

Report of: Executive Member for Health and Wellbeing

Meeting of:	Date	Ward(s)
Executive	16 June 2016	All

Delete as appropriate	Exempt	Non-exempt

APPENDIX 2 TO THIS REPORT IS EXEMPT AND NOT FOR PUBLICATION

SUBJECT: Revised Procurement Strategy for Mental Health Housing Related Support Services

1. Synopsis

- 1.1 This report seeks pre-tender approval of the revised procurement strategy in respect of housing related support services for Islington residents with a mental health need, in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 A procurement strategy was previously approved by the Executive in November 2015 and included a decision to decommission provision delivered from Southwood Smith Street, delivering savings of £169,239 per annum. However, a review of savings plans has identified sufficient funding to preserve the service and it is therefore proposed that it be included as part of the planned re-procurement of other mental health housing related support services.
- 1.3 This report sets out the proposed revisions to the existing procurement strategy. All other elements of the strategy are to remain as previously agreed, and therefore are not set out in detail as part of this report.

2. Recommendation

- 2.1 To agree the proposed revisions to the procurement strategy for mental health housing related supported services for Islington residents as outlined within this report.

3. Background

- 3.1 This procurement is for the delivery of supported accommodation for homeless people with mental health needs, who are aged 18 years and above. It is a preventative service, aiming to mitigate the effects of harm to people who are homeless or at risk of becoming homeless. Over a period of time, residents are supported to step down to lower levels of support, with the eventual aim of living independently within the community.
- 3.2 At present, a total of seven contracts are in place, covering 12 low, medium and high-support (24-hour) services. Current contracts are due to expire on 30 June 2016.

3.3 The support services are provided across a range of properties, as detailed below:

SERVICE LOCATION	SUPPORT LEVEL	CURRENT SUPPORT PROVIDER	CURRENT LANDLORD	CURRENT CAPACITY
Arundel Place	High	SHP	Places For People	22
Ponders Bridge House	High	One Housing	One Housing	12
Barnsbury Road	High	St Mungo's	St Mungo's	21
Southwood Smith Street	High	St Mungo's	Family Mosaic	10
Court Gardens	Medium	St Mungo's	Circle 33	12
Tufnell Park Road	Medium	St Mungo's	St Mungo's	7
107 Mercers Road	Medium	One Housing	Stonham	8
104 Mercers Road	Medium	One Housing	Circle 33	6
41 Shaftesbury Road	Medium	One Housing	Circle 33	6
Vivian Comma Place	Medium	Look Ahead	ISHA	8
Peter Bedford	Low	Peter Bedford	Peter Bedford	98
New River Green	Low	Look Ahead	Southern	8
			Total Capacity	218

3.4 The original strategy to re-procure these services included a decision to decommission the high-support service located at Southwood Smith Street. This would have achieved a saving of £169,239 per annum. However, having reviewed the savings planned against these services, it has been identified that there is sufficient funding available to preserve the Southwood Smith Street service. Continuation of this high-support service will ensure that capacity within the local mental health accommodation pathway will be maintained.

3.5 The revised maximum level of savings expected across mental health housing related supported services is £106,000. Further detail relating to these savings is set out in paragraphs 3.12 to 3.15 and in the attached Appendix 2 (Exempt).

3.6 The current service provider at Southwood Smith Street is St Mungo's Broadway. The building is owned by Family Mosaic. It is possible that (as with a number of other buildings currently used to deliver this type of provision) the landlord may choose not to make the building available to an external support provider as part of this procurement. There will therefore be a requirement included in the tender documentation, specifying whether bidders will need to source an alternative building from which to deliver the service.

3.7 Timetable

The original timetable for the procurement of mental health housing related support services was set to deliver new contracts from 1 July 2017. As the procurement is currently on hold, the revised timetable is proposed as follows:

Executive approval of revised strategy	June 2016
ITT Published	July 2016
ITT Evaluation	September 2016
Executive approval of Contract award	November 2016
Contract start	1 April 2017

3.8 As stated under 3.2, the current contracts are due to expire on 30 June 2016. Contracts will therefore need to be extended in order to allow for the procurement process to be completed.

