

Authority to procure a contractor for the Leeds Integrated Community Drug and Alcohol Service

Date: September 2022

Report of: Head of Commissioning

Report to: Director of Public Health

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

The Council's existing contract with Humankind Charity to deliver the Community Drug and Alcohol Prevention, Treatment and Recovery Service (DN210921) known as Forward Leeds is due to expire on 30 June 2023, and there is no further extension provision. This report is seeking approval to procure a new 5 year contract (with an up to 60 months extension provision) with Humankind Charity for an Integrated Community Drug and Alcohol service using Regulation 32 of the Public Contracts Regulations 2015 - negotiated procedure without prior publication of a notice.

Recommendations

The Director of Public Health is recommended to

- a) Approve a contract variation to the Community Drug and Alcohol Prevention, Treatment and Recovery Service (DN210921) (Forward Leeds) provided by Humankind Charity to bring forward the contract end date to 31st March 2023.
- b) Grant authority to procure an 'Integrated Community Drug and Alcohol Service' utilising the provision under Regulation 32 of the Public Contracts Regulations 2015 - negotiated procedure without prior publication of a notice and to directly award a contract to Humankind from 1 April 2023.
- c) Approve a contract length period of 5 years for the maximum value of £87,917,027 (with the option to extend for a period of up to 60 months in any combination) with a maximum 10-year budget of £176,287,103.
- d) Grant approval to evaluate the tender based on a 100% quality under Contract Procedure Rule 15.2 (b) on the grounds that it is a set budget confirmed with Office for Health Improvement and Disparities (OHID), which the Council is seeking to obtain the best quality service available.

- e) The responsibility for implementation of these decisions is with Public Health, the Adults and Health Integrated Commissioning Team, Human Resources and Procurement and Commercial Services

What is this report about?

- 1 This report sets out the rationale to grant authority to procure an 'Integrated Community Drug and Alcohol Service' under Regulation 32 of the Public Contracts Regulations 2015 - negotiated procedure without prior publication of a notice - and directly award a contract to Humankind Charity for the provision of the service from 1 April 2023. To enable this to happen, the report also seeks authority to vary the end date of the existing contract (DN210921) to 31st March 2023. This will enable the contract timescales to align with new Office for Health Improvement and Disparities (OHID) grant funding arrangements.
- 2 Forward Leeds is the brand name for the city's existing Community Drug and Alcohol Prevention, Treatment and Recovery Service and is a consortium of four organisations, led by Humankind Charity with St Anne's Community Services, Barca Leeds and the Leeds and York Partnership Foundation NHS Trust (LYPFT). It was established in July 2015 and the existing contract will expire 30 June 2023. No further extensions are available.
- 3 Forward Leeds is an integrated citywide service to support anyone in Leeds affected by drug and/ or alcohol use, and its key elements are:
 - Recovery co-ordination - one to one sessions, support from prescribed medicines if necessary and access to different activities to support recovery
 - Harm reduction – supporting people to reduce drug and alcohol harm through outreach and advice, provision of needle exchange and distribution of naloxone to reduce risk of death from an opiate overdose.
 - Detox and Rehab – supporting people to prepare for and access a range of detoxification and rehabilitation services with follow up aftercare support to help sustain recovery.
 - Specialist support including:
 - Families – dedicated support for parents to help get the best possible outcomes for children alongside supporting the parents through their treatment journey.
 - Young People – non-judgemental support to young people at home, school or a neutral place for that young person.
 - Pregnancy – specialist team of midwives and a health visitor who can help throughout pregnancy and addiction treatment as well as during the first few weeks after birth.
 - Co-occurring mental health alcohol and drug use – a team of psychiatrists, psychologists, nurse specialists, therapists, non-medical prescribers and associate practitioners providing support for people who have additional complex needs.
 - Group Work – a variety of group programmes that promote recovery by raising knowledge and awareness, developing recovery skills, promoting changes in thinking, emotion and behaviour and offering a means to get support from people with lived experience
 - Sustained recovery - recovery support, relapse prevention, confidence and social mobility building, education training and employment support via the dedicated 5 Ways Recovery Academy
 - Services in GP surgeries – working in partnership with a number of GP practices and health centres across Leeds to make services more accessible
 - Hospitals – providing a hospital in reach team based across the two main Leeds Hospitals supporting patients admitted to any ward identified as having problematic drug or alcohol use as well as advice to people brought into Accident and Emergency

- Training for professionals – a variety of training courses around drugs and alcohol for staff in other agencies across Leeds including social care staff, Leeds City Council teams, Charities and Third Sector organisations.

