

CABINET

13 MAY 2014

GATEWAY 3 CONTRACT AWARD: YOUNG PEOPLE'S COMMUNITY SUBSTANCE MISUSE SERVICE IN MEDWAY

Portfolio Holder: Councillor Mike O'Brien, Children's Services (Lead Member)

Report from: Barbara Peacock, Director of Children and Adult Services

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Summary

This report seeks permission to award a contract to the supplier(s) as highlighted within Section 2.2 of the Exempt Appendix.

The Procurement Board approved the commencement of this requirement at Gateway 1 on 13 November 2013. This was also approved by Medway Council's Cabinet on 26 November 2013.

This Gateway 3 Report has been approved for submission to Cabinet after review and discussion at the Children & Adults Directorate Management Team Meeting on 15 April 2014 and Procurement Board on 22 April 2014

1. BUDGET AND POLICY FRAMEWORK

1.1 Budget & Policy Framework

1.1.1 The Young People's Community Substance Misuse Service in Medway, is a 'Services' contract awarded to the supplier(s) as highlighted within section 2 of the Exempt Appendix.

1.2 Background Information

1.2.1 The Gateway 1 report by the Partnership Commissioning Team sought permission to commence the procurement of a consolidated substance misuse service for young people in Medway. The report provided background and context to the services that are currently delivered and options for the future delivery of these services so that officers could proceed with the commissioning of a consolidated substance misuse service for young people in Medway.

The service will include:

- Early intervention for vulnerable young people
- Named drug worker with the Youth Offending Team
- One-to-one support and treatment
- Support for young people who require prescribing and needle exchange services provided by Medway's Adult Integrated Substance Misuse Service
- Drug use screening tool (DUST) training for the wider children's workforce and consultation for professionals and parents/carers
- Defined processes to ensure that the Child Assessment Framework (CAF) and Team around the Child (TAC) are followed
- A robust transition policy for 19 year olds transferring to adult services
- Protocols for working with mental health services for those young people with dual diagnosis

1.2.2 The proposed procurement would provide the opportunity to deliver a cohesive young people's substance misuse service in Medway, with the potential for saving costs by amalgamating the current service level requirements into one specification to be tendered.

1.2.3 Although the commissioning of the young people's substance misuse service is supported by Local Authorities, it is not required under statute; the commissioning of these services is seen as a significant part of the Government's 2010 Drug Strategy and the Council's Strategic Priorities and Obligations. Medway's Joint Health & Well Being Strategy 2012-17 identifies that the harmful use of alcohol and drugs is one of six key risk factors which affect health and wellbeing and in order to give every child a good start improved prevention, treatment and care for young people misusing drugs is required.

1.3 Funding/Engagement from External Sources

1.3.1 Funding of £39,359 per annum is from the Youth Offending Team through the grant that they receive from the Police and Crime Commissioner, this funding has been confirmed for the next 3 years.

2. PROCUREMENT PROCESS

2.1 Procurement Process Undertaken

2.1.1 Since the approval at Procurement Board on 13 November 2013, and in line with Medway Council's Contract Procedure Rules, this requirement was subject to a formal EU Open Procedure, whereby an OJEU notice was published within the Official Journal of the European Union (OJEU), and an advert was placed on the Kent Business Port on 14 January 2014.

2.1.2 The Partnership Commissioning Team decided to follow an Open Procedure for this procurement opportunity to encourage as much interest as possible within the substance misuse discipline. A specification was developed in consultation with the Medway Drug and Alcohol Team (MDAAT) Board and the Young People's Joint Commissioning Group (Substance Misuse) and all feedback was incorporated into the specification by January 2014.

2.2 Evaluation Criteria

- 2.2.1 The OJEU Notice was published and advertised on the Kent Business Portal on 14 January 2014 which featured six (6) criteria evaluation questions. As a result of the advert there were thirty (30) expressions of interest (EOI). From the thirty EOI's four (4) bids were submitted by the deadline date of 24 February 2014. Six (6) providers withdrew from the process ahead of the deadline.
- 2.2.2 The outcome from the evaluation process identified that several of the bid submissions were significantly over the budget available. Consequently the Service implemented a price ceiling of £205,000. All bidders were given the opportunity to resubmit their tenders and make any modifications to their bid submissions by the deadline date of 24 March 2014, where only one provider withdrew from the process.
- 2.2.3 The six quality criteria questions required providers to supply a response with supporting documentary evidence which were evaluated by a panel of officers.
- 2.2.4 The criterion was based on a quality /cost ratio of 60%/40%.

