Long day's journey into night

How did a drug agency with a turnover of £5m go bust leaving less than £20k in the bank? **Harry Shapiro** investigates.

During the early afternoon of Friday 4 November, Nigel Eggleston, Service Manager at TH@W, a young person's project based in Clapham, south London took a call in his office. On the end of the line was a trustee from In-Volve, the charity which managed the project. The news was devastating. "I was told that the company had gone under," Nigel recalls, "and that I had to go and dismiss the staff and send them all home. We were all out of a job with no warning, no notice. I couldn't believe it, we were doing so well, hitting all our targets and building up really good relationships with all the other providers in the area."

The story was the same for an estimated fifty staff at In-Volve projects across the country, from the adult service in Newham to the young peoples' service in Trafford. Commissioners were left to put emergency plans into place to ensure that clients were not left unsupported. Thankfully, it would seem that interim measures were executed swiftly and responsibly to minimise the disruption.

One local authority did have strong indications of impending trouble however. In-Volve's jewel in the crown was the adult shared care scheme in Newham, east London, where the head office of In-Volve was based. Commissioners were sufficiently concerned about local rumours of problems to write formally to In-Volve in September asking for a copy of the latest accounts. What they read rang alarm bells, and they asked In-Volve for clarification of their game plan to stave off what looked like impending insolvency. In-Volve replied that Plan A was merger, Plan B was closure. Soon after, however, and with only twenty four hours notice, In-Volve informed the commissioners that it was going into voluntary liquidation. By then, commissioners had alternative arrangements in place.

WE WERE ALL OUT OF A JOB WITH NO WARNING, NO NOTICE. I COULDN'T BELIEVE IT

In a letter to the charity's staff, the chair of the trustees, Alan Ruyten, laid the blame for the collapse squarely on external factors: "You will be well aware that the economic environment we operate in has seen dramatic changes. Despite the best efforts of Teresa Pointing and the…team, we have not been able to protect the charity from these changes. In-Volve has been struggling in the face of severe cuts in government funding, which have led commissioners to review all service provision and, in some cases, take services in-house. Some funding authorities and grant-making bodies have altered the way they administer their funds, leaving us unable to maintain the level of cash flow required to sustain our organisation. And what service providers are expected to deliver has also changed, making us increasingly vulnerable to being underbid by larger organisations that are able to operate at minimal margins or even 'loss-lead' on contracts."

But while it is clear that the changing landscape for delivering drug treatment in England has made life increasingly difficult, especially for the smaller agencies, *Druglink* has learnt that staff had more long-standing concerns about the internal management of the organisation.

In-Volve began life in 1990 as the Newham Drugs Advice Project, focussing on work with young people, a dynamic and pioneering agency which one former staff member describes as being an 'exciting and supportive environment in which to work'. Under the leadership of Viv Ahmun and his deputy Colin Cripps, there was a willingness to be innovative and unconventional.

Over the years, the agency expanded from its east London base to other parts of the south east, the south west, Birmingham and Greater Manchester, while Viv Ahmun was also looking to diversify the agency's activities, at least in London, into areas such as tackling gang culture and gun crime. In 2008, he proposed that the agency, by then renamed In-Volve, should merge to increase turnover and also proposed selling their building to help build a war chest against what he saw as an increasingly challenging climate, in which In-Volve were already beginning to lose contracts. The most significant loss came when the young people's

service in Birmingham went to Lifeline. In-Volve had held the contract for nearly a decade. None of Viv Ahmun's proposals for the future of the organisation came to fruition and tensions built up between him and the Board. Ahmun resigned in 2008. The expectation was that Colin Cripps would take over as CEO. Instead however, the board appointed Dr Teresa Pointing, who had previously been brought in by Colin to oversee the agency's clinical governance obligations.

While Dr Pointing certainly ticked all the right boxes by boosting the agency's credibility among GPs in the Newham shared care scheme, senior staff had concerns that overall those at the top lacked the necessary strategic, managerial and financial experience for an agency whose turnover was now in the millions. One senior manager told *Druglink*, 'the managerial infrastructure was not good, managers had come up through the ranks and were resistant to change; we didn't have anybody who could write good tenders, some of those that were going in were not up to standard. And I gave up trying to understand the budgets across the different projects. From a professional point of view, it felt like a mess.' This staffer suggests that there was an air of complacency within In-Volve derived from a belief that their long-term contracts were a shoo-in for renewal. However, the organisation came smack up against the new era of commissioning, with a fire-breathing NTA pushing hard on national targets.

