

<b>EXTRAORDINARY CABINET</b>	<b>AGENDA ITEM No. 4</b>
<b>23 March 2023</b>	<b>PUBLIC REPORT</b>

Report of:	Jyoti Atri, Director of Public Health	
Cabinet Member(s) responsible: John Howard	Councillor Howard, Cabinet Member for Adult Social Care, Health, and Public Health	
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## **RECOMMISSIONING OF DRUG AND ALCOHOL SERVICES IN PETERBOROUGH**

<b>RECOMMENDATIONS</b>	
<b>FROM:</b> <i>Director of Public Health</i>	<b>Deadline date:</b> <i>March 2023</i>
<p>The Cabinet is asked to approve the following:</p> <p>A contract modification for a 2-year contract extension to the Change Grow Live (CGL) Aspire Integrated Drug and Alcohol Treatment Service for the period 1 April 2024 to 31 March 2026.</p>	

### **1. ORIGIN OF REPORT**

#### **1.1 Background**

Integrated Drug and Alcohol Treatment Services provides all elements of substance misuse treatment including early intervention advice and support, pharmacological treatment, harm reduction services, pharmacy delivered services (including needle and syringe programmes), psychosocial support, recovery support, community/inpatient detox, and residential rehabilitation.

Peterborough City Council's (PCC) current Integrated Drug and Alcohol Treatment provider is Change Grow Live (CGL), a large third sector organisation and one of the market leaders in this sector. The Service covers adults and young people via an integrated model.

Cambridgeshire County Council (CCC) also commissions CGL to provide the Drug and Alcohol Service in Cambridgeshire through a contract that shall expire on 31 March 2026. Historically the ambition has been to align the endpoints of the PCC and CCC contracts in both areas to enable a joint commissioning exercise and contract across the two local authorities.

- 1.2 The Service was competitively procured and commenced on 1 April 2016 with an expiry date of 31 March 2024. The contract had an initial term of three years and has been extended by 3 years within the terms of the contract (5+1+1+1) to a total 8-year contract period. Therefore in line with procurement regulations the Service should be recommissioned, however because of exceptional circumstances presented in the paper an alternative option of a contract modification to extend the contract is recommended.

### **2. PURPOSE AND REASON FOR REPORT**

- 2.1 The purpose of this report is to secure support for a contract modification to PCC's current Integrated Drug and Alcohol Treatment Services contract, in consideration of Regulation 72(1)(b), Public

Contracts Regulations 2015, to modify the contract to allow for a two-year contract extension until 31 March 2026.

The reason for the request to modify the contract arises from significant service delivery and financial risks associated with commencing a new procurement with a new contract from April 2024. These risks need to be considered alongside any procurement risks that the use of Regulation 72(1)(b) could engender. This modification is for an interim period, during which the Council shall commission the service for provision in the long term.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.4, *'To make decisions on actions relating to the awarding, assigning and termination of contracts over £500k, and waiving or granting exemptions to Contract Regulations where contracts are over £500k ...'*

### 3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	<b>N/A</b>
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## 4. **BACKGROUND AND KEY ISSUES**

### 4.1 **Background**

Since the commencement of PCC's CGL contract in April 2016 a number of compliant contract variations (in accordance with Regulation 72 Public Contracts Regulations 2015) have been made arising from the following new grant funding received from Central Government.

(i) Rough Sleeping Drug and Alcohol Treatment: This is funding to improve the support and outcomes for people experiencing rough sleeping who have drug and alcohol dependency needs. This commenced in 2021/22 and has been increasing annually to £671,913 in 2023/24.

(ii) Supplementary Substance Misuse Treatment & Recovery (originally called the Universal Grant): This funding is to enable local areas to start to deliver locally on the National Drug Strategy to prevent drug related deaths, expand treatment capacity, improve the quality of treatment and reducing drug related crime. This commenced in 2020/21 and has increased annually to £537,577 in 2022/23. An announcement on February 16<sup>th</sup>, 2023, confirmed that this funding will continue for another two years until March 2025, by which time the grant will be £1,116, 875 for 2024/25.

(iii) National Probation Offender Management Investment: Also arising from the new National Drugs Strategy, this is to support local substance misuse services to deliver core enforceable activities to deliver the sentence of the courts. It commenced in 2022/23 at a value of £37,750 and is confirmed for 2023/24 at £75,000. It is likely that this will be extended into 2024/25.

