
Scrutiny Co-ordination Committee
Cabinet

11th April 2024
16th April 2024

Name of Cabinet Member:

Cabinet Member for Public Health and Sport – Councillor K Caan

Director Approving Submission of the report:

Director of Public Health and Wellbeing

Ward(s) affected:

All

Title:

Rebuilding Drug and Alcohol Treatment and Recovery Services

Is this a key decision?

Yes - the proposals involve financial implications in excess of £1m per annum and are likely to have a significant impact on residents or businesses in two or more electoral wards in the City.

Executive Summary:

Coventry City Council is responsible for commissioning drug and alcohol treatment and recovery services. The current contract which the Council holds for this service is due to expire in March 2025.

National policy in relation to drug and alcohol treatment has changed significantly with the launch of the new drug strategy 'From Harm to Hope' which reinforces the government ambition to rebuild treatment services following a decade of disinvestment.

This report includes a summary of the health needs in Coventry related to drug and alcohol misuse, a summary of the engagement and consultation work carried out and the planned process for re-procurement of drug and alcohol treatment and recovery services.

This report proposes reprocurement of services via an open tendering process under the Health Care Services (Provider Selection Regime) Regulations 2023 introduced by the Health and Care Act 2022 and with the successful bidder commencing service delivery 1 April 2025. The paper also summarises some of the funding streams relevant to this procurement and proposes that Cabinet accepts external grants, from which the Council can procure services.

Recommendations:

Scrutiny Co-ordination Committee is requested to:

- 1) Consider the report and make any recommendations / comments to Cabinet.

Cabinet is recommended to:

- 1) Consider any recommendations / comments received from Scrutiny Co-ordination Committee
- 2) Agree to accept the Supplementary Substance Misuse Treatment and Recovery Grant/s in 2024/ 2025 and 2025/2026 up to a sum of no more than £2,500,000.
- 3) Delegate authority to the Director of Public Health and Wellbeing following consultation with the Director of Finance and Resources to enter into the necessary grant funding agreement/s to give effect to Recommendation 2.
- 4) Approve the commencement of a competitive procurement tender exercise for the provision of Drug and Alcohol Treatment and Recovery Services for a period of five years with the option to extend for up to a further four years, for a maximum contract length of 9 years.
- 5) Delegate authority to the Director of Public Health and Wellbeing following consultation with the Director of Finance and Resources, to award a contract for the provision of Drug and Alcohol Treatment and Recovery Services to the successful bidder.

List of Appendices included:

None

Background papers:

None

Other useful documents

Coventry Substance Misuse Needs Assessment Summary

www.coventry.gov.uk/downloads/download/7687/coventry-substance-misuse-needs-assessment-summary

Coventry Drug and Alcohol Strategy Summary 2023-2033

www.coventry.gov.uk/downloads/download/7679/coventry-drug-and-alcohol-strategy-summary-2023---2033

Has it been or will it be considered by Scrutiny?

Yes – the paper will be presented to Scrutiny Coordination Committee on 11 April 2024

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

Yes – permission to procure was granted by the City Council's Procurement Board on 13 March 2024

Will this report go to Council?

