



EXECUTIVE BOARD DECISION

REPORT OF:	Executive Member for Public Health, Prevention & Wellbeing
LEAD OFFICERS:	Director of Public Health
DATE:	8 th February 2024

PORTFOLIO/S AFFECTED: Public Health, Prevention and Wellbeing
Adults, Social Care and Health

WARD/S AFFECTED: (All Wards)

SUBJECT: Procurement process for Tier 4 Substance Misuse Services (Inpatient Detoxification, Residential Rehabilitation and Direct Access provision)

1. EXECUTIVE SUMMARY

This paper sets out a series of recommendations whilst also providing a summary of current and proposed arrangements with regards to the commissioning of Tier 4 substance misuse services.

The provision of Tier 4 Substance Misuse services across Blackburn with Darwen will be retendered due to the current contracts via a Dynamic Purchasing System (DPS) and block commission coming to an end on the 31st May 2024. The current Tier 4 service provision incorporates a range of service contracts, covering inpatient detoxification (medically managed and medically monitored), residential rehabilitation placements and direct access support. The aim of the procurement process is to provide service users with appropriate placements to support their treatment and recovery from substance misuse whilst achieving value for money within a more efficient service offer and improved quality outcomes.

2. RECOMMENDATIONS

That the Executive Member:

1. Note the commencement of a tendering exercise for the commissioning of Tier 4 substance misuse services. The Tier 4 substance misuse services will be commissioned as three Lots which include inpatient detoxification medically managed (Lot 1), Residential Rehabilitation (Lot 2) and crisis access beds (Lot 3). Existing direct access beds will be transformed to crisis bed access provision. Medically monitored inpatient detoxification will no longer be supported in the new service provision model. These services will be commissioned for male and female service users and market availability to respond to this will be tested through the procurement exercise.
2. The Health Care Services (Provider Selection Regime) Regulations ([The Health Care Services \(Provider Selection Regime\) Regulations 2023 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukdsi/2023/01/01/1313201000010001)) came into force in 1st January 2024. The Provider Selection Regime (PSR) replaces the Public Contracts Regulations 2015 when procuring health care services and the National Health Service (Procurement, Patient Choice and Competition) Regulations 2013. The regulations apply when a relevant authority procures relevant

healthcare services for the purpose of the health service. The Council is referred to as a relevant authority for these purposes and Tier 4 substance misuse services as local authority commissioned public health services fall within the new Provider Selection Regime (PSR) and therefore these new regulations will apply.

3. Note that the current contracting arrangements are in place until 31st May 2024.
4. Due to the introduction of these substantial procurement regulation changes to agree to a six month extension of waiver from the 31st May 2024, allowing sufficient time and capacity to complete the complex procurement process by 1st December 2024 through the assessment, application and guidance of the new Health Care Services (Provider Selection Regime) Regulations just introduced on 1st January 2024. The extension of the contract is permitted by regulation 13 of the Health Care Services (Provider Selection Regime) Regulations 2023 both by paragraph c and d (see section 7).
5. Approve the following procurement and contracting methodologies for the new service model as follows:
 - 5.1 inpatient detoxification beds (Lot 1) and Residential Rehabilitation placements (Lot 2): these services are currently provided under a Dynamic Purchasing System (DPS). It is not possible to procure via a dynamic purchasing system under the new Provider Selection Regime, however frameworks can be procured with the option to open them again in the future. This will give a similar arrangement to the current Dynamic Purchasing System (DPS). A competitive open tender process will be used to procure the framework and successful providers will be awarded a contract on the framework with a term of four (4) years.
 - 5.2 Crisis access beds (Lot 3): currently these services are provided under a block commissioning arrangement with a local provider at Those At The Margins of Society (THOMAS) and are currently referred to as direct access beds. Under the Provider Selection Regime (PSR) the council will follow the 'Most Suitable Provider' option, and if at any point the council decides it can no longer identify the Most Suitable Provider, the procurement will default to a competitive open tender process. The contract will be awarded as a block commission with a term of 4 years (with an option of a further 1 year extension).
- 6 Note the current funding envelope and cost of services of £537,171 and increased costs of new contract arrangements of £20,882 which will be contained with the Adults and Public Health budget.

3. BACKGROUND

Drug misuse has a massive cost to society with more than 3,000 people died as a result of drug misuse in 2021. Alcohol and drug use by adults is widespread; around 10 million adults in England drink above the low risk guidelines, and around 3.2 million people took drugs in 2020. It is estimated that 589,000 adults are dependent on alcohol and about 1.5 million showed signs of dependence on drugs (ONS, 2019).

Tier 4 services are part of a system wide service offer to address prevention, early identification, treatment and recovery pathways for communities affected by drug and alcohol misuse.

Delivered on behalf of Blackburn with Darwen Council, the CALICO Spark's substance misuse service is an innovative partnership that combines specialist drug and alcohol services with health, housing and criminal justice partner and community groups.

