



Report of: Executive Member, Health and Social Care

Meeting of:	Date	Ward(s)
Executive	6 September 2018	All wards

Delete as appropriate	Exempt	Non-exempt
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SUBJECT: Procurement Strategy - Mental Health High Support Accommodation

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Mental Health High Support Accommodation in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 This procurement is for the delivery of 24-hour (high support) supported accommodation service in Islington for adults with severe and enduring mental health needs, who are aged 18 years and above. The service delivers long term support, rehabilitation and recovery, enabling people with long-term mental health needs to lead fulfilling lives in the community and maximising life opportunities and independence. Over a period of time, residents are supported to step down to lower levels of support, and greater independence.

2. Recommendations

- 2.1 To approve the procurement strategy for Mental Health High Support Accommodation as outlined in this report.
- 2.2 To delegate authority to award the contract to the Corporate Director of Housing and Adult Social Services in consultation with the Executive Member for Health and Social Care.

3. Background

Islington's Joint Commissioning Strategy outlines the CCG and Council's focus on supporting residents to be healthy and well, to be connected, and be in control. As we work towards these priorities, we will seek to behave in a way which is person-centred, outcome-focused, and which delivers fair and effective use of public resources. We do this by ensuring that all of our services enable step-up where more intensive support is needed, and supported to step-down to more independent living.

3.1 **Nature of the service**

This service will provide a high level of support to adults with Care Act eligible mental health needs. Staff will be on-site 24 hours a day, seven days a week and will provide support to service users as required to help develop skills for independent living and to engage with the community.

The borough continues to require the provision of supported housing for people with mental illness. Mental health services have been developed to provide a pathway for people experiencing severe and enduring mental health problems who are leaving inpatient care.

The primary aim of the service is to support rehabilitation and recovery, enabling people with long-term mental health needs to lead fulfilling lives in the community, maximising life opportunities and independence. The service forms part of the rehabilitation and recovery pathway in Islington for people aged over 18 years with severe and enduring mental illness. Residents would be supported to step down to less intensive support within the mental health accommodation pathway and to alternative housing options, wherever possible.

Comprehensive support plans will be in place to ensure residents have the right support to maintain and/or enhance the skills they already possess including the following areas:

- Daily Life skills for independent living
- Engaging with social and/or recreational activities
- Finance and budgeting
- Maintaining health and wellbeing
- Medication management
- Nutrition

The existing service in scope of this procurement is for 33 units of supported accommodation.

Islington CCG has been commissioning this service since 2009 as part of an NHS contract, which has not been procured in the open market during this period. This is the only supported accommodation service that the Trust provide, which has led to an atypical service delivery model compared to other supported accommodation contracts.

The new service model will deliver a social care model of recovery. Re-procuring the service with an updated specification and delivery model will bring the following benefits to residents:

- Improved outcomes for independent living and connectedness to the community
- Greater likelihood of step down to less intense services
- Improved speed of discharge from in-patient care.

Re-procuring the service through LBI rather than CCG processes will bring the following benefits:

- All supported accommodation will then be procured through LBI and brings greater oversight and efficient contract management
- Supported accommodation is generally procured through LBI therefore attracting a wider market interest
- Safeguarding concerns will be reported directly to LBI
- The service will be part of the overarching accommodation pathway to ensure there is appropriate oversight of admissions and step down opportunities.

The Mental Health Commissioning Team will undertake co-production with current residents between June-July 2018 to develop the service specification, and service outcomes. A service user representative will also be engaged to participate on the evaluation panel, and measures will be taken to ensure they receive guidance and support to fully take part in this process.

3.2 **Estimated Value**

- 3.2.1 The current annual budget for the service is £1,259,313 which Islington CCG funds.
- 3.2.2 The future annual spend, anticipated to be £700,000 revenue, represents a 45% saving against the current budget, which will contribute to the Islington Clinical Commissioning Group Quality, Innovation, Productivity and Prevention (QUIPP) Programme for 2018/19 and 2019/20.
- 3.2.3 The current service is expensive in comparison to other 24-hour supported housing services in the borough, due to the current NHS model. Scoping of comparable provision by specialist providers of supported accommodation services has identified the service could be delivered successfully and with more of a focus on outcomes and skills, at a lower cost.
- 3.2.4 The new indicative budget is based on benchmarking against other comparable 24hour supported accommodation services that we commission in Islington.
- 3.2.5 The proposed contract length is three years, plus two 12-month extensions, subject to performance and available funding. The proposed contract duration is aligned to other commissioned mental health supported accommodation contracts. The total spend across the full contract period, including all extensions, is not expected to exceed £3,500,000.
- 3.2.6 Islington CCG Executive Management Team agreed to proceed with the local authority re-procurement of the service in March 2018. The service will be funded through the Mental Health Commissioning Pooled Budget. The CCG will transfer the full cost of the service to LBI under Section 75 arrangements on award of the contract.
- 3.2.7 Key drivers for the service include:
- Significant savings to be made
 - Maximising recovery outcomes, enabling residents to maximise choice, control and independence.
 - The service provides value for money by functioning as part of the wider mental health accommodation pathway, which would contribute to more efficient discharge from inpatient care and step down to less intense services.

