

SURREY COUNTY COUNCIL

CABINET

DATE: 29 JULY 2015



REPORT OF: MRS HELYN CLACK, CABINET MEMBER WELLBEING AND HEALTH

MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE

LEAD OFFICER: HELEN ATKINSON, DIRECTOR OF PUBLIC HEALTH

SUBJECT: APPROVAL TO AWARD A CONTRACT FOR THE PROVISION OF A STOP SMOKING SERVICE

SUMMARY OF ISSUE:

Smoking remains the biggest cause of mortality and morbidity in Surrey costing Local Authorities, local businesses and the NHS over £100 million in 2012. The provision of high quality local Stop Smoking Services is a key priority for reducing health inequalities and improving the health of local populations.

This Cabinet report seeks approval to award a contract to North 51 for the provision of a Stop Smoking Service to commence on 1 February 2016 targeting priority groups including deprived communities, pregnant women and young people. The report provides details of the procurement process, including the results of the evaluation process, engagement and consultation and, in conjunction with the Part 2 report, demonstrates why the recommended contract delivers best value for money and meets the needs of service users in Surrey.

Due to the commercial sensitivity involved in the contract award process the scoring summary and value for money details have been circulated as a Part 2 report.

RECOMMENDATIONS:

It is recommended that the contract is awarded for the provision of the Stop Smoking Service as described in the Part 2 report (item 18) for a period of three years with an option to extend on one or more occasions for up to two years commencing from the 1 February 2016. In any event the Contract shall be for no more than five years in total. Any such extension will be notified to the Service Provider at least 3 months prior to the contract end date.

REASON FOR RECOMMENDATIONS:

The recommended contract award will deliver an evidence based Stop Smoking Service that meets national guidance and will be responsive to the needs of key priority groups including deprived communities, pregnant women and young people. Priority groups have been identified in the Tobacco needs assessment as being particularly at risk of smoking related morbidity and mortality, or in the case of pregnant women, their smoking can cause harm to others.

An independent review commissioned by the Council found that the existing

provision, which is delivered in-house, does not fully meet the current evidence base, national guidance or the needs of priority groups. Following consultation, and an appraisal of the options with key stakeholders, a decision was taken to commission an external specialist stop smoking service.

A full tender process, in compliance with the requirements of EU Procurement Legislation and the Council's Procurement Standing Orders has been completed, and the recommendation provides best value for money for the Council following a thorough evaluation process.

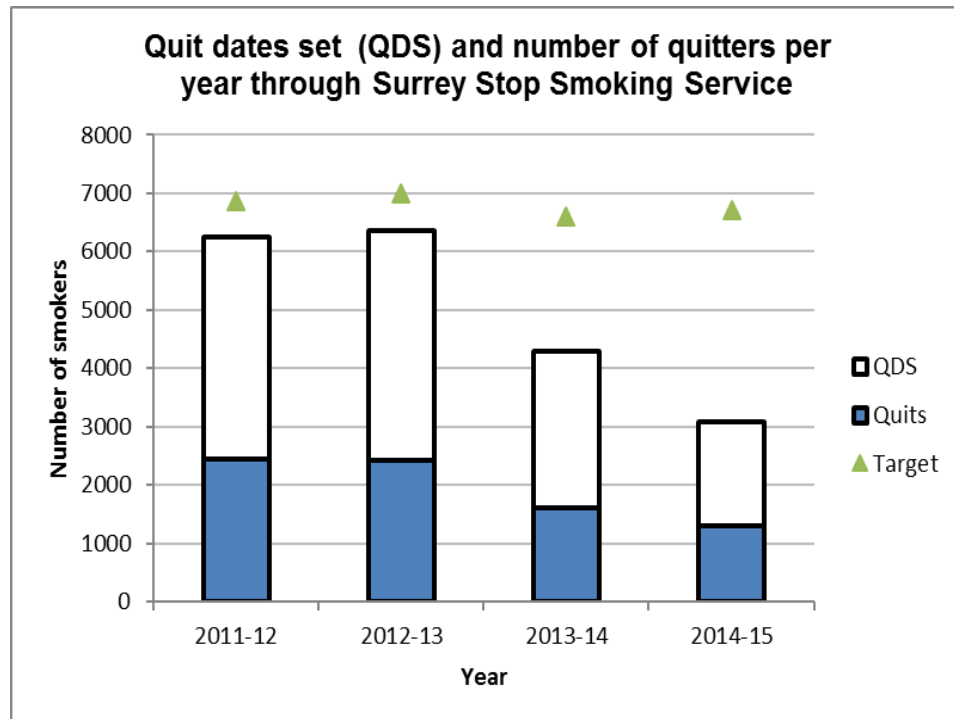
The service will be delivered in Surrey from local office bases and will provide apprenticeship opportunities to Surrey Young People whilst delivering efficiencies for Public Health Services.

