

<b>12 July 2023</b>		<b>ITEM: 17</b> <b>Decision: 110662</b>
<b>Cabinet</b>		
<b>Procurement of Substance Misuse Services</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Key decision	
<b>Report of:</b> Cllr G Coxshall, Cabinet Member for Health, Adults Social Care, Community and Public Protection		
<b>Accountable Assistant Director:</b> Andrea Clement, Assistant Director in Public Health		
<b>Accountable Director:</b> Dr Jo Broadbent, Director of Public Health		
<b>This report is</b> Public with an exempt appendix which is exempt due to information relating to the financial or business affairs of any particular person (including the authority holding that information)		
<b>Date of notice given of exempt or confidential report:</b> 4 <sup>th</sup> July 2023		

## Executive Summary

The provision of a Substance Misuse service, by the Local Authority, is a condition of the ring-fenced Public Health Grant. The terms of the grant stipulate that monies received by the Local Authority must be spent on ensuring there are public health services aimed at reducing drug and alcohol use.

At present Thurrock Council funds two separate, age-specific, Substance Misuse services. For children and young people *Wize-Up Thurrock* is currently contracted to deliver a service, whilst for adults the service is provided by *Inclusion Visions*.

Following several extensions in recent years, contracts for both providers are now due to expire on March 31<sup>st</sup> 2024. As such, it is now felt necessary to undertake a re-commissioning exercise to ensure a Substance Misuse service continues to be available to all residents from April 2024 onwards.

On the recommendation of the relevant commissioner and strategic lead, a decision has been taken by the Public Health Leadership Team to seek out a single provider from April 2024, tasked with delivering a universal service.

The timeline for ensuring the chosen provider is in place for the next financial year dictate that the service specification should go out to tender in September 2023. As such, the commissioner is now seeking agreement from Cabinet to commence the

procurement of the Substance Misuse Service contract and for Cabinet to agree to delegate authority to the Director of Public Health, in conjunction with the Portfolio Holder and Section 151 Officer, to award the contract following completion of the procurement process.

## **Commissioner Commentary**

### **1. Recommendation(s)**

- 1.1 That Cabinet agrees to commence the procurement of the Substance Misuse Service contract for a period of five years with the option to extend for four years in any period combination subject to performance and funding.**
- 1.2 That Cabinet agrees to delegate authority to the Director of Public Health, in conjunction with the Portfolio Holder and Section 151 Officer, to award the contract following completion of the procurement process.**

### **2. Introduction and Background**

- 2.1 Activities undertaken by the Local Authority's Public Health Team are, on the whole, funded by the Public Health ring-fenced Grant (PHG). This centrally allocated money is provided to Local Authorities by the Department for Health & Social Care (DHSC) to fund local efforts to improve the health and wellbeing of local populations and to reduce health inequalities.
- 2.2 The PHG allocation comes with conditions around how the money may be spent by a local authority. Prescribed functions are statutory requirements and must be funded. Non-prescribed functions are not statutory requirements, however some are considered mandatory elements of spend for the PHG. Drug and Alcohol services fall into the latter of these two categories – namely that it is a condition of the PHG that monies be spent on ensuring there are public health services aimed at reducing drug and alcohol use. Failure to do so may result in the Secretary of State reducing, suspending or withholding grant payments.
- 2.3 Presently Thurrock funds two distinct Substance Misuse services:
- 2.4 For children and young people a contract has been in place with *Wize-Up Thurrock*, part of the wider Change, Grow, Live Substance Misuse charity, since April 2019. This contract was due to expire in March 2023, however an option to extend the contract for a further year was taken, meaning the contract will now expire on March 31<sup>st</sup> 2024. The option to extend for one further year remains.
- 2.5 *Wize-Up* currently has, on average, 35 individuals in structured treatment each month. Treatment is specialised and community-based. The service is linked in with the adult substance misuse service, the Youth Offending Service, and local educational establishments. In addition, the service

supports a small, but increasing, number of Hidden Harm individuals, and continues to offer structured advice and guidance to individuals who may have experimented with substances.

