- 5.1.1 The Service outlined in this report will replace the current arrangement whereby Hackney and The City of London have separate drug and alcohol services, and will create a single integrated system managed as a unified system by Hackney.
- 5.1.2 The new service model was created as a result of significant targeted consultation with key stakeholders (including current and potential service users), and a design group consisting of cross-department local authority officers, members of City and Hackney CCG and the Integrated Commissioning System. Local need was analysed via the completion of a Substance Misuse Joint Strategic Needs Assessment Chapter, available [here](#).
- 5.1.3 The new Service has the following vision: 'To improve the quality of life for people affected by substance misuse by providing an excellent drug and alcohol treatment service that promotes recovery, reduces harm and is accessible and attractive to those who need support across the City of London and Hackney'.

5.1.4 As outlined in the Business Case, the new service will run for a minimum of 5 years (subject to good performance), to reduce the impact of instability that can be caused by recommissioning. Given the length of the contract, the successful bidder was required to demonstrate how they will respond proactively and appropriately to any changes to the allocated budget and local needs across Hackney and the City. The comprehensive procurement process ensured that the successful bidder demonstrated their knowledge and ability to deliver all aspects of the service specification, and how they will meet the targets specified in the Key Performance Indicators.

5.1.5 **Procurement process:** this is outlined in **section 8** of this report.

5.1.6 Hackney and City's Public Health teams are recommending Provider E as the successful bidder following the procurement process. Provider E demonstrated comprehensive knowledge and experience regarding the delivery of drug and alcohol services in general, as well as illustrating an understanding of local needs across City of London and Hackney, along with innovative proposals for the service's delivery.

5.2 ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

5.2.1 The following five options were appraised for the future of the drug and alcohol service provision in Hackney:

- Hackney Council procure an integrated drug and alcohol treatment system which supports adults living in or with a local connection to Hackney and the City (Chosen Option)
- Allow the current contract in Hackney to expire, and not provide a specialist drug and alcohol service from October 2020
- Retain and extend current service model to remain as it is
- Insource adult specialist drug and alcohol treatment
- Jointly commission a specialist drug and alcohol service that supports all ages (including under 18 year olds)

CPC agreed the business case for the preferred option in September 2019 (see Section 4).

6. PROJECT PROGRESS

6.1 Developments since the Business Case approval

There have been no unforeseen developments since the business case was approved.

6.2 Whole Life Costing/Budgets

6.2.1 The budget for this service will be held by the Public Health team in Hackney Council, and consists of funds provided via the Public Health Grant each year. The City of London Corporation and the Mayor's Office for Policing and Crime (MOPAC) will be contributing to the overall budget for this service. Finally, a contribution is being made by LBH Adult Social Care as the service will be responsible for coordinating and sourcing residential rehabilitation placements for

the most vulnerable service users. A Service Level Agreement will be finalised between City of London Corporation and Hackney Council prior to the Contract go live date. A similar agreement will be put in place between Hackney's Public Health and Adult Social Care teams.

6.2.2 The Public Health Grant is not set for the next 9 years. Any changes to the funding available will be managed in collaboration with the successful provider to ensure the service continues to deliver on its key performance indicators. As part of the tender exercise, providers were asked about how they would manage potential funding reductions.

6.2.3 The budget for this contract per year, separated by the various funding sources, are as follows:

- Hackney Council Public Health Grant - c. £4,085,500
- City of London Corporation Public Health Grant - £259,000
- Mayor's Office of Policing and Crime (MOPAC)¹ - £210,000
- City of London Police - £52,500
- Hackney Council Adult Social Care - £183,000
- **Total - c. £4,800,000**

6.3 SAVINGS

A saving of 6.63% from Hackney's Public Health Grant allocation for this service was approved by Hackney Labour Group in July 2019, prior to publishing the tender. This saving equated to £300,000 and the Hackney proportion of the available budget for this tender was reduced by this amount. The COL budget available was also reduced by approximately 10% based on their current spend for drug and alcohol treatment only, as was the COL Police budget which was reduced by 50%. All savings will be realised fully in the financial year 2021/22.

The price for the successful provider was £151k below the budget available (Year 1), which decreases to £84k by year 5. We are confident that the provider will be able to deliver the new service model within the tendered price and in line with the service specification. It is important to note that value for money for the Council was at the heart of this procurement exercise, but the lowest cost tender was not the successful bidder. This was demonstrated by the 30% weighting placed on the cost of the contract, which assured competitive contract values, whilst protecting the quality of the future service.

