

Birmingham City Council

Report to Cabinet Members for Finance and Resources, Children's Wellbeing and Health and Social Care jointly with the Director for Adult Social Care & Health and Director of Public Health

March 2019



Subject: Contract Strategy for Young Peoples Substance Misuse Treatment Service

Report of: Assistant Director Commissioning

Relevant Cabinet Member: Cllr Tristan Chatfield - Finance and Resources
Cllr Paulette Hamilton - Health and Social Care
Cllr Kate Booth – Children's Wellbeing

Relevant O &S Chair(s): Cllr Sir Albert Bore – Resources
Cllr Rob Pocock – Health and Social Care
Cllr Mohammed Aikhlaq – Children's Social Care

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Exempt description 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information) as contained within Exempt Appendix 1		

1 Executive Summary

- 1.1 The following report details the requirement to commission a young people's substance misuse treatment service.
- 1.2 The report has three aims which are to: approve the planned procurement approach, approve the reversal of proposed savings plan and approve the extension of the current contract for young people's substance misuse.
- 1.3 The Exempt Appendix 1 details the confidential/commercially sensitive financial information.

2 Recommendations

- 2.1 That the Cabinet Members for Finance and Resources; Children's Wellbeing, and Health and Social Care jointly with the Director for Adult Social Care and Director of Public Health (the former as delegated by the Assistant Chief Executive);
 - 2.1.1 Approve commencement of procurement activity for Young People's Substance Misuse Treatment Service in accordance with the requirement and approach set out in section 7.4.
 - 2.1.2 Delegates authority to approve the award of contracts to the successful provider(s) to the Director for Adults Social Care in conjunction with the Assistant Director of Development and Commercial and the City Solicitor (or their delegate) and the Chief Finance Officer (or their delegate).
 - 2.1.3 Approve the reinstatement of the original procurement value following a proposed reduction as part of the planned saving originated under the former Adult Social Care and Health Directorate. This decision has been reversed following completion of an Equality Impact Assessment which concluded that a reduction in funds would have a detrimental impact on particularly vulnerable groups of young people.
 - 2.1.4 Approve the extension of the current contract with Aquarius Action Projects for the provision of Young Peoples Substance misuse treatment service for a period of up to six months under the same contract terms and costs (as set out in Exempt Appendix 1). The extension would commence on 1 April 2019 and expire on 30th September 2019. An extension is sought because consultation over reinstating the budget plans in this area has resulted in a delay in implementing the procurement process.

3 Background

- 3.1 Local authority commissioners are responsible for meeting the drug and alcohol treatment and care needs of the populations they serve by commissioning high quality services and by ensuring that services operate in accordance with national clinical guidelines, The National Institute for Health and Care Excellence (NICE) guidance, and quality practice standards.

- 3.2 Consistently the high risks groups of young people who are likely to have problematic substance misuse are:
- Young people in care and care leavers
 - Young people with mental health issues
 - Young people who are sexually and/or criminally exploited
 - Young offenders and those at risk of offending
 - Young people involved in gang culture
 - Young people who are persistent truants, excluded or Not in Education, Employment or Training (NEET)
 - Young people exposed to and affected by family member substance misuse.
 - Young people with accommodation issues or are homeless
- 3.3 It is important to note that many young people can be part of several cohorts at any given time, and increasingly, treatment models will have to respond to young people with multiple/complex vulnerabilities.
- 3.4 Specialist interventions for young people's substance misuse are effective and provide value for money. A Department for Education (2011) cost-benefit analysis found that every £1 invested saved £1.93 within two years and up to £8.38 in the long term.
- 3.5 It is the intention of Public Health Birmingham to commission, through the procurement process described in paragraph 4.1.2, a community based high quality, evidence based specialist substance misuse treatment service for young people under-18 years of age and resident in Birmingham who are experiencing substance related harm.
- 3.6 The service will be rooted in a strengths and asset-based approach that, in addition to delivering interventions focused on the substance misuse itself, also develops young people's resilience, their life skills and their ability to make better choices and deal with difficulties.
- 3.7 It is proposed to commission on a 2 year basis with an option to extend for a further 1 year +1 year, based on satisfactory performance and available funding. The length of the contract has been determined by the Public Health Grant. It also means that the contract end would coincide with the expiry of the adults substance misuse system. This would allow for the potential to commission a whole life approach contract to encompass both young people and adults treatment services.
- 3.8 There has been a delay in the commencement of the procurement process due to the consultation on the funding for the proposed contract. If the procurement process results in a new provider there will be a need to ensure safe transfer of

service user data and mobilisation to the new service. For this reason we are seeking a six month extension to the current contract with Aquarius to expire on 30th September 2019.