- 2.6 For adults, a contract has been in place with *Inclusion Visions*, part of Midlands Partnership NHS Foundation Trust, since April 2017. This contract was due to expire in March 2020, however the option to extend the contract for a further year was exercised on two subsequent occasions, taking the original contract through to its full term in March 2022. The challenges of the pandemic prevented re-commissioning taking place during this time, meaning two subsequent one-year extensions have subsequently been agreed. The existing contract is therefore currently due to expire on March 31<sup>st</sup> 2024.
- 2.7 Inclusion Visions currently has, on average, 145 individuals in structured treatment for opiates each month, 95 individuals in structured treatment for alcohol each month and 30 individuals in structured treatment for non-opiates each month. Treatment is specialised and predominantly community-based, although residential and in-patient treatment is available to eligible individuals. The service is linked in with the children and young persons' substance misuse service, the local authority, criminal justice partners and primary and secondary care. In addition, the service offers needle exchange, Hep C testing, Hep B vaccinations, informal drop in and brief interventions.
- 2.8 The most recent one-year extension to the *Inclusion Visions* contract was agreed by Cabinet in November 2022, with the understanding that the extension would allow time for the completion of a needs assessment to inform re-commissioning via an updated service specification for 24/25. This needs assessment has now been completed and a service specification for an all-age service has been drawn up.
- 2.9 The decision to move to an all-age service was approved by the Public Health Leadership Team in April 2023. The recommendation to move to an all-age service was made by the Commissioner based on the expectation that this would:
- Help to reduce challenges faced by young people in transitioning between the Children and Young People's provider and the Adult provider. The needs assessment identified this was a specific area of difficulty for young people
  - Generate some efficiencies in back-office functions and reduce the administrative burden of managing two separate Substance Misuse Service Contracts
  - Mitigate against the risk of service disruption faced by a fairly modest standalone Children and Young People's contract. The current provision has experienced resourcing issues brought about by unexpected long term staff absences within a small team, leading to performance issues within the contract.

- 2.10 In addition, it is expected that an all-age service, with a revised service specification and increased partnership work, will increase both the number of individuals in treatment and the number of successful treatment completions. Presently Thurrock has a large proportion of unmet need across all substance categories amongst adults, with around 80% of individuals with an alcohol or opiate issue not in treatment. For non-opiates the figure is around 70% and for non-opiate and alcohol the figure is over 90%. For those individuals in treatment around 50% will successfully complete their treatment. The revised service specification therefore includes a focus on population-level harm minimisation as well as a focus on individual treatment. The recent needs assessment identified that certain communities were particularly under-represented in treatment, such as Black ethnic groups, and the contract will therefore include a requirement to take a Human Learning Systems approach to service development with those particular communities (including those with co-occurring mental health issues and certain ethnic minority groups). For children and young people, the number of individuals currently in treatment is significantly lower than has been the case historically and there is an increasingly difficult to meet demand on service representation across numerous sites within the borough (including the Integrated Medical and Wellbeing Centres and Family Hubs). It is expected that an increased focus on assertive outreach, working in a more joined up way with partner organisations for individuals with a co-occurring substance misuse and mental health issue, and an enhanced workforce offer, will lead to improvements in both the reach and impact of the service.
- 2.11 The timeline for re-commissioning the Substance Misuse service dictates that the contract should go out to tender in September 2023. The commissioner is therefore seeking agreement from Cabinet to commence the procurement of the Substance Misuse Service Contract for 2024/25.
- 2.12 Indicative timescales:

Tender publication	18 <sup>th</sup> September 2023
Deadline for clarifications	18 <sup>th</sup> October 2023
Tender closing date	27 <sup>th</sup> October 2023
Evaluations	30 <sup>th</sup> Oct – 24 <sup>th</sup> Nov 2023
Notify tender outcome	27 <sup>th</sup> November 2023
Standstill period	28 <sup>th</sup> Nov – 7 <sup>th</sup> Dec 2023
Expected award	8 <sup>th</sup> Dec 2023
Contract commencement	1 <sup>st</sup> April 2024

- 2.13 The contract itself is proposed to consist of an initial 5-year period, followed by the option to extend for a further four years in any period combination. Thus, the contract length will be a minimum of 5 years and a maximum of 9 years. The ability to extend the contract beyond 2029/30 has the potential to align the contract expiry date with those of the current substance misuse service contracts for Essex County Council and Southend City Council,

bringing with it the possibility for the three authorities to work collectively in future on a joint service.