4 The Council currently holds separate contracts for services that directly support the delivery of the Forward Leeds service, which include the pharmacy supervised consumption service and the out of area rehabilitation placements. The Council also retains the budget for the costs associated with prescribing and dispensing drugs (over £1.78m+) used as part of the Forward Leeds service. Details of these arrangements are provided in Table A.

Table A: Existing contractual arrangements

Contract Reference	Contract Name	Provider	Original Contract Value	2022/23 Contract Variation	Contract end date
DN210921	Community Drug and Alcohol Prevention, Treatment and Recovery Service	Humankind	£63,497,840 (initial 5 year with 3 year extension period)	An additional investment of £2,921,522	30 th June 2023
DN339056	Pharmacy Supervised Consumption Service	Community pharmacies in Leeds	£650,000 (initial 3 year contract with 3 year extension period)	N.A.	30 th June 2023 (with 1 year extension available)
N.A.	Residential treatment rehabilitation agreements	Various from a framework	£300,000 per annum	N.A.	31 st March 2023

5 Table A also details the variation to the Forward Leeds contract to enable the investment of new grant funding that the council has received. This funding comprises several grants from the OHID (the supplementary grant, rough sleeping drug and alcohol treatment grant, the inpatient detoxification grant and the individual placement support grant).

6 The most significant new funding is the supplementary grant funding whose key purpose is to deliver the treatment element of the Government’s 10 year Drug Strategy, *From Harm to Hope*, and establish a world-class treatment and recovery system through improving quality, capacity and outcomes of local authority commissioned substance misuse services. The council received £2,596,729 in 2022/23, which has been distributed across the drug and alcohol system. It expects to receive £4,254,712 for 2023/24 and £8,212,541 for 2024/25 based on indicative amounts provided by OHID. Additional investment from the Probation Service, Department of Levelling Up, Housing and Communities and further grants from OHID is also expected going forward.

What impact will this proposal have?

7 The proposal involves procuring a new contract with Humankind Charity (as a consortium model as currently delivered) for the provision of an Integrated Community Drug and Alcohol Service (Forward Leeds) for 5 years commencing 1 April 2023 (with the option to extend for a period of up to 60 months in any combination). This means that the city will continue to benefit from Forward Leeds, who have recently been rated outstanding by the Care Quality Commission (CQC) and performs well above other services within England’s core cities.

8 The impact of the proposal will be a service that:

- provides an integrated model for drug and alcohol treatment which is outcome focused and supports people to achieve and sustain recovery.
 - delivers a high quality, high performing service which meets the diverse needs of the target population and delivers positive outcomes for individuals and communities.
 - is innovative and delivers best value for money by taking account of fluctuating needs and changes that might impact a client's short and long term needs.
 - develops a culture that inspires people to believe that change is possible.
- 9 Forward Leeds is one of the most successful high performing and high-quality drug and alcohol services in the country. It is the only service in a major city in England that is rated green on the national Public Health Outcome Framework for successful completions (without representations in the following six months) across the three major substance groupings.
- 10 The proposal will ensure that high quality community drug and alcohol services continue to support people in Leeds. The CQC has recently inspected the service (May 2022) and gave an overall Outstanding rating. There are very few drug and alcohol services rated outstanding in the country and none in any of the other major cities. The inspectors highlighted:
- The service was extremely well led
 - The service was highly innovative and ensured it was up to date with and involved in, new ways of working.
 - The service truly considered the needs of different groups of people using its service and sought to address gaps where people's needs were not being met.
 - The teams included or had access to the full range of specialists required to meet the needs of clients under their care.
 - Staff worked extremely well together as a multidisciplinary team and with relevant services outside the organisation.
 - Staff treated clients with compassion and kindness and respect, and truly understood the individual needs of clients.
 - There was a strong person-centred culture which was incorporated into all aspects of the service.
 - The service was easy to access,
- 11 Forward Leeds is a highly effective consortium of national and local third sector organisations and NHS providers and has a strong partnership working ethos at its core. The proposal will further strengthen partnerships and multi-agency work across the city to support those affected by drug and alcohol use.
- 12 A direct award of a new contract will enable the Council to continue to work closely with the Forward Leeds partners to ensure the best and most efficient use of the new grant funding and ensure the focus of this joint work is on delivering the key grant outcome, a world class drug and alcohol service for Leeds. This approach aligns with the OHID vision and funding requirements.
- 13 A key impact will be to contribute to the community treatment outcomes in the 10-year national drug strategy "From Harm to Hope" which aims to build a world class treatment and recovery system. These include:
- An increase in the number of people receiving high quality treatment
 - Improved treatment for people rough sleeping or at risk of rough sleeping
 - Lives saved through a reduction in drug related deaths
 - An increase in the continuity of care for people moving from prison into treatment
 - Contributing to reduction in crime through effective treatment for offenders