No

Report title: Rebuilding Drug and Alcohol Treatment and Recovery Services

1. Context (or background)

- 1.1 Alcohol and drug misuse is a significant issue for individuals and communities alike. The harm caused by excessive drinking and drug taking is complex and wide ranging. Using drugs or alcohol may cause or exacerbate existing problems, harms caused may be acute or chronic and issues may arise from recreational use or binge drinking as well as problematic use or dependency.
- 1.2 Nationally, 1375 people per 100,000 population are alcohol-dependent¹ and 950 people per 100,000 population misuse heroin and / or crack². The causes of substance misuse are multi-factorial but can commonly be traced to multiple childhood traumas such as experiencing violence and abuse, parental substance misuse, familial incarceration and parental bereavement.
- 1.3 Drug and alcohol misuse most commonly affect people experiencing the greatest levels of vulnerability and deprivation, are causal factors for medical conditions such as cancer, liver disease and heart disease, and contribute to higher crime and anti-social behaviour and a loss of productivity through unemployment and sickness. Further, drug and alcohol misuse has a significant impact on families, including affecting carers and damaging the life chances of children of people misusing substances.
- 1.4 There is a significant body of national and international evidence demonstrating the effectiveness of drug and alcohol treatment. The aims of services are broad and include:
 - Supporting individuals to recover from drug and alcohol addiction
 - Reducing drug and alcohol related deaths and supporting individuals to improve their physical and mental health
 - Supporting individuals to improve social inclusion, links with family networks and employability
 - Reducing the harms caused to communities and individuals including reducing crime and the spread of blood borne viruses
 - Reducing the impact and cost of substance misuse on partner agencies including health, social care, housing and criminal justice agencies
- 1.5 Health economic estimates of the cost effectiveness of treatment include:
 - Treatment for dependent drug users can reduce the cost of drug related social care by 31 per cent³

¹ DHSC "Estimates of alcohol dependent adults in England", www.gov.uk/government/publications/alcohol-dependence-prevalence-in-england

² DHSC "Opiate and/or crack cocaine use prevalence estimates 2019-2020", www.gov.uk/government/publications/opiate-and-crack-cocaine-use-prevalence-estimates

³ www.local.gov.uk/publications/must-know-treatment-and-recovery-people-drug-or-alcohol-problems#key-questions-for-members

- Alcohol treatment reflects a return on investment of £3 for every £1 invested, which increases to £26 over 10 years⁴
- Drug treatment reflects a return on investment of £4 for every £1 invested, which increases to £21 over 10 years²

1.6 Our work to reduce the harm caused by drugs and alcohol on our local communities and to improve the outcomes for those affected will contribute to the One Coventry Plan. Drug and alcohol treatment services specifically contribute to “improving outcomes and tackling inequalities within our communities”, but the work will have a wider impact for Coventry including contributing to economic prosperity. Substance misuse is a key issue leading to poor outcomes within children’s and adults’ social care, it is also a significant contributor to local and national crime. A One Coventry approach is being taken, with work across the Council and with Partners to join up efforts, plans and resources.

1.7 The current contracts for adult drug and alcohol treatment and recovery services commenced in 2017 and is delivered by the provider Change, Grow, Live – operating under the service name ‘CGL Coventry’ – and delivers a range of services including:

- Needle exchange and harm reduction services, including the distribution of naloxone (a medication temporarily reversing the effects of opiate overdose)
- Assessment and care planning
- Psychosocial (one-to-one and group) and pharmacological interventions
- Advocacy and liaison with other professional services (eg. primary care, housing, mental health services and employability / training employment services)
- Direct employment support
- Relapse prevention
- Detoxification and assessment for residential rehabilitation

1.8 Alcohol-related harms in Coventry are high and significantly above the national average while drug related harms are broadly in line with the national average. Headline needs are outlined in the table below:

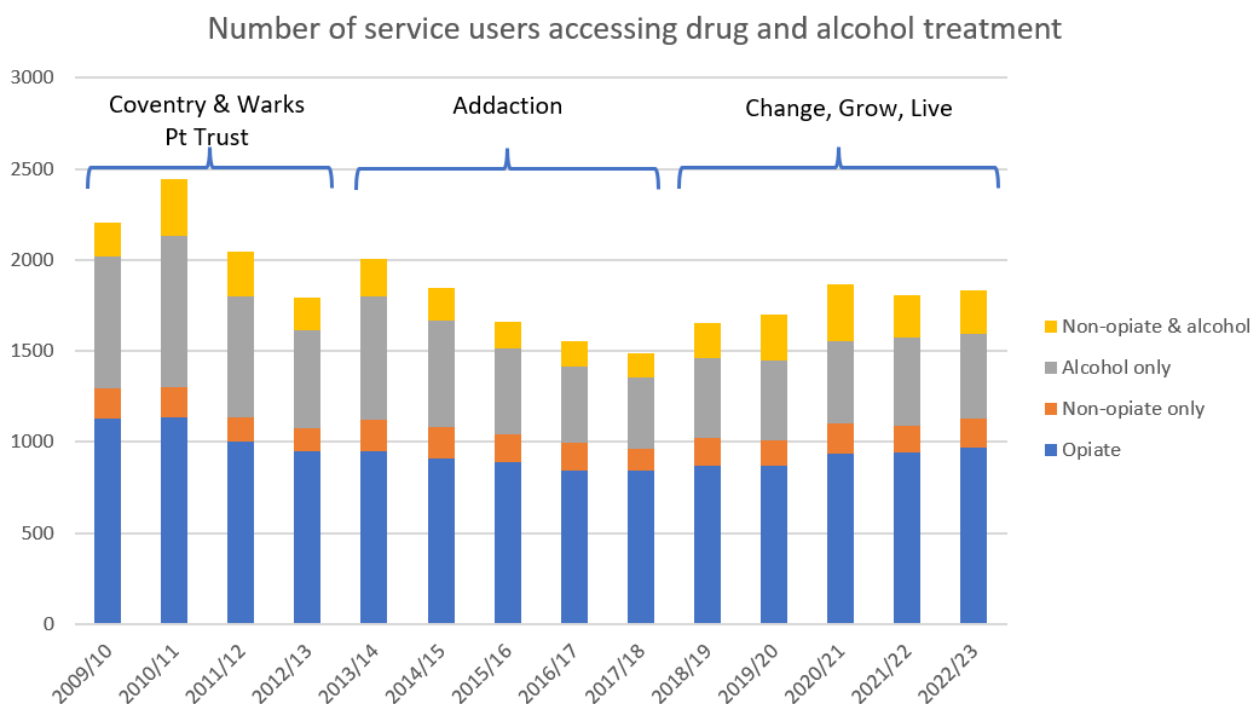
	Coventry	West Midlands	England
Deaths from drug misuse (2018-2020, rate per 100,000 population)	4.6	5.3	5.0
Alcohol related mortality (2021, rate per 100,000)	45.1 (127 people)	41.9	38.5
Admission episodes for alcohol-related conditions (narrow definition, 2021/22, rate per 100,000 population)	649 (1,890 people)	564	494

Source: OHID Fingertips

1.9 There are an estimated 5,298 adults who are alcohol dependent and 2,509 adults misusing opiates and / or crack cocaine in Coventry (source: OHID).

⁴ www.gov.uk/government/publications/alcohol-and-drug-prevention-treatment-and-recovery-why-invest/alcohol-and-drug-prevention-treatment-and-recovery-why-invest

1.10 In 2022/23, 1,824 adults accessed structured drug and alcohol treatment, with 869 people starting a new episode of structured treatment in that year. The number of individuals accessing treatment in recent years, by primary substance, is summarised below. The chart shows the performance split over time across contracts led by 3 main providers. Since 2011/12 there has been significant disinvestment in services and the number of people accessing services has also fallen.



1.11 National priorities for treatment services, outlined in the nation drug strategy ‘From Hope to Harm’, include:

- Increasing capacity and the number of people accessing drug and alcohol treatment
- Improving the rate of people continuing treatment in the community when released from prison
- Increasing the number of people accessing residential rehabilitation services
- Strengthening links with criminal justice services with treatment services to increase referrals and offer a treatment place for every offender with an addiction
- Increasing employment and delivering a national roll-out of Individual Placement and Support

1.12 A local drug and alcohol health needs assessment has been completed and demonstrates that local service priorities should include:

- Improving the responses for those accessing support for substance use that have needs relating to physical and mental health
- Reviewing current treatment provision and improve delivery of continuity of care, effective and accessible evidenced based treatment interventions, and reduction in drug and alcohol related harms and deaths.