- 3.9 The extension will be on the current terms and conditions and contract value.

4 Options considered and Recommended Proposal

- 4.1 The following options were considered:

- 4.1.1 Decommission the service – Evidence of rates of substance misuse for children and young people appear to be lower in Birmingham than nationally but young people in Birmingham have significantly high levels of risk factors for substance misuse. On this basis, there is a requirement for the service to be delivered following completion of a procurement process.
- 4.1.2 To tender for a contract as described in section 7.4 of this report. This is the preferred option on the basis that a service is required to protect a particularly vulnerable group of children and young people from substance misuse. The tender process will allow for all suppliers to express an interest in tendering for the opportunity, costs will be reflective of the current market position, and all of the Council's priorities can be incorporated into the tender documentation.
- 4.1.3 To use a collaborative framework agreement – there is not a collaborative framework agreement in place for this service.

5 Consultation

- 5.1 The following have been consulted on the proposal to reinstate the existing contract value for the service following a proposed reduction; Cabinet Member for Health and Social Care, Director of Public Health, Director of Adult Social Care, Council Management Team and Executive Management Team. The consensus was that the proposed reduction would have a detrimental impact on a particularly vulnerable group of young people.
- 5.2 A Subject Matter Expert group has informed the strategy and the proposed procurement exercise. The group has representatives from The Children's Trust, Education, Youth Service, Public Health, West Midlands Police, NHS, Youth Homelessness services.
- 5.3 Officers from City Finance, Corporate Procurement and Legal and Governance have been involved in the preparation of this report.
- 5.4 Service Users have been consulted and have fed back that they are very much in favour of the service continuing and valued the 'safe space' that the service provided.

6 Risk Management

- 6.1 The CPS approach is to follow the Council Risk Management Methodology and the Procurement Team is responsible for local risk management. CPS

maintains a risk management register and documentation relevant for each contract. The risk register for the service has been jointly produced and owned by Public Health and CPS with arrangements being put in place to ensure operational risks are appropriately mitigated.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.1.1 The proposals are consistent with the Birmingham City Council Plan 2018-2022;

- **Children – to ensure that Birmingham is an aspirational city to grow up in**

Children and young people receive targeted help as early as possible to support them with issues associated with their own substance misuse or substance misuse of those that they live with. The service helps to empower young people and teaches them coping strategies to keep themselves safe and reduce risky behaviours.

- **Jobs and Skills – to ensure that Birmingham is an entrepreneurial city to learn, work and invest in**

The service works with young people to ensure that they are engaged or re-engaged in school, training or employment, improving their future opportunities.

- **Health – to ensure that Birmingham is a great city to live in**

Substance misuse impacts negatively upon young people's physical and mental health. Providing children with the right support will enable them to have a high quality of health and a happy childhood and prevent them from developing a dependency on the substance.

7.2 Legal Implications

7.2.1 The Children Act 1989 (Section 17) requires the Council to safeguard and promote the welfare of children within their area. The Act also requires the Council to facilitate the provision by others of services, and to make such arrangements as it sees fit for any person to act on their behalf in the provision of any such service.

7.2.2 The Health and Social Care Act 2012 and associated regulations transferred the responsibility for public health from the NHS to local authorities from April 2013. Drugs and alcohol services are not mandatory public health services but the local authority has the power to provide community based services to those with alcohol and drugs misuse problems who meet the eligibility criteria for those services (The Health and Social Care Act 2012, Section 12 (2B)).

7.2.3 Pre-Procurement Duty under the Public Service (Social Value) Act 2012:

Consideration of whether to undertake a public consultation exercise was undertaken by commissioning officers during the planning stage and it was agreed that this would not be required, as tenderers will be asked how their bid addresses social value as part of the evaluation and no additional stakeholder consultation was required. This consideration also included how this procurement exercise might improve the social and economic well-being of the city and will be addressed by evaluating social value.

