

Executive

25 August 2016

Report of the Director of Public Health

Portfolio of the Executive Member for Adult Social Care and Health

Re-procurement of Alcohol & Drug Treatment and Recovery Services

Summary

1. The purpose of this report is to seek authorisation to approach the market for the tendering of an adult alcohol and illicit drug misuse harm reduction, treatment and recovery service and to receive approval that the decision making to award the contract be delegated to the Director of Public Health. In line with City of York Council and European Union (EU) procurement legislation the Council is obliged to procure these services through a competitive process.
2. These services play a key role in promoting recovery and reducing the harm caused by drug and alcohol misuse which are a significant cause of health inequalities in York.
3. The proposal is to award a new contract for 3 years with an option to extend by 2 years plus consideration of a further 2 years extension, subject to performance, up to a maximum of 7 years. Extensions will be based on performance related quality measures and delivery of key outcomes. This is considered to be the option which will lead to the Council obtaining best value for money and will provide a stable and supportive environment for service users.
4. As a consequence of Department of Health cuts to local authority Public Health Grant Allocations and projected further budget reductions the proposal is to make a budget reduction of £550,000 over the first 5 years of the contract.
5. The proposal is to develop a model for young people's substance misuse services alongside the current work being undertaken to reshape early intervention and prevention services for families with

children and young people from 0 to 19 years (25 years for those children and young people with disabilities).

Recommendations

6. Members are asked to:
 - a. Authorise officers within City of York Council to approach the market to inform the commissioning and procurement of an alcohol and illicit drug misuse service for adults from July 2017.
 - b. Authorise the Director of Public Health to accept the highest scoring tender, in accordance with evaluation criteria and award a contract.
 - c. Support the direction of travel for young people's substance misuse services and the integration of substance misuse for children and young people into the wider offer for children, young people and families being developed as part of the new delivery model for early intervention and prevention in York.

Reason: To enable substance misuse treatment and recovery services to be available to York residents that are value for money and responsive to local need.

Background

7. City of York Council became responsible for commissioning substance misuse treatment services when responsibilities for public health functions were transferred to the Council in April 2013.
8. Substance misuse treatment services are funded by the Department of Health local authority ring-fenced Public Health Grant Allocation. The Department of Health sets out a number of conditions for use of the public health grant and in 2015/16 attached a new condition which states that 'a local authority must, in using the grant, have regard to the need to improve the take up of, and outcomes from its drug and alcohol misuse treatment services'. Local authorities are required to submit performance monitoring reports on drug and alcohol misuse treatment outcomes as part of the Public Health Outcomes Framework.
9. York has a lower prevalence of drug and alcohol misuse than many other parts of the country but substance misuse remains a cause of considerable harm to the health and wellbeing of York residents and an important cause of health inequalities.

10. It is estimated that there are 840 opiate users living in York. The estimated rate of opiate users per thousand of adult population is lower in York (6.25) compared with regional (9.30) and national (7.32) rates. There are an estimated 42,202 adults in York who drink alcohol at increasing risk or higher risk levels. There were 72 young people aged under 18 in treatment in York (2015/16). There is a declining trend in substance misuse in young people locally and nationally.
11. The impacts of substance misuse are felt across the population and the evidence base shows that investment in drug and alcohol services results in a strong and substantial return on investment. For example, the National Audit Office estimates that for every £1 invested in substance misuse treatment £2.50 is saved in terms of wider costs to society and for every £100 invested in drug treatment a crime is prevented making treatment an effective intervention in crime reduction as well as community safety and health improvement.
12. York invests in a range of open access and specialist services that enable people to access treatment and work towards recovery. Our priorities for the drug and alcohol treatment system are to improve recovery outcomes and ensure the treatment pathway meets the changing needs of the population of drug and alcohol users. Our intention is to deliver efficiencies through the remodelling of the drug treatment pathway as part of a co-production approach. The procurement approach recommended in this report will help deliver this.
13. This proposal falls within key decisions due to the annual value of the contracts and as such will be presented to Executive for decision.

Substance misuse services for young people

14. A separate report outlining the plan for young people is to be formulated in collaboration with the Children's Services, Education and Skills directorate lead for reshaping early intervention services; this will be discussed at the appropriate level based on council procurement rules.
15. Under the current commissioning arrangements, young people's substance misuse services are part of adult treatment services. The scope of need and the response that is required from our

approaches to risky behaviours brings a different perspective to working in this field. The current medical model approach supports a very small number of young people, on very rare occasions, but a wider approach to early intervention and building resilience to make safe choices around behaviour is considered a more favourable approach to reducing the long term likelihood of problematic behaviours.

16. The future model for young people's substance misuse is being reviewed alongside the current work being undertaken to reshape early intervention services for families with children aged from 0 to 19 years old (25 years for those with disabilities). Doing so enables a more flexible and holistic review of the whole family approach to the impact of substance misuse and to consider how building resilience in families across a wider range of emerging issues is paramount to understanding how we tailor substance misuse services to best effect.
17. The proposal is that £150k investment from the Public Health Grant Allocation be ring-fenced for delivering young people's substance misuse services and that this investment will continue to be allocated towards developing the new model.