The contract will include break clauses to protect the council in the case of withdrawal or significant reduction in funding.

3.3 **Timetable**

The following deadlines must be reached:

Co-production activity with service users completed	July 2018
Executive approval of procurement strategy	6 September 2018
Advert and ITT Published	September 2018
ITT Evaluation	October 2018
Corporate Director approval of Contract award	November 2018
Contract start	1 February 2019

3.4 **Options appraisal**

The following procurement routes have been considered:

- A two stage competitive tender via the Council processes
- A competitive tender using the open procedure via the Council processes
- A competitive tender using the open procedure via the CCG processes

We do not have any existing frameworks for mental health supported accommodation in the borough, and so this wasn't considered as a procurement route.

The preferred procurement route is a competitive tender through the open procedure through the Council processes. The benefits to this approach are as follows:

- Supported accommodation providers already operating in Islington are familiar with the Council e-procurement software and have recently bid for contracts via this route.
- By following a competitive open procedure, the Council will be able to review the submissions from the local provider market.
- Contract management can be provided by the Council through our joint commissioning arrangements, and would be an efficient use of contract management time should it be won by an existing provider. A contract of this nature fits better with Council contract monitoring arrangements.
- The contract even if procured through CCG procurement route would not be a standard NHS contract and, as such, would not be supported or monitored by North East London Commissioning Support Unit.
- Using the open procedure will reduce the overall procurement timetable

Collaboration through a joint procurement with neighbouring boroughs hasn't been considered given the need for supported accommodation within borough boundaries.

3.5 **Key Considerations**

3.5.1 Social value

Islington's mental health population experience greater health inequalities and poorer life expectancy outcomes than the general population. This continues to have significant financial impacts on the Housing, Health and Social Care budgets.

Mental health supported accommodation services are an essential component in the delivery of a whole system approach to recovery from mental ill health and in particular, the process of rehabilitation for individuals who have had inpatient stays. This service plays a vital role in supporting residents with complex mental health needs to learn practical and coping skills in preparation for more independent living within the community.

The key benefit of the service for residents is improved recovery rates and step down to more independent living within the mental health rehabilitation and recovery system. Residents will be empowered to manage their own health, enabling them to be well informed about making healthy choices. In the medium to long term, service users will be supported to develop increased skills for independent living, to participate in meaningful activity, including voluntary work, hobbies and interests, and to take up employment and training opportunities.

The service will enable people with severe and enduring mental ill-health to feel connected and involved in their local community through (for example) volunteering, engagement in community events and participating in local sports/fitness activities.

We recognise the intrinsic social value in the service we are procuring but have also identified additional community benefits that could be delivered. We will work with the provider to promote opportunities for purchasing from local suppliers. We will also work with the iWork Employment Service to offer work experience opportunities through the "Get Set For Work" scheme.

3.5.2 London Living Wage

London Living wage (LLW) currently applies to all commissioned services and successful bidders will be contractually obliged to pay LLW or above.

3.5.3 Best value

The service will implement a robust performance monitoring framework so that value for money, quality, outcomes and cost effectiveness can be assessed. The monitoring framework will include activity levels, evidence of outcomes achieved, as measured against the desired service KPIs outcomes in the service specification and individual support plans. Expenditure against the service budget will also be required. Service user feedback and use of resources will be monitored by commissioners on a scheduled basis and as required. Regular contract monitoring reviews will take place and the provider will, quarterly, submit information on the service provided. This process allows for continuous improvement and service development.

3.5.4 Economic, social and environmental sustainability

The service will reduce social isolation and help people lead healthier, fulfilling lives in the community, maximising life opportunities and independence. The service will support income maximisation, maintenance of tenancies and access to training and employment. An environmental impact assessment will be completed during the preparation stage

3.5.5 Staffing implications

TUPE obligations will apply, which may have significant financial implications to the successful provider, as the current staff team are on NHS terms and conditions.

3.6 Evaluation

The tender will be conducted in one stage, known as the Open Procedure as the tender is ‘open’ to all organisations who express their interest in the tender. The Open Procedure includes minimum requirements which the organisation must achieve before their evaluation Award Criteria is considered. Tenders will be evaluated on the basis of the price and ability to deliver the contract as set out in the evaluation criteria. The evaluation panel will include service user representatives.

	Weighting %
Cost	30%
Quality	70%
Proposed approach to service model	15%
Proposed approach to managing performance and outcomes	15%
Proposed approach to mobilisation and implementation/change management	10%
Proposed approach to workforce management	10%
Proposed approach to partnership working	10%
Proposed approach to client engagement and involvement	10%
Total	100%

3.7 Business risks associated with this procurement include:

- **Tender Failure**
We may be unable to identify a potential provider at the indicative costs identified, due to TUPE liability.
- **Risks in the transition to the new service delivery model**
The transition to the new service will need to be carefully managed to ensure continuity of support and to manage 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). Commissioners will also be undertaking robust coproduction and

engagement activity with service users around the changes pre-tender and in the development of the new service specification.