DETAILS:

Business Case

1. As outlined in the Tobacco needs assessment; smoking remains the biggest cause of mortality and morbidity in Surrey. There are between 160,000 and 240,000 smokers in Surrey (depending on which data modelling is used), and smoking rates are much higher among our more deprived communities, having a significant impact on increasing health inequalities by reducing life expectancy and healthy life expectancy in these groups. The aim of this contract is to target these groups by taking the service into the community rather than expecting them to access traditional GP or Pharmacies where stop smoking services are provided.
2. People who smoke are at an increased risk of a number of long term conditions and smoking exacerbates symptoms for those who have a pre-existing condition. Tobacco smoking accounts for 12% of the burden of disease and is the single greatest cause of ill health in the UK with recent estimates attributing 80,000 premature deaths in England each year to smoking. Smoking places a significant burden on health and social services and impacts on the wider economy.
3. Stop smoking services are highly cost effective public health interventions which should be provided as part of a comprehensive tobacco control programme to reduce local smoking prevalence. Evidence from 'Action on Smoking and Health' (ASH) indicates that current and ex-smokers who require care in later life as a result of smoking related illnesses cost society an additional £19.2m each year across Surrey. This represents £11m in costs to local authorities and £8.2m in costs to individuals who self-fund their care.
4. The Tobacco Control Needs assessment, refreshed in 2014 along with an independent review of the Surrey Stop Smoking Service provides a clear rationale for the redesign of the current service to deliver a Stop Smoking Service that is evidence based and responsive to local need.
5. The current service, which is delivered in-house, does not fully meet national guidance, the evidence base or the needs of priority groups. The Department of Health advocate that stop smoking services should aim to treat 5% of adult smokers each year. Graph 1 below shows the number of smokers treated and each year since 2011 against this 5% target and the number of smokers that were quit at four weeks. This has been declining over the last two years.

6. In addition the table below shows that the % of those quit at four weeks who are from Routine and Manual sectors is low and has been declining over the same time period. This illustrates the need to increase the effectiveness of Surrey's stop smoking provision and the need to commission a specialist stop smoking service to target and support smokers from priority groups.



Year	Total Quits for Year	No of Routine & Manual Quitters	Percentage
2011-2012	2525	556	22%
2012-2013	3927	841	21%
2013-2014	2670	466	17%
2014-2015	1799	345	19%

Background

7. The vision of Surrey Public Health is for Surrey to be a county with great health and wellbeing by focusing efforts on those with the poorest health outcomes to make the greatest impact. In addition, Surrey Public Health has an active role in supporting the Council's Corporate Strategy and Strategic Goal of 'Wellbeing' and 'Resident's experience' as well as delivering against the council's nine priorities with a particular contribution being made to "keeping families healthy". By targeting priority groups we are addressing a key equalities issue in Surrey to reduce the risks of ill health and early death in those with greatest need which will impact on residents' experience and quality of life.
8. Reduction in the number of people smoking is one of the outcomes identified as being a key priority and relates to the council's mandatory responsibilities in improving and maintaining the health and wellbeing of people in Surrey.

9. Smoking is a major cause of preventable morbidity and premature death in Surrey. Consequently, helping people to quit smoking is one of the most cost effective public health interventions.
10. The Provider will be required to work in partnership with GPs and Pharmacies who also provide stop smoking services as part of the wider treatment pathway. The Provider will also be required to develop links with Children Centres, secondary schools, colleges, midwifery services and other health and social care services in order to reach priority groups. The service will target young people via schools and colleges working alongside the Healthy Schools programme campaigns that focus on health education and preventing the uptake of smoking.

Procurement Strategy

11. Several options were considered when completing the Strategic Procurement Plan prior to commencing the procurement activity. These were to continue the service as is, implement service improvement within current structure and arrangements or commission a specialist stop smoking service with a single provider.
12. After a full and detailed options analysis it was decided that commissioning a specialist stop smoking service was the preferred option as this demonstrated best value for money from the options appraisal completed. A small number of expert providers exist in the market who could be commissioned to deliver the desired outcomes in relation to quality and activity and tenders were invited.
13. A project team was set up which included representatives from Human Resources, Public Health, Legal Services, Finance and Procurement.
14. A full tender process, compliant with EU Public Contract Regulations and the Council's Procurement Standing Orders, has been carried out and this included advertising the contract opportunity in the Official Journal of the European Union.

