



Report of: Executive Member for Health and Wellbeing

Meeting of:	Date	Agenda item	Ward(s)
Executive	12 February 2015		Highbury East

Delete as appropriate	Exempt	Non-exempt
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SUBJECT: Approval of the Procurement Strategy for Contract Mental Health Crisis Prevention Service

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Mental Health Crisis Prevention Service in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 The service contract to be re-procured will consist of two components: short-stay residential care and evening drop-in service.
- 1.3 The current service ends on 31 March 2016. The new service contract would start on 1 April 2016. It will be a 3-year contract with the option to exercise three 12-month extensions.

2. Recommendations

- 2.1 To approve the procurement strategy for Mental Health Crisis Prevention Service as outlined at paragraph 3.4.
- 2.2 To note the Executive will be asked to approve the award of the contract at the conclusion of the procurement process.

3. Background

Nature of the service

- 3.1 The service to be re-procured is a crisis prevention service for Islington residents aged 18 and over who may be in need of mental health support to prevent further deterioration in their mental wellbeing leading to either hospital admission or other secondary care intervention. The service would work to halt further deterioration in the individual's mental state and provide the necessary support to enable a

recovery from a mental health crisis.

- 3.2 This type of service addresses the needs of individuals who, in the early stages of entering a mental health crisis, may not meet the eligibility criteria for support from secondary mental health services, including hospital admission.
- 3.3 In effect, this service acts as alternative care pathway for those in the early stages of a crisis, and it also provides a more flexible response, in the least restrictive setting, for those who can be managed in a community setting.
- 3.4 The service will consist of a residential element (12 beds) for those requiring a short period of residential care to enable more intensive work to be done with the individual, and an evening drop in centre (6pm to 11pm, 365 days per year) which focuses on crisis prevention, including group and individual crisis support/counselling, and a pre-admission and assessment service.

3.5 Details of these two components are:

1. Residential

This component provides 12 residential beds for short stays of up to 2 weeks to work closely with the individual to resolve their crisis. This service will be available 24 hour per day, every day of the year.

2. Evening Drop In

This component provides an evening drop in service (open access) for individuals requiring support to address or prevent a crisis from developing. It will be available every evening throughout the year.

Both components of the service work using a recovering model to assist the individual to acquire skills to self-manage and become more resilient.

- 3.6 It anticipated that the service will operate in Highbury East Ward, where the current service is delivered from. This is a property owned by Islington Council and it is leased to the current provider (One Support – One Housing). The lease will expire when the current contract expires.
- 3.7 The current 7-year contract was awarded in 2010, but the additional investment in 2013 to increase the residential capacity has limited the Council to only one 12-month extension given the procurement rules, so the contract will end on 31 March 2016.
- 3.8 This service is a key part of the mental health crisis pathway in Islington, and it has been successful in reducing the demand on acute mental health admissions in Islington, freeing up expensive hospital treatment for others who have more significant mental health needs. Enabling people to access the right level of care at the right time, and in the right place, significantly benefits the individual, their carers, the family, and the wider community whilst avoiding the use of other more expensive and intensive mental health resources.
- 3.9 The NHS London Clinical Lead for Mental Health has shown that 50% of mental health resources are consumed by just 10% of those requiring mental health support. This service addresses that imbalance by working with individuals to enable them to acquire healthier coping strategies, and become more self-caring and resilient to stresses of every day life.
- 3.10 It is known that once someone is admitted to mental health secondary care services, their use of such care services increases significantly; so alternatives for people entering a crisis will provide better recovery outcomes and contribute to whole system savings for both Islington Council and local NHS services.

- 3.11 Commissioners reviewed the current funding available in the Mental Health Pooled Budget, consulted with Finance and Procurement, undertaken a Models of Care Crisis Review, and ensured the re-tender of this service is aligned with the Islington Adult Joint Commissioning Strategy 2012-2017 (IAJCS).
- 3.12 Key priorities in the IAJCS include providing mental health support services that:
- focus on early intervention and prevention
 - promote better mental health and reduce levels of poor mental health in Islington
 - strengthens the way we help people recover from mental ill- health.

Commissioners have also presented a pre-tender considerations report to the Procurement Board on 27 November 2014 and this report was accepted by the Board.