- Developing a recovery framework to support those in need to achieve long term maintenance and recovery from drug and alcohol use and to live lives free from associated harms.
- Improving the understanding of alcohol and drug related crime in Coventry and develop a plan to tackle these and develop pathways between criminal justice agencies and treatment and recovery services

1.13 In response to significant financial cuts made to drug and alcohol treatment services across the country in the last decade and to support the national drug strategy the government has provided a number of ring-fenced grant schemes for local authorities since 2022/23, including:

- Supplementary Substance Misuse Treatment and Recovery Grant (SSMTRG) to deliver an increase in the number of people accessing treatment and increase the number of people continuing treatment in the community following prison release. Coventry's SSMTRG allocation in 2024/25 is £1.164m.
- Individual Placement and Support Grant (IPS) to fund employment advisers within drug and alcohol treatment services. The IPS allocation for Coventry and Warwickshire in 2024/25 is £163k.
- Inpatient detoxification (IPD) grant to fund regional commissioning of medical detoxification. The IPD allocation for Coventry in 2024/25 is £63k.

1.14 Funding of these three grants is confirmed up to March 2025. While it is anticipated that these grant schemes will continue in 2025/26 and beyond there is, as yet, no confirmation of this from Government. The SSMTRG grant is calculated using a formula which factors in the estimated number of drug users resident in each local authority area - newly released estimates indicate the number of drug users resident in Coventry is higher than previous calculations and therefore any future SSMTRG settlement may exceed the current grant.

1.15 The SSMTRG has been awarded to local authorities annually since 2022/23 from the Department of Health and Social Care. The grant is ring-fenced for spend on drug and alcohol treatment initiatives which incrementally add to existing services, complement existing services or offer new services. Spending plans are scrutinised and approved by DHSC annually and the grant terms require local authorities to maintain existing investment in drug and alcohol treatment services. Current (2024/25) investment of the grant includes:

- Increase in programme management of the drug and alcohol agenda (Coventry City Council, 8.2% of 2024/25 grant)
- Expanded adult drug treatment services (62.3%)
- Expanded young person's treatment service (15.6%)
- Expanded residential rehabilitation (0.7%)
- Development of opiate substitute prescribing therapy at UHCW (4.7%)
- Development of psychology interventions (8.5%)

1.16 The impact of the interventions, to date, has seen a reduction in caseloads and an increase in the number of people accessing community treatment.

2. Options considered and recommended proposal

- 2.1 It is proposed that an adult treatment and recovery service and a separate young people's service are re-procured by the City Council to take effect when the current contracts expire in March 2025.
- 2.2 The nature of clinical services working within complex systems means that longer-term contracts are commonplace and often required by potential bidders. Hence, the length of contract will be 5 years, with two 2-year options to extend, enabling a total contract of up to nine years. Similar to other public health services, the provider will be required to deliver a clear focus on service improvement throughout the contract period to ensure it adapts to changes and remains relevant for the local population throughout the lifetime of the contract.
- 2.3 The new Provider Selection Regime (PSR) came into effect on 1 January 2024 and, introduces a new legal framework for the procurement of health services as an alternative to the existing Public Contracts Regulations (2015). While PSR provides some greater flexibility to continue existing health-based contracts beyond their term in order to provide stability within the health system, it is recommended that the Council reprocures these services via an open tendering process due to the significant changes introduced by the new national drug strategy and anticipated additional funding to drive competitive tension, quality and value for money.
- 2.4 With funding uncertainty, it is proposed that services commissioned cover 'core' provision (ie. to meet outcomes broadly defined under the current contract and funded by the Public Health Grant), 'probable' provision (ie. to meet outcomes funded by the SSMTRG and IPS grants) and 'possible' provision. The inclusion of an allocation of funding of up to £1m pa within the contract's advertised value for 'possible' provision is intended to increase the flexibility of the contract to accommodate additional monies, if considered appropriate, which may be issued by national government in the coming years. Consultation with potential bidders identified this as an effective way of procurement with such funding uncertainty.
- 2.5 To respond to the needs assessment, it is proposed that the procurement process is designed in a manner which allows for some negotiation with bidders to encourage the development of innovative and effective service models. It is anticipated that People with Lived Experience will be included within dialogue sessions to help ensure services meet local needs.
- 2.6 The procurement of a service with Warwickshire County Council was considered to be less effective due to the needs of the service to develop collaborative partnership working arrangements with a range of services which are largely delivered on local authority boundaries such as social care, police and housing. In addition, Coventry is a member of the West Midlands Drug and Alcohol Strategic Partnership which supports joined up working within the West Midlands policing region. Warwickshire is not part of this arrangement.
- 2.7 The procurement of joining together adult and young people's services was considered. The disparity of funding between adult and young people's services would risk a less impactful young people's service being procured. Separate

contracts enable specialist provision to be procured for vulnerable adults and vulnerable young people.