(iv) Housing Related Support Grant for Substance Misuse: This funding aims to improve housing outcomes for those receiving drug treatment. This funding covers the period 2022/23 and 2023/24 and £674, 889 has been awarded for this period. It is proposed that some of this grant be allocated to homelessness services.

### 4.2 **Procurement Regulation 72 Public Contracts Regulations 2015 – modifications of contracts during their term.**

This paper recommends that the Council use procurement Regulation 72(1)(b) Public Contracts Regulations 2015 to modify the current Contract enabling it to end in March 2026 and avoid the significant risks associated with a new contract starting in April 2024. The Council shall then commission a new integrated drug and alcohol treatment service contract to commence on 1 April 2026.

4.3 The following conditions have been considered against the identified risks to services:

- (i) the modification has "become necessary." and
- (ii) a change of contractor is "not possible for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement." or
- (iii) a change on contractor "would cause significant inconvenience or substantial duplication of costs for the contracting authority".

4.4 This modification is considered necessary due to the complex grant funding and associated strict deliverables. A new service commencing in April 2024 would mean that the grant periods would cross the old and new contracts. This situation would have a substantial risk of not delivering the outcome expectations of the grants and potentially have funding consequences as described below. This modification is an interim measure and the Council shall commission a new service for commencement on 1 April 2026 to align with cessation of current grant funding.

4.5 A change of contractor at this crucial stage would affect the deliverables and outcomes required, for the following reasons:.

- As with all new contracts there is a high risk that the instability and disruption created by the tender and new contract will mean that expected grant funded outcomes would not be achievable and potentially impact on the funding formula for 24/25.
- The Terms and Conditions of the grants are exacting with robust deliverables and evaluation of impact and outcomes. The Terms and Conditions of the Supplementary Treatment Grant are especially demanding as it includes deliverables that require significant service developments, some involving partners. A change of provider would mean that the ongoing development and the consistency necessary for evaluation would be difficult to maintain.
- Of particular concern is that during a re-commissioning of drug and alcohol services numbers in treatment always decrease, often staff leave the service and new models of service delivery require embedding. Staffing attrition is an important consideration as there are also grant outcomes relating to expansion of the workforce.
- The grants have funded additional staff who have played a key role in service developments and provide consistency. Already on short term contracts there is high risk that they leave prematurely affecting not only service delivery but also the consistency necessary for evaluation.

4.6 The Council considers that a change of contractor would cause significant inconvenience or substantial duplication of costs..

- The value of the current CGL contract, including variations over the course of the current contract period (1 April 2016 to 31 March 2024) is approximately £24.7 million. Table 1 shows how a new contract in April 2024, would split the grant funding across two contracts (the current and any newly procured contract). A fuller summary of values is included in the finance section. (10.1)
- The estimated value of the all the additional grants is £6.8 million and this funding will not end until 2026. Part of the funding would be included in a new contract that commencing in April 2024. When the grant funding ends, the value of the contract will decrease which will present operational issues and service re-design mid contract. This can be challenging in determining the scale and scope of the service along with contributing to the risk of staff attrition.

**Table 1: Grant impacts on Contract value**

			<b>PCC Public Health Grant Funding</b>	<b>Contract Variations</b>	<b>Total</b>
New Service: 2024	April		£19,908,379	£4,814,088	£24,722,467
New Service: 2026	April		£24,873,999	£6,769,471	£30, 643,470

4.7 The Terms and Conditions of the grants as described above are exacting and non-delivery of the expected outcomes means that grant funding will be returned. This would not only mean redesigning services without the planned budget but also staff on short term contracts for the duration of the grant would be unemployed before the end of their contracts and could seek redundancy packages, which would be additional risk for the Council.

**Additional considerations**

4.8 **Changes to the Procurement Regulations**

- A new set of procurement regulations will be introduced under the Health and Care Act 2022. The Provider Selection Regime (PSR) will be a new set of procurement rules for commissioning health care services in England. Local Authority Public Health healthcare services will be subject to the new regulations. The PSR is not expected to be in use until later in 2023/24 and clarity is expected on timeframes for implementation from Government to be published shortly.
- The aim is to give authorities a more flexible process for deciding who should provide healthcare services, and these services will be excluded from the main procurement rules for the public sector. The PSR will set out regulations and statutory guidance and it is anticipated that there will be options for “Continuation of Existing Arrangements” once the PSR is established.