- An increase in the number of people in long term recovery
- An increase in the number of people in recovery who are in sustained employment
- An increase in the number of people in recovery who are in safe and stable accommodation

14 This new investment will further increase the capacity and quality of the existing outstanding core Forward Leeds service, enhance the professional workforce, improve integration of services, improve access to accommodation alongside treatment, improve employment support, increase referrals into treatment in the criminal justice system and keep prisoners engaged in treatment after release. It will enhance the services offered, add flexibility, decrease waiting times and enable more people to benefit from the Forward Leeds service.

15 Investment in drug and alcohol services has a significant impact in terms of the return on investment. In 2016/17 Public Health England (now OHID) compiled a Social Return on Investment Tool to calculate the financial benefits of the investment in drug and alcohol treatment. In calculating the Leeds social return on investment at that time, it equated to approximately £5.50 of “in treatment” benefit and £28 of “in treatment and recovery” benefit for every pound spend. In 2016/17 (which is the last data available) this equated to £7,646 per person and £38,553 over 10 years.

16 The continued investment of the Public Health grant at current levels into the core Forward Leeds service will unlock significant further investment from OHID across the length of the proposed contract. £2,596,729 has been secured for 2022/23 and a further £12,467,253 is expected over the next two years. Further investment of approximately £8m per year is then expected for a further 7 years.

17 When contracts for the pharmacy supervised consumption service expire on 30th June 2023, the responsibility for the management and procurement of this service will be part of the new Integrated community drug and alcohol service. The proposal will integrate out of area rehabilitation into the service ensuring joined up treatment planning with decisions taken with the service user.

18 This proposal to integrate drug and alcohol services into a single contract will streamline existing contract management structures within the council, and therefore deliver organisational efficiencies and value for money.

19 The proposal for a 5 year contract (with the option to extend for a period of up to 60 months in any combination) builds on the previous contractual approach and aligns with new 10 year national drug strategy, the recommendations of the Dame Carol Black review and what is happening in other areas. It will help to drive performance and innovation within the service and provide certainty for service users and for the staff (helping staff recruitment and retention). If there are future changes required (e.g. changes in funding levels), there will be a variation and change mechanism within the contract terms and conditions.

20 The early termination of the existing contract and the start date of the new contract will help alignment with the grant timescales, and therefore streamline grant monitoring and service performance arrangements.

21 An Equality, Diversity, Cohesion and Integration Screening has been completed in relation to this decision.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 22 The proposal directly contributes to the Best Council Plan’s overarching vision of tackling poverty and reducing inequalities. By providing a high-quality community drug and alcohol service for the people of Leeds, the proposal directly addresses the Health and Wellbeing pillar of the Best Council Plan where those who are most likely to experience poverty improve their mental and physical health the fastest, people are living healthy lives for longer and are supported to thrive from early years to later life. The proposal will also help residents to improve their skills, helping people into work and better jobs.
- 23 In addition, the proposal supports the Leeds Drug and Alcohol Strategy key outcome to increase the proportion of people recovering from drug and / or alcohol misuse. This will be further aided by the new Drug and Alcohol Partnership Board, which will be Chaired by the Director of Public Health. The Board will bring together individuals and organisations, across Leeds and West Yorkshire, who represent and deliver the Leeds Drug and Alcohol Strategy goals and coordinate activity to reduce the harm caused by drug and alcohol use, including representation from Forward Leeds – further strengthening the service’s integration and partnership work. A joint needs assessment is also currently being conducted to inform the Board’s decision making.