Key Implications

15. By awarding a contract to North 51 for the provision of the Stop Smoking Service, the Council will be meeting one of its duties in improving and maintaining the health and wellbeing of people in Surrey whilst ensuring that it secures best value for money for the service.
16. Up to four members of permanent Surrey County Council staff and 31 Bank Staff will be affected by this tender. The implications of TUPE, including pension entitlement, were considered in the ITT questions and the successful bidder is committed to working with staff and Surrey County Council to ensure a smooth transition of staff.
17. The contract awarded will be split with 50% of the cost being paid as a block (guaranteed payment regardless of utilisation) and the remaining 50% of the cost being allocated to incentivised targets (payment by results). This is to ensure the delivery of outcomes and continuous improvement. Performance will be monitored through a series of Quality Outcome Indicators as detailed in the specification and reviewed at quarterly meetings. These are in line with the national indicators within the public health outcomes framework. The provider is required to meet the basic specification Quality Outcome Indicators associated with the block element of the contract before being able to claim any of the

incentivised amounts. The main incentivised performance indicators and targets are provided below.

KPI	Target	Notes
Total number of smokers accessing the service (setting a quit date)	Yr 1 - $\geq 4\%$ of total smoking population Yr 2 - $\geq 5\%$ of total smoking population Yr 3 - $\geq 6\%$ of total smoking population	In 2013/14, the current service treated 1.14% of the smoking population. National guidance recommends 5% of smokers are treated.
Number of service users quit at four -weeks through Surrey Stop Smoking Service	Yr 1 - >4500 Yr 2 - >5000 Yr 3 - >5000	In 2013/14, Surrey Stop Smoking service achieved 2744 four week quitters
Of which a % of service users need to come from priority ward and/or routine and manual occupation	Yr 1 - $\geq 50\%$ of total Yr 2 - $\geq 60\%$ of total Yr 3 - $\geq 60\%$ of total	Smoking prevalence in Routine and Manual occupations is much higher than in the general population in Surrey.
Of which a % of service users will still be quit at 12 months	Yr 1 - >20% of total Yr 2 - >25% of total Yr 3 - >30% of total	12 month quit rates are a good indicator of long term success.

18. The management responsibility for the contract lies with Public Health and the contract will be managed in line with the contract management strategy and plan as laid out in the contract documentation and in line with the Council's Supplier Relationship Management principles.

Competitive Tendering Process

19. The contract has been let as a competitive tendering exercise. It was decided that the open procedure was appropriate and bidders were given 40 days to complete and submit their tender. Two tenders were received from two of the main national providers of Stop Smoking Services and they were evaluated against both cost and quality criteria and weightings, the results being that North 51 scored highest, with a total score of 75.92%. A full score summary is provided in the Part 2 report.

20. The tender evaluation panel for the service included representatives from Public Health, Adult Social Care, Children Schools and Families and the Pharmacies.

CONSULTATION:

21. Commissioners from Public Health, Adult Social Care and Children, Schools and Families, colleagues from Human Resources, Finance, Legal and Procurement have been involved and consulted with.
22. A concept day was held on 18 March 2015 involving internal stakeholders from Public Health, Adult Social Care and Children, Schools and Families and external stakeholders from Districts and Boroughs, Smoking Cessation Specialists, Service user representatives as well providers of smoking cessation services. The aim of the concept day was to provide an understanding of the service to be procured and to seek input from stakeholders as to how the service could best meet the needs of priority groups.

RISK MANAGEMENT AND IMPLICATIONS:

23. The contract includes a termination clause (Condition 35 of contract). This will allow the Council to terminate the contract with 3 months notice should priorities change, the service provider commits a breach of the terms of contract or the provider at the time of the contract award has committed an offence under the Public Contract Regulations 2015.
24. The short listed bidders successfully completed the standard financial checks
25. The following key risks associated with the contract and contract award have been identified, along with mitigating activities:

Category	Risk Description	Mitigation Activity
Financial	Increased cost of service does not deliver quality outcomes expected.	Incentivisation of core quality outcomes. Payment for these outcomes will be made upon achievement.
	Potential risk that during the life of the contract the provider will request an inflationary increase against the annual service delivery cost.	The annual cost of the contract is fixed for the duration of the contract. The council's inflationary intentions will also be communicated with provider on an annual basis.
	Emergency Budget announcement (June 2015) that 200m will be cut from national public health budget leading to significant savings needing to be made in year.	Public Health remain committed to the allocated budget for this contract. A Stop Smoking Service remains a priority for public health and therefore the savings in relation to the budget announcement will be made from elsewhere in the public health budget.