- 2.8 The existing contract includes a financial incentive scheme which makes payment of up to 10% of the contract value on performance. The effectiveness of the current financial incentive scheme is unproven and such schemes may introduce a barrier for bids which involve a number of different partners and so it is proposed that the future contract does not include any financial incentivisation, but to ensure strong performance management against key performance indicators and the use of the National Drug Treatment Monitoring System which provides live comparison data with other local partnerships. The procurement process will seek to ensure that a suitable provider with a commitment to transparency and collaborative working with the Council is appointed. Council officers will meet with the successful bidder on a monthly basis and a number of key performance indicators, performance indicators and quality assurance measures have been identified to ensure robust performance management. Issues of underperformance will be managed subject to their level of risk and impact and may include rapid informal action, escalation within the Council and / or Provider, formal Improvement Notices and other contract enforcement measures.
- 2.9 Drug and alcohol services have been subject to significant cuts in the last decade and the current service has not had any inflationary uplift since contract initiation in 2017. It is estimated that current real terms spend on drug and alcohol services is approximately 51% of the spend in 2011/12, a reduction brought about by cuts to contract values and the impact of inflation. The terms of the SSMTRG grant requires local authorities to not disinvest in drug and alcohol treatment spending.

3. Results of consultation undertaken

- 3.1 A health needs assessment has been completed and identified priorities arising from this are outlined in 1.12 above.
- 3.2 An analysis of the marketplace for drug and alcohol services has been conducted, including desktop research and interviews with a range of providers to understand the nature of the marketplace and key issues facing potential bidders. Drug and alcohol services are predominantly delivered by third sector organisations and a small number of NHS Trusts. Providers were supportive in relation to a procurement which considered 'core' and 'probable' provision and an extended dialogue-based clarification process. Other issues raised by providers included a preference for ringfenced elements of contracts to protect vulnerable provision such as parent and carer support, challenges in working with primary care and the importance of clear expectations in relation to high-cost / low-volume provision such as in-patient detoxification.
- 3.3 Consultation has been undertaken with people with lived experience of substance misuse and local stakeholders. Some 66 people with lived experience of drug and alcohol misuse and 75 representatives from local stakeholders took part in consultation activities including questionnaires and focus groups. Current provision was highly rated and valued and respondents recognised that a lack of investment had led to high caseloads. Areas identified as being priorities for improvement included:

- Improved access to support in areas away from the city centre, including home visits and outreach
- An increase in evening and weekend provision
- Improved support around mental health conditions
- Increased gender-specific support
- Improved family / carer support provision

4. Timetable for implementing this decision

4.1 The Invitation to Tender documents will be released in May 2024. It is intended that the procurement process – including any dialogue – will take approximately 6 months and will enable contract award to take place in early November 2024 and allow for a 5-month mobilisation period for the new provider. It is intended that the new contract will commence on 1st April 2025.

5. Comments from Director of Finance and Resources and Director of Law and Governance

5.1 Financial implications

The proposed adult drug and alcohol treatment and recovery service contract is valued at £5.053m per annum, made up from:

- £4.15m per annum for the ‘core’ provision, funded through the Public Health Grant.
- £903k per annum for the ‘probable’ provision, funded by ring-fenced grants, including the SSMTRG, IPS Grant and Domestic Abuse Safe Accommodation Grant. The ‘probable’ nature of this element of provision reflects that certain elements of grant funding are less certain, and gives the Council the ability to withdraw or reduce the requirement based on the availability of these funding streams.

5.2 Legal implications

Grant acceptance

Section 1 of the Localism Act 2011 gives the Council a general power of competence and as such the Council has the power to receive grant funding and enter into a grant agreement.

