



Report of: Executive Member for Health and Well-Being

Meeting of:	Date	Ward(s)
Executive	16 July 2015	All

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SUBJECT: Procurement Strategy for Substance Misuse Residential Detox and Rehabilitation Services

1 Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Substance Misuse Residential Detox and Rehabilitation in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 These services play a key role in promoting recovery and reducing the harm caused by alcohol and drug misuse which are significant causes of health inequalities in Islington. Residential detox and rehabilitation services enable people who have significant needs to cease their substance abuse, in order to avoid the psychological, legal, financial, social, and physical consequences that can be caused through their substance misuse.
- 1.3 The contract to be re-procured is for residential detox and rehabilitation services for drug and alcohol users under a framework agreement in collaboration (joint procurement) with the London Borough of Camden. It is anticipated that jointly commissioning these services with Camden will result in greater value for money, improved treatment outcomes and a wider choice for Camden and Islington residents.

2 Recommendations

- 2.1 To approve the procurement strategy for a Residential Detox and Rehabilitation framework as outlined in this document.
- 2.2 To delegate to the Corporate Director of Public Health, in consultation with the Executive Member Health and Wellbeing, the authority to award the contracts to the successful tenderers.

3 Background

Nature of the service

- 3.1 Substance misuse (alcohol and drugs) is a cause of considerable harm to the health and wellbeing of Islington residents. In terms of alcohol, around one in three residents are estimated to drink at increased or high risk levels. The borough also has one of the highest levels of incapacity benefit claimants for alcoholism in London. Islington has the largest number of people accessing alcohol misuse treatment in London reflecting these high levels of population need. Islington has the second highest rate of opiate and crack use in London and the number of non-opiate users attending treatment is also increasing. Drug and alcohol use has a significant impact on health services, crime and community safety and is an important contributor to adult and children's social care needs.
- 3.2 The impacts of substance misuse are felt across the population, and the evidence base shows investment in drug and alcohol service results in a strong and substantial return on investment. For example:
- The National Audit Office estimates that £2.50 is saved for every £1 invested;
 - It is estimated that if all drug users who started their recovery in 2010-11 sustain it, the estimated benefit would be £2.6bn;
 - For every £100 invested in drug treatment services a crime is prevented making treatment an effective intervention in crime reduction as well as community safety and health improvement.
- 3.3 Residential detox and rehabilitation provision (which is also referred to as tier 4 treatment) is for clients who experience a number of complex issues that make achieving abstinence through community based support challenging. Residential rehabilitation services, which are often run by voluntary and private sector organisations, are a key part of a recovery focused treatment system (these organisations are geographically spread across the country and largely outside of London). They offer structured programmes that may include psychosocial interventions, individual and group therapy, education and training and social and domestic skills. The common factors for this provision are that residents stay overnight for a period of time at the facility to receive treatment and they are expected to be drug and alcohol free before they start the programme. Detox clients receive a medically assisted withdrawal from opiates or alcohol, often before moving on to residential rehabilitation.
- 3.4 It is proposed that the new services will be delivered through a framework. The framework agreement is an overarching contract setting out a clear and robust expectation for quality and outcomes and a set price for the interventions delivered. There is no upper limit to the number of providers on the framework, all providers who meet price and quality criteria will be invited to join. All placements are funded on a spot basis, no block or retainer fee is paid.
- 3.5 The new service will be accessible by people who meet the eligibility criteria under the Care Act and who are over the age of 18. All providers are required to be Care Quality Commission (CQC) registered. It is expected that people under the age of 18 who would require residential treatment would be placed outside the framework due to the limited and highly specialist nature of interventions for this age group. People will be able to access residential treatment at any point of their treatment journey as part of an integrated offer of care with total abstinence of drugs or alcohol as one of the intended outcomes.
- 3.6 The proposed service will deliver high quality, recovery focused, interventions for Islington residents. This will support delivery of the objectives of the Islington Fairness Commission by contributing to a reduction in inequalities in the borough and the Health and Well-Being Board

priority of *preventing and managing long term conditions to enhance both length and quality of life.*

