From:	Graham Gibbens Cabinet Member, Adult Social Care and Public Health Andrew Scott-Clark, Director of Public Health
To:	Adult Social Care and Health Cabinet Committee
Date:	10th July 2015
Subject:	Kent Drug and Alcohol Services – Commissioning Plans
Classification:	Unrestricted
Past Pathway of Paper:	This is the first committee to consider this paper.
Future Pathway of Paper:	A progress report will be presented to the committee in September 2015.
Electoral Division:	All

Summary

Drug and alcohol misuse continues to have a significant impact on individuals, families and communities in Kent. Drug and alcohol services in the county are currently funded by a combination of the Public Health grant and historic financial reserves which will no longer be available from 2016/17. In addition, the recent needs assessment shows there have been changes in population need for substance misuse services.

Public Health plan to re-commission these services to bring them onto into a financially sustainable footing whilst maintaining the strong performance of the service. Public Health proposes to adopt a commissioning and procurement approach which will enable the team to engage with citizens, service users and providers in order to co-design a new more efficient and cost-effective service.

Recommendations

1.1. Members of the Committee are asked to:

i. Note the level of efficiency savings that need to be achieved through the re-commissioning of adult community drug and alcohol services in Kent

ii. Comment on the proposed commissioning approach (option 2 in paragraph 6.1) and procurement plan designed to achieve savings and required outcomes.

1. Introduction

1.1. Kent County Council is responsible for commissioning drug and alcohol services across Kent as part of its Public Health responsibilities.

1.2. The conditions of Kent's Public Health grant states that in using the grant, KCC must 'have regard to the need to improve the take up of, and outcomes from, its drug and alcohol misuse treatment services'.[1]

[1] Local Authority Circular LAC(DH)(2014)2,page 8

1.3. This paper aims to provide information about the current performance and outcomes of the current services and sets out commissioning plans for services from April 2016 onwards.

2. Background

2.1. Continuing drug misuse among the population causes substantial harm to individuals, families and communities in Kent. There is good evidence that drug treatment is very cost-effective with research showing that every £1 spent on drug treatment delivers £2.50 of savings for society.

2.2. Current performance in terms of treatment outcomes for people who access the services tend to be very good and above the national average although there are some areas of the current system that perform less well and require further investigation and evaluation.

2.3. Performance of drug treatment services will also affect future Public Health funding levels through the Health Incentive Premium Scheme will aim to 'reward communities for progress made against the completion of the drug treatment indicator'[2].

2.4. Adult community drug and alcohol services in Kent are currently delivered by CRI in West Kent and Turning Point in East Kent via a contract with KCC Public Health. The West Kent contract was set up as one of eight national Payment by Results (PbR) pilots in 2012 and the East Kent service started in April 2013 following a competitive tendering process.

3. Current and Future Needs

3.1. The recently completed substance misuse needs assessment highlighted a continuing need for drug and alcohol services in Kent.

3.2. Alcohol misuse is increasing in Kent and is causing substantial harm. Severity of alcohol problems varies widely from lower risk drinking through the high risk and binge drinking right through to severe alcohol dependence (alcoholism). Around 3.5% of the Kent population is 'moderately dependent' and 0.1% of the population is 'severely dependent' on alcohol.

3.3. Mortality rates for alcohol specific deaths in Kent districts are broadly similar to the England Average (15 per 100,000) but this masks considerable variation, with Thanet and Swale appearing as outliers. Alcohol misuse also contributes to many other chronic conditions e.g hypertension.

3.4. Kent's deaths from illegal drug use and addiction are higher than the national average. Hospital admissions for drug related mental health problems have increased by 75% in Kent over a 5 year period (2009-2013). There are also emerging new drug issues e.g 28% of CRI surveyed domestic violence victims reported the perpetrator was using anabolic steroids; there is a national issue surrounding novel psychoactive substances (legal highs) and emerging trends of prescribed opioids and benzodiazepine misuse.

3.5. The demand for drug and alcohol services has changed in several respects in recent years. Opiate use has steadily declined but continues to cause substantial harm both

[2] Local Authority Circular LAC(DH)(2014)2 page 5

to the individuals affected but to their families and communities not least because of the strong link to drug related crime.