Estimated Value

- 3.13 Funding will be sourced through the existing Mental Health Pooled Budget. The contract period will be 3 years in length with the option of three 12-month extensions. The maximum annual value of the contract will be £835,000. The maximum total value of the contract will be £2,505,000 without extensions, and £5,010,000 if all extensions are exercised.
- 3.14 The contract to be awarded will contain a termination clause to allow it to be ended early should that be required. The contract will also contain relevant safeguarding and information governance compliance clauses.
- The annual spend for the existing service in the last 2 years:
- **2012/13** £708,300 (for 8 residential beds, evening drop in, and crisis night line)
 - **2013/14** £835,300 (for 12 residential beds, evening drop in, and crisis night line)
- 3.15 The service will be remodelled to provide 12 residential units which offer an enhanced crisis support service to include higher acuity care needs because this addresses a gap in the crisis care pathway. The evening drop in centre will be open for longer (6pm to 11pm); 5 hours rather than 4. The crisis night line will not be offered.
- 3.16 In 2010, when the service was tendered, it was for 8 beds at £412,445 per year, which equates to a weekly unit cost of £988.79; and the drop in centre was tendered at £266,514 per year for a total contract value of £678,959.
- 3.17 By 2011/12, the total value of the contract had increased to £708,300 per year and included a crisis line service and use of two additional bed spaces *when* required. The contract value was increased by £29,341.
- 3.18 In 2013/14, the contract was varied to include an additional 4 beds, raising the total residential capacity contractually to 12 beds with an enhance staffing structure. The contract value was varied to £835,300 per year for this extra bed and staffing capacity.
- 3.19 Apart from the additional investments in 2011 of £29,341pa recurrent to include the crisis line and staffing changes and £127,000pa recurrent in 2013 recurrent for an additional 4 residential beds, there has been no uplift in the contract value.
- 3.20 In comparison to other residential services where the residential element can vary from £823 (in Islington) to £1,451 (Camden) per week per unit, commissioners will work very closely with providers to accurately cost out a fair market price for this service. In Hackney one provider charges £945 per week as the unit cost for high support mental health accommodation.
- 3.21 Savings will be achieved by not providing the crisis line service. It is estimated this will save 0.66 FTE on each 13-hour night shift, saving £47,447 per year. Staffing costs along with inflation and the cost of

running a service in inner London are key cost drivers.

- 3.22 London Living Wage has been increased from £8.80 to £9.15 from 1 April 2015 and this procurement does not take this increase into account. Furthermore, the inflation rate has been running as follows:
- **2012:** 3.01%
 - **2013:** 2.78%
 - **2014 (to Sep):** 1.63%

Given the increase in the London Living Wage and inflation rates, this has had the effect of reducing contract value.

Timetable

- 3.23 The key dates to be reached are:
- **12 Feb 2015:** Exec Board – Strategy Report
 - **Mar – July 2015:** Advert, PQQ, Shortlisting, Publish Tender Pack
 - **Aug – Sept 2015:** Evaluate Tenders
 - **Dec 2015:** Joint Board – Award Report
 - **Jan 2016:** Exec Board – Award Report
 - **1 Apr 2016:** Commencement of new services
- 3.24 The current contract expires 31 March 2016. There are no statutory deadlines to be met. However, a service must be in place to avoid creating significant disruption in the community crisis prevention care pathway. Commissioners, senior managers and officers within the commissioning and procurement teams have been consulted about this procurement.

Options appraisal

- 3.25 Given the value of the contract on offer, this procurement must be advertised. The Service will be a Part B service, so full Official Journal of European Union regulations will not apply. The procurement route available is to advertise a call for competition and move to a competitive process.
- 3.26 It is not feasible to jointly commission this particular service with another local authority at this time. Collaboration would likely increase re-procurement risks and will not deliver any savings or greater efficiencies. Demand within Islington for this type of service results in no spare capacity to share with other local authorities. It is not our intention to increase capacity with this service given the fiscal situation. The current building itself cannot be easily reconfigured or expanded to increase bed capacity.
- 3.27 The main benefit of the proposed approach is possible greater value for money depending on the response from the market.

Key Considerations

- 3.28 In addition to the local economic benefits of the service being provided in Islington, social benefits clauses will place an emphasis on the service being part of the fabric of the local community, supporting and encouraging service users to make use of local universal health and social support services; engage with relevant third sector services; sustain local links with family and friends; and make better use of community resources to support good mental health, coping strategies, and living skills.
- 3.29 The new service specification will be an opportunity to achieve value for money but also set desired outcomes related to the Islington Adult Joint Commissioning Strategy, and other national strategies, covering areas such as:

- Enhancing the quality of life for people with mental health needs
 - Ensuring that people have a positive experience of care and support
 - Safeguarding adults whose circumstances make them vulnerable and protecting them from harm, including self-harm
 - Removing barriers to social inclusion and isolation by enabling users to engage more positively with support services
 - Offering prevention services that address needs early on to avoid further deterioration in mental wellbeing necessitating more intensive and expensive care.
- 3.30 There will be an emphasis on mental health recovery, learning more successful coping strategies to deal with the stresses of life, acquiring techniques to deescalate a crisis associated with acute distress, and promoting independence by enable users to develop self-efficacy.
- 3.31 London Living Wage will apply to this contract. The Service Specification will include provisions to ensure the provider offers continuous improvement against delivery targets and works with commissioners and service users to “co-produce” a service where innovations can be quickly implemented. An Environment Impact Assessment and Resident Impact Assessment have been carried out.
- 3.32 TUPE will apply to this contract. The appropriate TUPE information will be included in the tender documents including salary, pension, and other staff benefits.