3.7 The contract consists of 6 lots:

- Lot 1 – Crisis Detox: Medically assisted withdrawal from opiates for the most vulnerable clients, e.g. those who are street homeless, most people self-refer. Crisis detox is for clients who have identified an immediate crisis that they are experiencing in the community. This is done by using a model of crisis intervention - a place of safety, high level of staff interventions and a focus on the current problems and solutions.
- Lot 2 - Detox with 24 hour cover: Medically assisted withdrawal from opiates or alcohol; intended to remove the physiological effects of the addictive substances.
- Lot 3 – Detox (Medically assisted withdrawal from opiates or alcohol with a short stay (up to 12 weeks)); with Primary rehabilitative programme focusing on intensive therapeutic interventions. The therapeutic interventions that can be offered include cognitive behavioural therapies, motivational therapies, coping strategies, relapse prevention and psychological therapies.
- Lot 4 – Primary rehabilitative programme (a short stay - up to 12 weeks): focusing on intensive therapeutic interventions and the immediate responses for becoming drug/alcohol free. The therapeutic interventions that can be offered include cognitive behavioural therapies, motivational therapies, coping strategies, relapse prevention and psychological therapies.
- Lot 5 - Secondary stage rehabilitation programme (up to 12 weeks): focusing on the development of life skills, reintegration through education training or employment-focused needs; the skills required to sustain a drug-free lifestyle while still receiving intensive support from the programme. Individuals move onto secondary stage when they have successfully completed the primary stage.
- Lot 6 – Complex: e.g. Dual Diagnosis and women who are pregnant.

3.8 Providing access to residential rehabilitation treatment is an integral part of commissioning a local drug treatment system. National guidelines state substance misuse commissioners are responsible for ensuring that people who need residential detox and rehabilitation can access a range of services according to their needs.

3.9 In 2014/15 activity for rehabilitation showed 112 people received one of these packages (with or without detox).

The successful completion rate for residential rehabilitation (the services in scope for this framework) was 39% in 2014/15, based on data received via the NDTMS. Whilst this is below the national average, which was 54%, issues with data completeness mean it is likely local performance is better. Commissioners are investigating this issue. In addition, there is an action plan to develop more robust contractual arrangements with providers in year which will build in greater assurance that outcome data are recorded accurately and in a timely fashion. The proposed framework will further improve the management of these residential detox and rehabilitation providers by including a provision to remove those who fall below the agreed target for successful treatment completions.

3.10 Currently, residential rehabilitation in Islington is spot purchased on a client by client basis. Planned detoxes are purchased via a framework agreement held by the Tri-Borough (Hammersmith & Fulham, Westminster and Kensington and Chelsea). The detox framework arrangements end in March 2016. The crisis detox service which is commissioned on a block contract basis with City Roads will also end in March 2016.

Estimated Value

3.11 The current budget for residential treatment in Islington is £590k per annum. There is a further budget allocation of £385K per annum for the provision of detoxification (including

inpatient health care provided detox which is excluded from this procurement) and £42K for crisis detox. The total budget for substance misuse residential detox and rehabilitation in Islington is currently £1,017,000.

- 3.12 The actual spend for this service over the last 2 years is given in table 1. The variation in spend reflects the variation in annual demand for different packages of residential rehabilitation care, which is spot purchased. The proposed move to a framework will provide greater stability in spend as prices of care will be agreed in advanced during procurement.

Table 1: Spend on residential rehab and detox for substance misuse, 2013-14 and 2014-15

	2013-2014	2014-2015
Social Care Drugs (funds residential rehab placements)	£650,000	£475,400
Crisis Detox (block contract with City Roads)	£42,106	£42,106
Inpatient Detox Framework	£346,254	£343,894
Total spend	£1,038,360	£861,400

