

Report of: Executive Member for Health and Wellbeing

Meeting of:	Date	Ward(s)
Executive	26 November 2015	All

Delete as appropriate	Exempt	Non-exempt

SUBJECT: APPROVAL OF THE PROCUREMENT STRATEGY FOR MENTAL HEALTH SUPPORTED HOUSING SERVICES

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of supported housing services for Islington residents with a mental health needs in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 The procurement will be a competitive tender using the open procedure. There are eleven services which are grouped into three lots; high, medium and low. Service contracts will be awarded through block contracts within the Borough of Islington.
- 1.3 This procurement will deliver savings of £261,066 which will contribute to the savings proposal – "Make commissioning efficiencies in Housing Related Support" as agreed in the 2015-16 budget setting process.

2. Recommendations

- 2.1 To agree the proposed procurement strategy for Mental Health supported housing services for Islington residents as outlined within this report.
- 2.2 To note the Executive will be asked to approve the award of the contract at the conclusion of the procurement process.

3. Background

Mental Health

Mental health conditions are very common, affecting at least one in four people at some point in their life and one in six adults at any one time. Mental health conditions include depression, anxiety, psychosis, schizophrenia and dementia. Together, they account for the single largest source of disability and ill health in the UK.

People with mental health conditions have higher morbidity and mortality than the rest of the population. Mental ill health and the stigma and discrimination associated with it, can have negative impacts on every aspect of life, including social exclusion, employment and education, with economic hardship and physical ill-health leading to a significant risk of earlier death.

Key Issues

In 2011-12, 12.6% (22,692) of people aged 18 and over in Islington were recorded as being diagnosed with depression. This is a significantly higher level of mental health need than the London and England averages (8.1% and 11.7% respectively).

Mental health needs vary according to gender, ethnicity and age and are influenced by family, social and environmental determinants. Islington has a significantly higher level of mental health need than London and England. High-needs groups include:

- People with disabilities or long term physical conditions at greater risk of depression
- Some BME groups with a significantly higher prevalence of diagnosis of psychotic disorders
- Prisoners and offenders have high levels of mental health disorders and high rates of suicide compared to the general population
- Other socially and economically deprived groups, such as people who are long term unemployed

Future Need

It is anticipated that the levels of mental ill-health will increase over the coming years as the current economic climate of long term austerity continues. Assuming there is no change in the underlying prevalence of mental health conditions, then we estimate that due to population structure changes alone:

- Mental health conditions among children and young people aged 5-17 will increase from 3,129 in 2010 to 3,337 in 2020, an overall increase of 6.6%
- The number of people with depression and anxiety will increase by 3.4% to 29,426 in 2015 and 30,224 in 2020
- The number of people with psychosis and bipolar disorders will increase by 10.2%, from 3,032 in 2010 to 3,241 in 2020
- The number of people (65 and over) estimated to have dementia will increase by 11% from 1,261 in 2012 to 1,400 in 2020; 666 of these (47.6) will be over 85 and over

3.1 Nature of the service

This procurement is for supported accommodation for homeless people with mental health needs, who are aged 18 years and above.

There are currently seven support contracts within the scope of this procurement. The support service are provided across a range of properties which are owned by the landlord detailed in detailed Table I

3.1.2 Table I

Service	Support Provider	Landlord	Capacity
Southwood Smith Street	St Mungo's	Family Mosaic	10
Look Ahead MH Service	Look Ahead	Southern Islington & Shoreditch	16
Ponders Bridge House	One Housing	One Housing	12
Ponders Bridge Cluster	One Housing	Circle Stonham	20
St Mungo's Barnsbury	St Mungo's	St Mungo's Circle	40
Arundel Place	SHP	Places for People	22

Peter Bedford	Peter Bedford	Peter Bedford	98
		Total Capacity	218

Appendix I provides a detailed breakdown of each current support service contract, contract value and landlord for each specified accommodation.

- 3.1.3 The current services were procured in 2010. At that time landlords worked more readily in partnership with support providers. Support service contracts have been extended enabling these arrangements to continue, however in the intervening period landlords have chosen not to make their properties available to enter into separate support contracts. St Mungo's, Peter Bedford and Stonham have declined to work with a new support provider.