7.3 Financial Implications

- 7.3.1 The level of annual funding for the extension and re-procurement is included within the Exempt Appendix 1.
- 7.3.2 Due to additional saving issues previously related to this procurement, a more detailed explanation of this particular grant and current budget situation around this is provided.
- 7.3.3 The Public Health grant is a ring fenced grant provided by central government for the purposes laid down in the National Health Service Act 2006 and other legislation. Local authorities (upper tier and unitary) are responsible for improving the health of their local population and reducing health inequalities. It may be used for both revenue and capital expenditure.
- 7.3.4 Specifically included in the grant conditions and relevant to this procurement is the following; "The 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".
- 7.3.5 As a ring fenced grant the net position of expenditure and income on the grant in any year does not affect the council's overall position and any excess at year end will be placed to a ring fenced grant reserve.
- 7.3.6 The Public Health division, in delivering the conditions of the grant and Public Health priorities, will support programmes delivered in other areas of the council and other partners. Effective savings can occur, in the financial plan for the Council attributed to Public Health, if existing elements of services become funded by Public Health grant where this activity meets the requirements and intentions of the grant. Pressures would occur if Public Health Grant was diverted from activity supported in this way, assuming that same activity were to continue (it would require council or other funding instead). Additionally of course, Public Health is inherently focused on upstream preventative work and therefore saves money for the whole Birmingham Health and Social Care system.
- 7.3.7 However, in regard to this extension and re-procurement, a key financial implication is that this area of spend was subject to a savings plan by the previous Public Health Director to ensure a balanced position within the ring

fenced grant itself, given the 2019/20 reduction in grant. It was planned to save 33% of the budget previously allocated on this specific activity.

- 7.3.8 So the recommendation of this report for both the extension and re-procurement, to be progressed, represents a reversal of that savings plan within the grant. Such a plan, as provided by a previous Director, would not affect the council revenue position unless related to spend outside the ring-fenced grant. Where such plans do affect other directorate plans then this would be included in the financial planning of the council as a pressure. The Directorate have allowed for savings reversals in all cases in its budget and onward plans. There is sufficient money in the ringfenced grant reserves to make such adjustments due to better than expected outcomes in the last two years, giving time to revise plans further in the light of the grant reduction.
- 7.3.9 Further to this, subsequent consultation with Public Health England indicates that reducing grant spend in this particular area is no longer a preferred course of managing the reduction in grant.
- 7.3.10 Birmingham's Public Health Grant allocation from central government was £90.818m in 2018/9 and is £88.420m in 2019/20, a drop of £2.398m and a number of plans including this particular savings plan were developed in advance to allow for this.
- 7.3.11 Given the recent general prudence in budget planning and control, overall expenditure for 2018/19 is expected to be approximately £89.091m, leaving a surplus of circa £1.727m for this year against the original budget plan/grant and additionally a one off saving within Adults Directorate (related to Public Health) enables a further increase in surpluses of £1.300m (however see the next paragraph for outstanding adjusting items). As it is a ring fenced grant, the Public Health surplus is not reported as part of the council's own net revenue position (however it is included in a ring fenced reserve in the accounts (see table provided further below).
- 7.3.12 The final outturn surplus for 2018/9 on the grant (given above) is subject to final adjustments in relation to year end figures from the Adults Directorate on programmes and procurements they are running for Public Health and also the inherent uncertainty around the refunding of prescription costs on preventative health (which depend on demand, can be highly variable and have a considerable systemic time lag connected to them).
- 7.3.13 Additionally since the plans by a previous Director were drawn up on prudent assumptions prior to the outturn for 2017/8 (the previous year), that outturn was more favourable than anticipated and this has further relieved the need to make savings internally to the ring fenced grant and increased the need to reduce surplus levels.
- 7.3.14 The current forecast underspend figure was mainly due to prudent carry forwards on prescriptions from last year of £0.800m and £0.400m savings on

staffing (mainly temporary) and a number of other reductions across budgets in year.