4.9 **Current Service Delivery**

- Overall the CGL provider is providing a high level of service. It performed exceptionally well during the COVID-19 pandemic adapting quickly and creatively to ensure that the service was maintained. Subsequently it has made a good recovery.
- The Service are amongst the best performers in the Region for some of its performance indicators and most of its indicators are comparable or above national averages. See Appendix 1 for further information.
- An independent needs analysis commissioned from “Tonic Consultants,” was completed in December 2022. The report found the CGL Aspire Service is exceeding national expectations in terms of getting clients into treatment across all substances and is one of the few services which is managing to increase its treatment population. The service is also performing very well in terms of achieving continuity of care for those leaving prison who need to access treatment in the community on release. Lack of housing in the area is impacting on the client group. An additional Housing Support Grant is one of those available to the Council from the Department of Health and Social Care, and the Service is a key partner in helping to deliver support services to drug users with housing issues locally.

**5 CORPORATE PRIORITIES**

- 5.1 1. *The Economy & Inclusive Growth*
- Environment Assessment
  - Homes and Workplaces
  - Jobs and Money

A Carbon Impact Assessment has been approved and concluded that the modification would have a neutral effect. It will allow services to continue in their current form for another 2 years and do not by themselves increase carbon impact activity.

During the period of the modification, Central Government funding has been secured for an Individual Placement and Support (IPS) Scheme in Peterborough funded by the Office for Health Improvement and Disparities (OHID). This will help drug and alcohol clients in structured treatment to access employment which is a key factor in successful recovery from substance misuse.

The CGL Service covers the whole of Peterborough including rural areas, for example there is currently a project supporting middle aged women in Wansford, providing group support around alcohol use. The stability afforded by the modification and increased funding will help more of these projects become established. The service currently sub-contracts pharmacies to provide Needle Exchange and Supervised Consumption which includes the rural areas of Peterborough. This will continue uninterrupted.

## 2. Our Places & Communities

- Places and Safety (including any rural implications)
- Lives and Work
- Health and Wellbeing

Supporting people to address their substance misuse is crucial for improving their health and wellbeing. The CGL Service has effective pathways established with local Hospitals, General Practice and Mental Health Services which helps address broader physical and emotional health issues linked to substance misuse. Modifying the contract will enable this work to continue uninterrupted.

## 3. Prevention, Independence & Resilience

- Educations and Skills for All
- Adults
- Children

The CGL Service is an all-age service funded primarily for structured treatment, but it also undertakes a range of preventative work including, supporting local and national substance misuse campaigns, delivering a wide range of training to professionals across the system and undertaking education and prevention work in local schools and colleges.

The planned IPS Programme, referred to above will also contribute to the development of employment skills amongst Service users.

## 4. Sustainable Future City Council

- *How we Work*
- *How we Serve*
- *How we Enable*

The modification will avoid disruption at a critical time which will maximise the impact of the additional national grant funding and enable it to develop and improve the Service provided by the current provider.

## 6. CONSULTATION

- 6.1 This proposal has been discussed extensively within PCC to ensure and establish support for the recommendation.

With regard to the current provider performance the Drug and Alcohol Needs Assessment provided substantial evidence that it is performing to a high standard. This was undertaken between September and December 2022 and involved extensive consultation with service users, the public and range of different stakeholders.

6.2 This recommendation has been considered by the Corporate Leadership Team (CLT) and Cabinet Policy Forum (CPF).

## **7. ANTICIPATED OUTCOMES OR IMPACT**

7.1 A two-year contract extension will ensure the aims of the grant funding outlined in section 4 of this report can be achieved, without disruption to service provision and avoid the risk of not being able deliver on the grant and the funding returned to Central Government.

The proposed longer-term objective is to consider jointly commissioning these services in collaboration with CCC. The contract ending in 2026 will align with the end of the grant funding period and with CCC's Drug and Alcohol Treatment Service contracts expiring. This provides the opportunity to consider the option to procure collaboratively with CCC to secure cost efficiencies for both PCC and CCC and the opportunity to tender a higher value contract which would be more attractive to potential bidders.