Due to this change it is not possible to procure the support service contracts in their current configuration. To enable each service to be procured the current configuration was separated to offer each service individually; this has increased the number of services from seven to eleven. Some of the current landlords have agreed to make their properties available to new support providers. Where this is not the case the procurement will require successful providers to have access to an in borough site of appropriate size. The procurement will offer services in three Lots; High, Medium and Low. Appendix II details each Lot, eleven services, landlord and property availability.

- 3.1.4 The existing services will end on 30 June 2016 and the borough will continue to require the provision of housing related support for people with mental health issues. Mental health services have been developed to provide a pathway for people who are experiencing a mental health issue who are also homeless, at risk of homelessness or coming out of more institutionalised care. Through this procurement a saving will be achieved through a reduction in capacity detailed in Table II and decommissioning of the service detailed in Table III.

- 3.1.5 Table II

Service	Action	Reason	New Capacity	Reduction in units	SP Saving
Peter Bedford	Reduce Capacity	Reduction due to former service users having secured permanent tenancies, who no longer have a housing-related support need	73	25	£91,827

The service detailed in Table III will be decommissioned, which will provide an additional saving to the Supporting People budget.

Table III

Service	Action	Reason	New Capacity	Reduction in units	SP Saving
St Mungos Southwood Street	Decommission	Poor quality accommodation Under-utilised due to poor layout and tenant cohabitation conflict	0	10	£169,239

Eight service users currently reside at Southwood Street. Work is already underway with mental health colleagues to develop transition plans for those residents..

3.2 Estimated Value

- 3.2.1 The current annual spend is £1,709,523. A breakdown of current annual spend and annual spend post procurement on these services is detailed in Appendix I.

- 3.2.2 The services will be funded through the Supporting People Commissioning budget within Adult Social Services.

The value of this procurement will be £1,448,457 annually and £8,690,742 based on a 6 year contract including extension periods for these services. The proposed 6 year contract would align procurement cycles with health funded mental health services and will comprise a 3+1+1+1 year contract. Alignment with health funded contracts will provide an opportunity to jointly commission and procure services at a later date. However, any contract extension would be dependent on the availability of funding, service performance and the need for the service. There are no suitable existing frameworks that could be used for these contracts.

3.2.3 The current services provide good value for money. Unit price and cost per hour has been benchmarked against neighbouring boroughs in the North London Strategic Alliance (NLSA) and is comparable with NLSA boroughs. Through this procurement savings will be realised from a reduction in demand due to former service users who have secured permanent tenancies as detailed in 3.1.3. This will contribute to the overall savings. Further savings of up to 10% may be realised through the procurement process itself.

3.2.4 These services represent good value for money in providing vulnerable adults with mental health issues safe secure accommodation with appropriate support to meet their multiple needs.

Key costs drivers for the service include:

- A need to reduce rough sleeping, prevent homelessness and repeat homelessness due to mental health issues
- Maximising health outcomes by increasing the likelihood of recovery as a result of engagement with community mental health services
- Increase in community safety through the reduction of anti-social behaviour, offending and the impact of offending on the local community
- An opportunity redesign the mental health pathway, remodelling the services without an increase in funding

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

3.3 **Timetable**

3.3.1 The following dates must be reached:

Adult Social Services Approval	September 2015
Procurement Board	September 2015
Joint Board	October 2015
Executive meeting	November 2015
Advert and ITT published	November 2015
Award report	April 2016
Contractual arrangements	1 July 2016
Current contracts expire	30 June 2016

3.4 **Collaborative Approach**

3.4.1 The Commissioning Body members who comprise service leads from Housing, Health, Public Health, Community Safety and Probation, agreed in October 2014, the proposal to continue to commission mental health supported housing services.

3.4.2 *Towards a Fairer Islington: Our commitment, Corporate Plan 2015-19*, details Islington' strategic vision and priorities particularly how the Council and its partners, will work to tackle deeper social issues; the key challenges being:

- Mental ill health
- Domestic Violence
- Long-term conditions
- Substance misuse
- Long-term unemployment

3.4.3

This procurement supports partnership working by aiming to reduce health inequalities and improve the health and well-being of the local population by supporting people to:

- reduce homelessness and the risk of homelessness
- promote independence
- reduce anti-social behaviour
- support community safety and
- enable people to move-on to more permanent accommodation

3.5 **Options appraisal**

3.5.1 The following routes have been considered including:

- Tendering each contract separately
- A two stage competitive tender with the services advertised as lots limiting the number that each organisation can bid for/or be awarded
- A competitive tender using the open procedure

3.5.2 The preferred procurement route is a competitive tender through the open procedure, limiting the number of lots an organisation can bid for and/or be awarded. This approach mitigates the risk of service loss to service users and the Council in the event of contract failure.