The extra efficiencies will be retained within the Public Health budget to enhance delivery for the following reasons:

- As a precaution in the event of there being an unprecedented increase in pharmacy costs and medical consumable costs throughout the length of the contract. This could be a real risk following the significant price increase of the opiate substitute drug buprenorphine from 2018.

¹ Currently agreed until 31st March 2021

- Further reinvestment within Public Health services, ensuring the council continues to meet emerging needs of drug and alcohol users across the local public sector partnership

7. SUSTAINABILITY ISSUES

7.1 Procuring Green

There were no environmental concerns highlighted in the PRIMAS. A positive environmental impact was noted within the PRIMAS as the service will be contracted to provide a needle syringe exchange programme which will promote the safe disposal of injecting equipment, in addition to the service ensuring appropriate disposal of medication. Within the tender process, bidders were asked how they will ensure a reduction of negative environmental impact. In summary, Provider E stated they would do this by:

- Regular environmental impact audits completed within the service
- Monthly 'Community Cleanups' (i.e. litter pickups) in areas where littering is a persistent problem
- Development of a Hackney and City specific Environmental Action Plan
- Commitment to becoming a listed organisation on the Hackney Zero Waste Initiative
- Other initiatives such as banning single use plastics within the service, ensuring energy efficiency, minimising unnecessary travel for staff and reducing the use of paper.

7.2 Procuring for a Better Society

There were no economic concerns highlighted in the PRIMAS. The service will provide value for money, as specialist drug and alcohol treatment is evidenced to have a good return on investment by reducing A&E attendances and/or criminal behaviour, for example. Within the tender process, bidders were also asked how they will contribute to social value by offering employment and training opportunities to local people. In summary, Provider E stated they would do this by:

- Offering 3 apprenticeship opportunities per year
- Working with Volunteer Centre Hackney and their 350+ partners across the borough to create and identify volunteering opportunities
- Delivering education, training and employment programmes to support service users into work.

7.3 Procuring Fair Delivery

The service will have no adverse impact in terms of equalities. As stated in the Business Case, the service will proactively seek to reach out to people in the borough with the highest complex needs in terms of substance misuse, and support local communities and people. The new service includes KPIs to increase treatment engagement in underrepresented groups which includes women, the LGBTQ community and individuals from ethnically diverse communities. This may change over the length of the contract, and the provider's ability to respond to ever-changing needs (and therefore reduce inequalities as much as possible) was evaluated as part of the procurement process.

8. TENDER EVALUATION

8.1 Evaluation:

The procurement followed a two stage tender route under the Light Touch regime, with both a Selection Questionnaire (SQ) stage and an Invitation to Tender stage. A full specification was available with the advert, following the Public Contract Regulations (2015) legislation. An OJEU notice was also published as the value for this contract is considerable.

8.2 The London Borough of Hackney's Cabinet Procurement Committee approved the Business Case and granted permission to go out to tender on 9th September 2019. This was also approved by the City of London's board and the Integrated Commissioning board. A notice was placed on Contracts Finder, alongside advertisement on the ProContract system. A webinar was also held to alert potential bidders of the new service, and allowed attendees to ask questions relating to the new service. Invites to this webinar were sent to known providers of substance misuse services within the London region. The transcript of the webinar and other relevant stakeholder engagement events were published along with the documents on the e-tendering portal.

8.3 Thirty-one expressions of interest (EOIs) were received, resulting in six SQ submissions, who then went on to complete full ITTs. This complete list can be found in Exempt Appendix A.

8.4 There were four members of the core tender panel, coming from different areas of expertise:

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| Public Health Senior Strategist |
| Public Health Senior Practitioner |
| Public Health Consultant (Hackney) |
| Public Health Consultant (City of London) |

There was also an additional advisory panel, which comprised of stakeholders from different partner organisations, relevant to the service area. The advisory panel sent comments on method statement questions that were relevant to their roles in wider substance misuse services. These comments were used to support the core panel in their scoring, particularly where technical expertise was required.

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| City of London Commissioning Manager |
| Public Health Project Officer - City of London |
| Prevention Workstreams Programme Manager (CCG) |

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| Young Hackney Substance Misuse Team Leader |
| City of London Police |
| Expert Clinical Advisor - Therapeutic Solutions |
| Workstream Director - Unplanned Care (CCG) |
| GP Clinical Lead for Mental Health (CCG) |
| Pause and STEPS Service Manager |
| Public Health Commissioning Manager - Hackney |
| Expert by Experience |

