

REPORT TO CABINET

DATE – 15 January 2026

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Health and Adult Social Care - Lead Cabinet Member - Cllr Pauline Beall

Re-procurement of the Stockton drug and alcohol treatment and recovery service

Summary

Local authorities have a statutory responsibility to commission drug and alcohol treatment and recovery services as part of their public health duties. The current Stockton service has been delivered by Change, Grow, Live (CGL) since 2020 under a five-year contract originally ending on 31st March 2025. To enable appropriate planning and alignment with wider system developments, the contract has been extended to 31st March 2026.

This report and accompanying background paper set out the proposed approach to re-procuring the Stockton Drug and Alcohol Treatment and Recovery Service. It provides an overview of the service, outlines the recommended procurement route and provider, and presents options for the financial envelope of the new contract.

Reasons for Recommendation(s)/Decision(s)

The current contract for the Stockton Drug and Alcohol Treatment and Recovery Service expires on 31st March 2026. A re-procurement is therefore required to ensure continuity of this statutory service. Decisions are needed on the procurement route, the proposed provider, and the financial envelope for the new contract to enable timely and effective commissioning arrangements to be put in place.

Recommendations

Cabinet is asked to:

Delegate authority to the Director of Adults, Health and Wellbeing to make the specific contract award decision, and to approve any subsequent contract variations or extensions in line with this decision

- 1) Recommendation to re-procure the Stockton drug and alcohol treatment and recovery Service through a Provider Selection Regime (PSR) Direct Award to Change, Grow, Live (CGL) for a period of five years

- 2) Recommendation for the new contract to maintain the current contract value of £2.267 million per annum over the five-year term, with no uplift, resulting in a total contract value of £11.335 million. Under this option, the service will operate as a minimum viable, statutory-compliant model.

Detail

1. Stockton drug and alcohol treatment and recovery service

Local authorities have a statutory responsibility to commission drug and alcohol treatment and recovery services as part of their public health duties. In Stockton, the service is primarily funded through the Public Health Grant, in line with grant conditions. Since 2021, the Council has also received additional annual funding through the national 10-year drug strategy *From Harm to Hope*. This supplementary funding is conditional on the Council maintaining its core Public Health investment and must be used to enhance, rather than substitute for, the core service offer. Use of this funding is subject to national conditions and reporting requirements.

Current provider: The Stockton drug and alcohol treatment and recovery service is delivered by Change, Grow, Live (CGL), who were awarded the contract in 2020 on a 3+1+1 basis at an annual value of £2.267million. The contract has been extended to 31st March 2026 to ensure continuity and to align with learning from the national drug strategy and the Council's complex lives transformation programme. CGL is the largest national provider of drug and alcohol services, operating in over 50 local authority areas.

Service offer: The service provides accessible and timely routes into treatment, including online referrals, telephone triage and open-access sessions delivered from the Recovery Hub and satellite sites. A multidisciplinary team supports engagement from first contact, with triage processes matching individuals to a named Recovery Coordinator to promote continuity and sustained engagement. Comprehensive assessments consider substance use, physical and mental health, safeguarding, housing and wider social needs, with risk management embedded throughout. Harm reduction is offered from the point of entry, including BBV testing, naloxone provision, drug-testing strips and same-day prescribing for individuals at highest risk.

Recovery support is delivered through personalised, co-produced care plans that integrate clinical, psychosocial and recovery-oriented interventions and are reviewed regularly. Clinical input is provided by specialist medical and nursing staff, supported by evidence-based psychosocial interventions and lived-experience recovery support, including peer mentoring and aftercare. Dedicated pathways for children and young people ensure integrated, family-focused support. The model also places strong emphasis on prevention and early intervention, using targeted community engagement and phased support for non-dependent users to prevent escalation into more complex need.

Service performance: The service continues to perform strongly compared with similarly sized and funded services nationally. Since the start of the contract in 2020/21, treatment numbers have increased by 14% for adults and 59% for children and young people, demonstrating improved reach and engagement. Current rolling 12-month data shows over 1,700 adults and around 50 children and young people accessing support. On average, 46% of adults in treatment make significant progress, either successfully completing treatment or significantly reducing or stopping substance use, in line with national benchmarks. Levels of unplanned exits are also comparable nationally. Overall, outcomes for service users are positive, with high levels of satisfaction, improved wellbeing and increased abstinence between entry and treatment exit.

2. Re-procurement process, considerations and key recommendations

Since September 2024, Public Health and procurement teams have worked jointly to progress the re-procurement of the Stockton drug and alcohol treatment and recovery service. This work has been undertaken in line with the Council's commissioning responsibilities and has included a refreshed health needs assessment, service reviews, performance analysis, and engagement with key stakeholders. These activities have informed the recommended procurement route, choice of provider, and the financial options for the next contract period.

Procurement route and choice of provider

The Provider Selection Regime (PSR), which came into effect on 1 January 2024, replaces traditional competitive tendering for health and care services with a more flexible and proportionate framework. The PSR applies to all public bodies commissioning healthcare services in England, including local authorities, and is intended to reduce unnecessary bureaucracy while prioritising service quality, continuity and integration.

A key element of the PSR is Direct Award Process C. This allows commissioners to directly award a contract to an incumbent provider where the provider is performing well and where there are no substantial changes to the service model or contractual requirements.

Recommendation: Stockton's drug and alcohol treatment and recovery service delivered by CGL is performing strongly against national targets and local indicators and contributes positively to wider system priorities. Based on consistently strong contract performance, effective and embedded partnership working, and demonstrable positive outcomes for service users, it is recommended that the service is re-procured through a PSR Direct Award to CGL.

