

Adult Social Care
222 Upper Street
London N1 1XX

Report of: Director of Adult Social Care

Date of Decision: 23 March 2023

Ward(s): All

Subject: Contract Award for Residential Care Service for Older Men with Alcohol Misuse and Mental Health Care Needs

1. Synopsis

- 1.1. This report seeks approval to award a contract for residential care home provision for older men with alcohol misuse and mental health care needs.
- 1.2. A procurement process has been concluded for the provision of fifteen (15) residential care home beds for older adults with alcohol misuse and mental health care needs. The residential care service will be based in the borough and rated at least 'Good' by the Care Quality Commission (CQC).

2. Recommendations

- 2.1. To award the contract for Residential Care Service for Older Men with Alcohol Misuse and Mental Health Care Needs to St Mungo Community Housing Association for a period of up to a maximum of seven years starting 1 April 2023 with an annual value of £649,280.
- 2.2. This is a key decision delegated to the Corporate Director of Adult Social Care following consultation with the Executive Member for Health and Social Care in line with the procurement strategy for this service which was approved, by the Executive on 1 September 2022.

3. Date the decision is to be taken

3.1. 23 March 2023

4. Background

4.1. Nature of the service

4.1.1. Islington's Adult Social Care vision is to help people live healthy, independent lives, with access to good-quality care and support when they need it; including the availability of high quality, accessible mental health care and support for all.

4.1.2. The Council is ambitious about commissioning high quality residential care home provision to meet the needs of residents who cannot remain in their own homes or in other accommodation-based services. The council is keen to work with providers that offer high quality, personalised, enabling care and support. Our aim is that residential care homes are well-connected, at the heart of communities, active contributors to social value, and offer exciting employment opportunities.

4.1.3. The contract to be awarded is a residential care service for men over the age of 45 with a significant history of alcohol misuse, homelessness, and mental ill-health. Many of the residents in the current commissioned service have cognitive impairments related to long-term alcohol dependency in addition to personal care needs. In terms of the Care Act, their primary need for care and support relates to alcohol use and mental health.

4.1.4. Some residents within the service may move from residential care to a less intensive accommodation setting within the community as they recover. However, some of the residents in this service will require longer-term residential care due to deteriorating cognitive functioning and may not make the transition to more independent living.

4.1.5. Demand for in-borough residential care placements exceeds our current provision. The service being procured is currently delivered from a 29-bed residential care home of which Islington currently purchases 12 beds on a block arrangement, which have been at full capacity throughout the contract length.

4.1.6. In addition to the 12 block beds, Islington currently spot purchases six additional beds from the same service, bringing the total number of beds purchased in borough by Islington to 18. There has consistently been a need for at least three additional bed above the current block of 12 beds since 2015 (i.e. at least 15 beds occupied in total since 2015).

4.1.7. There is currently no other residential care provision in the borough specifically for adults with alcohol misuse and mental health care needs.

4.1.8. In light of this, the council is seeking to increase the availability of in-borough commissioned provision through this contract award to ensure that:

- There is a reduction in the number of spot placements, which will secure placements for local people against competing demand from other boroughs, this should not create any voids.
- Residents are enabled to stay close to home, their loved ones, and professional support.
- Residents are provided with proactive and personalised support in a community setting, equipping them with the skills to reduce a decline in their health and to live healthier lives for longer.
- Residents are proactively supported to gain the skills necessary to live more independently and/or move to less intensive support, where possible, thereby minimising the time spent living in a residential care setting.
- Residents can benefit from the well-established Islington care home support infrastructure, this includes specialist cognitive impairment support from health.
- The Council has enhanced oversight of quality and safeguarding matters when contract monitoring measures are in place and we are acting as the host safeguarding authority.
- Spending on in-borough placements supports in-borough employment opportunities and delivery of social value that residents can benefit from;
- Better value for money is being achieved; our local arrangements represent good value for money when compared with out of borough purchased provision – the costs of which can vary greatly – enabling long-term financial stability.
- Block contracts facilitate development of long-term relationships with providers and offer mutually beneficial stability for the local care market.