2.14 The proposed financial envelope for the service is based on the sum of the existing contract values of the Children and Young People's and Adults services respectively. For 2023/24 this equated to £1,372,179. By applying a year-on-year uplift in the contract value of either 0%, 1% or 2% the maximum value of the contract – for a 9-year contract with an annual 2% uplift - is forecast to be £13,385,096. The minimum cost of the contract – for a 5-year contract with a 0% uplift – is forecast to be £6,860,895.

2.15 Breakdown of forecasted total costs based on three scenarios:

Contract Term	0% Uplift	1% Uplift	2% Uplift
5 Years	£6,860,895	£6,999,492	£7,140,875
7 Years	£9,605,253	£9,898,262	£10,201,168
9 Years	£12,349,611	£12,855,296	£13,385,096

2.16 Public Health would recommend an uplift of 1% annually, to cover cost increases that the service will experience during the lifetime of the contract. Since DHSC's indicative Public Health budget for 2024/25 is a 1.3% uplift on the 23/24 level, an annual uplift of more than this may become unaffordable. The risk of offering 1% may be reduced provider interest and therefore reduction of quality in service provision, however it is recognised that the Council is in a financial situation that may require the costs to be capped at 1%.

### 3. Issues, Options and Analysis of Options

3.1 The existing provision of Substance Misuse services is due to end in March 2024. There is consequently a need for the local authority to ensure a contracted service is in place from April 2024 onwards

3.2 The value of any contract(s) from April 2024 onwards will exceed the threshold for which Cabinet approval of spend is required, meaning Cabinet agreement to proceed is required.

3.3 There are currently four options for Cabinet to consider in this matter:

3.4 **Option 1 – Cabinet to Do Nothing – allow both existing Substance Misuse service contracts to expire**

3.5 The Council could allow the current contracts with *Inclusion Visions* and *Wize-Up* to expire, leaving the local authority with no Substance Misuse service provision for 2024/25. By failing to provide agreement to proceed with the commencement of procurement for a Substance Misuse service for 2024/25 and then subsequently failing to agree funding for extensions of the existing contracts, the Council could in effect cease service provision. This would generate a significant saving in terms of spend on contract. However, as

spend on a Substance Misuse service is a mandated requirement of the Public Health Grant the authority would technically be in breach of the grant conditions and the Secretary of State may subsequently reduce, suspend or withhold grant payments or require the repayment of the whole of the grant. Furthermore, additional Substance Misuse treatment and recovery grant funding, currently provided by the Office for Health Improvement and Disparities of approximately £224,000, would also likely be forfeited due to a breach of grant conditions. Alongside the clear financial and reputational damage such a situation would generate, vulnerable local people at high risk of harm would be without a vital service.

**3.5 Option 2 – Cabinet to agree to proceed with procurement of the Substance Misuse service contract and to delegate authority to the Director of Public Health, in conjunction with the Portfolio Holder and Section 151 Officer, to award the contract following completion of the procurement process**

3.6 In agreeing to proceed with the procurement of the Substance Misuse service contract Cabinet would allow the Council to dedicate the necessary commissioning resources needed to undertake a re-commissioning process for a Substance Misuse service contract to be procured for April 2024.

3.7 Furthermore, in delegating authority to the Director of Public Health, in conjunction with the Portfolio Holder and Section 151 Officer, to award the contract following completion of the procurement process, Cabinet would allow the re-commissioning process to be completed in time for a new contract to be in place for April 2024. The successful procurement of this contract would ensure continuity in service delivery for local people and reduce the possibility of exposing vulnerable local people at high risk of harm to negative health outcomes.

