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| <b>Report to:</b> | Cabinet                                    | <b>Date:</b><br>04 April 2025 |
| <b>Subject:</b>   | Retender of Substance Use Service Contract |                               |
| <b>Report of</b>  | Cabinet Member for Health and Wellbeing    |                               |

## Summary

1. Bury Council commissions Greater Manchester Mental Health (GMMH), an NHS provider, to deliver substance use treatment services. GMMH leads a partnership model, subcontracting Early Break for children's services, Big Life for outreach and criminal justice work, Intuitive Thinking Skills for recovery programmes, and Great Places for housing support.
2. The initial contract (Sept 2019–Aug 2022) cost £1,308,000 per annum, with two optional extensions until Aug 2024. In Nov 2023, Cabinet approved a direct award to GMMH for a new three-year contract from September 2024, totalling £4,284,000, with £1,428,000 per annum thereafter. Rising costs prompted a revision in 2024, increasing the contract by £190,000 per annum due to overheads, workforce expansion, and pay adjustments.
3. The original contract was extended for six months (September 2024–March 2025) to align with financial years. This extension, funded by grant underspend, also aimed to coordinate with other Greater Manchester councils (Bolton, Salford, and Trafford) for 2025/26.
4. Revised annual contract costs for 2025/26 were set at £1,560,000, approved in November 2024. However, GMMH proposed a rise in management fees (from 8% to 14%), which Bury Council deemed unfeasible. After successful negotiations the fee was reduced to 11%, so a final 12-month extension was approved by Cabinet members in March 2025 for the period April 2025–March 2026, whilst Public Health commissioners explored current retender options and possibilities for a new support and treatment recovery service for 2026 onwards.
5. Following an exploration of various retender options and productive discussions with neighbouring Local Authorities, including Salford and Trafford Councils, plans are progressing to collaborate and form a cluster to jointly tender for future substance use treatment services under a new long-term contract lasting five years, with the option of a two-year extension. This tender aims to collaboratively commission a partnership model for delivering substance use treatment and recovery services, building on the successes of the current partnership model.
6. There are clear advantages to adopting a tri-borough approach, which have been outlined in detail within the report.

## **Recommendations**

Cabinet is recommended to:

- Agree for Bury Council to partner with fellow Local Authorities (Salford and Trafford Councils) to deliver joint tender of substance use treatment and recovery services from 1 April 2026 on a long term 5 + 2 year contract.
- Agree for Bury Council to join the open procurement with Salford and Trafford Councils and commission new substance use and recovery services with Salford Council as the lead LA.

## **Alternative options considered:**

Considerations as to whether Bury contracts solely:

- Bury Council would hold a contract with service providers and greater control over contract terms and conditions
- Ensures clear lines of responsibility of service outcomes and reporting.
- Might attract a wider range of SME bidders who are unable to bid for a larger volume contract.

Considerations as to whether to adopt a tripartite approach:

- Missing out on opportunity to collaborate with other GM LA's who are tendering for the same service, for the same timeframe, so would benefit from the economies of scale work as previously not had the opportunity before for this service in Bury.
- Reduced substance use treatment and recovery provision in Bury from 2025/26 due to the loss of shared resources as have been commissioning the same providers as other GM Local Authorities over the past five years. This may lead to potential staff remodelling and increased overhead management fees if a single contract.
- Limited scope of competitive bids across providers due to the contract value available in Greater Manchester, as other GM areas tendering for services simultaneously may attract more providers.
- Disruption to current service users and staff arising from uncertainty regarding future providers and potential negative impacts on service performance.
- Increased administrative burden as managing an independent tendering process will require more time, effort, and resources, potentially straining internal Bury Council teams, including public health, procurement, and legal departments.
- Reduced provider interest due to the limited financial envelope available for Bury's substance use services compared to other GM areas tendering at the same time. Bury may see less engagement, as providers may prioritise larger joint contracts over smaller independent contract.

## **Reasons for recommendation**

1. Bury Public Health team has considered how best to utilise limited resources, identifying a joint tender with neighbour LAs (Salford and Trafford Councils) as the most viable option. Given that several GM councils are in a similar position and all needing to recommission their services, this approach will ensure that future substance use services provide the best value for money and maintain high quality standards.
2. It will also optimise the substance use workforce in GM, reduce management overhead costs, and leverage economies of scale by pooling resources by commissioning as a tri-borough cluster.
3. Joint procurement offers the advantage of benefitting from previous wider market testing, which has already taken place with other GM LAs. Bury Council will also benefit from shared procurement, legal, and commissioning capacity, reducing the financial burden associated with tendering for a new service.
4. Pooling resources makes this procurement opportunity more appealing to prospective providers, as successful bidders will gain a substantial share of GM areas if successful at the tender.
5. A joint retender for the substance use contract reduces duplication and administrative overheads, enhancing financial sustainability and delivering better value for money for our residents in Bury and GM.
6. Coordinated services across the three GM LAs ensure seamless support for service users, minimising disruptions in care and eliminating a postcode lottery with disparities in service provision across GM.
7. Cluster commissioning enables the development of innovative service models and provides greater adaptability in responding to emerging substance use trends locally.
8. Would align with current / planned projects and external funding streams, such as OHID grants which we currently deliver with Salford and Trafford Council's.
9. Maintains the partnership between partnership authorities (Salford and Trafford) who will also be ending their contract with GMMH on 31/03/2026. This currently allows for economies of scale of work, shared back-office functions and a peer support approach across all organisations involved.
10. Cluster commissioning model is successfully used for Bury's Sexual Health contract, where Bury, Oldham and Rochdale Councils collaborate.
11. The retender process will consider the various elements of the substance use service which includes adults, young people, and assertive outreach. This may mean we consider tendering for more than one provider to cover all service needs effectively.
12. Collaborating with Salford and Trafford Councils allows for a pooled budget, shared expertise, and more efficient use of resources across commissioning, procurement, and legal functions. This leads to improved retendering processes and enhanced service delivery.
13. A joint approach across GM facilitates the adoption of best practices, ensuring a higher standard of care and more consistent support for people in Manchester facing substance use challenges.

