Medway Council
Serving You

Cabinet

25 August 2026

Gateway 3 Contract Award: Medway All Age Service (Substance Misuse)

Portfolio Holder: Councillor Teresa Murray, Deputy Leader of the Council

Report from: Professor David Whiting, Director of Public Health

Author: Svajune Ulinskiene, Health Improvement Programme Manager (Substance Misuse)

Procurement Overview

Total Contract Value:	£25,874,899 (including extensions)
Project Budget:	£25,874,899 (including 2 x 24 month extension option and the 2% uplift per annum) funded through the Public Health Grant.
Contract Term:	36 months initial term with two 24-month extensions and will include break clauses to accommodate LGR.
Contract Start Date:	01/04/2027
Initial Contract End Date:	31/03/2030
Extension End Date:	extension one: 31/03/2032 extension two: 31/03/2034

Summary

This report seeks permission to award the procurement of the Medway All Age Service (substance misuse) Contract.

1. Recommendation

1.1 It is recommended that Cabinet agrees to award the contract to the supplier named in 2.2.1 of Exempt Appendix 1 to the report, as they have been evaluated as the most advantageous against the Council's award criteria as per the evaluation spreadsheet attached at Exempt Appendix 2 to the report.

2. Suggested reasons for decision

2.1 This will enable the continued provision of integrated substance misuse services for children and adults through and All-Age Service, building on current achievements and further strengthening delivery outcomes.

3. Budget & Policy Framework

3.1 In 2021 Government published Drug Strategy 'From Harm to Hope'. The strategy is structured under three strategic priorities: to 'break drug supply chains,' 'Deliver a world class treatment and recovery systems,' and 'Achieve a generational shift in demand for drugs.'

3.2 The From Harm to Hope strategy emphasises the importance of local collaboration and has led to the establishment of Combating Drugs Partnerships (CDPs). The Treatment and Recovery Services for children and adults are directly contributing to the Medway CDP, with outcomes and impact measured through an established National Outcomes Framework.

3.3 Funding for the provision of adults, children and young people substance misuse services forms a component of the Public Health Grant that is given to Local Authorities by Central Government.

3.4 The Office for Health Improvement and Disparities (OHID) have confirmed budget allocations for the next three years Public Health Grant (PHG) substance misuse treatment element. These values highlight an increase in investment into substance misuse services within the Public Health Grant. The contract value is based on those values. Year on year funding will be dependent on Central Government grant allocations, a clause in the contract will protect council finances.

3.5 The contract value of the highest scoring bid is £25,874,899 and this includes two 24-month extensions.

3.6 Funding for adults and children and young person's substance misuse services is part of the protected drug and alcohol prevention, treatment and recovery funding within the Public Health Grant. This funding includes the delivery on Independent Placement Support (IPS).

3.7 Break clauses will be embedded in the All-Age Service contract to allow for any implications of Local Government Re-organisation.

4. Background Information and Procurement Deliverables

4.1 It is a statutory responsibility of Local Authorities to provide substance misuse services for children and adults. Funding for the provision of adult and children and young people substance misuse services forms a component of the Public Health Grant that is given to Local Authorities by Central Government.

4.2 The lead provider will be responsible for the overall delivery of All Age Service across all age groups. The all-age service will deliver All-age Treatment, All-age Prevention and All-age Recovery interventions

underpinned by clinical and outreach services to reduce barriers to access and stigmatisation.

4.3 Lived experience will complement services delivered by medical and behavioural professionals, both of which informed the tendering process. It will play a central role in shaping the recovery service and guiding pathway development across organisations. Commissioners will ensure that the voices of those who will benefit from these services are systematically captured and heard through a formal engagement pathway.

4.4 The service will provide interventions to families with the aim to achieve best individual outcomes and generational shift.

4.5 Services for children and young people will be delivered in settings tailored to their needs and separate from adult service settings. The All-Age Service will consult with children and young people and partner organisations to identify best suited locations.

5. Parent Company Guarantee/Performance Bond Required

5.1 As referenced in GW1 parent company bond waived, funding ringfenced from drugs and alcohol grant via the PHG. We pay the Provider pro rata (for the month/Quarter past).