The service is inclusive and flexible aiming to bring transformational change to people using their service, their families, and the community they live in. Blackburn with Darwen's substance misuse service offers a wide range of services from young people's service through to additional support such as housing advice and access to training and education.

Over the past four years both strategic and operational developments have led to an improved integrated provision of abstinence based recovery substance misuse services for adults who experience addiction to both drugs and alcohol. Pathways have improved between community, in-patient and residential services and the workforce supporting the implementation of such pathways has successfully embraced a range of innovative developments and change of practice.

For recommendation 5.2 under the Health Care Services (Provider Selection Regime) Regulations the Council do consider with all relevant information available to the relevant authority at the time that it is likely that we can identify the most suitable provider as THOMAS as the incumbent provider has over many years a proven track record in Blackburn of meeting the PSR basic criteria of being rated a Care Quality Commission 'Good' provider of services (latest inspection report July 2022 available at [T H O M A S Drug & Alcohol Rehabilitation Unit - Care Quality Commission \(cqc.org.uk\)](https://www.cqc.org.uk) achieving good outcomes for service clients, is in good financial standing and demonstrates the technical and professional leadership qualities to deliver good quality services. The Council will follow the Provider Selection Regime (PSR) practitioner reference guidance to undertake a pre-market engagement exercise, assess and take into account against key criteria and basic criteria requirements. The basic selection criteria are: (a) the providers ability to pursue a particular activity (b) economic and financial standing (c) technical and professional ability. The key criteria are (a) quality and innovation (b) value (c) integration collaboration and service sustainability (d) improving access, reducing health inequalities and facilitating choice (e) social value

4. KEY ISSUES & RISKS

The Tier 4 service provision was last reviewed in 2019. The current contract started on 1st June 2019 and will expire on the 31st May 2024. During this period the service performance has been monitored and efficiencies have been made. The new Provider Selection Regime (PSR) and the current length of the contract term mean that a refreshed model will be considered following a period of consultation and engagement with various stakeholders including service users. In conjunction with the Adults & Health strategic commissioning function, appropriate and relevant procurement processes will be adhered to. This will ensure that any identified risks can be identified throughout the tender process, mitigation actions and improved monitoring can be explored.

The tender documentation (and subsequent contract/ service specification) will incorporate details to ensure that any successful provider will adhere to specified quality standards. This includes learning from recent safeguarding cases, clinical governance, national and local standards, National Institute of Health and Care Excellence (NICE) and Care Quality Commission (CQC) compliance.

Detailed work has been explored to further integrate elements of service delivery from a public health and adult social care perspective within the Blackburn with Darwen footprint. Currently Lot 1 inpatient detoxification governance is overseen by a well established Tier 4 panel and it is expected that Lot 3 residential rehabilitation will also have oversight through the Tier 4 panel arrangements. Lot 4 crisis beds will be jointly managed by Adult Social Care and Public Health. The new and refreshed governance and oversight processes will consider the specification requirements and interaction between the Lots to ensure an integrated pathway between provision and continuity of service between inpatient detoxification and residential rehabilitation needs of service users.

5. POLICY IMPLICATIONS

In 2021, the UK Government published its 10-year drugs strategy, *From Harm to Hope* ([From harm to hope: a 10-year drugs plan to cut crime and save lives \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/97424/2021-drugs-strategy.pdf)) following Dame Black's Independent Review of Drugs. This is during a period of escalating drug-related deaths in the UK. The Strategy is structured under three strategic priorities: to 'Break drug supply chains', 'Deliver a world-class treatment and recovery system', and 'Achieve a generational shift in demand for drugs'.

This tender process is aligned to the strategic objectives of both local and national Tier 4 guidance and recommendations, the Blackburn with Darwen Health and Wellbeing Strategy (2023-28), local Transforming Lives strategy, local Vulnerable People Strategy, the Early Help Strategy, and will also consider implications with regards to a number of other developing strategic agendas such as the Changing Futures programme.

The Health and Care Act 2022 (the 2022 Act) amended the National Health Service Act 2006 (the 2006 Act) to put in place legislative changes that support this, including the creation of integrated care systems. The legislation sets an expectation that all those involved in planning, purchasing, and delivering health and care services work together to agree and address shared objectives and makes it easier for them to do so.

A key component of the changes introduced by the 2022 Act and strongly supported by stakeholders across the NHS and local government is the new Provider Selection Regime (the PSR), which is set out in the Health Care Services (Provider Selection Regime) Regulations 2023 (the Regulations) to replace the existing procurement rules for NHS and local authority funded health care services.