## **8. REASON FOR THE RECOMMENDATION**

8.1 The recommendation for a contract modification for an additional two-year period of contract to the current provider reflects the following considerations.

- Provide stability in the current services to increase the numbers in treatment, improve the quality of services and provide stability in staffing in line with the expectations of the additional grant finding which was allocated to support delivery of the National Drugs Strategy
- Provide sufficient time and stability to deliver and evaluate the services established through the grants and ensure that the expectations and Terms and Conditions of the grants are met.
- It is likely that the Rough Sleeper and potentially the other grants will be extended into 2025/26 adding further to the complexity of delivering new models. A longer period without substantial changes enables them to become embedded and established.
- The Provider Selection Regime (PSR) will come into force during any re-commission undertaken in 2023/24. Its adoption would allow the complexities of health service contracts to be addressed.
- The option to jointly commission with Cambridgeshire County Council from the 1 April 2026 would enable pooling of resources and take a more collaborative approach across Cambridgeshire and Peterborough especially in relation to organisations that work across the two local authorities.
- The current provider is performing to high standard and has worked hard to implement the new grant requirements despite huge challenges with workforce recruitment.

## **9. ALTERNATIVE OPTIONS CONSIDERED**

### **9.1 Procurement and New Service commencing April 2024**

The option of undertaking a competitive procurement for Adult and Children and Young People's Drug and Alcohol Treatment Service in Peterborough during 2023/24 with only with a new contract commencement of 1 April 2024 was explored.

In summary this is not recommended for the following reasons.

#### Service disruption and non-delivery of the grants' expected outcomes

- The disruption caused by new procurement would bring considerable instability to the Service.
- Delivery of the grants' outcome expectations would be compromised and not achieved.
- Non-delivery of the outcomes could result in returning some of the grant funding and additional costs incurred as staff on short term contracts could seek compensation.
- If funding is returned Peterborough Service users would not be able to access the additional benefits arising from the planned investments.

## Procurement and financial risks

A procurement undertaken in 2023/24 would have the following risks.

- A new contract commencing in April 2024 would not have a confirmed value as future grant allocations are not currently available. This would be unattractive to potential bidders.
- This Provider Selection Regime (PSR) scheduled for introduction in 2023/24 will bring a new set of procurement rules which could mean that the commissioning of the Service would need to be re-considered and the procurement halted. This would have wasted the Council's resources that had already been used for the procurement.
- Historically the ambition has been to align the endpoints of the PCC and CCC contracts in both areas to enable a joint commissioning exercise and contract across the two local authorities. CCC has decided to extend its contract until March 2026 due to risks to the grants and services. The advantages of a shared procurement include cost efficiencies and a higher tender value, which makes it more attractive to potential bidders, would be lost.
- The Service contract has a high value and involves a complex range of services that will require considerable PCC resources including Public Health, Legal and Procurement to procure robustly. An intense one-year procurement will stretch these resources and undermine the ability to procure a value for money provider that will provide a high-quality service.

9.2 Use of Regulation 32 of the Public Contracts Regulations 2015 was considered, whereby in specific cases and circumstances a contracting authority may award a public contract by a negotiated procedure without prior publication. The circumstances of this matter will unlikely qualify this situation as meeting the tests within Regulation 32, hence this option was not considered further.

9.3 Direct award for a two-year period. To direct award to the supplier following contract expiry of these services would be a breach of the Council's Contract Rules and Public Contracts Regulations 2015, therefore this option was not considered further.

9.4 Future reliance on the NHS Provider Selection Regime (PSR), a new set of procurement rules for arranging health care service in England that are due to come into force later in 2023/24, the aim of which is to give authorities a more flexible process for deciding who should provide healthcare services. Whilst the new Provider Selection Regime regulations may provide a legal basis for an extension/exemption to health service contracts from competitive tender, no detail on this as an option has been provided to authorities and it's acknowledged that the legislation changes are unlikely to fit into the time frames required for competitive tender exercises. This option was not considered further at this time as the Council cannot not inform any plans on the assumption that the pSR will be established by an assumed date or will be established as per the proposals set out in the Department of Health and Social Care consultation.