6. Procurement Process

6.1 The Gateway 1 report gave approval to pursue Competitive process as laid down by the Health Care Services (Provider Selection Regime) Regulations 2023. Following this approval the following processes were undertaken:

6.2 Market engagement event was held on 27 February 2026 to engage with potential bidders, outline the service requirements, and address any queries raised.

6.3 An invitation to tender was published on Find The Tender Service website on 27 March 2026 with a period two weeks for clarification questions to be submitted to the commissioners.

6.4 The bidders were required to respond to the tender questions and confirm delivery within budget to enable us to evaluate the submission against the key criteria by 8 May 2026.

6.5 The tender was evaluated by Commissioners and key partners including Medway Council Adult Social Care, Youth Services, Youth Offending team and Housing and their collective input has informed the recommendation presented in this paper.

7. Evaluation Criteria Used

Key Criteria	Weighting (%)	Purpose
Improving access, reducing health inequalities, and facilitating choice	30%	Services are designed to be accessible in both time and location, meeting the needs of a wide variety of service users. Recognising that some individuals may face barriers in attending, the service will proactively reach out to them, building trust, links, and understanding to ensure they feel the service is for them. Access is offered through multiple channels, combining technology with traditional healthcare methods. The service is inclusive and actively removes barriers for people at risk of substance misuse. The service will provide: • Clinics and outreach tailored to local needs • Partnerships with community organisations • Flexible approaches that put people at the centre • Staff who recognise that individuals think, behave, and value different things, adapting delivery accordingly Prevention is embedded into all aspects of service delivery. Substance misuse will be prevented, diagnosed, and treated quickly, reducing the risk of worsening ill health and minimising the impact on families. Dedicated, age appropriate, and safe locations will be provided to meet the diverse needs of both children and adults.
Integration, collaboration, and service sustainability	25%	The service acts as a system leader, sharing expertise to develop the skills and knowledge of its staff, the wider workforce, and the community. Working with system partners, the service uses an action plan to monitor progress and drive continuous improvement.

Key Criteria	Weighting (%)	Purpose
		Collaboration is prioritised over competition, with the service actively welcoming partnership opportunities to meet community needs. This approach brings together organisations and individuals committed to improving outcomes for people affected by substance misuse. The service supports people of all ages to reduce or stop substance misuse, while improving health and wellbeing outcomes through age appropriate and flexible provision. Safeguarding and support are defining features of the service, ensuring that vulnerable individuals are protected at every stage. Rapid access to substance misuse services will be provided to meet both immediate and long-term needs. As those needs evolve across the life course, the service will work closely with partners in General Practice, Pharmacy, lived experience networks, and other system partners to ensure care remains continuous, responsive, and appropriate. A clear plan is presented for staff recruitment, training, retention and pay.
Quality and innovation	20%	The service is designed for and with the people of Medway. Residents are not viewed simply as service users or patients, but as active partners in managing their own health. Their views are valued, shaping how the service operates, with clear evidence that feedback has been listened to and acted upon. The service will be guided by robust evidence, continually learning, contributing to, sharing, and adapting its practices to ensure effectiveness and relevance. The service will recognise and embrace its role in achieving both national targets and local priorities, ensuring delivery is aligned with wider health and wellbeing strategies.
Value	20%	The service is committed to delivering excellent value for money, ensuring that resources are used efficiently and savings

Key Criteria	Weighting (%)	Purpose
		are made where waste can be reduced. Innovation is embraced to lower costs and maximise the impact on health outcomes, making the best use of finite resources. When people access the service, their whole health and wellbeing is considered, addressing physical, emotional, and mental needs. The service operates as part of a wider system, working in partnership to reduce health inequalities and supporting individuals to access the full range of services they need to achieve better overall health. Spend plans include training, development and retention of the Medway workforce
Social Value	5%	Number of local direct employees (FTE) hired or retained for retendered contracts, measured over one year or the full duration of the contract (whichever is shorter). Percentage of local employees (FTE) engaged on the contract. Initiatives taken or supported to engage people in health interventions (e.g., smoking cessation, obesity reduction, healthy eating). Wellbeing initiatives delivered in the community, including physical activity programmes for both adults and children. Innovative measures to promote local skills and employment opportunities, delivered through the contract. Activities co-designed with stakeholders or communities to maximise local benefit. Initiatives that deliver social and economic benefits while minimising carbon footprint (e.g., sustainable delivery models, green skills development).