3.6. The emergence of an increasing range of novel psychoactive substances (often referred to as legal highs) may well lead to changing patterns of demand for services. The substance misuse needs assessment highlight that the proportion of young adults (those aged 18-25) are far less likely to access community treatment services compared to older adults. This low level of engagement may be for a number of different reasons, but suggests that opportunities to intervene are being missed.

3.7. There is some evidence of gaps in service gaps in relation to people with more complex needs such as drug or alcohol misuse combined with mental health problems (known as dual diagnosis). Kent also has a higher than average proportion of people entering prison with substance dependency who were not previously known to community treatment services.

4. Financial Context

4.1. KCC currently spends £12.8 million per annum on adult community drug and alcohol services. However, this spend includes funding from historic underspends (reserves) which have been used to fund some of pilot initiatives as well as some of the annual operating costs of the treatment services.

4.2. These financial reserves will no longer be available for substance misuse services from 2016/17 onwards; this will mean that the services will need to operate on an annual recurring budget of £10 million (including prescribing costs of approximately £1.3 million). A full breakdown of the budget is included at Appendix A.

4.3. The last time that substance misuse services were retendered in 2011/12 and 2012/13, the contracts for West and East Kent were awarded at a combined value of £10 million, excluding prescribing costs. This suggests that it is feasible to bring the commissioning budget into balance from 2016/17 through a commissioning process if the services can achieve efficiency savings that are sufficient to absorb the drug and alcohol treatment prescribing costs.

5. Commissioning Approach

5.1. The West Kent Substance Misuse Service contract is due to expire in March 2016 and will therefore need to be competitively retendered. The initial three-year term of the East Kent contract is also due to expire at the same time but has provision for a contract extension of up to two years. This also takes place in the context of serious overall constraints on the entire public health budget.

5.2. Kent has taken an innovative approach to substance misuse services including piloting the use of payment by results (PbR) as well as a number of other initiatives designed to meet the needs of particular vulnerable groups such as those with a dual diagnosis or other complex needs.

5.3. There is substantial body of evidence about what works in drug and alcohol treatment. Kent is well placed apply this learning by taking a co-design approach to future service design and specification.

5.4. Drug and alcohol services will need to change over the next three to five years in order to deliver cost efficiency savings whilst maintaining strong service performance and meeting changing population needs. This means that contracts will need to be flexible and responsive to these changing requirements. The initial proposed service categories that could form the basis of the outline service specification and co-design are listed at Appendix B.

5.5. These categories and service interventions would be subject to wider consultation ahead of the procurement process and would be subject to change over the life of the contract. This would mean that commissioners could amend the scope of the contracts to add or remove interventions or group the services in order to bring in a wider range of providers if necessary.

5.6. This flexibility will be crucial to ensure that the wider changes in health improvement services (discussed in a separate paper) can effectively address drug and alcohol misuse, especially those relating to people drinking at increasing or higher risk levels.

5.7. The changes to drug and alcohol services would need to be implemented in West Kent through a competitive tender process as the current contract is due to expire in March 2016. Public Health commissioners are exploring whether the changes could be implemented in East Kent through a contract change and extension in East Kent. If this is not feasible, it would be necessary to re-tender the East Kent contract at the same time as West Kent.

6. Procurement Options

6.1. There are two different procurement routes to adopting the co-design approach to commissioning the new drug and alcohol services:

- **Option 1:** Work with stakeholders to co-design a service specification with input and suggested from a range of different potential service providers and then select a service provider through a competitive tender process.

- **Option 2:** Select a service provider as a strategic partner, through a competitive tender process, and then work together to co-design an efficient service model after contract award within certain parameters.

6.2. Each option has advantages and disadvantages. Public Health considers that the range and complexity of the services and the need to make substantial efficiency savings make Option 2 the preferable choice.

6.3. This option will allow commissioners to select a strategic partner on a range of criteria including:

- Track record and experience of delivering effective drug and alcohol services

- Capability to manage change effectively

- Proposals for engaging service users and stakeholders in the co-design process

- Proposals for managing transition to a new service model whilst maintaining required performance levels

- Value for money and proposals for efficiencies and innovation.

6.4. The successful provider would then be contracted to deliver the commissioned drug and alcohol services, participate in the co-design process and manage the transition to a new service model.