## **10. IMPLICATIONS**

### **10.1 Financial Implications**

Table 2 sets out the different funding streams for the Adult and Children's and Young People Drug and Alcohol Treatment Services up until March 2026.

It also illustrates that there is still uncertainty about some grant values.

**Table 2: Drug and Alcohol Treatment Service funding streams 2016/17 to 2025/26**

Funding streams	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	Totals
Core Public Health Funding	2,636,420	2,566,270	2,495,220	2,388,950	2,373,989	2,482,510	2,482,510	2,482,510	2,482,510	2,482,510	24,873,999
Migrant Fund			32,334	43,383	39,953	0	0	0	0	0	115,670
Family Safeguarding (Internal PCC funding)		81,548	81,548	81,548	81,548	81,548	81,548	81,548	81,548	81,548	733,932
Office of the Police and Crime Commissioner	150,000	112,339	115,000	55,649	36,720	19,095	36,454	36,454	36,454	36,454	634,619
Rough Sleeper Grants				6,436	24,159	254,470	336,011	793,862	TBC	TBC	1,414,938
Supplementary Grant (Universal)						107,555	574,822	680,417	1,116,875	TBC	2,479,669
Housing Related Support Grant							12,135	662,754	602,504	TBC	1,277,393
Probation Grant							37,750	75,500	TBC		113,250

The grant figures are the maximum amount of grant to be received. The Housing Related Support Grant will be split amongst a number of providers with CGL as the main player.

## 10.2 Legal Implications

Regulation 72(1) of the Public Contracts Regulations 2015 provides that “Contracts and framework agreements may be modified without a new procurement procedure...in any of the following cases...(b) for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement, where a change of contractor... (ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority, provided that any increase in price does not exceed 50% of the value of the original contract.”

It is considered that this service’s circumstances meet the test within Regulation 72(1)(b)(ii) for reasons set out in section 4 and 8 of this report. The increase in price does not exceed 50% of the value of the original contract.

A contract modification notice shall be published in accordance with Regulation 51 and 72(3) Public Contracts Regulations 2015.

Whilst the Council shall modify the contract in the interim period, the Council shall recommission this service long term in accordance with procurement legislation.

## 10.3 Equalities Implications

*The Equality Impact Assessment considered all groups with Protected Characteristics. This concluded the proposed modification would ensure the following current work streams can continue:*

- Extra funding will increase support for vulnerable young and older people who may need help but are currently not accessing services.
- Further expansion of the bespoke drug and alcohol surgeries in primary care settings
- Develop further community HUBs work which has already started which supports older people and those who are misusing prescription drugs but may not ordinarily approach services.
- Invest in and build up the Online Support Offer of support to reach more people especially in rural areas.
- Recruitment of a Social Worker role will develop further support for those with social care needs and/or disabilities.
- Extension of the work with Black, Asian, and Minority Ethnic (BAME) Communities via the Diversity Forum, including 2 new Specialist roles and establishing a network of Community Champions
- Continue to develop work around the Vulnerable Women’s Pathway including funding for the Wildflower Clinic which is an award-winning primary care and sexual health clinic for vulnerable women.
- Continue to develop CGL’s work with Alcohol Change UK around good practice in working with clients impacted by Alcohol Related Brain Injury
- The assessment found the following new priority new areas to develop.



- Improvement in the skills of the CGL staff who work with people with learning difficulties including Attention Deficit and Hyperactivity Disorder (ADHD) along with providing be-spoke materials or approaches.
- Promotion of the service to the LGBTG+ Community in Peterborough improve the visibility of the service to potential service users.

#### 10.4 ***Children in Care Implications***

The Service is a key partner in Peterborough City Council's Family Safeguarding Team delivering support to children and families in care affected by drug and alcohol misuse, alongside Social Work, Probation, Domestic Abuse and Mental Health Specialists. This support will be maintained in any new contract and includes the following areas.

- A bespoke Hidden Harms offer to young children impacted by parental substance misuse, some of whom are in touch with the Care System.
- The Service also offers care leavers support and there are seamless pathways to transfer from the young person's service to adults if needed.

### 11. **BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

11.1 None.

### 12. **APPENDICES**

12.1 Appendix 1 - Overview of Drugs and Alcohol & Current Provider Performance Overview

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