This approach offers several benefits, including continuity and stability for a critical statutory service, reduced risk of disruption to vulnerable service users, strengthened collaboration with system partners, and a more efficient procurement process that allows focus on service quality and outcomes rather than a lengthy competitive tender.

Financial envelope for the new five-year contract

The Council continues to operate within a challenging financial environment, and any proposed option must therefore be affordable and avoid creating unfunded commitments. In addition, continued access to the additional national drug strategy grant is contingent on maintaining the Council's baseline investment in drug and alcohol treatment and recovery services. Any reduction in the baseline contract value would place this additional funding at risk, which currently supports enhanced service capacity and improved outcomes.

Within these parameters, two financial options have been considered.

Option 1 – Maintain current baseline contract value (minimum viable service)

Option 1 proposes maintaining the current contract value of **£2.267 million per annum** over a five-year period, with no uplift. This represents a total contract value of **£11.335 million**.

Under this option, the service would operate as a minimum viable model. This is the essential level of provision required to meet statutory and contractual duties, maintain safety and safeguarding, protect core treatment functions (including prescribing, structured treatment, needle and syringe provision and care coordination), and prioritise support for those at highest risk.

The service would be expected to maintain the current caseload of approximately 1,700 service users; however, it would have limited capacity to expand beyond this. Maintaining this level of activity would require a number of operational trade-offs, clinical review frequency would reduce, although remaining within NICE guidance.

This option delivers a safe, statutory compliant and financially achievable service, maintains current caseload capacity, and avoids the need for additional funding commitments. However, there is a possible future impact on service quality and limited scope for service development. This is the recommended option due to minimum financial risk while delivering a statutory viable service.

Option 2 – Maintain current baseline contract value with year-on-year uplift

Option 2 retains the current baseline contract value of £2.267 million per annum but applies an annual uplift to reflect inflationary pressures and maintain operational sustainability over the five-year term. The proposed uplift is 3% for staffing costs and 2% for non-staffing costs, reflecting the current cost profile of the service and remaining below national inflation indices.

Over five years, this option would result in a total contract value of **£11.964 million**, an **increase of £628,840** compared to Option 1.

Under Option 2, the service would operate closer to its current model, maintaining core capacity, quality and resilience. This option offers a sustainable and resilient service model, while future-proofing the service. However, there is a financial risk due to the current financial position within the Council.

Recommendation: Given the current financial environment facing the Council, **Option 1** is recommended. This option delivers a safe, statutory and financially achievable service, maintains current caseload capacity, and avoids additional funding commitments. Over the five-year contract period, it represents a saving of £628,840 compared to Option 2. The associated risks to service quality and responsiveness to emerging needs will be actively managed and mitigated through robust contract management and partnership working.

While this option does not fully replicate the current service model, it remains compatible with a Provider Selection Regime (PSR) Direct Award, as the core service offer and caseload are maintained. Key performance measures would be revised to reflect delivery of a minimum viable service model and monitored accordingly through the contract.

Community Impact and Equality and Poverty Impact Assessment

A separate community impact assessment was not undertaken. However, the potential impact on communities has been considered through the completion of a health needs assessment, service reviews, and stakeholder engagement, including staff, people with lived experience, residents, and partner organisations. The findings from this work have informed the development of the financial options for re-procurement and the assessment of the minimum viable service model.

Corporate Parenting Implications

The drug and alcohol treatment and recovery service include dedicated pathways for children and young people, delivered by a specialist team providing targeted resilience programmes and specialist treatment. The service also supports adults who are parents, including those with children in need or subject to child protection plans.

Integrated assessments are used to ensure children and young people only need to tell their story once, with family support, harm reduction, and joint working with Children's Services embedded throughout. Delivery is underpinned by a compassionate, trauma-informed approach, recognising the strong link between adverse childhood experiences and substance use.

Financial Implications

The recommended financial envelope for the re-procurement is to maintain the current contract value of £2.267 million per annum over a five-year period, with no uplift, resulting in a total contract value of £11.335 million. This option is affordable within the existing Public Health budget and does not require any additional funding commitments. Over the five-year contract period, it represents a saving of £628,840 compared to the financial option using yearly uplifts to the contract value.

Legal Implications

Notwithstanding Cabinet approval it remains the responsibility of officers to ensure that the correct processes within Contract Procedure Rules have been followed and that where applicable the Procurement Act 2023 or the Provider Selection Regime introduced by the Health and Care Bill (2022) is complied with.

Risk Assessment

There are several risks relating to procurement. Firstly, the Council spends a considerable amount of public money on goods, services and works. Having effective Contract Procedure Rules and ensuring compliance with the Procurement Act 2023 / Provider Selection Regime can help mitigate the risk of accusations of corruption and help demonstrate value for money and transparency. Secondly, effective tender/ quote processes and contract management also reduce the risk of poor supplier selection and subsequent performance which can impact service delivery.

Wards Affected and Consultation with Ward/ Councillors (refer to Concordat for Communication and Consultation with Members)

The drug and alcohol treatment and recovery service is a universal service, accessible to all Stockton residents who require support. The service is delivered from CGL's premises in Stockton town centre, providing a central and accessible location that aligns with areas of greatest need.

Background Papers

Please see Appendix A:

- A summary of the current drug and alcohol treatment and recovery model.
- An overview of the existing Stockton service, including the service model, funding arrangements, and key outputs and outcomes.
- The steps undertaken to prepare for re-procurement.
- The recommended procurement route and proposed provider for the new contract.
- The options considered in determining the financial envelope for the new service.

Name of Contact Officer: Sarah Bowman-Abouna

Post Title: Director of Public Health

Telephone number: 01642 524296

Email Address: sarah.bowman-abouna@stockton.gov.uk