Costs

- 3.9 The current annual spend against all contracts is £1,769,275.
- 3.10 The future annual spend, anticipated to be £1,663,144 represents a 6% saving against current spend, which will contribute to the department's 2016-19 savings plan.
- 3.11 Further costings information for these services is set out at Appendix 2 (Exempt and not for publication).
- 3.12 As per the original strategy report, the proposed contract length is three years, plus three 12-month extensions, subject to performance and available funding. The total spend across the full contract period, including all extensions, is not expected to exceed £9,979,000.

3.13 Social Value

The social value to be achieved through the delivery of these services is set out within the original procurement strategy, under paragraphs 3.6.1 to 3.6.3.

London Living Wage will apply to these contracts.

3.14 Evaluation

This tender will be conducted using the Open Procedure. Tenders will be evaluated on the basis of 70% awarded on quality and 30% on cost, as set out within the original procurement strategy, under paragraph 3.7.2. Rationale for the chosen evaluation criteria is set out at Appendix 1 of this report.

3.15 Risks:

Risks in relation to this procurement are as previously set out within the original procurement strategy, and include:

- **Tender Failure**
If a competitive tender fails and/or the current service providers decide to withdraw from these services then the council may have to re-house current residents which would inflate homelessness figures and create greater demands for temporary accommodation.
- **Withdrawal of properties**
The current landlords will be aware that there is limited availability of properties of significant size with planning permission within Islington and may take the decision not to bid for the service themselves, preferring to allow the procurement to fail, and then seeking to directly negotiate new terms. To mitigate this risk, the procurement has been arranged to detail each service separately arranged into three lots; high, medium and low and which reflect where there are landlords who have stated that they would not make their properties available to another support provider, other than the current support provider or alternatively, their own in-house service. This may put the Council under greater pressure to negotiate a new contract term at significantly enhanced rates in favour of the provider.
- **Risks in the transition to the new service delivery model**
A large number of Islington residents are currently supported by the seven services. The transition to the new services will need to be carefully managed to ensure continuity of support and to manage of any service user anxieties arising from the change in support provider. Consequently, the transition to the new service delivery model will be carried out in conjunction with service users, carers and family (where appropriate), outgoing providers and the incoming provider.
This procurement provides an opportunity for bidders to source alternative properties for service as indicated. Should a bid of this be successful, contract mobilisation will involve the transfer of current service users to the new accommodation.
- **Financial Viability**
Any further savings required from the Supporting People programme during the duration of the contract will have a significant impact on the service viability.

- 3.16 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.
- 3.17 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 Nature of the service	Housing related support services for adults with mental health issues See paragraph [3.1 above]
2 Estimated value	The estimated value annually is £1.5 – £1.7million The agreement is proposed to run for a period of 3 years with optional extensions for a further 3 years (of separate 12-month periods) See paragraphs [3.9-3.12] above, and Appendix 2 (Exempt)
3 Timetable	See paragraph [3.7] above
4 Options appraisal for tender procedure including consideration of collaboration opportunities	See paragraph [3.5] of the original procurement strategy report
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	See paragraph [3.6] of the original procurement strategy report
6 Evaluation criteria	Cost 30% Quality 70% The award criteria price/quality breakdown is described further within the report. See paragraph [3.7] of the original procurement strategy report
7 Any business risks associated with entering the contract	See paragraph [3.15] above
8 Any other relevant financial, legal or other considerations.	See paragraphs [4.1 to 4.5] below.

4. Implications

4.1 Financial implications

The Mental Health Housing Related Support service contracts are funded from Adult Social Services base budget. The proposed tender is for the delivery of supported accommodation for homeless people with mental health needs across twelve services (mix of low, medium and high support).

The contract is for an initial three year period with the option to extend for a further three years. The recommendation of this report will not result in a budget pressure for the department. The new total annual contract value is £1,663k, and the total value over the maximum six year contract term is £9,979k. The current total annual contract is £1,769k resulting in an annual saving of £106k which will contribute towards the departments Medium Term Financial Strategy (MTFS) savings.

Payment of the London Living Wage is a requirement of the contract and will not result in any additional costs. Any TUPE cost implications that may arise from this tender will have to be met by existing funding resources.

4.2 Legal Implications

The Council has a duty to make arrangements for providing residential accommodation and care for persons who by reason of illness and disability are in need of care and attention which is not otherwise available to them ((section 21 National Assistance Act 1948 (as amended) and Secretary of State Directions (Appendix 1 to Department of Health Circular No. LAC(93)10)). The Council may discharge that duty by making arrangements with private providers of residential accommodation for those assessed to need it (section 26 of the 1948 Act). Accordingly the council may enter into contracts with provider(s) to secure the provision of mental health supported housing services for Islington residents (section 1 of the Local Government (Contracts) Act 1997).