4.1.9. The residential care service is based in the borough and is rated 'Good' by the Care Quality Commission (CQC).

4.2. **Estimated value**

4.2.1. The service will be jointly funded by Islington Council and NHS North Central London Integrated Care Board (NCL ICB), through the Section 75 pooled budget arrangements; 51% funded by the council and 49% funded by the NCL ICB. The additional three beds will be funded directly from Adult Social Care budget, with contributions from NCL ICB as determined on a case by case basis, via applications for Continuing Health Care or Joint Funding.

4.2.2. There is limited provision for this client group within North Central London (NCL) (Barnet, Enfield, Haringey, Islington and Camden) with only one other provider known to operate in NCL outside of Islington that offers residential care for older adults with alcohol misuse and mental health needs. Benchmarking data indicates that out of borough placements cost significantly more than those currently commissioned within Islington for the service provision in scope of this contract. Detailed benchmarking information was included in the procurement strategy approved at the Executive meeting 1 September 2022.

4.2.3. The annual value of the contract is £649,280. The duration of the contract will be for a period of up to seven years with an annual break clause option. The new contract cost has been benchmarked using:

- the current block contracts in Islington
- comparison with other London boroughs
- soft market testing with existing providers in borough.

The current block unit cost is lower than residential care spot beds for adults with substance misuse and mental health care needs within the NCL footprint.

4.2.4. Financial modelling and care cost analysis has been undertaken to develop a viable cost to ensure a sustainable market for this block contract. The increased unit price and total contract price reflects the council's commitment to drive up the quality of residential care provision, and to pay a fair cost of care in the borough. Benchmarking and market engagement activity to date has indicated that the price of the contract should be increased to provide a more financially viable service model that supports the delivery of strength-based care and support and ensures ongoing provision of high quality. Care market prices have increased and therefore the contract price has been increased to reflect a fair market rate, a core component of the Care Act. This contract will enable the council to continue to meet its aspirations for providing high quality care closer to home.

4.3. **Options appraisal**

A detailed options appraisal was included in the procurement strategy approved at the Executive meeting on 1 September 2022. A summary of the four procurement options explored is set out below:

Option	Recommendation
Option 1 - Do not reprocur block bed provision and purchase placements via spot contracts only	Not recommended.
Option 2 - Deliver service in-house.	Not recommended.
Option 3 - Procure external block provision in collaboration with other boroughs	Not recommended at this time. However, Islington commissioners will continue to engage with other boroughs within NCL to explore if there is interest in carrying out a joint procurement in the future.
Option 4 - Procure external block provision as a single borough	Recommended option.

4.4. **Key Considerations**

4.4.1. This tender apportioned 20% towards providers evidencing how they would contribute and deliver good social value for Islington and the recommended provider; outlined in their tender a range of commitments that contribute towards social value covering creating jobs for local people, creating more opportunities for

local businesses, improving staff wellbeing and mental health, reducing inequalities and social innovation to respond to the climate emergency.

4.4.2. Some of the social value commitments are outlined below:

- Employment of Islington residents.
- Job vacancies advertised via the Islington Working website (100% advertised)
- Commitment to spend within the local supply chain.
- Local community volunteering opportunities.
- Employees workplace benefits for wellbeing and promoting good mental health.

4.4.3. Payment of at least London Living Wage to all staff working on Islington contracts will be mandated as a condition of the new block contract.

4.4.4. 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 performance outcomes in the service specification and individual support plans.

4.4.5. Regular contract monitoring reviews will take place and the provider will submit information on the service on a quarterly basis. This process allows for continuous improvement and service development. The service specification includes 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.

4.5. **Evaluation**

This procurement was conducted in accordance with the Public Contracts Regulations 2015, under Chapter 3 Section 7 Social and Other Specific Services (known as the light-touch regime). Under Regulation 76 the council is free to establish a procedure, provided that the procedure is sufficient to ensure compliance with the principles of transparency and equal treatment of economic operators (service providers).

The tender was 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.