What consultation and engagement has taken place?

Wards affected:		
Have ward members been consulted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

- 24 Public health and the Adults and Health commissioning team have undertaken considerable consultation around the proposals detailed within this report with Forward Leeds (managers, staff and service users), partner third sector organisations, GPs, pharmacies, West Yorkshire Community Pharmacy and other local authorities.
- 25 The Executive Member for Public Health was briefed on 1st September 2022.
- 26 Advice has been sought from Procurement and Commercial Services (PACS) throughout the service review and recommissioning process, and will continue during the direct award procurement process

What are the resource implications?

- 27 As part of the grant documentation for the supplemental substance misuse treatment and recovery grant, OHID stipulates that LCC will need to maintain its existing investment in drug and alcohol treatment in 2022-23 and beyond. This public health ring-fenced grant will therefore fund the core contract, refer to Table 2.
- 28 Any potentially expansion over and above the core service will be met by investment from several grant funding organisations including but not limited to OHID and the Probation Service, refer to Table 3.
- 29 The total maximum contract value is presented in Table 4. The specification and contract documentation will allow joint working with the Council to enable the service to be further developed should additional investment be identified and secured. Should any of the additional investment be reduced or removed entirely, there will be mechanisms within the contract to change the service provision accordingly. Thereby ensuring the Council does not incur any unbudgeted costs.

Table 2: Budget for the new core service per annum covered by public health ring fenced grant

Contract Years	Existing core contract (including activity budgets)	Pharmacy supervised consumption service and management	Residential treatment rehabilitation agreements	Costs of prescribing and dispensing drugs	Total core contract value
Year 1	£8,396,030	£491,100	£300,000	£1,650,500	£10,837,630
Year 2 - 5	£8,396,030	£654,800	£300,000	£1,650,500	£11,001,330

Table 3: Estimated Additional Investment into the Forward Leeds

Contract Year	Maximum Investment Expected
Year 1	£5,047,758
Year 2	£7,984,532
Year 3	£6,688,454
Year 4	£6,680,648
Year 5	£6,672,685

Table 4: Maximum Contract Value

Contract Year	Maximum Annual Contract Value
Year 1	£15,885,388
Year 2	£18,985,862
Year 3	£17,689,784
Year 4	£17,681,978
Year 5	£17,674,015
Total Contract Value	£87,917,027

30 In line with existing arrangements, it is anticipated that a payment to Humankind Charity for the service will be made quarterly in advance (and encompass all elements of service provision). In line with Financial Procedure Rules, approval from the Chief Officer – Financial Services will be sought prior to issuing a contract.

What are the key risks and how are they being managed?

31 Drug and alcohol service risks (e.g., recruitment to a large number of posts, contractual issues) are actively discussed and managed as part of the drug and alcohol team’s project meetings, where the need for escalation to manage a particular risk is determined.

32 There is a risk that levels of grant funding may reduce in future contract years. Any changes to funding levels will managed through the variation and change mechanism within the contract terms and conditions.

What are the legal implications?

- 33 This is a key decision, and is subject to call-in, as the value of the contract is greater than £500k. Future decisions arising from this report, for example the decision to award the contract, will also be treated as a consequence of that key decision and will therefore be significant operational decisions at most.
- 34 This report does not contain any exempt or confidential information under the Access to Information Rules
- 35 The Council believes that the decision to award a new contract to Humankind Charity for the provision of an Integrated Community Drug and Alcohol Service is permitted pursuant to Regulation 32(2)(b)(ii) of the Public Contracts Regulations 2015 which states:

The negotiated procedure without prior publication may be used for public works contracts, public supply contracts and public service contracts in any of the following cases:-

(b) where the works, supplies or services can be supplied only by a particular economic operator for any of the following reasons:-

(ii) competition is absent for technical reasons, ...but only ...where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement;"