Criteria Questions	Weighting
C1	20%
C2	5%
C3	15%
C4	10%
C5	5%
C6	5%

3. BUSINESS CASE

3.1 Delivery of Procurement Project Outputs / Outcomes

The following procurement outcomes/outputs identified as important at Gateway 1 to the delivery of this procurement requirement have been appraised in the table below to demonstrate how the recommended procurement contract award will deliver said outcomes/outputs.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?	How will the recommended contract award deliver outputs/outcomes?
1. Provision of Young People’s Substance Misuse Services in Medway	By provision of a successful contractor for the service.	Partnership Commissioning Team (PCT)	Conclusion of the procurement process.	The supplier will report through the KPI’s set out within the contract specification.
2. Successful mobilisation of the contract	Mobilisation plan outlined by the successful contractor met within pre-agreed timeframes	Partnership Commissioning Team	Throughout the mobilisation period.	The supplier has a well-defined mobilisation plan that evidences other successful transitions.
3. Maximising value for money	By a direct cost comparison with previous service costs and comparison of service content.	Partnership Commissioning Team	Conclusion of procurement process and at the one year anniversary of the contract implementation	The supplier provided a competitive offer, that is within the price ceiling .
4. Provision of a good quality service	By an examination of KPIs / outcome measures and the providers on-going record in meeting the same.	Partnership Commissioning Team	Six month and one year anniversary of contract implementation	The supplier has demonstrated their experience of meeting the requirements of the service specification.

5. Appointing a provider that can deliver the service requirements	Tender process will undertake appropriate checks on companies. Performance and compliance visits, provider reports, service user surveys and feedback.	Partnership Commissioning Team	Measured throughout the procurement project in the first instance and thereafter as part of the performance monitoring schedule.	The supplier has demonstrated they are adept at delivering the service requirement.
6. Customer Satisfaction	Service user surveys and feedback; level of complaints	Partnership Commissioning Team	Six month and one year anniversary of contract implementation.	KPI's will be in place to measure at regular as mutually agreed with the PCT and supplier, at a minimum quarterly monitoring meetings will be held.

4. RISK MANAGEMENT

4.1 Risk Categorisation

1. Risk Category: Contract Delivery	Likelihood: D	Impact: 3
Outline Description: Appointment of a provider that fails to deliver the required level of service.		
Plans to Mitigate: The specification will clearly prescribe the required level of service provision, and the evaluation procedure will be drafted to ensure that only the most capable and appropriate provider is appointed. Inclusion of regular contract monitoring procedures within the contract documents. Default clauses are part of the contract documentation.		
2. Risk Category: Service delivery	Likelihood: E	Impact: 3
Outline Description: Lack of specified performance		
Plans to Mitigate: A detailed specification with key milestones and performance indicators and outcome measures will be produced. Performance will be monitored by the Partnership Commissioning Team. Reviews will be completed at 6 and 12 months in the first year of the contract.		

5. PROCUREMENT BOARD

- 5.1 The Procurement Board considered this report on 22 April 2014 and supported the recommendation set out in section 7.

6. SERVICE COMMENTS

6.1 Financial Comments

- 6.1.1 The procurement requirement and its associated delivery, (as per the recommendations at Section 7), will be funded from existing revenue budgets.

- 6.1.2 Further detail is contained within Section 1 Financial Analysis of the **Exempt Appendix** accompanying this report.

6.2 Legal Comments

- 6.2.1 The services which are under consideration in this report are Part B services, and so the requirement to comply with the formal publication procedures set out in the Public Contracts Regulations 2006 (“the 2006 Regulations”) does not strictly apply.

- 6.2.2 However, the 2006 Regulations do require that procurement exercises to which the formal procedures do not apply should still follow the principles of non-discrimination, equal treatment, transparency, mutual recognition and proportionality, and following the OJEU open procedure, gives a high level of confidence that these principles have been complied with.

- 6.2.3 In addition, advertising the procurement via an OJEU notice and on the Kent Business Portal ensure compliance with rule 3.3 of the Council’s Contract Procedure Rules (“the CPRs”), which sets out the advertising requirements for procurements of this type.

- 6.2.4 The procedure followed ensures that the Council’s primary objectives for procurement are met (Rule 1.2.1).

- 6.2.5 The services being procured are Category B High Risk within the meaning of the CPRs, and the procedure followed complies with the CPRs applying to such services (Rule 2.4).

- 6.2.6 The services are classified by the Procurement Board as high risk within the meaning of the CPRs. This classification is based not on the value of the services, but the nature of the services.

6.3 TUPE Comments

- 6.3.1 The Council is of the view that the TUPE regulations will apply to this award. Both the incoming and out-going provider will be required to comply with their respective obligations under the TUPE regulations.

6.3.2 A failure to comply with these regulations could result in legal challenges against the transferor and transferee. There is the possibility that the council could be joined as a party in these proceedings.

6.4 Procurement Comments

6.4.1 The value of the proposed contract is above the EU procurement threshold for the Services of £173,934 and is therefore subject to both the Council's Contract Procedure Rules, and the formal EU procedures.

6.5 ICT Comments

6.5.1 There are no ICT implications for this contract.

7. RECOMMENDATION (S)

7.1 It is recommended that Cabinet approves the award of Young People's Community Substance Misuse Service in Medway to the supplier as detailed within section 2.2 of the Exempt Appendix.

8. SUGGESTED REASONS FOR DECISION

8.1 The supplier as highlighted within Section 2.2 of the Exempt Appendix received an overall weighted score of 81%, which, as the highest score demonstrates that it is the most economically advantageous tender.

LEAD OFFICER CONTACT

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BACKGROUND PAPERS

The following documents have been relied upon in the preparation of this report:

Description of Document	Location	Date
Gateway 1 – Drug and Alcohol Services for People Under the Age of 18: Community Substance Misuse Services	http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=2763&Ver=4	13-Nov-13