The contract notice was published on Find a Tender Service and Contracts Finder on 5 October 2022 and the deadline for submissions was 4 November 2022; 28 providers expressed an interest and had access to the procurement documents. The providers that expressed an interest were assessed to see if they met the advertised minimum requirements, as no suitable bids were received through the tender, it was agreed that any provider that met minimum requirements would be

able to submit a bid. The recommended provider met the minimum requirements and had their responses to the published method statement questions and pricing evaluated and were the Most Economically Advantageous Tender.

The contract award is based on the published 20% price and 80% quality (of which 20% was allocated to social value). The full breakdown of the quality criteria (80%) is outlined below:

Quality Award Criteria	Weighting %
Service model and delivery	25%
Social value	20%
Safeguarding and risk management	15%
Workforce and staffing	10%
Service user engagement and involvement	10%
TOTAL	80%

4.4.4 The recommended provider achieved a score of three out of five in each of the method statement questions which means that they met all of the minimum requirements of the quality award criteria. The results of the tender evaluation are set out in the Exempt Appendix A.

4.6. 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. All tenders were assessed as being compliant with the above legislation.

4.7. The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1. Nature of the service	This contract is for the provision of fifteen (15) residential care home beds for older male adults with alcohol misuse and mental health care needs. See section 4.1
2. Estimated value	The annual value of the contract is £649,280.

	See section 4.2.
3. Options appraisal for tender procedure including consideration of collaboration opportunities	An options appraisal was included in the procurement strategy. See section 4.3
4. Consideration of: <ul style="list-style-type: none"> • Social benefit clauses; • London Living Wage; • Best value; • TUPE, pensions and other staffing implications 	<ul style="list-style-type: none"> • The recommended provider outlined in their tender a range of commitments regarding contributing to towards social value • LLW will be a condition of the contract. • The service will implement a robust performance monitoring framework so that value for money, quality, outcomes and cost effectiveness can be assessed. • TUPE does not apply to the contract. See section 4.4.
5. Award criteria	The contract has been awarded to the Most Economically Advantageous Tender based on the criteria of 80% quality and 20% cost. The award criteria price/quality breakdown is more particularly described within the report. See section 4.5
6. Any business risks associated with entering the contract	See section 4.6
7. Any other relevant financial, legal or other considerations.	See section 6.

6. Implications

6.1. Financial Implications

6.1.1. The Hilldrop Care Home budget sits within the Mental Health Commissioning Pool within the Adult Social Care Budget. This is a S75 arrangement between Islington Council and NCL ICB. The Council contributes £234,960 (51%) and the ICB contribute £225,746 (49%). The budget for this service for 2022-23 is £460,706.

6.1.2. The new contract value following procurement will be £649,280 per annum for 15 beds, which is an increase of three beds. The additional three beds will replace three spot purchased beds which are currently funded within the Physical

Disability budget within the Adult Social Care base budget. The additional cost to the contract will be £188,574, of which £130,897 will be transferred from the Physical Disability budget to the Mental Health Commissioning Pool.

- 6.1.3. The additional £57,677 will be funded from existing resources within the Mental Health Commissioning Pool. Therefore, this will not create a budgetary pressure on the Mental Health Commissioning Pool or the Adult Social Care budget.
- 6.1.4. The value of this contract over the seven-year period based on the annual contract value will be £4,544,960.
- 6.1.5. Payment of London Living Wage is a requirement of the contract and should not result in any additional costs.