WE DIDN'T HAVE ANYBODY WHO COULD WRITE GOOD TENDERS, SOME OF THOSE THAT WERE GOING IN WERE NOT UP TO STANDARD... FROM A PROFESSIONAL POINT OF VIEW, IT FELT LIKE A MESS

All providers are at the mercy of the slings and arrows of outrageous commissioning – although where there are genuine concerns about performance and delivery, the decision not to re-commission a provider might not be so outrageous. But exactly who gets commissioned and why remains one of life's great mysteries. A new commissioner might come in and, just on a matter of principle, refuse to award a contract to a long-standing provider. The larger providers frequently lose

several long-term contracts in one city or area only to pick them up somewhere else at the expense of another provider. Smaller agencies like In-Volve are less likely to be able to stand such losses, although given the recent successes, for example, of Blenheim CDP and the Westminster Drug Project, being relatively small does not automatically put an agency at a disadvantage. That said, it can be especially galling to lose a contract when you know you are providing a good service. This happened to In-Volve in the London Borough of Merton. Nigel Eggleston, who had previously managed In-Volve's Merton-based Youth Awareness Project, explains. "We were so over-achieving it was ridiculous. We had our own building, about eleven counsellors, volunteers, outreach. They took it down to a tiny team with no office who had to go and beg a room so they could do some one-to-one work. It was only about £40k cheaper than what we were providing. It was a big contract; if it was about money, all they had to do was come to me and say 'save £40k' and I could have done it. Who knows why we lost that contract, although I think they were only interested in dealing with young people already in the system, those in care, being seen by youth offending team and so on."

In the words of one manager, in recent times, In-Volve were losing contracts, 'left, right and centre', but crucially without winning new ones. None were more important than the adult service in Newham, which appears to have been their biggest contract worth over £1m. In-Volve were one of seven providers delivering adult drug treatment in Newham when the tender came up for renewal at the end of 2010. The new commissioner, who had come in about a year earlier, was determined to shake the system up because the service was performing poorly against NTA targets. In particular, it was felt (rightly or wrongly) that too many patients were stuck in the shared care system for too long.

To try and address this, it was decided to reconfigure the service, adding two new elements; firstly a 'care navigation assessment service' at the start of the treatment journey (essentially a key worker system) and a 'move-on' element at the end. In-Volve and other existing providers tendered for these extension services, but the contract went to a new provider, Foundation 66. So In-Volve kept their shared care contract, but its value was apparently almost halved, because there was no new money for the extension services – it had to come from existing funds. Inevitably, In-Volve lost staff: around twenty five transferred to Foundation 66 under TUPE arrangements.

THE NEW COMMISSIONER, WHO HAD COME IN ABOUT A YEAR EARLIER, WAS DETERMINED TO SHAKE THE SYSTEM UP BECAUSE THE SERVICE WAS PERFORMING POORLY AGAINST NTA TARGETS

Perhaps as a result of the bad news from Newham, or general concerns about the worsening state of affairs, in 2010 In-Volve took up again the idea of merger with a major provider. Talks collapsed early in 2011; another partner was sought, but talks again foundered, ultimately pushing the agency over the edge. *Druglink* has been unable to formally confirm who the merger partners were or why talks failed, but it would be a reasonable to surmise that with their backs to the wall, In-Volve were in no real position to dictate terms or even have discussions on an equal footing – and that any merger would in fact be a take-over. At the time, one senior manager expressed concern that a much large provider would come in cherry-pick what was left and dismantle everything else. The manager was reassured otherwise, but in any case had become totally disillusioned with the organisation and resigned in mid-2011.

By this time In-Volve were reduced possibly to no more than five or six projects nationwide.

Presumably, the major providers engaged with In-Volve in talks thought that if agreement could not be reached, they could simply wait until In-Volve went bust and then tender for the services. In the commercially bruising environment in which service providers now operate, this is precisely what will happen during 2012.

A look at the latest set of published accounts for 2009-10 tells at least part of the story. *Druglink* asked the financial manager of another treatment provider to look at the accounts and imagine he was considering joining the board. What concerns would he have? He thought that there were too few trustees, suggesting a potential lack of the necessary skillset for an organisation with a turnover of £5m (a number of trustees left when Viv Ahumn resigned). He also noted that a number of projects were running at a loss, and that the head office building had been remortgaged presumably to raise funds, because it was clear from the accounts that cash reserves were dangerously low. In-Volve closed with debts approaching £350,000 and from the Statement of Affairs listing all their creditors, less than £20k in the bank.

By the cruellest of ironies, DrugScope had visited TH@W in Clapham almost four weeks to the day before closure. We were there for a media visit with actress Tanya Franks from EastEnders and the Robin Hood Tax Alliance, to show off TH@W as the sort of beacon project that could benefit from such a tax. TH@W was so successful that the local council had re-allocated money from other projects to boost its support. *Druglink* commissioned Nigel Eggleston to write a *Drug World Diary* to celebrate their success. Sadly, the story he would be telling now is very different.

Note: *Druglink* sent an email, left a phone message and wrote to the Chair of the trustees and also wrote to the CEO and former trustees. Nobody responded to the request for comment.