3.8 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.

3.9 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	24-hour (high support) supported accommodation service in Islington for adults with severe and enduring mental health needs. See paragraph [3.1]
2 Estimated value	The estimated value annually is £700,000. The agreement is proposed to run for a period of three years with an optional extension for a further two years (of separate 12-month periods) See paragraphs [3.2.1 – 3.2.7]
3 Timetable	See paragraph [3.3]
4 Options appraisal for tender procedure including consideration of collaboration opportunities	The preferred procurement route is a competitive tender through the open procedure through the Council processes. See paragraph [3.4]
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	See paragraph [3.5]
6 Evaluation criteria	Cost 30% Quality 70% The award criteria price/quality breakdown is described further within the report. See paragraph [3.6]
7 Any business risks associated with entering the contract	Key risks are: tender failure and risks in the transition to the new service delivery model. See paragraph [3.7]

8 Any other relevant financial, legal or other considerations.	N/A
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4. Implications

4.1 Financial implications

There are no direct financial implications for Islington Council from this procurement.

The mental health high support accommodation contract is funded from the Islington CCG base budget, procuring the service through Islington Council rather than Islington CCG will not alter this funding arrangement. Following the procurement, the new contract will be with Islington Council instead of Islington CCG. The service will be managed by the Council through the Mental Health Commissioning Pooled Budget, with the CCG transferring the full cost of the service via a Section 75 agreement.

The contract will include break clauses to protect the council in case of withdrawal or significant reduction in funding.

The current budget for the mental health high support accommodation service is £1.26m. The total estimated value of this contract over the maximum 5-year term is £3.5m. Following the procurement, the forecasted annual contract value is expected to be £0.7m per annum. This represents a £0.56m saving per annum which will contribute to the CCG's 2018/19 & 2019/20 QUIPP programme

Payment of London Living Wage is a requirement of the contract and should not result in any additional costs.

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

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 Executive may provide Corporate Directors with responsibility to award contracts with a value over £2,000,000 (Procurement Rule 14.2).

The social care services being procured are subject to the light touch regime (Light Touch Services) 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 £615,278.00. The value of the proposed contract is above this threshold. The council's Procurement Rules for Light Touch Services require competitive tendering for contracts over the value of £500,000.

The proposed procurement strategy, to advertise a call for competition and procure the service using a competitive tender process, is in compliance with the principles underpinning the Regulations and the council's Procurement Rules.

On completion of the procurement process the contract may be awarded to the highest scoring tenderer subject to the tender providing value for money for the council.

4.3 Environmental Implications

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.

The provider will be asked to demonstrate in the tender how they intend to minimise the environmental impact of the service.

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 10 April 2018 and the summary is included below.

4.4.1 Potential negative impacts identified:

People with a disability (mental health)

Risk of breakdown in residents' mental health as a result in change of provider.

Mitigation: Ensuring residents and their families are supported throughout the process and particularly leading up to and immediately following the move. Ensuring robust process and methodology is in place for evaluating and assessing tender submissions, to ensure the new provider meets quality requirements. This includes sound experience and ability to deliver the required service and meet needs of the client group. Some staff may TUPE over to the new service and this would bring continuity of care. No residents are expected to move home as a result of this procurement.

4.4.2 Positive impacts identified

People with a disability (mental health):

The service will deliver a more person- centred approach to support, promoting and enabling recovery, self-care and independence.

Social inclusion:

The service will support clients to improve social inclusion and ensure that they make meaningful use of their time in order to achieve independence. This may include support to: access education / training or employment, identifying and accessing leisure / cultural / faith / informal learning activities, contacting external services, groups, friends and family.

Community cohesion:

The service will support people with severe and enduring mental illness, to be involved with, and feel part of, the wider community through (for example) volunteering, attending community events, voting in local and national elections, participating in local sports/fitness activities.

The new service will be monitored to ensure it meets the needs of adults with mental illness in the borough. Potential providers will be required to comply with minimum quality standards on equality and diversity in service delivery.


Overall the proposed tender will have a positive effect on vulnerable adults in Islington.

5. Reason for recommendations

- 5.1 Mental health supported accommodation services are an essential component in the delivery of a whole system approach to recovery from mental ill health and in particular, the process of rehabilitation for individuals who have had inpatient stays. These services play a vital role in supporting residents with complex mental health needs to achieve greater independence, improve their health and well-being through effective engagement with community mental health services and individualised support; 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 current service model is expensive in comparison to other 24-hour supported housing services in the borough. Scoping of comparable provision by specialist providers of supported accommodation services has identified this service could be delivered successfully and with more of a focus on outcomes and a staffing model at a lower cost, achieving significant savings for Islington CCG.

Final report clearance:

Signed by:



Executive Member, Health and Social Care

Date: 18/7/18

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