



Report of: Executive Member for Health and Adult Social Care

Meeting of:	Date:	Ward(s):
Executive	21 May 2019	All

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SUBJECT: Procurement Strategy – Older People Mental Health Residential Service

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Older People Functional Mental Health Residential Service in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 The service will provide residential accommodation which focuses on rehabilitation and recovery, encouraging residents to live as independently as possible within the residential home with regular reviews to ensure residents' needs are being met. The service will enable people with long-term mental health needs to lead fulfilling lives in the community, maximising life opportunities and independence.

2. Recommendations

- 2.1 To approve the procurement strategy for Older People Mental Health Residential Service as outlined in this report.
- 2.2 To delegate authority to award the contract to the Corporate Director of People Directorate in consultation with the Executive Member for Health and Social Care.

3. Background

Islington's Joint Commissioning Strategy outlines the CCG's 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

The service is a CQC (Care Quality Commission) registered residential care home for older people who are experiencing long-term, severe mental illness, including depression, anxiety, psychosis and personality disorder. In addition to supporting residents with their mental health needs, the service also supports residents with their physical care needs relating to pre-existing conditions or as a result of increasing age and frailty, including dementia in some cases. Residents may also present with challenging behaviours and dual diagnosis issues, such as alcohol misuse.

The borough continues to require the provision of residential care services for people with long-term mental illness.

This service is currently provided at 148 Hornsey Lane, a 12 unit scheme, which is staffed 24 hours a day including waking night provision. Hornsey Lane achieved the overall CQC rating of 'Good' in its last inspection in March 2019.

The incumbent provider has successfully delivered consecutive contracts since 2007. Current discussions suggest that they will not retender for this service as it no longer fits with their strategic direction as a housing association.

148 Hornsey Lane is currently leased to the current provider by Camden and Islington Foundation Trust. The building currently meets the requirements of the service barring some minor cyclical repairs. However, in terms of future proofing the service, there are suggested reconfigurations to the building such as installing en-suite to the rooms which would improve the facilities for residents, and modernising plumbing and kitchen facilities.

Comprehensive support plans will be in place, which reflect residents' wishes and history, to ensure residents have the right support including the following areas:

- Daily life skills for independent living
- Engaging with social and/or recreational activities
- Maintaining health and wellbeing, including engaging with specialist health services
- Personal care services
- Medication management
- Nutrition

The Mental Health Commissioning Team will undertake engagement and co-production activity with current residents and stakeholders to develop the service specification, outcomes and the evaluation process.

3.2 Estimated Value

The service is currently funded from the Mental Health Commissioning Pooled Budget, to which both Islington Council and Islington CCG contribute. This will continue for the new contract. For 2017/18 and 2018/19, the annual spend on this service has been £523,347.

The value of this procurement is estimated to be £4,350,320 (this is exclusive of any inflationary uplifts in relations to LLW increases) based on a contract term of four (4) years

with two optional extensions of two (2) years each, up to a further four (4) (2+2) years (total eight (8) years), and an annual contract value of £543,790.

To ensure best value and sustainability for the service, benchmarking exercises have been completed with other local authorities and local brokerage function. Intelligence was also gathered from pan-London Care Analytics project. In addition, cost modelling has been completed with the outgoing provider. These exercises confirmed the contract value is comparable with similar services.

Key cost drivers for this contract stem from the vulnerability of the residents. The majority of the residents have lived at the scheme for many years and are unlikely move. Any disruption to their home environment is likely to have a negative impact of their wellbeing, given their mental health issues and age. As the current provider has stated their intention to not continue to provide the service, it is key that the contract is re-procured promptly to ensure stability of the residents.

3.3 Timetable

The following deadlines must be reached:

Executive board	21 May 2019
Published tender	June 2019
ITT Evaluation	Early July 2019
Corporate Director approval of Contract award	July 2019
Anticipated contract start	1 December 2019

3.4 Options appraisal

The following procurement routes have been considered:

- Utilising an existing framework agreement
- A competitive tender using a two stage restricted procedure
- A competitive tender using the open procedure

We do not have any existing framework agreements for mental health residential care in the borough, and so this option has been discounted. There are also no known suitable frameworks from a central purchasing body that could be utilised.