7.3.15 Not allowing for those further adjustments, the forecast reserves position for the ring fenced grant is set down below:

Public Health Ring Fenced Reserves - Forecast	£'000
Balance at 31.03.2018 B/F	(2.754)
Forecast month 11 – surplus to reserve*	(1.727)
Subject to other directorate forecast returns and spend variance (of public health grant) a one off saving in Adults Directorate*	(1.300)
Sub Total: Forecast Balance 31.3.19	(5.781)
19/20 Contribution from reserves to 19/20 revenue budget	4.544
Revised Forecast Balance 01.04.2019*	(1.237)

* figures pending year end accruals position and intra-directorate returns on activity, budget and surplus use subject to a further cabinet report

7.3.16 For 2019/20 the draft Public Health budget as currently set of gross spend of £92.964m, covers all the planned expenditure and assumes the reversal of savings including those related to this extension and procurement. It includes as shown above a planned drawdown of reserves of £4.544m This will still leave significant surplus to manage shorter term issues and maintain current approved plans until actions below in 7.3.17 to 7.3.18 are complete.

7.3.17 The new Director will be reviewing results of forthcoming consultation on priorities for the Green Paper and reviewing all budgets and plans going forward. A key result will be bringing service plans into balance with the reducing grant. This work will need to include the review of current plans and in some cases adjustments to other directorate's plans within the financial planning cycle. Critically plans will need to maximise the impact of the Public Health grant monies on the key priorities, ensuring clear outcomes based performance.

7.3.18 Once details are finalised, a further cabinet report is likely in the new financial year and which will be able to provide more detail on Public Health budget and plans going forward and obtain necessary agreement to any changes required.

7.3.19 It should be noted that if the saving were applied (instead of the recommended course) there is a risk of consequential financial impacts both to the Council and public sector partners. Such costs are very difficult to quantify and some indication of impact is provided in paragraph 3.4 above. Public Health England has also indicated that large surpluses are not favoured (and reversing the saving helps to reduce the current surplus quickly).

7.3.20 So, to summarise, in regard to the immediate issue of the agreement of an extension and re-procurement for this service, there is sufficient budget and

reserves (if needed) to cover both the extension and the planned procurement. (Note: The actual annual value of the procurement planned for next year is given in the Exempt Appendix 1). Further work will be needed on budgets and plans going forward.

- 7.3.21 The recommendation to reinstate the original contract value was taken to Adults Social Care Management Team, Corporate Management Team and Executive Management Team for discussion and approval.

7.4 Procurement Implications (if required)

- 7.4.1 Substance misuse treatment is a specialist market and previous procurement exercises have indicated that it is a limited, but effective, market. In Birmingham, both the young people's and adult service providers hold a number of contracts nationally.
- 7.4.2 The proposed contract will be for a period of 2 years with an option to extend for a further two years (e.g. 2 + 1 + 1) subject to available funding and satisfactory performance. The contract will commence on or after 1st October 2019. The tender opportunity will follow the open procurement route and will be advertised via Contracts Finder, www.finditinbirmingham.com and the Official Journal of the European Union (OJEU).
- 7.4.3 The contract will be awarded to one supplier.
- 7.4.4 The contract will be tendered following the 'Open' procedure. This route has been chosen because the known market place is limited.
- 7.4.5 The threshold of entry into the service will be defined by the definition of "currently experiencing substance related harm" through substance use. This is supported through eligibility criteria agreed by key stakeholders. This will enable the Supplier and partners / referrers to have a joint understanding on access to support through having shared responsibility over substance using young people with complex and multiple vulnerabilities.
- 7.4.6 The tendering providers will be expected to specify how many young people will benefit and the type and volume of interventions that will be used to support the target groups of young people.
- 7.4.7 Tenders will be evaluated against the specification in accordance with a pre-determined evaluation model.
- 7.4.8 The assessment of tenders will be divided into the following stages:

7.4.8.1. Stage 1 – Potential Supplier Information

The following matrix summarises the questions requiring responses contained within the Invitation to Tender for stage 1 and the respective weightings. Tenderers will be required to pass the following in order to progress on to Stage 2:

Stage 1 – Potential Supplier Information	
Criteria	Evaluation
Potential Supplier Information	Information Only
Exclusion Grounds	Pass / Fail
Selection Questions:	
Economic and Financial Standing	Pass / Fail
Technical and Professional Ability	Pass / Fail
Modern Day Slavery Act 2015	Pass / Fail
Insurance	Pass / Fail
Health and Safety	Pass / Fail
Environmental Sustainability	Pass / Fail
Energy Management Systems	Pass / Fail
Quality Management Systems	Pass / Fail
Compliance with Equalities	Pass / Fail
BBC4SR	Pass / Fail
Supplier Portal	Pass / Fail
Early Payment Scheme	Information Only

Tenderers will be required to pass Stage 1 in order to progress to Stage 2.