**3.8 Option 3 – Cabinet to recommend the extension of the two existing Substance Misuse Service Contracts for a further 12 months**

3.9 In favouring extending the two existing contracts Cabinet could ensure continuity in current delivery of service by maintaining current arrangements for a further year. Both providers currently routinely satisfy their key performance indicators and it may be that individuals who currently access these services would benefit from continuity. However, the recently completed needs assessment has highlighted the difficulties posed to individuals transitioning between the two services, as well as large unmet need in the local area and limitations in the scope of the adult service. Resource issues at *Wize-Up* have also been a concern in the recent past with the service under-performing for a short time. Furthermore, whilst a 12-month extension is possible under the current *Wize-Up* contract, no such provision exists with *Inclusion Visions* contract. No discussions have taken place about a further 12-month extension to this contract, but there is a very real possibility that recent inflationary pressures would be reflected in an increased contract cost. A further contract waiver for this contract would also be difficult to justify at

this time. Finally, should 12-month extensions ultimately be agreed, the Council would find itself in the same position it currently is in 12-months' time. In effect, the Council would simply be delaying a process that it will need to undertake eventually.

**3.10 Option 4 – Cabinet to propose exploring the practicalities of adding Thurrock's geography to the Essex County Council Substance Misuse service**

3.11 The possibility of allowing Thurrock residents to access the current Substance Misuse service contract procured by Essex County Council, but expanded to cover Thurrock's geography, could be considered a possibility. Informal discussions between the authorities have taken place and it is thought that such an arrangement could be made, generating economies of scale and negating the need for Thurrock to procure its own standalone Substance Misuse Service Contract. However, these discussions have only been undertaken in a speculative way to date, and the practicalities of incorporating Thurrock into the Essex County Council contract is at present very unclear. Essex County Council provide a Substance Misuse service through several providers and have only recently entered into long-term contractual arrangements. Incorporating Thurrock into these arrangements is likely to pose numerous legal and logistical challenges and may pose some political difficulties. It would seem unlikely at that the present time that it would be possible to complete an evaluation of the merits of any concrete proposal in this regard, and to subsequently move forward with arrangements for a service to be in place by April 2024. It is felt that the most prudent approach to this option would be to consider it as a position for a future joint re-commissioning exercise in 2030, when Substance Misuse Service Contracts for both Essex County Council and Southend City Council will have completed their initial terms.

**4. Reasons for Recommendation**

4.1 **Option 2**, for Cabinet to agree to proceed with procurement of the Substance Misuse service contract and to delegate authority to the Director of Public Health, in conjunction with the Portfolio Holder and Section 151 Officer, to award the contract following completion of the procurement process is recommended as it will allow the timely procurement of a Substance Misuse service based on an updated service specification which reflects the needs of local people.

4.2 In agreeing Option 2 Cabinet would allow officers to move forward with the procurement process from September 2023 onwards, which should ensure the local authority has provision in place from April 1<sup>st</sup> 2024.

4.3 Alternative options would lead to substantial financial and reputational damage as well as the likelihood of poorer health outcomes for vulnerable individuals, a degree of short term continuity coupled with medium and long

term uncertainty, or a protracted exploratory exercise which may prove unworkable or lead to significant delays in ensuring service provision.

## **5. Consultation (including Overview and Scrutiny, if applicable)**

5.1 This paper has been reviewed by the Public Health Leadership Team, Adults Housing and Health Directorate Management Team, the Senior Leadership Team, and the Portfolio Holder for Adults, Housing & Health.

5.2 Engagement interviews on service requirements are being held with key stakeholders as part of the needs assessment, which will inform a scope that is being consulted upon by a reference group of relevant professionals to include innovative delivery approaches.

## **6. Impact on corporate policies, priorities, performance and community impact**

6.1 The Thurrock Health and Wellbeing Strategy 2022-26 contains a goal to reduce substance misuse in all communities in Thurrock. It commits to doing so by addressing unmet need in relation to drug and alcohol misuse.