The preferred procurement route is a competitive tender through the open procedure. This was deemed to be most appropriate as there is anticipated to be a smaller number of organisations within the market who could deliver this type of service. The value of the contract means there is a requirement to advertise this contract opportunity on the Official Journal of the European Union (OJEU). The contract will also be advertised on the London Tenders Portal, Contracts Finder, and the council's website.

3.5 Key Considerations

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.

This service plays a vital role in supporting residents with complex mental health needs to live more independently in a community setting. Residents will be supported and empowered to manage their own health and wellbeing, enabling them to make healthy choices and limit social isolation through the social environment of the scheme and provision of social activities.

In addition to the local economic benefits of the service being provided in Islington, the service promotes the following social benefits:

- the service being part of the fabric of the local community, supporting and encouraging service users to make use of local health and social support services
- engagement with relevant third sector services
- supporting service users to sustain local links with family and friends
- work with the iWork Employment Service to offer employment and work experience opportunities through the scheme.

The following additional opportunities for social value have been identified and will be undertaken as part of this service:

- support and promote purchasing from the local supply chain where possible
- support and encourage the adoption of specific workplace health initiatives
- building relationships and partnerships with the local neighbourhood and enabling inclusion of vulnerable adults within their local community, through community-based activities
- reducing the environmental impact of the service, where possible, including monitoring energy and water usage, as well as maximising recycling and ensuring compliance with waste legislation.

London Living wage (LLW) will be a condition of this contract where permitted by law.

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. Monitoring 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.

Economic, Social and Environmental sustainability

The service will promote social inclusion and reduce social isolation, supporting people to lead healthier, fulfilling lives in the community, maximising life opportunities and independence. The service will support maintenance of wellbeing and prevent hospital admissions. An environmental impact assessment will be completed during the preparation stage.

TUPE will apply.

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 an interest. The Open Procedure includes minimum requirements which organisations must meet before the rest of their tender is evaluated.

Tender Award Criteria	
Cost – made up of	30%
Unit cost	15%
Direct costs versus overheads	10%
Affordability	5%
Quality – made up of	70%
Proposed model of care	25%
Proposed approach to quality management of performance and outcomes	15%
Proposed approach to resident engagement and activities	15%
Proposed approach to safeguarding and risk management	10%
Proposed approach to delivering social value	5%
Total	100%

3.7 Business Risks

- Tender Failure

There is a risk that the quality of tenders may not be suitable, or that costs may exceed the allocated budget. Alternatively, there is a risk that no providers will apply for this, to mitigate this, a prior information notice has been published to ensure the market are informed of the upcoming tender.

- Risks in the transition to the new service delivery model

As there will be a change in provider, the transition to the new provider will need to be carefully managed to ensure continuity of support and to manage any service user anxieties arising from a change in support provider. Consequently, the transition will be carried out in conjunction with service users, carers and family members (where appropriate). Contingency plans will be made to mitigate against the scheme being left without a service provider.

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 complete an 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 2.8 of the Procurement Rules:

Relevant information	Information/section in report										
1 Nature of the service	<p>The service is a CQC registered residential care home for older people (over the age of 50), who are experiencing long-term, severe mental illness, including depression, anxiety, psychosis and personality disorder.</p> <p>See paragraph 3.1</p>										
2 Estimated value	<p>The estimated value per year is £543,790</p> <p>The agreement is proposed to run for a period of 4 (4) years, with two optional extensions of two (2) years each up to a further 4 (2+2) years (total eight (8) years).</p> <p>See paragraph 3.2</p>										
3 Timetable	<table border="1" data-bbox="751 999 1519 1173"> <tr> <td>Executive board</td> <td>21 May 2019</td> </tr> <tr> <td>Published tender</td> <td>June 2019</td> </tr> <tr> <td>ITT Evaluation</td> <td>Early July 2019</td> </tr> <tr> <td>Contract award approval</td> <td>July 2019</td> </tr> <tr> <td>Anticipated contract start</td> <td>1 December 2019</td> </tr> </table> <p>See paragraph 3.3</p>	Executive board	21 May 2019	Published tender	June 2019	ITT Evaluation	Early July 2019	Contract award approval	July 2019	Anticipated contract start	1 December 2019
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4 Options appraisal for tender procedure including consideration of collaboration opportunities	<p>The preferred procurement route is a competitive tender through the open procedure.</p> <p>See paragraph 3.4</p>										
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	<p>Details included within this report.</p> <p>See paragraph 3.5</p>										
6 Award criteria	<p>70:30 Quality/Cost split will be used to evaluate the tender submissions.</p> <p>See paragraph 3.6</p>										
7 Any business risks associated with entering the contract	<p>Potential risks identified within this report.</p> <p>See paragraph 3.7</p>										

4. Implications

4.1 Financial implications:

The Older People Mental Health Residential Service is currently funded from the Mental Health Commissioning Pooled Budget, to which both Islington Council and Islington CCG contribute.

The budget available for Hornsey Lane for 2019/20 is £543,790 per annum, of which £20,443 relates to funding the increase in London Living Wage. Any additional inflationary uplift will be funded within the Adult Social Care budget year on year. Payment of London Living Wage is a requirement of the contract and should not result in any additional costs.

Any change to the contract value will result in a change in the contribution from the CCG as part of the S75 agreement.

The length of the contract is four years with two optional extensions of two years each, up to a further four years. This leads to a possible contract length of eight years.

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 meet needs for care and support, including by way of accommodation in a care home or premises of some other type (section 8(1)(a) of the Care Act 2014) if the Council is satisfied that an adult's needs arise from or are related to a physical or mental impairment or illness, meet the eligibility criteria including following financial assessment (per sections 13, 17 and 18 of the Care Act 2014 in conjunction with The Care and Support (Eligibility Criteria) Regulations 2015) and where that adult is ordinarily resident in its area (or present in its area but of no settled residence), or lacks mental capacity to arrange care and support and there is no other person willing or able to do so on their behalf (this duty applies regardless of other factors such as financial income).

Accordingly, the council may enter into contracts with provider(s) to secure the provision of older people mental health residential 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

The main environmental impacts of this procurement will be associated with the management of a building used for accommodation services. These include energy used for heating, cooking and appliances, water use in the bathroom and kitchen facilities and waste generation by residents.

These can be mitigated by the provider ensuring the following:

- the building is well-insulated and uses an efficient heating system
- appliances in the building have a good energy rating
- bathroom and kitchen fittings are water efficient
- maximising recycling and ensuring compliance with waste legislation

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 June 2018 and the summary is included below.

Potential negative impact

There is a risk of breakdown in residents' mental health as a result in a change to the service due to the change in provider and potentially staff. We will work with residents and their families to ensure they are supported throughout the process and particularly leading up to and immediately following the transition to a new provider. A robust process and methodology will be in place for evaluating and assessing tender submissions, to ensure any new provider meets quality requirements. This includes sound experience and ability to deliver the required service and meet needs of the client group. Staff are likely transfer over to the new service to which will provide continuity of care.

Positive impacts/opportunities

The service will deliver person-centred care and support, promoting and enabling rehabilitation; encouraging residents to live as independently as possible within the residential home.

The service will support the social inclusion of residents and ensure that they make meaningful use of their time. 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), attending community events, participating in local sports/fitness activities etc.

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

5. Reason for recommendations

- 5.1 There is an ongoing need for mental health residential care services for older people in the borough. The service needs to be re-procured as the contract is in the extension period and the current provider has advised that they will not continue to deliver the service. There is a risk to the residents living at the scheme should the stability of the service be compromised due to their vulnerability. There is currently no alternative accommodation for the residents at this home.

Appendices

- Resident Impact Assessment

Final report clearance:

Signed by:



13 May 2019

Councillor Janet Burgess
Executive Member for Health and Adult Social
Care

Date

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