3.5.3 Collaboration through a joint procurement has been considered with neighbouring boroughs. This works well in MAPPA (Multi-agency public protection arrangements) offender services, which Islington co-commissions with five other boroughs. However, this is a small service that works with a discrete client group. In the case of mental health services it would not be feasible given the range of services and the need for supported accommodation within borough boundaries.

3.5.4 By following a competitive open procedure, the Council will be able to review the submissions from the local provider market and the impact of landlords who are not making their properties available to external support providers. It is also anticipated that the open procedure should reduce the overall procurement timetable.

3.6 **Social value**

3.6.1 Islington's mental health population experience greater health inequalities and poorer life expectancy outcomes than the general population. They feature disproportionately in Islington's homelessness statistics, with high rates of homeless acceptances for people with mental health ailments. This continues to have significant financial impacts on the Housing, Health and Social Care budgets.

The most effective way of assisting people experiencing housing problems as a result of poor mental health is to invest in preventative and early intervention services. Supporting People services continue to fulfil that objective through the provision of housing related support.

The services will establish secure tenancies and aim to improve health. In the medium to long term, service users will have develop the skills necessary to manage their support needs, manage a tenancy with minimal support and engage in education, training and employment through volunteering or paid work

The services will contribute to a reduction in anti-social behaviour and increased community safety. The services will improve the general wellbeing of Islington residents by supporting local hospitals to maximise their ability to discharge patients safely back to a safe, secure address with appropriate

mental health support.

At tender stage, the provider will explain how their proposed service can deliver additional social value through employment and or shared use of premises for local residents in the borough. The successful provider's progress in delivering outcomes for service users, which demonstrate additional social value, will be addressed in the performance outcome indicators set for the service.

3.6.2 London Living Wage (LLW) has been considered and successful bidders will be contractually obliged to pay LLW or above. Please refer to the LLW report, available on request.

3.6.3 The service will operate within a performance monitoring and quality assessment framework. Contracts will be closely monitored against a range of targets and outcome measures. This process allows for continuous improvement and service development.

3.6.4 **Economic, social and environmental sustainability**

The services will reduce social isolation and help people live healthier, active and fulfilling lives. The service will support income maximisation, maintenance of tenancies and access to training and employment.

3.6.5 **Debt management**

Given that 65% of residents living in the borough have social landlords (48% LBI) the saving to the borough will be realised through the reduction of rent arrears along with savings from avoidance of legal costs and dealing with eviction proceedings. This will have lasting benefits for the community as well as individual service users.

3.6.6 An environmental impact assessment will be completed during the preparation stage.

TUPE obligations may apply should a current service providers by unsuccessful

3.7 **Evaluation**

3.7.1 This tender will be conducted in using the Open Procedure. Tenders will be evaluated on the basis of the price and ability to deliver the contract as set out in the evaluation criteria.

3.7.2 Bids will be assessed on the basis of 70% awarded on quality and 30% on cost which will include an evaluation of the amount of funding allocated to delivery.

Cost / quality criteria are summarised below. A full breakdown is noted in **Appendix 2**.

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

3.8 **Business Risks**

3.8.1 Business risks associated with this procurement 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 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. The Council may then be 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.

3.8.2 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.

3.8.3 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	Supported housing services for adults with mental health issues See paragraph [2.1]
2 Estimated value	The estimated value annually is £1,448,457 The agreement is proposed to run for a period of 3 years with optional extensions for a further 3 years on three separate occasions. See paragraph [3.2.1]

3 Timetable	See paragraph [3.3.1]
4 Options appraisal for tender procedure including consideration of collaboration opportunities	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	See paragraph [3.8]
8 Any other relevant financial, legal or other considerations.	See paragraph [4]

4. Implications

4.1 Financial implications

The Mental Health Supported Housing Services are funded by the Adult Social Services budgets. The current cost of these services is £1,709,523 and the proposed new cost of these services will be £1,448,457, delivering a saving of £261,066 (15%), which will contribute towards the Council's Medium Term Financial Strategy (MTFS) savings.