- 8.5 A total of six SQs we submitted. Each SQ was assessed on technical ability, financial standing, and insurance criteria as well as previous experience relating to the specification. Bidders were required to self-certify that they held relevant policies to provide a Substance Misuse service, and submit policies on Clinical Governance, Information Governance, Medicines Management and Safeguarding. The documentation sent out at SQ stage made clear that there would be a requirement to have x1 the financial turnover of the £4.9m as well as the required self-certifying policies. This may have slimmed down the number of submissions but is a key requirement for a service of this nature and we reduced this from our normal standard of x2 to try to encourage the voluntary and community sector. No bidders were disqualified from this stage of the tender, which meant that the instructions on the requirements needed to pass this stage were clear.
- 8.6 During the ITT stage, a number of queries were received regarding TUPE as the possible liability for this contract is considerable. The Public Health Commissioning Team gathered relevant information from the incumbent and circulated TUPE lists to bidders who had completed confidentiality agreements.
- 8.7 The tender was evaluated on the criteria in the table below. There were also provisions in the scoring which meant that if any bidder had scored below 2 out of 5 on three or more questions, then they would be disqualified from the process. If any bidder also scored a 0 or 1 on any of four key questions, this would be grounds for disqualification. These requirements were fully explained in the invitation to tender documents, and written into the method statements.

| Scoring Criteria | Score |
|-----------------------------|--------------|
| Quality | 100% |
| Start up and implementation | 15% |
| Service provision | 25% |
| Clinical provision | 26% |
| Service organisation | 15% |
| Quality assurance | 5% |
| Innovation and added value | 11% |

| | |
|--------------------------------|------------|
| Interview question - aftercare | 3% |
| Price | 30% |

The total percentage of the Quality aspect was marked out of 100% and apportioned to 70% of the final score, with the pricing making up the additional 30%.

8.8 The bidders were invited to give a presentation based on questions which were released with the method statement questions. A specific question was asked, and marked by the core panel, alongside another advisory panel member who is an expert by experience.

8.9 Recommendation:

The tender panel recommends that Provider E is awarded the contract for the Hackney and City Integrated Substance Misuse Service. Provider E demonstrated that they could meet the full requirements of the specification and that they understood the need for effective communication through transfer of services and excellent partnership working along with sustainable plans for the future of the service through innovative ways of working. In comparison to other bidders, they demonstrated a good knowledge of the needs of the local population and in particular residents with complex needs.

8.10 The final scores are outlined in the table below. Two providers did not meet the minimum quality threshold.

| Tender Results | | | |
|------------------------------------|----------------|---------------|--------------------|
| | Quality | Price | Total Score |
| Provider A | 42.18% | 28.86% | 71.04% |
| Provider B | 49.35% | 28.43% | 77.78% |
| Provider C | 27.65% | 28.22% | 55.87% |
| Provider D | 36.75% | 27.36% | 64.11% |
| Provider E (winning bidder) | 51.63% | 28.22% | 79.85% |
| Provider F | 41.83% | 30% | 71.83% |

8.11 **Lots:** This procurement was not split into lots to support an integrated model in line with our ambitions for integrated commissioning. This was outlined in the Business Case.

8.12 **London Living Wage:** The bidders were asked in their tender submission whether they were committed to paying the London Living Wage and all confirmed this.

8.13 **TUPE:** There is a considerable number of staff who are eligible for TUPE. This has been factored for within the pricing schedule. The service has a 7 month

mobilisation period, which should allow staff to be transferred smoothly where applicable. This also means that the successful provider has the time to recruit staff where existing staff have not transferred over, or where there are vacant posts.

9. CONTRACT MANAGEMENT ARRANGEMENTS

9.1 Resources and Project Management (Roles and Responsibilities):

The contract will be managed within the Public Health team, with a named authorised officer. Clinical oversight and management will also come from the Consultant Lead in Public Health.

9.2 Implementation of the new contract has a significantly long lead time due to the substantial nature of the contract. Public Health representatives from the City of London and Hackney will oversee the implementation period with regular meetings and communication with the successful provider, reviewing the implementation plan the successful provider set out within their bid. The Hackney Public Health Specialist with responsibility for Substance Misuse will lead on this.

9.3 In addition, when able to do so, the design steering group that helped shape the new service specification will be updated on the successful provider and their delivery model. The group will identify priority actions for each stakeholder throughout the implementation period.

9.4 Contract performance meetings will be at least once per quarter, with monthly meetings in the first few months while the new service is embedded. The Public Health team has systems for performance monitoring collation and reporting as well as invoicing and this will all be set up as standard.

9.5 As this service is integrated with the City, the Hackney contract lead will take on full management of the contract. This will be supported by the City of London contract lead - who will attend review meetings and also review data. They will have input into the running of the service as the Hackney lead would, looking at the KPIs, service need and financial arrangements specifically for the City of London.