8. Contract Management

8.1 Contract management will be the responsibility of the Health Improvement Programme Manager (Substance Misuse).

8.2 It is proposed that the table below is used for the purpose of further reporting.

Contract Start Date	Initial Contract End Date	Extension Period in months	Extension Period in months	Reprocure Period in months	Project Extension Review (GW4) Date	End of project review (GW4) Date
01/04/2027	31/03/2030	First extension: 24 months.	Second extension: 24 months	12 months	31/03/2029	31/03/2034

9. Risk Management

9.1 This is the continuation of current services delivered by the same provider however under one All Age Service contract therefore the political risk is low.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Contract not in place by 1 April 2027	If this procurement does not pass through governance, or is subject to challenge under PSR processes, the Council could be in a position where they are unable to deliver a statutory service.	Commissioners have followed advice from Procurement team and governance processes to avoid this situation. If a challenge is submitted, it is highly likely the incumbent would continue to deliver the service while the challenge is resolved.	C2
Local Government Reorganisation (LGR)	Local government reorganisation, scheduled for 2028 will occur during the lifetime of the new All Age Substance Misuse contract. This presents a potential	Having all age contract running alongside Local Government Reorganisation is perceived as a positive measure. It offers consistency, stability, and reassurance for both service users and staff at a time of structural change and potential uncertainty,	A3

Risk	Description	Action to avoid or mitigate risk	Risk rating
	challenge, as changes to geographical boundaries, commissioning responsibilities, and governance structures could impact the scope, delivery model, and accountability arrangements of the contract.	helping to maintain continuity of care and minimise disruption. Potential challenges arising from expanded geographical boundaries and future commissioning responsibilities for substance misuse treatment services are currently being explored in collaboration with legal colleagues at Medway Council. This proactive approach aims to ensure that the All-Age Contract remains robust, adaptable, and compliant in the context of local government reorganisation.	

For risk rating, please refer to the following table:

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	1 Critical 2 Major 3 Moderate 4 Minor

10. Service Implications

10.1 Financial Implications

10.1.1 The All Age Service contract average cost will be £3,696,414.15 per annum. The service will be funded through the protected Public Health Grant, and delivery of a substance misuse treatment service is a condition of the grant.

10.1.2 There is no impact on, or risk to, the wider council budget. All expenditure is revenue, and there is no capital funding included in the tender.

10.2 Legal Implications

10.2.1 This procurement activity was above the FTS threshold and therefore an FTS notice was required.

10.2.2 The procedure gives a high degree of confidence that the Council's primary objectives for procurement are met, as required by Rule 2.2 of the Council's Contract Procedure Rules ("the CPRs").

10.2.3 Under the Council's Contract Procedure Rules, the procurement is a Process 3 procurement (Rule 18), and the process set out in this report meets the requirements for such procurements. The procurement was advertised on the Kent Business Portal, in compliance with rule 18.4 of the CPRs.

10.2.4 Medway Council has the power under the Local Government (Contracts) Act 1997 and the Localism Act 2011 to enter into contracts in connection with the performance of its functions.

10.2.5 The process described in this report complies with the Procurement Act 2023 and Medway Council's Contract Procedure Rules.

10.2.6 This report has been presented as a Process 3 medium risk procurement, and therefore the Monitoring Officer, in consultation with the Procurement Board will therefore set the risk and reporting stages for the remainder of the procurement process for Gateway 4.

10.3 TUPE Implications

10.3.1 No staff are affected by TUPE.

10.4 Procurement Implications

10.4.1 Tender conducted using Provider Selection Regime (PSR) competitive process. This procurement combines CYP and Adult substance misuse into one contract. No Tupe implications due to the incumbent winning the Tender process.

10.5 ICT Implications

10.5.1 No ICT Implications.

10.6 Climate Change Implications

10.6.1 No implications known.

Service Lead Officer Contact

Name:Svajune Ulinskiene
Title: Health Improvement Programme Manager (Substance Misuse)
Department: Public Health
Email: svajune.ulinskiene@medway.gov.uk

Appendices

Exempt Appendix 1 – Financial Analysis
Exempt Appendix 2 – Evaluation Spreadsheet

Background Papers

Gateway 1 Report: All Age Service (Substance Misuse), Cabinet 10 February 2026