Prior to acceptance of the Supplementary Substance Misuse Treatment and Recovery Grant/s, legal services will review and provide legal advice on the terms of grant.

Prior to entering into contract with a supplier for the provision of Drug and Alcohol Treatment and Recovery Services, legal services will provide advice as necessary on the terms and conditions.

Procurement

The current contracts will expire on 31st March 2025. In order to ensure that the service is maintained, we are legally required to conduct an open and transparent procurement process which will be a competitive tender process to ensure best value against the agreed evaluation criteria.

The Provider Selection Regime (PSR), introduced via the Health and Care Act 2022 and set out in the Health Care Services (Provider Selection Regime) Regulations 2023, came into effect on 1 January 2024. The PSR introduces alternative procurement regulations of health services. The regulations specify that drug and alcohol services fall within the remit of PSR.

PSR enables local authorities to award contracts through three processes – ‘direct award’, award to the ‘most suitable provider’ and award following a ‘competitive process’. Due to the changes introduced by the new national Drug Strategy and additional funding likely to be made available, it is recommended that the Council procures these services via the ‘competitive process’.

The Council will comply with the new regulations and the Council’s revised contract procedure rules as well as any applicable legislation when tendering the services.

Public Health Functions

Treatment for drug and alcohol misuse is a ‘non-prescribed’ function of public health grant spend. Conditions governing the receipt of the Public Health Grant requires the council, in using the grant, to *“have regard to the need to improve the take up of, and outcomes from, its drug and alcohol misuse treatment services, based on an assessment of local need and a plan which has been developed with local health and criminal justice partners.”*

Conditions governing the receipt of the SSMTRG grant requires the Council to *“maintain or build upon the core investment in drug and alcohol treatment and recovery”*. Each year, the Council is required to submit a full spending proposal for the full use of the SSMTRG in the coming 12 months and provide a Statement of Grant Usage at the end of the financial year.

TUPE

Whilst there are no implications for staffing at this stage, in the event that the winner of the procurement exercise is not the current provider there will be implications for staff transfer under TUPE. This, however, is an issue for the old and new providers to resolve although the Council will ensure that the mobilisation process is sufficiently robust to manage the issue.

6. Other implications

6.1 How will this contribute to the One Coventry Plan?

(<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>)

The services support the One Coventry Corporate Plan's vision to help to make communities safer, improve the health and wellbeing of local residents and protect our most vulnerable people by reducing the harms caused by substance misuse.

6.2 How is risk being managed?

An officer group has been working to develop a procurement strategy to understand and minimise risks. These include:

- **Failure to appoint a provider.** Interviews with potential bidders have helped understand the minimum requirements of providers. As such, the contract will be of 5 years, with options to extend for up to a further 4 years, providing financial stability and time to embed pathways and partnership working.
- **Failure to deliver on priorities.** The procurement process may include dialogue to ensure bidders fully understand the commissioner's requirements in relation to the delivery of outreach and community engagement. The contract will include a requirement of the service to review and produce service improvement plans.
- **Changes in demand.** The procurement process will include dialogue to engage a positive and transparent relationship between the local authority and the provider to help understand the changing demand on services during the course of the contract.

6.3 What is the impact on the organisation?

Substance misuse is a significant issue for many functions of the City Council, including Public Health, Children's Services, Adult Social Care, Safeguarding, Housing and Community Safety.

6.4 Equality Impact Assessment (EIA)

People misusing drugs and alcohol are among the most vulnerable and socially excluded populations and the contract will directly lead efforts to reduce health inequalities and prioritise engagement with communities affected by addiction.

6.5 Implications for (or impact on) climate change and the environment

There are no implications.

6.6 Implications for partner organisations?

The needs of people misusing drugs and alcohol are broad and commonly require support from a large number of partner agencies. Drug and alcohol treatment and recovery services are required to engage in significant joint working (which may include pathways, joint provision and co-location or in-reach) with a number of agencies including, primary and secondary care, mental health services, police, probation, courts and prisons.

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