- 3.13 The re-procurement of the residential rehabilitation framework is part of the wider Public Health Substance Misuse Transformation Programme to ensure the delivery of high quality, accessible substance misuse services, that better meet and respond to the changing needs of Islington’s population with substance misuse problems. The transformation programme will deliver a total of £2,529,000 savings by 2017/18.
- 3.14 A benchmarking exercise carried out to compare cost of the residential rehabilitation service in Islington and Camden. Taking account of the comparable levels of need, it is expected that Islington’s expenditure on residential detox and rehabilitation treatment will reduce significantly if the recommended option for procuring a framework with the London Borough of Camden is accepted. This exercise showed that the framework could be expected to save between 15% - 40% when compared to spot placement charges at the same providers.
- 3.15 The planned maximum cost for residential detox and rehabilitation services under the new proposed arrangement will initially be set at £795K for year 1 (2016/17); from year 2 the budget will be reduced by £50k, resulting in a total annual budget of £745k from 2017/18. The total maximum cost to Islington Council of the framework for four years is £3.03m
- 3.16 An additional £50k budget allocation will be required to fund inpatient health care provided detoxes which are outside of the scope of the residential detox and rehabilitation framework. This budget will fund detoxes for individuals with complex physical health conditions who will require 24 hour medical supervision whilst detoxing – a need that cannot routinely be met by the anticipated providers on the framework. Therefore, the total budget in 2016/17 for all detox and rehabilitation (in and out of scope of this procurement) will be £845,000 and in years 2-4 (2017-18 to 2019/20) it will be £795,000 per annum.
- 3.17 Islington will realise an initial £172k recurrent saving in 2016/17 and a further minimum recurrent saving of £50k per year in the subsequent three years of the framework agreement (£322k saved over the 4 year contract term).
- 3.18 This is a significant reduction to the current Islington budget for these services. In order to ensure this reduced budget is managed effectively, a panel process will be established with key stakeholders. The panel will review eligibility and agree funding for packages of care through the framework on a case by case basis. It will provide a robust process for decision making for substance misuse residential detox and rehabilitation placements, ensuring these decisions are based on a robust assessment of need that is based on a clear evidence based and to ensure due diligence for funding arrangements without compromising quality of care.

3.19 The budget and potential savings will be reviewed annually based on demand for residential based interventions which is anticipated to reduce. The work commissioners are undertaking as part of the substance misuse transformation programme aims to develop a pathway with more abstinent focussed recovery opportunities within the local community. It is anticipated this will result in a further reduction in need for residential rehabilitation and detox.

3.20 There are no other financial implications that are not covered in the financial implications section.

Timetable

The key dates:

Milestone	Date
Procurement Board	28 May 2015
Report to Joint Board	23 June 2015
Report to Executive	16 July 2015
Service Specification finalised	22 July 2015
Advertise and invitation to tender	29 July 2015
Tender close, compliance checks and evaluation	30 September – TBC 2015
Award	TBC
Current Contracts expire	31 March 2016
Contract Start	1 April 2016

Options appraisal

3.21 The options for consideration are:

- Option 1: Do nothing. The current framework with the Tri-boroughs and the crisis detox contract end in March 2016. Unless procurement takes place, access to all residential treatment provision will be funded as on spot placements. This will cost Islington considerably more and will have less impact in assuring that certain quality thresholds and minimum monitoring requirements are maintained. Available benchmarking evidence shows that this is a more costly way of providing these services.
- Option 2: Procure services alone for residential detox and rehabilitation (without Camden). This would limit the opportunity to negotiate best prices with providers based on higher anticipated volume of activity that will occur as a result of procuring as two boroughs.
- Option 3: Procure a new residential treatment framework in partnership with Camden, to include crisis detox provision previously commissioned under a block contract. This will achieve better value for money across both boroughs and will increase the choice of access for residents who require these types of services. Noting the key role that residential rehabilitation services play in the overall treatment pathway, it is anticipated that the levels of activity will stay similar. However, the overall cost of activity is anticipated to reduce as the new framework will include more specialist provision e.g. for women who are pregnant, which is currently procured outside the framework at a high cost. The framework agreement and service specification will give Camden and Islington the opportunity to put in place minimum quality and reporting requirements. This will ensure that these services align with local integrated community substance misuse pathways.

3.22 **Option 3 is the preferred approach.** The development of a joint framework with Camden, including a standard specification and agreed quality criteria will deliver the best quality and value for money for Islington residents.

3.23 Other London boroughs were invited to take part in the framework agreement; there were

limited expressions of interest. However of those boroughs who did express an interest it was not possible for them to align their processes according to our timetable. In addition, we have considered staying in the Tri-Borough Framework, however benchmarking indicates collaboration with Camden provides greater value for money than staying within the current arrangements. There is scope for other boroughs to adopt the Camden and Islington framework for their own local procurement. Joint contract review processes would allow value for money to remain under review should other boroughs choose to pursue this option.

3.24 It has been agreed that Camden will lead the procurement process, but as with other joint procurements, there will close collaboration with procurement teams in both boroughs - all decisions will be made jointly. Islington's governance arrangements have been built into the timeframe for the procurement.

Key Considerations

3.25 The proposed service will bring the following benefits:

- Reduce the harms of drug and alcohol misuse by supporting the continued access for those that require detox and residential treatment and gaining successful outcomes in terms of treatment completion.
- Sustained abstinence and successful reintegration into work and their communities for individuals who successfully leave residential detox and rehabilitation services.
- Improved health and wellbeing outcomes for Islington residents affected by their own or someone else's substance misuse.
- Contribute to actions to reduce drug and alcohol related crimes, sexual violence, anti-social behaviour and wider health inequalities.
- Anticipated savings to NHS and Local Authority through a reduction in A&E visits and inappropriate hospital admissions.
- Better value for investment through a standardised service specification and agreed price.