7.4.8.2. Stage 2 – Invitation to Tender Stage

Tenders will be evaluated using the quality / social value in accordance with a pre-determined evaluation model. The quality element will account for 80% and social value 20%. This quality / social value balance has been established having due regard to the corporate document 'Evaluating Tenders' which considers the complexity of the services to be provided and the degree of detail contained within the contract specification.

This will be a fixed price contract and the available funding will be published so as to encourage price submissions that can maximise service delivery.

The scoring system to be applied to the evaluation of scored questions will be as follows.

Score	Performance	Judgement
5	Meets the standards exactly as specified	Excellent
4	Meets the standard well, but not exactly	Good
3	Meets standard in most aspects, fails in some	Satisfactory
2	Fails standard in most aspects, meets it in some	Doubtful
1	Significantly fails to meet the standard	Poor
0	Completely fails to meet the standard	Not Worth Considering

Tenders will be evaluated against the specification in accordance with the pre-determined evaluation model described below:

Quality (80% Weighting)

Criteria	Overall Weighting	Sub-weighting
Service Delivery	80%	30%
Organisation and Project Management		20%
Safeguarding		30%
Partnership working		20%

Quality will account for 80% in total of the tender evaluation. After rejecting bids that in the opinion of the Council are unrealistically low (in terms of Quality), the highest Quality score will be given 100% for Quality. Other Quality scores will then be expressed as a proportion of the highest score. This gives the adjusted Quality score. The % weighting for Quality is then applied to each adjusted Quality score to give the Weighted Quality Scores.

Social Value (20%)

Criteria	Overall Weighting	Sub-weighting
Local Employment	20%	25%
Partners in Communities		25%
Good Employer		25%
Green and Sustainable		25%

Social Value will account for 20% in total of the tender evaluation. The social value outcomes will be linked to the subject matter of the contract but it is expected that the proposed actions will be additional to activity linked to the service specification. After rejecting bids that in the opinion of the Council are unrealistically low (in terms of Social Value), the highest Social Value score will be given 100% for Social Value. Other Social Value scores will then be expressed as a proportion of the highest score. This gives the adjusted Social Value score. The % weighting for Social Value is then applied to each adjusted Social Value score to give the Weighted Social Value Scores.

7.4.9 The evaluation of tenders will be undertaken by officers from the Commissioning Team and members of the Subject Matter Expert Group described at 5.3.supported by Corporate Procurement Services.

7.4.10 Indicative Implementation Plan

CM/CO Approval (Strategy)	26 th March 2019
ITT Issued	3 rd April 2019
ITQ Return	10 th May 2019
Evaluation Period	13 th – 17 th May 2019
DPR Approval (Award)	12 th July 2019
Mobilisation period (if required)	August – September 2019
Contract Start	1 st October 2019

7.4.11 The contract will be managed operationally by the Commissioning Manager, Public Health Commissioning.

7.4.12 Compliance with the BBC4SR is a mandatory requirement that will form part of the conditions of this contract. Tenderers will submit an action plan with their tender that will be evaluated in accordance with the criteria set out in the tender documents, and the action plan of the successful tenderer will be implemented and monitored during the contract period.

7.5 Human Resources Implications (if required)

7.5.1 Not Applicable

7.6 Public Sector Equality Duty

7.6.1 An Equality Analysis was conducted on the planned procurement and the impact of the proposed reduction in funding (reference EQUA99) which would result in a cut of 33% on current contract value. Both the assessment and consultation feedback has identified that should the proposed reduction in budget be implemented it would result in a reduced service for young people impacting on the most at risk groups. Please refer to Equality Impact Assessment (Appendix 2).

8 Appendices

8.1 Exempt Appendix 1

8.2 Equality Impact Assessment Appendix 2

9 Background Documents