Proposed Procurement Strategy

18. The proposal is to use an innovative model of procurement to achieve sustainable cost savings and develop a new service model with a specialist partner over the course of the contract term.
19. Traditionally the methodology for re-commissioning would be for the commissioning team to design a specification independent of the potential bidders, this would then be procured and the provider would deliver the service from that specification brief for the term of the contract.
20. The proposal for this procurement is to seek to appoint a specialist strategic partner who in the first instance would continue to deliver the existing service within national governance guidelines.
21. During phase one of the contract implementation the appointed partner would, with the public health team, co-produce a bespoke specification for York. This would be based on the needs of the residents taking into account the necessary cost savings. The

provider would then evaluate and run the new delivery model over the course of the contract term.

22. This approach provides an opportunity to draw on the expertise within the Council of community development and also allow for better alignment of substance misuse treatment and recovery services to the emerging Local Area Team organisation of services to local communities.
23. This approach also helps to support the delivery of cost savings over the life of the contract. By building on available community resources such as mutual aid, it brings an element to the treatment system which supports the customer at nil cost to the authority.
24. At the end of the contract term this bespoke model would form the basis of the next competitive tender in due course.
25. The abstinent recovery framework is a nationally emerging landscape with virtually no template to work from for an off-the-peg model of delivery. Some areas have achieved great change, such as were seen in the Gorbals in Glasgow with this approach. York faces the very real issue that being a small authority the funding does not cover the types and range of interventions that were available to Glasgow's commissioners, so an innovative and bespoke option must be found.
26. Both legal and procurement teams in CYC have advised throughout the development of this proposal to ensure the process is undertaken within the appropriate legal frameworks.

Risk Management

27. There are risks inherent in reducing the level of investment into substance misuse services in York and the level of savings required. These risks will be mitigated through the procurement strategy and the redesign of the treatment pathway.
28. Work has been undertaken with a range of partners, including expertise from academics to inform the direction of travel and we are confident of our vision for improvement and delivering better outcomes for less through this new model.
29. The Office of the Police and Crime Commissioner (OPCC) has committed to financially supporting an appropriate delivery of substance misuse treatment to clients presenting through the criminal justice system. This level of investment was £76,000 in

2016/17. This funding is in addition to the investment from the Public Health Grant and is reviewed annually.

30. The new provider will be expected to use every opportunity at their disposal to bring additional investment and capacity into substance misuse services using alternative sources of funding. A track record of securing investment will be one of the criteria in the tendering process.

Vision

31. Our vision for Recovery.

Building strong recovery capital – building community capacity will be a much stronger feature within the new arrangements than is currently the case. With the strategic partner we will:

- a. Work with local communities to build their capacity to develop resilience and reduce dependency on commissioned services support.
- b. Work with partners to address gaps in available early help interventions. Closely linking with the developing integrated wellness service offer to ensure early help is available for those with addiction.
- c. Work alongside the voluntary and community sector to ensure a truly multi-agency response to addressing the needs of customers and their to build resilience
- d. Improve the volunteering offer. We will look to make better use of the potential offered through volunteers at a local level. This is seen to be a critical feature of sustaining the impact of recovery in communities, securing community networks and working closely with established mutual aid networks. Reducing pressure on the voluntary sector offer.

The commissioned programme incorporates an obligation to “pay back” which enables people to positively contribute to society after spending much of their lives being perceived as a “problem” this is essential not only for the individuals recovery but for assisting the long term abstinence of others.

- e. Provide support and training to local partners in order to ensure they have the skills and knowledge required to effectively support people they are working with.

Consultation

32. Work has been undertaken with a range of partners, using expertise from the academic world to inform the direction of travel, listening to our criminal justice partners and clinical experts we have drawn together a vision for improvement.
33. In addition to building on pre-existing consultation further engagement has been undertaken in a range of ways to look at the proposed model.
 - a. A time limited alcohol and Illicit drugs commissioning steering group has been formulated. This includes key partners and provides a forum for ongoing consultation leading up to procurement.
 - b. Service recipients and their families have been given opportunities to formally engage with the Public Health commissioning group.
 - c. Previous service recipients have been consulted in a series of forum events across the year.
 - d. Clinical practitioners have been engaged through the Vale of York Clinical Commissioning Group.
 - e. Partners and co-commissioners such as the Office of the Police and Crime Commissioner and Clinical Commissioning Group have been formally engaged in a series of meetings to explore opportunities and thoughts on the format for re-commissioning.
 - f. Industry experts were consulted formally to assess the potential model for re-commissioning.
 - g. Academic specialists were consulted and key academic research was searched to inform thinking.
 - h. Academic evaluation took place to inform the evaluation of the current models and to highlight areas of improvement.
34. Future consultation work is planned and a specific role has been identified to consult directly with service recipients in an appropriate framework to give the patients group a voice in the procurement process and during the development of a new model of care.