14. Partnering with Salford and Trafford Councils strengthens collective bargaining power with service providers, leading to better contract terms, reduced overhead and management costs, and improve service quality.
15. Standardised KPIs and Outcomes Framework supports data reporting and improves trend identification, prevention strategies, and targeted interventions aligned with OHID national priorities.

### **Proposed Procurement Route**

Bury, Salford, and Trafford councils plan to initiate open procurement for future substance use and recovery services. This means the upcoming contract will be publicly advertised on The Chest, allowing any eligible providers to submit competitive bids.

Salford Council's procurement team will act as the lead LA, overseeing the process in collaboration with procurement and legal leads from Bury and Trafford councils as part of a dedicated working group. This approach will ensure fairness, accountability, and optimal value for future services in Bury.

### **Budget Provision**

Annual budget provision is available from Public Health funding (£1,560,000) available for substance use services which includes children, adults and outreach provision across Bury.

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### **Links with the Corporate Priorities:**

The retender of the substance use treatment and recovery services will align with our Let's do it strategy and neighbourhood approach.

The procurement of the substance use service will support key ambitions of the Let's do it strategy:

- A better future for the children of the borough
  - A better quality of life
  - A chance to feel more part of the borough
  - Increased adult skill levels and employability
  - Inclusive economic growth
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### **Equality Impact and Considerations:**

Local data on inequalities related to substance use is being collected and analysed through a localised survey targeting Bury residents and professionals engaged with the current system. This survey aims to inform the specification development and improve the future service offer for local services. Survey responses will also shape the development of the Bury Substance Use Needs Assessment which is now in production.

Equality and Diversity will be considered during the tendering process. A Community Impact Assessment will be completed during the tendering process to ensure no disproportionate negative impact on any protected groups.

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### **Environmental Impact and Considerations:**

Environmental impacts and concerns will be considered as part of the tendering process and will be in-line with existing Council policies.

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### **Assessment and Mitigation of Risk:**

| <b>Risk / opportunity</b>   | <b>Mitigation</b>  |
|---|--|
| A joint tender for the substance use and recovery service contract reduces duplication and administrative overheads, enhancing financial sustainability and delivering better value for money for our residents in Bury | A transparent and open procurement will take place over the summer months with key working groups set up across the tri-borough cluster so all procurement, legal and commissioning colleagues can collaborate on this work and ensure this meets individual council needs and local residents.  |
| Simultaneous recommissioning of substance use services across multiple Local Authorities in Greater Manchester risks service disruption, continuity challenges, and negative impacts on service.                        | Collaborating as a tri-borough cluster for commissioning promotes stability by fostering shared resources, retaining skilled staff across the three boroughs, and minimising potential disruption to services and users. This approach also allows for coordinated planning and consistency in service delivery, ensuring that the system remains resilient during the tendering process and beyond. |
| High level of workforce vacancies and/or staff sickness due to uncertainty surrounding tender process and outcome of the future successful provider(s).   | Early staff engagement and communication to keep informed of potential changes. Provide reassurance of TUPE. Work with provider to address staff concerns and reduce uncertainty. New contract procured will be for a minimum of five years increasing to seven years. Build a robust transition plan into the procurement process.  |

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| Potential of new service provider(s) delivering future substance use and recovery services in Greater Manchester following successful tender. | While the service configuration and provider may change next year, this review will ensure that future provision delivers the highest quality and best value for money for residents. |
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### **Legal Implications:**

The proposed joint procurement must be conducted in compliance with the Procurement Act 2023. The open procurement is intended to appoint a single supplier, and the Council will enter into a contract for the substance misuse services in due course following the completion of the process.

### **Financial Implications:**

The increased cost of this contract has been taken into account as part of the Public Health budget setting process and will be reviewed in the tendering process, with Bury Council contributions proportionate for the population size and needs of local residents.

A small fee may be required to join the cluster contract, including a management fee payable to Salford Council for leading the procurement and legal processes which is currently being discussed between Directors of Public Health in the tri-borough cluster.

### **Background papers:**

*Please list any background documents to this report and include a hyperlink where possible.*

- *Extension of Substance Misuse Service Contract – Cabinet report – March 2025*
- *Substance misuse service contract – Cabinet report – November 2024*
- *Substance Misuse service contract – Cabinet report - November 2023*

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

| Term   | Meaning  |
|--------|--|
| GMMH   | Greater Manchester Mental Health                           |
| SSMTRG | Supplemental Substance Misuse Treatment and Recovery Grant |
| HMT    | HM Treasury  |
| OHID   | Office for Health Improvement and Disparities              |
| GM     | Greater Manchester   |
| LA     | Local Authorities  |
| PSR    | Provider Selection Regime                                  |