9.6 Key Performance Indicators:

The KPIs will be monitored quarterly, with these being submitted to the Council in line with the other contractual arrangements. Some of this data comprises the National Drug Treatment Monitoring System (NDTMS) dataset and so requires uploading onto national databases. This duty will remain with the provider and be assured by the Council, who will validate data.

9.7 The Public Health team will also request comprehensive data collection that illustrates the activity and outcomes across all areas of service provision. This will include service user data demographics to identify how many clients use the service from within the borough and also from the City of London.

9.8 A full list of the Key Performance Indicators can be found in Open Appendix 1.

10. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 10.1 The recommendation of this report is to award the contract for the delivery of the City and Hackney Substance Misuse service to Provider E. The contract will commence on 1 October 2020, and the contract will be for five years with the option to extend for a further four years (5+2+2). The cost of the contract over the five years is £24m, and the cost over the maximum life of the contract is £43.2m. The funding from all partners for the new service is outlined in detail in Section 6.2 of the report.
- 10.2 The majority of the funding for the new service (£4.085m) will be met from the Public Health ring-fenced grant. A risk to the contract is uncertainty about the level of grant available in future years, and for partner contributions to the service. To mitigate this risk, budget lines are subject to change throughout the length of the contract, and will be managed in collaboration with the successful provider.
- 10.3 Savings of £300k from Hackney's Public Health grant have been approved, and recognised in the contract value for the new service. This savings target was approved to be delivered over the next two financial years, and will be fully realised in the 2021/22 financial year due to transition costs and the contract not commencing till October 2020.

11. VAT Implications on Land & Property Transactions

Not applicable.

12. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE SERVICES

- 12.1 The contract for public services in this Report is of a value higher than £2m and therefore under paragraph 2.5.3 of Contract Standing Orders the award of contract will need to be approved by Cabinet Procurement Committee.
- 12.2 The services in this Report are classified as Social and other Specific Services under Schedule 3 of the Public Contracts Regulations 2015 and are of an estimated value above the threshold of £615,278 for such services. Therefore the Council published an OJEU notice in respect of the procurement of the services. It then used the Restricted Procedure under Regulation 28 of the Public Contracts Regulations 2015 to undertake the procurement process.
- 12.3 The London Borough of Hackney was the contracting authority under the Public Contracts Regulations for the procurement process but the services are also for the benefit of the City of London Corporation. Therefore the Council and the City of London Corporation will also need to enter into suitable contractual and financial arrangements with each other to cover the provision of any services to be provided to the parties by the provider.

13. COMMENTS OF THE PROCUREMENT CATEGORY LEAD

- 13.1 The procurement was well planned and executed. The team have carried out a full needs analysis, engaged with partners including securing the City of London in the arrangements. Final details around the partnership agreement to manage risk and payments should be worked out prior to contract commencement, in line with good practice.
- 13.2 In terms of sustainability, the service has secured commitment from the successful bidder to appointing dedicated apprentices who will be paid the London Living Wage throughout the contract term.
- 13.3 There were a good range of bidders for the work, and market engagement was successful in generating interest. While it was not deemed prudent to either insource this service or split it into lots, it is important to remember that the young people's drug and alcohol service is managed in-house by Young Hackney, and that there are other related services such as the Stop Smoking Services which have been tendered separately to allow opportunities for the market.
- 13.4 To support the market to bid, the requirement of the annual financial turnover for bidders for this service was set at x1 the annual contract value and contract management will include financial monitoring, which is particularly important as the contract can be extended for a total of nine years and need may change in Hackney and the City.
- 13.5 Through good contract management, as outlined above in Section 9, the team should ensure outcomes are being realised and it will be critical to ensure that there is good partnership working across health and social care and with community safety as well as with grass roots organisations and individuals.

APPENDICES:

Open Appendix 1 - Key Performance Indicators

EXEMPT:

Exempt Appendix A: Shortlist, Longlist and Scoring Tables

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

CONFIDENTIAL:

No

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

Description of document (or None):

None

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| Report Author | Amy Harmsworth, Public Health Strategist 020 8356 5193 amy.harmsworth@hackney.gov.uk |
| Comments for and on behalf of the Group Director of Finance and Corporate Resources | Naeem Ahmed, Head of Finance (CACH) Tel: 020 8356 7759 Naeem.Ahmed@hackney.gov.uk |
| Comments for and on behalf of the Director of Legal and Governance Services | Patrick Rodger, Senior Lawyer Tel: 020 8356 6187 Patrick.Rodger@hackney.gov.uk |
| Comments of Procurement Category Lead | Zainab Jalil, Category Lead 020 8356 3590 zainab.jalil@hackney.gov.uk |