London Living Wage, TUPE and staffing implications

3.26 Providers will be expected to pay staff the living wage (or the London living wage for those based in London). There are no TUPE implications.

Economic, social and environmental sustainability

3.27 The investment is entirely spent on interventions to improve the lives of adults misusing drugs and alcohol, their families and the wider community.

3.28 Economic, social and environmental sustainability will be considered as part of the tender evaluation.

Evaluation

3.29 The recommended contracting procedure for this service is a one stage open tender process. These services will be purchased via a framework arrangement. There will be no upper limit to the number of providers able to join as long as they meet the price and quality criteria.

3.30 Based upon the assessment of the market and the strategic direction of the service, it is recommended that a contract term is 4 years. This is the standard duration of framework agreements.

3.31 Camden will be the lead authority in this tender process however

3.32 Potential Tender award criteria, subject to further development and refinement, are set out below:

Tender Award Criteria Total	Total
Cost	60%
Quality	40%
Quality breakdown	
Service Methodology and Partnership Working	17%
Service Outcomes, Quality, Assurance and Performance Management (<i>incorporating Social, Economic and Environmental Value where relevant</i>)	13%
Proposed Staffing and Workforce Management	10%

3.33 As part of the procurement process, providers will be given maximum prices for the types of interventions that Islington and Camden expect to be provided within each lot. Providers who demonstrate the lowest costs and highest quality will be placed the highest on the framework and are likely to receive more business. Reducing costs and spend is an integral part of this proposal as set out above.

3.34 It is anticipated that bids received will be awarded on the basis of 60% cost and 40% quality. This overall score will be used to order providers on the framework (as described above). The service workforce will include clinical and non-clinical staff that are skilled and appropriately supervised to offer clinically appropriate and recovery focussed interventions in residential settings detailed in national guidelines. The clinical quality of provision will be assured by the Lead Clinician at Camden and Islington NHS Foundation Trust who will review the clinical governance arrangements and prescribing protocols of providers put forward to the framework. In addition commissioners will agree a robust monitoring approach with the framework providers to assure consistent high quality service.

Business Risks

3.35 There are few business risks with this procurement as there are no premises or staff issues to take into consideration. The business risks associated with this procurement are:

1. Insufficient number of bidders: The recent market engagement event and the feedback from the recent survey suggest there are a sufficient number of providers able to deliver these services. Available rates will be informed by market research to ensure they remain commercially viable whilst delivering best value for money for Islington.
2. Delay with approval of award in Camden or Islington: Any delay could impact on the start date of the service. Dates have been discussed and agreed in both boroughs.
3. Changes to available resource may impact the funding available from April 2016. The service is funded from Public Health Grant. This funding is ring fenced in local authorities until 2015/16. Savings have already been identified in respect of public health transformation programme. The re-procurement of the residential treatment framework takes place in the context of overall PH service transformation that will improve recovery opportunities in the community. It is anticipated that this should reduce the demand for the more expensive residential treatment and thereby supporting further savings from the substance misuse treatment pathway.

3.36 There are no service user implications to be considered as the full range of services will be available as they are currently. Collaboration with service users will be used throughout the selection and the award processes. Commissioners have engaged with users of services and providers during the project development. The recommendations from users of services and feedback from market testing has helped to shape the service outcomes and approach to procurement. Feedback from users includes users wanting a wider range of options of

residential treatment to better meet differing needs. This has been addressed by increasing the options (lots) available. Service users also wanted clear information around access and support, with residential treatment being more integrated within the wider pathway including community services. This has been addressed within both the specification for the residential rehabilitation services and also the specification for the specialist treatment services which are currently being developed. Camden and Islington will collaborate further with users of services during the procurement process; feedback will be sought on the quality criteria, and user representatives will be invited to join the tender evaluation and award panel.