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 OEJU. The council's Procurement Rules require contract over the value of £172,514.00 to be subject to competitive tender.

4.3 **Environmental Implications**

There will not be any implications as the service will be delivered from existing buildings within the borough.

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.

The initial screening for a Resident Impact Assessment was completed on 3 September 2015 and this did not identify any negative equality impacts for any protected characteristic or any human rights or safeguarding risks.

The new services will be monitored to ensure they meet the needs of adults with mental health issues 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. However, reductions to service budgets are more likely to impact on people living in poverty or low incomes more compared to any other group. The aim is to mitigate the impact of any negative effects by improving pathways and exploring more flexible ways of delivering services.

The Resident Impact Assessment will be available on the Council website.

5 Conclusion and reasons for 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 service and individualised support; prevention of 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.

Appendices

Appendix I: Current mental health supported housing services

Appendix II: Proposed procurement Lots

Appendix III: Rationale for the evaluation of quality versus cost

Final report clearance



Signed by: Executive Member for Health and Wellbeing

Date: 5 November 2015

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Current Mental Health supported housing services

Lot	Service	Service description	Current Support Provider	Landlord	Units/clients	Contract End Date	Current Contract Value p/a	New contract value from June 2016
1	9 Southwood Street	High Support	St Mungo's	St Mungo's	10	30 June 2016	£169,239	£0
2	Look Ahead MH Service	Low Support	Look Ahead	New River – Southern Vivian Comma – Islington & Shoreditch	16	30 June 2016	£70,615	£70,615
3	Ponders Bridge House	High Support	One Housing	One Housing	12	30 June 2016	£254,856	£254,856
4	Ponders Bridge House Cluster	Low Support	One Housing	Shaftesbury - Circle Mercers – Circle Mercers (h) - Stonham	20	30 June 2016	£184,677	£184,677
5	St Mungo's MH Service – Barnsbury	High Support	St Mungo's	Barnsbury – St Mungo's Court Gardens – Circle Tufnell Park – St Mungo's	40	30 June 2016	£371,798	£371,798
7	Arundel Place	High Support	SHP	Places for People	22	30 June 2016	£298,380	£298,380
9	Peter Bedford	Low Support	Peter Bedford	Same	<i>98 reducing to 73 units</i>	31 March 2015 – June 2016	£359,958	£268,131
Total current spend							£1,709,523	
Total spend post June 2016								1,448,457
Total saving							£261,066	

Tender Lots

LOT	SERVICE No.	SERVICE	SERVICE DESCRIPTION	CURRENT SUPPORT PROVIDER	CURRENT LANDLORD	CAPACITY	BUILDING AVAILABILITY
1 - High	1	Arundel Place	High	SHP	Places For People	22	The building is available
1 - High	2	Ponders Bridge House	High	One Housing	One Housing	12	Will require access to in borough building
1 - High	3	Barnsbury Road	High	St Mungo's	St Mungo's	21	Will require access to in borough building
2 - Medium	4	Court Gardens	Medium	St Mungo's	Circle 33	12	Will require access to in borough building
2 - Medium	5	Tufnell Park Road	Medium	St Mungo's	St Mungo's	7	Will require access to in borough building
2 - Medium	6	107 Mercers Road	Medium	One Housing	Stonham	8	This building is available
2 - Medium	7	104 Mercers Road	Medium	One Housing	Circle 33	6	The building is available
2 - Medium	8	41 Shaftesbury Road	Medium	One Housing	Circle 33	6	The building is available
2 - Medium	9	Vivian Comma Place	Medium	Look Ahead	ISHA	8	The building is available
3 - Low	10	Peter Bedford	Low	Peter Bedford	Peter Bedford	73	Will require access to in borough building
3 - Low	11	New River Green	Low	Look Ahead	Southern	8	The building is available
					Total Capacity	183	

Rationale for the evaluation of quality versus cost

	Weighting %	Rationale
Cost	30%	Price of lots across the life of the contract. Cost savings are not being sought as savings have been made across other mental health services and across the wider supporting people portfolio.
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%	