The current FTE staffing arrangement and TUPE information is:

Post	FTEs
Head of Mental Health	0.10
Team Manager	1.00
Deputy Managers	2.00
Specialist Support Officers	3.00
Support Officers	7.00
Night Support Officers	2.66
Life Skills Worker/Cook	0.60
TOTAL FTEs	16.36

- 3.33 This tender will be conducted in two stages, known as the Restricted Procedure as the tender is ‘restricted’ to a limited number of organisations. The first stage is Selection Criteria through a Pre-Qualification Questionnaire (PQQ) which establishes whether an organisation meets the financial requirements, is competent and capable and has the necessary resources to carry out the contract. The PQQ is backwards looking and explores how the organisation has performed to date, its financial standing, information about their history and experience.
- 3.34 A limited or ‘restricted’ number of these organisations meeting the PQQ requirements as specified in the advertisement are then invited to tender (ITT). The second stage is the ITT is now forwards-looking using Award Criteria. Tenders are evaluated on the basis of the tenderers’ price and ability to deliver the contract works or services as set out in the evaluation criteria in order to determine the most economically advantageous offer.
- 3.35 Strict criteria have been set because it is necessary for this service to effectively meet a range of mental health needs in a supportive and safe environment that promotes mental wellbeing whilst resolving difficult situations. The service must be able to provide relevant crisis intervention techniques such a suicide screening; enable individuals to build reliance to prevent future crises; provide the right support that halts further deterioration in mental wellbeing and works with the individual to recover and stay well.

Evaluation Criteria

3.36 The main evaluation criteria for the successful provider includes:

- Sign a lease with Islington Council co-terminus with the service contract for the use of the Council-owned property in Highbury Grove N5 2EA (Highbury East Ward)
- Able to provide the required service from 1 April 2016
- Able to provide the required staffing with the right skills set in both the evening drop in and residential services
- Provide the service 365 days of the year
- Deal with the TUPE implications

- Have experience providing similar mental health services to adults with enduring mental health which may include some challenging behaviours; staff may also need to be able to deal with dual diagnosis issues, such as alcohol and/or drug misuse, poor coping skills and unpredictable fluctuations in mental wellbeing
- Able to provide crisis intervention care with an emphasis on mental health recovery and rehabilitation whilst promoting the acquisition and retention of coping skills and strategies, and enabling the individual to develop resilience
- Have formal links to the local secondary mental health service (Camden & Islington NHS Foundation Trust), particularly the Camden & Islington NHS Foundation Trust Crisis Resolution Team; and maintain excellent working relationships with local non-statutory mental health services, and other local universal resources as appropriate.

3.37 The contract will be awarded to the Most Economically Advantageous Tender (MEAT) on the basis of quality 70% and cost 30%.

Tender Award Criteria	Total
Cost	30%
Quality – made up of	70%
Proposed model of care	30%
Proposed approach to quality management of performance and outcomes	20%
Proposed approach to resident engagement and activities	10%
Proposed approach to safeguarding and risk management	10%
Total	100%

3.38 The successful bidder would need to be able to pay at least the London Living Wage; meet all requirements as laid out in the proposed service specifications around safeguarding and information governance; and have the ability to transition any existing residents in the current service to the new service, particularly where this may involve a change of building.

3.39 London Living Wage will apply to this contract. TUPE will apply to this procurement. The service will be delivered in Islington thus benefitting the local community and where appropriate offer local apprenticeships, and ensure the service is embedded in the local community.

Business Risks

3.40 The main business risks include:

- Providers may submit bids higher than tendered contract value
- If only one provider submits a bid, it may seek to negotiate costs or conditions that are unacceptable
- Providers may submit bids based on the use of their own buildings
- If applicable, there could be a challenge to direct award of the contract.