35. The proposals have also been discussed at Health and Adult Social Care Policy and Scrutiny Committee on 19 July 2016. In response to public participation, the Committee asked Officers to review the savings proposals for the new contract. The original proposal was to make the bulk of the savings in years 1 and 2 of the new contract. In discussion, the Committee agreed to recommend that the savings be spread more evenly over the length of the contract to minimise the impact of budget cuts through the transition to the new service and reduce the risk to existing customers through the change. We have responded to this recommendation and the revised budget is now set out in the finance section of the report in paragraphs 39 to 42.

Options

36. There are 2 options for Members to consider:
- Option 1: Do not approve the re-procurement
- Option 2: Approach the market to re-procure substance misuse services through competitive tender

Analysis

37. Option 1: Do not approve the re-procurement
- This option would mean that people are unable to access the support they need to recover from substance misuse via Public Health funded services. This would have consequences on long-term conditions, death rates, levels of crime and disorder and anti-social behaviour, adult social care and wider costs to society. Therefore this option is not recommended.
- Option 2: Approach the market to re-procure substance misuse services through competitive tender
- This is the recommended option.
- Reason: To enable substance misuse treatment services to be provided to York residents that are value for money and responsive to local need.*

Council Plan

38. The proposal directly relates to the Council Plan 2015-19 priorities:
- **‘A focus on frontline services’** - to ensure all residents, particularly the least advantaged, can access reliable services and community facilities.

Specialist Implications

Financial

39. A benchmarking exercise has been carried out which shows that on average local authorities in the region spend around 30% of their Public Health grant allocation (excluding 0-5 services) on substance misuse. City of York Council's substance misuse budget for 2016 is £2,385k which comes to 35.97% of the equivalent Public Health Grant (£6,631k). This is considerably higher than the regional average.
40. The prevalence of substance misuse in York does not justify this higher level of spend. Therefore it is proposed to set aside a budget for substance misuse services which is equal to 30% of the Public Health Grant (excluding 0-5 service allocations). This reduction will be phased in over a 5 year period, generating total savings over the period of £550k.
41. It should be noted that as the current contracts do not end until 30 June 2017 the budget reductions will not apply until July 2017. It is also expected that there will be further reductions in the Public Health grant over the next few years. Taking this into account the proposed budget for substance misuse services over the next 5 years is shown below:

	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
Expected reduction in Grant*	2.5%	2.6%	2.6%	0.0%	0.0%
Projected grant excluding 0-5 services	6,465	6,297	6,133	6,133	6,133
Proposed Substance Misuse Budget	2,310	2,210	1,998	1,860	1,835
Budget Savings	75	100	213	137	25

*figures taken from LGA Briefing Paper Feb 2016

42. The table above shows the budget for the whole substance misuse service. It has been agreed that £150k p.a. of this budget will be ring fenced for investment in young people's services, and in addition some budget will need to be retained to fund Council costs such as staffing, rental of community venues for delivery of

service provision and IT. The annual budget available to fund the new contract (which will run from 1 July 2017) is shown below:

	01/07/17 to 30/06/18	01/07/18 to 30/06/19	01/07/19 to 30/06/20	01/07/20 to 30/06/21	01/07/21 to 30/06/22
	£000	£000	£000	£000	£000
Substance Misuse Budget	2,285	2,185	1,935	1,835	1,835
Young People's Budget	150	150	150	150	150
CYC Expenditure	180	180	180	180	180
Substance Misuse Contract	1,955	1,855	1,605	1,505	1,505

Human Resources (HR)

43. The implications for employers will be determined by the results of the re-tendering exercise and could involve significant TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006") impact for those providers delivering services.

Equalities

44. 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. 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.
45. People who require access to substance misuse treatment services are considered to have protected characteristics under this definition.
46. A Community Impact Assessment has been completed. This shows that there is a potential negative impact of the reduction in the budget available for substance misuse services but this is

mitigated by the approach being used for the re-procurement and proposals for development of a new service delivery model. Overall the new service is assessed as having a positive impact on equalities.

Legal

47. Section 12 of the Health and Social Care Act 2012 imposes a duty on local authorities to take such steps as it considers appropriate for improving the health of the people in its area and addressing behaviour that is detrimental to health. The provision of the services discussed within this report should therefore fall within this section.
48. The procurement of these services will be undertaken in accordance with the Public Contract EU Regulations as well as in compliance with the Contract Procedure Rules of the Council.

Crime and Disorder

49. There is both crime and anti-social behaviour associated with substance misuse. Effective and accessible treatment opportunities, together with partnership working across police and community safety teams, will contribute to improved community safety.

Information Technology (IT)

50. There are no IT implications.

Property

51. The delivery model for substance misuse treatment services is dependant on appropriate access to services relies on appropriate placement of services within key community venues in the city. The current venues used for this purpose have existing lease agreements in place with the Council and are funded out of the substance misuse public health budget allocation. Currently there are no plans to change these arrangements.

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**Report
Approved**

Date 04/08/16

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Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers

None

Annex

Annex 1 - Community Impact Assessment