	The ring fence on the Public Health budget is removed in future years necessitating a renegotiation of the contract value	Ability to vary the contract is contained within the Terms and Conditions.
	TUPE implications for up to 4 permanent Surrey staff and 31 bank staff.	Early engagement with affected staff, Human Resources and Legal and provision of TUPE related information to bidders during the tender process.
Reputational	New service does not establish in time for commencement date.	5 months have been set out for mobilisation activities.
Service Delivery	Quality of service delivered does not meet objectives and needs.	Strong contract management and quarterly contract review meetings. The use of an incentivisation model will enable us to influence, closely monitor and understand performance delivery.

Financial and Value for Money Implications

26. Full details of the value for money and financial implications are set out in the Part 2 report.
27. The procurement activity has delivered a service within budget and has generated a cashable saving of £60,000.00 against budget which will be reinvested into other Public Health activity.
28. The new contract will result in an increase in the cost of the service when compared with the existing in-house service. However, the increase in cost is to accommodate the required improvements and enhancements to the current service provision and to ensure that the new service delivers against national objectives. Key quality outcomes and the service levels to be delivered have been included and will be measured quarterly.

Section 151 Officer Commentary

29. The Section 151 Officer confirms that all relevant financial implications have been considered in the proposed award of the contract to North 51 for a Stop Smoking Service. This proposal represents the best option to commission a value for money service that will make a significant contribution in delivering the Council's strategic objective to improve the health of Surrey's residents.

Legal Implications – Monitoring Officer

30. As set out in this report above, the procurement process for the provision of this service was undertaken using an EU compliant procedure and the Council also complied with the Council's Procurement Standing Orders.

Equalities and Diversity

31. Under section 149 of the Equality Act 2010, Cabinet must comply with the public sector equality duty, which requires it to have due regard to:
- a. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act,
 - b. advance equality of opportunity between persons who share a relevant characteristic and persons who do not share it,
 - c. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
32. An equalities impact assessment has been written and is attached as Annex 1. It sets out the impacts of the recommendation on each of the protected group for each service. A range of positive impacts have been identified for all groups.
33. The contract will be managed and monitored in line with Surrey's obligations under the equalities monitoring framework.

Safeguarding responsibilities for vulnerable children and adults implications

34. The terms and conditions of contract stipulate that the provider will comply with the Council's Safeguarding Adults and Children's Multi-Agency procedures, any legislative requirements, guidelines and good practice as recommended by the Council. This will be monitored and measured through the contractual arrangements.
35. The service will operate a client centred approach, working collaboratively with other Health and Social Care Services.

Public Health implications

36. Smoking is the number one cause of avoidable mortality and morbidity, treating just ten people through Stop Smoking Services will avoid one premature death.
37. The specification stipulated that the provider will develop links and referral mechanisms into other health improvement programmes such as health checks and sexual health services. The commissioner will work with the provider to agree KPIs regarding referral into these services during contract mobilisation and develop a baseline during year 1 of the contract.

WHAT HAPPENS NEXT:

38. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	7 August 2015
'Alcatel' Standstill Period	7 - 21 August 2015
Contract Signature	04 January 2016
Contract Commencement Date	1 February 2016

39. The Council has an obligation to allow unsuccessful bidders the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.
40. The Council will work closely with the successful provider to ensure a smooth transfer from the current provisions to the new service.
41. The new provider will be required to work with the Council with regards to the transfer of staff under the Transfer of Undertakings (Protection of Employment) Regulations 2006 to ensure the continuity of staff for current service users and the successful transfer to the new service.

Contact Officer:

Helen Harrison, Public Health Principal, 01737 737003
Helen Hunt, Senior Category Specialist, 020 8541 8676

Consulted:

Laura Langstaff, Head of Procurement and Commissioning
Anna Tobiasz, Category Manager – Adults
Andrew Healey, Principal Accountant
Rachael Dunn, Legal Services
Ruth Hutchinson, Deputy Director of Public Health
Monica Collins, Senior HR Advisor
Amy Bailey, Strategic Change and Efficiency Manager

Annexes:

Annex 1 - Equality Impact Assessment
Part 2 report – Commercial details and contract award.

Sources/background papers:

- None.
-

This page is intentionally left blank