- 3.41 It is possible that a provider may propose to provide the service at two sites: one site for the residential element and another for the evening drop in. This mix of sites may include the current site in Highbury Grove, owned by the Islington Council and another site not owned by the Council. Any proposal that does not include the use of the Council-owned property in Highbury Grove may create an opportunity for a different use of the site by the Council for another community service, or redevelopment for a different use, perhaps mental health supported accommodation.
- 3.42 The existing service provides an evening drop in service for up to 85 users per quarter. Any change to the evening drop, including as change of venue, will require consultation with users to prepare for the change, given many of them are long-term users of this service. The residential element is for short stays up to 2 weeks. It is not anticipated that the location will change, but if it were, work would need to be done to ensure a smooth transition for those in the service at the time of handover. The crisis line will not be offered in the new service and may have an impact that would need to be addressed as part of an implementation plan.
- 3.43 This is an important mental health offer by Islington Council. It forms a significant part of the crisis care pathway in Islington, funded from the joint mental health pooled budget. Given the sensitivities around any change to day centre changes (including the evening drop in centre provided at Highbury Grove through this crisis service), long-term users will need to be consulted and may not support any change to opening hours, provider, or service outcomes.
- 3.44 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council's Procurement Board
- 3.45 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

Relevant information	Information/section in report
1 Mental health crisis prevention service	The service is for Islington residents aged 18 and over who may be in need of mental health support to prevent further deterioration in their mental wellbeing. See paragraphs 3.1-3.12
2 £5,010,000	The estimated value per year is £835,000. The agreement is proposed to run for a period of 3 years with an optional extension of three 12-month periods. See paragraphs 3.13-3.22.
3 Timetable	13 Jan 2015: Joint Board – Strategy Report 12 Feb 2015: Exec Board – Strategy Report Mar – July 2015: Advert, PQQ, Shortlisting, Publish Tender Aug – Sept 2015: Evaluate Tenders Dec 2015: Joint Board – Award Report Jan 2016: Exec Board – Award Report 1 Apr 2016: Commencement of new services

	See paragraphs 3.23-3.24.
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Advertise a call for competition and move to a competitive process. See paragraphs 3.25-3.27.
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	London Living Wage and TUPE will apply to the contract. The service will be provided in Islington and offer apprenticeships where appropriate, given the nature of the service. See paragraphs 3.28-35.
6 Evaluation criteria	70% Quality 30% Cost See paragraph 3.36-3.39.
7 Any business risks associated with entering the contract	The main business risks will be managed through the tender process. See paragraphs 3.40-3.44.
8 Any other relevant financial, legal or other considerations.	See 4. below.

4. Implications

4.1 Financial implications

The current budget earmarked by Islington for the procurement of the Mental Health Crisis Prevention Service is £835,000 p.a.

Savings are expected to be realised as part of this procurement with the figure yet to be quantified. As this contract will be awarded at less than the available budget this should not cause a financial pressure to the Council.

Providers will be required to ensure that all staff working on this contract are paid at least the London Living Wage.

To avoid future financial pressure for the Council, this contract would need to have a termination clause which allows the ending of this contract if it becomes unaffordable.

Any TUPE cost implications that may arise from this tender will have to be met by existing resources outlined above.

4.2 Legal Implications

The council has power to provide mental health crisis prevention services under the National Assistance Act 1948, s21(1). The Council has power to enter into contracts with providers of mental health crisis prevention services under section 1 of the Local Government (Contracts) Act 1997.

The threshold for application of the Public Contracts Regulations 2006 (the Regulations) is currently £172,514. The value of the proposed contract is above this threshold. These services fall within Part B of the Regulations. Although Part B services do not need to strictly comply with the provisions of the Regulations, there is a requirement under EU rules for part B services to comply with the principles of

equal treatment, non-discrimination and fair competition. The council's Procurement Rules require contracts over the value of £100,000 to be subject to competitive tender.

In compliance with the principles underpinning the Regulations and the council's Procurement Rules the proposal outlined in the report is to advertise a call for competition and procure the service using a competitive tender process.

4.3 Environmental Implications

The main environmental impacts of this procurement will be associated with the management of the building, including energy used for heating, hot water and appliances, water use and waste generation. If possible, the procurement process should include requirements for the provider to minimise energy and water usage, as well as maximising recycling and ensuring compliance with waste legislation. If the site has a garden area, consideration should also be given to improving biodiversity habitats.

4.4 Resident Impact Assessment

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment (RIA) was completed on 2 December 2014.

The Resident Impact Assessment identified that there would be no differential impacts. This decision was made because the service being re-tendered would have no disproportionate impact on any of the equality groups accessing the service or working in the service.

5. Conclusion and reasons for recommendations

- 5.1 The existing mental health crisis prevention service will end on 31 March 2016. There is still a requirement to provide this type of service in Islington. The service will consist of two components: residential and evening drop in.
- 5.2 The proposed strategy is to re-tender the service using a competitive process given the value of the contract on offer. The new contract will commence 1 April 2016.

Final report clearance:



Signed by: Executive Member for Health and Wellbeing

Date: 15 January 2015

Received by: Head of Democratic Services

Date:

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