The PSR removes the procurement of health care services, when procured by relevant authorities under the PSR, from the scope of the Public Contracts Regulations 2015 (the PCR). The PCR had set the expectation that competitive tendering is used to award contracts for health care services. The PSR has been designed to give the relevant authorities to which it applies more flexibility in selecting providers for health care services. Under the regime, competitive tendering will be one tool for organisations to use when it is of benefit, alongside other routes that may be more proportionate, and which better enable the development of stable partnerships and the delivery of integrated care. The regime still requires relevant authorities to consider value for money as an important criterion, and to be transparent, fair, and proportionate in their decision-making. The regime is established under section 12ZB of the 2006 Act (as amended) and is set out in the Regulations. This statutory guidance sits alongside the Regulations to support organisations to understand and interpret the PSR.

6. FINANCIAL IMPLICATIONS

The existing contract arrangements for Tier 4 substance misuse services are provided in Lots funded via the Public Health Grant and the Adult Social Care Commissioning budget. The existing financial envelope and current cost for all lots is £537,181 as set out in the table below and are full year costs for 2022/23.

Table 1: Existing arrangements

Lot	£	Funding
Lot 1 & 2 – Inpatient Detoxification (Medically monitored detoxification to be discontinued)	195,288	Public Health grant
Lot 3 – Inpatient Residential Rehabilitation	176,306	Adult Social Care Commissioning
Lot 4 – Direct Access Beds	165,587	Adult Social Care Commissioning
Total	537,181	

Payments for these services are on a tariff basis for both inpatient detoxification (per night) and residential rehabilitation (per week), and a block contract for ten (10) direct access beds via THOMAS. Residential rehabilitation beds are spot purchased at individually agreed rates with each provider. Future costs for all these services are subject to variations in demand for service and inflationary price uplifts on agreed weekly rates. Inflationary price uplifts across all provider fees within Adults Social Care and Public Health are subject to the annual uplifts agreed within the budget setting process for the new financial year.

For the proposed arrangements the estimated financial value of new contract arrangements has been determined based on financial modelling across each Lot and the best, worst and most realistic options costed. The most realistic cost model uses existing levels of demand, assumptions in respect of inpatient detoxification cost increases, a reduction in Direct access block bed commission and the current year average weekly bed price for residential rehabilitation for spot purchases.

The financial modelling results in an expected financial cost of £558,063, an increased cost of £20,882. The funding arrangements for each lot have also been reviewed and revised between public health and adult social care however all additional costs are expected to be contained within the Public Health grant and Adult Social Care Commissioning budgets. The actual costs during 24/25 will be closely monitored to understand the impact of demand for services and future inflationary price increases.

Table 2: Proposed arrangements:

Lot	£	Funding
Lot 1 – Inpatient Detoxification	214,817	Public Health grant
Lot 2 – Inpatient Residential Rehabilitation	243,246	50% Public Health Grant 50% Adult Social Care Commissioning
Lot 3 – Crisis Access Beds (previously referred to as direct access beds)	100,000	Public Health grant
Total	558,063	

7. LEGAL IMPLICATIONS

The tendering process will need to comply with the Provider Selection Regime (PSR) and the Council's Contract and Procurement Procedure rules which have been amended to account for the introduction of the PSR.

Contracts will be in a form approved by Legal Officers.

The extension of the contract is permitted by regulation 13 of the Health Care Services (Provider Selection Regime) Regulations 2023 both by paragraph c (external factors beyond the control of the authority) and paragraph d (contract is not materially different in character and value is less than £500k or 25% of original contract value).

The Local Authority has statutory responsibilities to ensure provision of services for people experiencing substance misuse. The Care Act 2014 requires a local authority to assess a person who appears to have needs for care and support, regardless of the level of need. These needs should arise from or be related to physical or mental impairment or illness including substance misuse. The Public Health Grant prescribes that the local authority must have regard to the need to reduce inequalities between the people in its area and the need to improve the take up of and outcomes from its drug and alcohol misuse treatment services.

8. RESOURCE IMPLICATIONS

The procurement process and evaluation of the tender will be completed in partnership with the Strategic Commissioning team with support from corporate procurement, finance, specialists from Public Health and Adults Social Care as required.

Senior management and administrative resource will be met through existing Public Health, Social Care and Strategic commissioning, financial changes will be monitored in partnership with the Council's finance department.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

10. CONSULTATIONS

A Tier 4 task and finish review group chaired by the Deputy Director of Adult Social Care has met across July to November 2023. This group has undertaken a review of the current provision and informed the future model. This group has included colleagues from social work, public health, commissioning, and finance teams. As part of the task and finish group an on-site review of provision by THOMAS has been completed.

A consultation workshop was held on 17th October 2023 with input from key members of the local Tier 4 panel, clinicians, interdependent providers, social workers and people with lived experience.

There is a provider event planned to take place shortly before the commencement of the tender to allow the market place the opportunity to better understand the local need and the proposed process. This will also allow opportunities for them to raise significant queries via the CHEST procurement system.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded and published if applicable.

VERSION:	4.1
-----------------	------------

CONTACT OFFICER:	Abdul Razaq – Director of Public Health
DATE:	31.01.24
BACKGROUND PAPER:	