6.2 By ensuring the provision of a Substance Misuse Service Contract for April 2024, based on a recent comprehensive needs assessment, the local authority is demonstrating its commitment to the Health and Wellbeing Strategy.

6.3 The recommendations of this report align with Thurrock's Improvement and Recovery Plan 2022 to be a more streamlined and financially sustainable organisation.

6.2 The recommendations within this report will align with the strategic them of the IRP to be a focused, cost-effective, sustainable and co-designed approach to service provision which is delivered in partnership with residents and other key partners, with collaboration across multi-disciplinary teams.

## **7. Implications**

### **7.1 Financial**

Implications verified by: **Bradley Herbert**  
**Senior Management Accountant**

Procuring a new long-term Substance Misuse Service Contract will have significant financial implications for the local authority. The present cost of Substance Misuse services to the Council is approximately £1.372m annually. Whilst any contract length and value is not yet finalised, by agreeing to the



commencement of the procurement of an all-age Substance Misuse Service contract, and delegating authority to award the contract, Cabinet will likely commit between £6.860m and £13.385m over the next 5 to 9 years. The proposed financial envelope for the service does however fall within the current available funding in the Public Health budget and within our best insight on the likely Public Health Grant level over the lifetime of the contract.

The procurement of an all-age service, based on a more up to date service specification, should generate some efficiencies and improve the efficacy of the service, meaning the future contracted service represents better value for money. Furthermore, in maintaining investment in drugs and alcohol services the Council remains eligible for additional grant funding from OHID, currently to the value of £250k annually. Reducing the annual contract value below the 23/24 value would forfeit this additional funding.

Once the procurement exercise is completed, the cost of the new contract will form part for of the 2024/25 Public Health budget setting process. With the planning of the budget, and the Public Health business plan, there is an inflationary element allowed for to reflect additional costs. The submitted tenders will be evaluated against this budget to give an informed view of the contract cost.

## 7.2 Legal

Implications verified by: **Kevin Molloy**  
**Team Leader Contracts – Legal Services**

Following issue by the Council of a s114 notice, the Council must ensure that its resources are not used for non-essential spending. The contracts at issue here are all essential and the provision of them a statutory duty. In procuring the services outlined, the Council must observe the obligations upon it outlined in national legislation and in its internal procurement rules. The proposed procurement approach should fulfil these requirements but Officers are recommended to keep Legal Services fully informed as they progress through the procurements to ensure compliance.

Procuring a new contract for 2024/25 would be permissible under current contract conditions and Public Contracts Regulations.

Failure to have any contract in place for 2024/25 would likely see the Council breach its duty to provide a service specified in statute.

## 7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**  
**Community Engagement and Project Monitoring Officer**

The Substance Misuse Service is universal and its existence or otherwise could be argued to impact upon all socio-demographic groups equally. However, the nature of the service is that in many cases those individuals at greatest risk of harm and who could be considered society's most vulnerable would be impacted most through any potential failure, withdrawal or reduction in scope of the service.

The contract will seek to maximise the Social Value from the contract, and will seek to incentivise a Human Learning System approach by the Provider to ensuring the needs of high-need groups are understood and met.

All information regarding Community Equality Impact Assessments can be found here: <https://intranet.thurrock.gov.uk/services/diversity-and-equality/ceia/>

**7.4 Other implications** (where significant) – i.e., Staff, Health Inequalities, Sustainability, Crime and Disorder, and Impact on Looked After Children

Delivery of this service will support the aims of the SET Drug & Alcohol Partnership, which includes local authorities working jointly with Police, Probation and Health partners. This group is the Essex delivery arm for Combatting Drugs Partnerships, the requirement for which were set out by the Combatting Drugs Minister in 2022.

**8. Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

Department of Health, Ring-fenced public health grant circular, 10 January 2013

**9. Appendices to the report –**

**App 1** Stage 1 Form – Approval to Proceed to Tender, exempt from Publication

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