6.2. **Legal Implications**

- 6.2.1 The Council has a general duty under the Care Act 2014 to meet the needs of a person who needs care and support. The council may enter into contracts with providers to secure the provision of older people mental health residential care services under 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 18.1.3). The procurement strategy approved at the Executive meeting 1 September 2022 delegated authority to award the contract to the Corporate Director of Adult Social Care following consultation with the Executive Member for Health and Social Care.
- 6.2.2 The social care services 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 £663,540.00. 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. Accordingly, this contract was procured through the Open Procedure and advertised on the Find a Tender Service and Contracts Finder in compliance with the Regulations and the council's Procurement Rules.
- 6.2.3 Under Regulation 76 the council is free to establish a procedure, provided that the procedure is sufficient to ensure compliance with the principles of transparency and equal treatment of economic operators (service providers). As no suitable bids were received through the tender, it was agreed that any provider that met minimum requirements would be able to submit a bid. The recommended provider met the minimum requirements and had their responses to the published method statement questions and pricing evaluated and were the Most Economically Advantageous Tender. The contract can therefore be awarded to St Mungo Community Housing Association as recommended in the report.
- 6.2.4 In deciding whether to award the contract as recommended the Corporate Director should be satisfied as to the competence of the service provider to provide the services and that the tender price represents value for money for the Council.

6.3. Environmental Implications and contribution to achieving a net zero carbon Islington by 2030

- 6.3.1. Care homes are contractually required to have adequate systems in place for the storage, disposal and documentation associated with any clinical waste produced.
- 6.3.2. There are several environmental implications for care homes. These include energy use in the building for heating, cooking and appliances, water use and waste generation by residents. These can be mitigated by ensuring the building is well-insulated and uses an efficient heating system, ensuring 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.
- 6.3.3. The council is committed to engaging residents and partner health sector organisations in their drive to meet emission reductions as part of the Net Zero Carbon 2030 Programme. The recommended provider outlined in their tender a range of commitments regarding how they intend to minimise the environmental impact of the service, in order to support Islington in moving towards being a zero-carbon borough. These commitments included:
- Publication of an organisation-wide Sustainability Strategy, which sets out targets and monitoring mechanisms for recycling and reducing carbon emissions across the organisation, including an ambition and timescale to reach net zero.
 - The residential care service will operate a paperless office.
 - The service promotes recycling and will encourage both staff and service users to use on site recycling facilities. All waste disposal at the service will meet Health and Safety requirements.
 - Implementing environmental considerations when modifying and repairing the service building.
 - Energy used to run the service (gas/electricity) is procured on a green tariff.
 - Staff have access to a Cycleshare scheme, offering tax-free bicycles through the Government's cycle to work scheme.

6.4. Equalities Impact Assessment

- 6.4.1. 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.
- 6.4.2. An Equalities Impact Assessment is not required in relation to this report, because an Equalities Impact Assessment Screening Tool was completed in March 2022, which indicated that the impact on residents across all protected characteristics

would be neutral or positive and therefore a full EQIA is not required. A summary of the EIA Screening Tool is included below.

The contract is for a service specifically for older residents in the borough (45+). It is intended to have a positive impact on this group by offering care home placements to those with complex needs who can no longer live at home. Such services are for some of the most vulnerable in our communities and by accessing them people can expect to:

- improve their quality of life
- reduce their risk of social isolation and exclusion
- reduce their risk of harm.

The contract is for a service specifically for older residents who have severe and enduring mental health conditions and are alcohol-dependent, therefore it is intended to have a positive impact on residents of the borough with a disability or long-term conditions.

6.4.3. For all the other protected characteristics, the contract is deemed to be equality neutral in the category as all groups are treated with equality of opportunity by the service.

6.4.4. The full Equalities Impact Assessment Screening Tool is appended.

7. Conclusion and reasons for the decision

7.1. This report recommends awarding a new contract to St Mungo Community Housing Association (St Mungo's) for the delivery of the Residential Care Service for Older Men with Alcohol Misuse and Mental Health Care Needs for up to seven years from 1 May 2023. St Mungo's were assessed as being the most economically advantageous tender in respect of both quality and price. This will ensure the council is able to maintain much needed mental health residential care bed capacity, with alcohol misuse specialism in borough when the current contract comes to an end and deliver better value for money through increasing commissioned block provision. It will deliver value for money for the council, will facilitate development of long-term relationships with the successful provider, and offer mutually beneficial stability for the local care market.

8. Record of the decision

8.1. I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Authorised by: John Everson

Director of Adult Social Care

Date: 23 March 2023

Appendices:

- Appendix A: Exempt appendix
- Appendix B: Equalities Impact Assessment Screening Tool

Background papers:

- N/A

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