

**Report of: Corporate Director, People**

<b>Meeting of:</b>	<b>Date:</b>	<b>Ward(s):</b>
Officer Key Decision	5 June 2020	All

<b>Delete as appropriate</b>		Non-exempt
------------------------------	--	------------

## **SUBJECT: Contract Award for Older People Mental Health Residential Service**

### **1. Synopsis**

- 1.1 This report summarises the outcome of a procurement process for an Older People Mental Health Residential Service. 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 award of a contract for an Older People Mental Health Residential Service to Peabody.
- 2.2 It is expected that this contract will commence on 11<sup>th</sup> June 2020. The contract will initially be for a period of 12 months with the option of three 12 month extensions. The annual value is £587,064, the total contract value with all optional extensions is £2,348,256 exclusive of any inflationally uplifts which may apply.

**Date the decision is to be taken:**  
5 June 2020

### **3. Background**

3.1 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 will continue to be 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 Mental Health Commissioning Team undertook consultation and engagement work with current residents, their relatives/advocates and stakeholders/key professionals to develop the service specification, outcomes and the evaluation process.

#### Social Value

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.

- 3.2 The tender was carried out using the open procedure. Bidders were able to bid to deliver the service from the existing premises or to propose different suitable premises. One organisation submitted a tender; they passed the suitability assessment stage, however their tender did not meet the minimum requirements in order to be awarded the contract.
- 3.3 The procurement used the Most Economically Advantageous Tender based on the criteria of 70% quality and 30% cost, broken down as follows:

Tender Award Criteria	
Cost – made up of	<b>30%</b>
Unit cost	15%
Direct costs versus overheads	10%
Affordability	5%
Quality – made up of	<b>70%</b>
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	<b>100%</b>

- 3.4 As the need for this type of service continues and the tender process was unsuccessful, the commissioning team has recommended a direct negotiation with the current provider to allow sufficient time to develop a more attractive model of care with the market. Peabody currently delivers this service and have done so since 2007. The service is well run and highly regarded by residents, their families and the professionals working with them.

Where a tender exercise fails in find an appropriate provider, the Council's Procurement Rules allow the negotiated procedure to be used in accordance with the provisions of the Public Contract Regulations (PCR) 2015.

Per the Council's Procurement Rules, this was agreed by Head of Procurement in conjunction with lead from Legal and Corporate Director on 16<sup>th</sup> March 2020.

- 3.5 Peabody were given a question inclusive of the award criteria noted above and asked to respond in writing as way of demonstrating their ability to meet the requirements of the service specification. A negotiation meeting was held via minuted teleconference (face to face was not advisable due to COVID-19 restrictions) between Peabody's Assistant Director for Specialist Support, a senior service manager and joint mental health commissioning managers. Peabody's method statement met the minimum requirements. The pricing negotiations lead to an agreed uplift which is higher than the advertised annual contract value but does not exceed the total contract value as the duration permissible has been reduced.

## 4. Implications

### 4.1 Financial implications

The Older People Mental Health Residential Service is currently funded from the Mental Health Commissioning Pooled S75 Budget, to which both Islington Council and Islington CCG contribute. The annual value of this contract is £587,064. The budget available for Hornsey Lane for 2020/21 is £571,300. The additional £15,764 will be funded as per the S75 agreement between the Adult Social Care base budget at Islington Council and Islington CCG.

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 12 months with the option of three 12 month extensions. This leads to a possible contract length of 4 years.

### 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). Adult 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 was above this threshold. The council's Procurement Rules for Light Touch Services require competitive tendering for contracts over the value of £500,000.

The procurement was undertaken using the competitive open procedure in accordance with the Public Contracts Regulations 2015 and the council's Procurement Rules 2015. The only tender received was not suitable for acceptance. Where no suitable tender is received, the council is permitted to negotiate with service providers without prior publication of a notice provided that the contract conditions are not substantively altered (regulation 32(2)(a) Public Contracts Regulations 2015),

Accordingly, a contract may be negotiated with and awarded to Peabody provided that the decision maker is satisfied that the negotiated terms represent value for money for the council.

The award of the contract is a key decision as the cost will exceed £500k revenue. The award decision may be taken by the Corporate Director of People under their delegated authority.

### 4.3 **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:**

The main environmental impacts of this service are associated with the management of a building used for accommodating the service. These include energy used for heating, cooking and appliances, water use in the bathroom and kitchen facilities and waste generated 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 29<sup>th</sup> March 2019 and the summary is included below.

##### Potential negative impact

The RIA notes risks to residents' wellbeing due to the change of service provider however these no longer apply as the contract is being awarded to the incumbent provider.

##### 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. Reasons for decision

- 5.1 The service provides 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.

- 5.2 There is an ongoing need for mental health residential care services for older people in the borough. 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.

## **Appendix**

- Resident Impact Assessment

**Background papers:** None

Final report clearance:

### **Signed by:**

Corporate Director of People

Date

Report Author: Ruby Pearce, Joint Commissioning Manager  
Tel: 020 7527 8483  
Email: Ruby.pearce@islington.gov.uk

Financial Implications Author:  
Charlotte Brown  
Tel: 020 7527 2687  
Email:charlotte.brown@islington.gov.uk

Legal Implications Author:  
David Daniels  
Tel: 020 7527 3277  
Email:david.daniels@islington.gov.uk