The services being procured are subject to the light touch regime set out in Regulations 74 to 77 of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of this light touch regime is currently £625,050.00. The aggregate value of the proposed contracts is above this threshold. They will therefore need to be advertised in the Official Journal of the European Union (OJEU). There are no prescribed procurement processes under the light touch regime. Therefore the council may use its discretion as to how it conducts the procurement process provided that it: discharges its duty to comply with the European Treaty principles of equal treatment, non-discrimination and fair competition; conducts the procurement in conformance with the information that it provides in the OJEU advert; and ensures that the time limits that it imposes on suppliers, such as for responding to adverts is reasonable and proportionate. Use of the Open Procedure will enable these requirements to be satisfied. Following the procurement a contract award notice is required to be published in OJEU.

4.3 Environmental Implications

An updated environmental impact assessment was carried out on 21 April 2016.

There are several environmental implications of a supported accommodation service. These include energy use in the building for heating, cooking and appliances, water use in the bathroom and kitchen facilities and waste generation by residents.

These can be mitigated by ensuring the building is well-insulated and uses an efficient heating system, that appliances in the building have a good energy rating, that bathroom and kitchen fittings are water efficient, and that recyclable or compostable waste is separated and disposed of appropriately.

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 was completed on 3 September 2015 and did not identify any negative equality impacts for any protected characteristic or any human rights or safeguarding risks.

5. Reasons for the recommendations

- 5.1 Housing support services for vulnerable adults with mental health issues are preventative services that aim to mitigate the effects of harm to people who are homeless or at risk of becoming homeless. These services will support Islington residents to achieve greater independence, improve their health and well-being through effective engagement with community mental health services and individualised support; prevent homelessness and support individuals to be more active participants in the wider community. Additionally, this service will support the Council to create a fairer Islington, tackling poverty and inequalities faced by many Islington residents by working with partners and local people to achieve lasting improvements.
- 5.2 The original strategy to re-procure these services included a decision to decommission the high-support service located at Southwood Smith Street (SWS), in order to deliver savings against the department's Medium Term Financial Strategy. However, upon reviewing these savings, it has been identified that there is sufficient funding available to continue providing this service and it should therefore be included as part of the planned re-procurement of Mental health housing related support services.

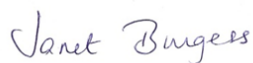
Appendices

- Appendix 1: Rationale for evaluation criteria
- Exempt Appendix 2: Costing information

Background papers - none

Final report clearance:

Signed by:



Executive Member for Health and Wellbeing

Date: 24 June 2016

Report Author: Natalie Arthur, Joint Commissioning Manager, Mental Health
Tel: 020 7527 8175
Email: Natalie.arthur@islington.gov.uk

Rationale for evaluation criteria

	Weighting %	Rationale
Cost	30%	Price of lots across the life of the contract.
Quality is made up of:		
Proposed approach to mobilisation and implementation / change management	15%	Given the potential risks around transferring staff and service users it will be important that there are robust proposals around how the service will be implemented.
Proposed approach to service model	15%	Given the outcomes based specification it will be important for bidders to both describe their service model and how this will lead to the achievement of the outcomes. This criterion also validates outcome proposals and mitigates against bidders putting in unrealistic bids.
Proposed approach to workforce management	10%	Given the outcomes focus of the specification, we would expect high quality staff that are able to provide person centred services. This criterion ensures that bidders are able to demonstrate how they will equip their services with quality staff committed to supporting vulnerable service users.
Proposed approach to partnership working	10%	Islington has a mental health pathway delivered by a range of service providers, across statutory and voluntary sectors. It is important that these services establish strong relationships with other partners in the sector to ensure vulnerable adults are supported toward recovery, to re-engage with their local community, moving on to independence.
Proposed approach to managing performance and outcomes	10%	As the specification will be outcomes based, It is important for providers to commit to a level of outcome delivery. Performance against these outcomes will then be used to inform contract extension by results.
Proposed approach to client engagement and involvement	10%	Regular service user involvement has an important place in ensuring the quality of service delivery and supporting the achievement of service user outcomes. Given services will be expected to move toward a new model of delivery, it is also important that the bidders are able to highlight effective plans to consult and co-produce new service models.
Total	100%	