3.37 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council's Procurement Board

3.38 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of service	Residential detox and rehabilitation services: see 3.2-3.7
2 Estimated value	£3,030,000: see 3.15
3 Timetable	See 3.20
4 Options appraisal for tender procedure including consideration of collaboration opportunities	See 3.21
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Social benefit clauses: the investment is entirely spent on the interventions that aim to improve the lives of adults misusing drugs and alcohol, their families and the wider community. Living wage will be part of the terms and conditions of the services being commissioned (London Living wage where appropriate) There are no TUPE implications See paragraph 3.5
6 Evaluation criteria	The evaluation criteria of 40% quality and 60% costs will be used. See paragraph 3.6
7 Any business risks associated with entering the contract	See 3.26-3.28
8 Any other relevant financial, legal or other considerations.	None

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4 Implications

4.1 Financial implications:

The current budget earmarked by Islington for the procurement of Substance Misuse Residential Detox and Rehabilitation Services is £1.017m p.a. This is funded primarily from Public Health grant with £225k funding from Adult Social Care.

This procurement should achieve savings of at least 15% and as such any award should not create a budget pressure for the Council.

Providers will be required to ensure that all staff working on this contract are paid at least the London Living Wage.

To avoid future financial pressure for the Council, this contract would need to have a termination clause which allows the ending of this contract if it becomes unaffordable.

4.2 Legal Implications:

The council has a duty to improve public health under the Health and Social Care Act 2012, section 12. The council must take such steps as it considers appropriate for improving the health of the people in its area including providing services or facilities designed to promote healthy living (whether by helping individuals to address behaviour that is detrimental to health or in any other way) as well as providing services or facilities for the prevention, diagnosis or treatment of illness (National Health Service Act 2006, section 2B, as amended by Health and Social Care Act 2012, section 12). Therefore the council may provide services in relation to substance misuse and residential detoxification and rehabilitation services as proposed in this report. The Council has power to enter into contracts under section 1 of the Local Government (Contracts) Act 1997. The Executive may provide Corporate Directors with responsibility to award contracts with a value over £500,000 (Procurement Rule 14.2). The Council has power to undertake a joint procurement exercise with another local authority under section 111 of the Local Government Act 1972 which provides the power for the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

The public health services being procured are subject to the light touch regime set out in Regulations 74 to 77 of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of this light touch regime is currently £625,050.00. The value of the proposed contract is above this threshold. It will therefore need to be advertised in the Official Journal of the European Union (OJEU). There are no prescribed procurement processes under the light touch regime. Therefore the council may use its discretion as to how it conducts the procurement process provided that it: discharges its duty to comply with the Treaty principles of equal treatment, non-discrimination and fair competition; conducts the procurement in conformance with the information that it provides in the OJEU advert; and ensures that the time limits that it imposes on suppliers, such as for responding to adverts is reasonable and proportionate. Following the procurement a contract award notice is required to be published in OJEU. The council's Procurement Rules require contracts over the value of £100,000 to be subject to competitive tender.

The joint procurement led with Camden council will need to ensure compliance with the requirements of the light touch regime in the Regulations and the council's Procurement Rules, including the need to advertise a call for competition in OJEU and procure the services using a competitive tender process.

4.3 Environmental Implications

The environmental implications of Substance Misuse Residential Detox and Rehabilitation Services are those associated with residential living, i.e. energy and water usage, purchasing of domestic goods and waste generation (potentially including clinical waste). During the procurement process, tenderers should be asked what processes they have put in place for reducing and minimising their energy and water usage, whether they consider the environmental impacts of the goods they purchase, how they minimise the amount of non-recyclable or compostable waste generated, and how they dispose of waste, including any clinical waste.

4.4 Resident Impact Assessment

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding. A resident impact assessment has been carried out as part of the procurement strategy. It found that no specific group of residents would be discriminated against as a result of this proposal.

5 Conclusion and reasons for recommendations

- 5.1 Substance misuse substantially contributes to inequalities in ill health and early death, with a wide range of other social and economic impacts to individuals, families and communities. National modelling shows value for money for drug and alcohol investment.
- 5.2 The existing residential detox and rehabilitation contracts will end on 31 March 2016. The proposed strategy is to re-tender the service using a competitive process given the value of the contract on offer.
- 5.3 The recommended option to procure a new residential detox and rehabilitation framework jointly with the London Borough of Camden will enable clients to have access to a range of residential detox and rehabilitation services, exercise service user choice in which would best suit their needs and will reduce expenditure for Islington significantly. The new contract will commence on 1 April 2016. This service is an important component of an effective integrated approach to improving recovery outcomes of substance misusers with complex needs.

Appendices: None

Background papers: None

Final report clearance:

Signed by:

Janet Burgess

Date: 2 July 2015

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