- 36 The section below sets out the technical reasons required by Regulation 32(2)(b)(ii) that the Council would rely on to justify its decision.
- (i) In February 2022, OHID announced significant new investment (Supplementary Grant) aimed at delivering a world-class treatment and recovery system over the life of the new national 10-year drug strategy, *From Harm to Hope*, through rebuilding local drug treatment and recovery services, including for young people and offenders. The only option available to the council to effectively implement this change immediately in line with the grant requirements, was to work with the existing well-performing providers, and the proposals described within this report will enable this joint work to continue and build on the investment already completed in 2022/23.
- (ii) In addition to the funding confirmed and invested for 2022/23, OHID announced significant increased indicative amounts for the following 2 years. The Council is already working with the existing providers and key local partners to develop an effective plan for this new funding (including a recruitment and workforce strategy). New contractual arrangements are therefore required to implement this plan and deliver the intended outcomes in addition to achieving best value.
- (iii) The long-term contractual arrangements described within this report align with the timescales of the new national strategy, provides certainty to the city's drug and alcohol workforce and drives innovation within the service. In addition, it provides Forward Leeds consortium members the opportunity to strengthen their integration and partnership work within the local health system and partnership structures such as the Leeds Street Support Team.
- (iv) This proposal enables Leeds to continue to benefit from an outstanding and high-performing service, whilst preventing significant disruption to service users. It is well-evidenced that

service performance drops when significant contractual changes occur, and this would cause a loss of value and momentum to the joint development work already taken place.

- 37 There is the potential risk of challenge that there are no real technical reasons justifying the use of the negotiated procedure without publication of a notice in accordance with the Public Contracts Regulations 2015, and that the Council is simply seeking to circumvent the application of the procurement rules. However, due to the reasons set out at paragraph 36 above this risk is considered to be low.
- 38 In addition, risks can be diminished somewhat by the publication of a voluntary transparency notice on Find a Tender immediately after the decision to award the contract has been taken and then waiting 10 days to see if any challenges are made. If no challenges are made the chances of a claim for ineffectiveness being brought are significantly reduced and would only be successful if the Council had used the negotiated procedure without publication of a notice incorrectly. Further, publishing such a notice will also start time running for any other potential claim for breach of the Regulations, which must be brought within 30 days of the date that an aggrieved party knew or ought to have known that a breach had occurred.
- 39 However, it should be noted that voluntary transparency notices themselves can be challenged. Although we have now left the European Union the case of Italian Interior Ministry v Fastweb SpA (Case C-19/13) is still good law and highlights the limited protection that the voluntary transparency notice route can offer to contracting authorities wishing to make direct awards without following an above threshold procurement process in accordance with the Public Contracts Regulations 2015. A grey area remains around whether the protection of a voluntary transparency notice will be available where the contracting authority genuinely, but mistakenly, considers it was entitled to award the contract without notice. It shows that the safe harbour will only be 'safe' to the extent that the justification for the direct award is in itself sound and ready to stand up to the increased scrutiny that the publication of the voluntary transparency notice may well invite.
- 40 These comments should be noted by the Director of Public Health and in making the final decision should be satisfied that doing so represents best value for the Council.

Options, timescales and measuring success

What other options were considered?

- 41 The overarching intention of this OHID funding is to deliver a world-class drug and alcohol treatment and recovery service in Leeds. To achieve this, OHID has stipulated that the proposals to deliver the key grant outcomes are co-produced with existing service partners and key stakeholders. The grant outcomes are long-term in line with the new 10-year national strategy and will require effective planning and incremental service changes, which can only be achieved by the council working with a locally embedded CQC registered service provider over the life course of the national strategy. This report describes the only viable option to ensure that the city benefits from the intended outcomes of the new funding sources.

How will success be measured?

- 42 Performance frameworks and monitoring processes will be specified within the new service requirements, and the Adults and Health commissioning team will undertake robust contract management of the new contract to ensure value for money, delivery of the intended outcomes and improved service quality. In addition, the council will provide OHID and the Probation Service with the performance information to meet their requirements.

What is the timetable and who will be responsible for implementation?

43 The drug and alcohol team comprising public health specialists, adults and health integrated commissioning team and PACS will be responsible for implementing the decisions proposed in this report. The new contract will be in place from 1st April 2023.

Appendices

- None

Background papers

- Equality, Diversity, Cohesion, Integration Impact Assessment