6.5. An outline procurement timetable is included at Appendix C.

7. Risks

7.1. The key risks associated with the proposed commissioning and procurement approach are likely to be:

- lack of market appetite or ability to meet the identified needs
- failure to select a suitable provider to engage in the co-design process and subsequently manage the transition to a new, lower cost service model
- failure to realise the required cost savings without causing negative impacts elsewhere e.g. increased drug related crime, poorer treatment outcomes.

7.2. Early market research and engagement indicates that there is a competitive market for drug and alcohol services in Kent. Many service providers also have a good track record of managing service transitions successfully and engaging their service users in on-going service development and improvement.

7.3. The possibility of not being able to realise the required efficiency savings will continue to present a risk through the early stages of the new contract. Public Health commissioners will continue to manage this risk and report performance and outcomes to the committee through the Public Health performance report.

8. Conclusion

8.1. Drug and alcohol misuse continues to have a significant impact on individuals, families and communities in Kent.

8.2. Public Health is planning to re-commission drug and alcohol services in the county in order to bring the services onto a financially sustainable footing whilst maintaining the strong performance and cost-effective outcomes for those who access the services.

8.3. Public Health is proposing to take a co-design approach in developing new services in order to ensure that the new services are as efficient and effective as possible. This commissioning approach will require a competitive tendering process certainly in West Kent and possibly in East Kent if it is decided that the changes cannot be achieved through the existing contract.

8.4. The key risks with this commissioning and procurement approach have been identified and will be managed through the Public Health commissioning structures and reported to the committee as the commissioning programme progresses.

9. Recommendations

9.1. Members of the Committee are asked to:

iii. Note the level of efficiency savings that need to be achieved through the re-commissioning of adult community drug and alcohol services in Kent

iv. Comment on the proposed commissioning approach (option 2 in paragraph 6.1) and procurement plan designed to achieve savings and required outcomes.

Background documents

Local Authority Circular LAC(DH)(2014)2 available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388172/final_PH_grant_determination_and_conditions_2015_16.pdf

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Appendix A – Drug and Alcohol Service Commissioning Budget

	Budget (£000s)	
	2015/16	2016/17
Expenditure	12,816	10,050
Core contract	10,000	8,554
Adult Substance Misuse - East Kent	6,000	5,132
Adult Substance Misuse - West Kent	4,000	3,422
Prescribing costs	1,296	1,296
Adult Substance Misuse - East Kent	840	840
Adult Substance Misuse - West Kent	456	456
Pilot projects	1,070	
Adult Substance Misuse - East Kent	296	
Drug and Alcohol Nurse Liaison - East Kent	188	
Adult Substance Misuse - West Kent	494	
Drug and Alcohol Nurse Liaison - West Kent	92	
Other costs	450	200
Identification and Brief Advice	100	100
FDAC	260	0
Prescribing costs contingency	75	100
Campaigns	15	
Balance to be drawn down from reserves	**12,816**	**10,050**

Appendix B – Proposed Service Blocks

Category	Service Interventions
Prevention	Education and Campaigns e.g. Alcohol Awareness, Know Your Limits, Information on NPS Workforce awareness training e.g. use of the Alcohol Use Disorders Identification Test (AUDIT)
Early Intervention	Alcohol Identification and Brief Advice (delivered through primary care and wider health and care workforce) Links to Early Help and Troubled Families programme
Treatment and Recovery	Assessment and recovery planning Harm Reduction for problematic drug use (including needle and syringe programmes, physical health assessments and motivational support) Pharmacological Treatment (i.e. opiate substitution therapy, alcohol detoxification) Psychosocial Interventions (counselling) Specialist Substance Misuse support for people with complex needs (including dual diagnosis clients) Referral and access to inpatient detoxification and residential rehabilitation Peer led initiatives (including use of Naloxone) Support for Mutual Aid (e.g. Alcoholics Anonymous, Narcotics Anonymous) run alongside wraparound programmes

Appendix C – Procurement Timeline

Dates	Task
June – August 2015	Engagement, Consultation and Planning
September 2015	Cabinet Committee updated on commissioning proposals
September – November 2015	Tender Process
December 2015	Cabinet Committee Review of Contract Award Proposal Key Decision to award contract(s) Contract Award
January – March 2016	Transition Phase
April 2016	New contract(s) start