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| Item No. 21. | Classification: Open | Date: 13 July 2021 | Meeting Name: Cabinet |
| Report title: | | Gateway 1 - Procurement Strategy Approval The Provision of Mental Health Supported Housing and Outreach Services | |
| Ward(s) or groups affected: | | All | |
| Cabinet Member: | | Councillor Evelyn Akoto, Health and Wellbeing | |

FOREWORD – COUNCILLOR EVELYN AKOTO, CABINET MEMBER FOR HEALTH AND WELLBEING

The council funds 275 units of supported housing for people with mental health needs. This housing includes a range of housing related support so that the tenants can live independently in the community where the housing is. If we describe supported housing as a static form of support where the person needs to live in a particular property to get the support, then we can describe outreach support as a mobile form of housing related support and we fund 85 people to receive this type of support. Altogether we support 360 people at a total cost of £2.66 million to live independently. Some of this funding includes contributions from the clinical commission group (CCG), which is a historic arrangement that they have confirmed they will continue to make for the life of the new contracts as set out in Table 1. This confirmation is a demonstration of the organisation’s continued commitment to integration between our two organisations.

The report seeks to undertake a competitive tendering process and award contracts commencing on 1 July 2022 for Mental Health Supported Housing and Outreach services. The contract would have an initial term of three years with options to extend for up to 2 years, with an estimated total budget for five years of £13,309,345, which is inclusive of the CCG element (totalling of £1,859,565 for the 5 years).

The supported housing services were established as part of the Supporting People Programme which had ring-fenced funding in 2002. The ring-fencing of funding ended over 10 years ago. Whilst there has been extensions in contracts and redesigns in service delivery over the years, the current services have not been subjected to a competitive process for a considerable length of time. A GW0 Strategic Options Assessment report came to Cabinet in February 2019 about this area of spend and our spend on hostels. A separate GW1 procurement strategy report about hostels will be brought to cabinet in the autumn of this year.

An open procedure is not recommended due to the specialist nature of the services and the skills and expertise necessary to meet the needs of the most vulnerable Southwark residents, therefore the council requires prospective bidders

to pre-qualify by completing a Selection Questionnaire (SQ). This is known as a restricted procedure and is recommended in this report.

Social Value will feature in this procurement at 10% and payment of the London Living Wage is part of the price evaluation. Both of these aspects will contribute to value for money in terms of the wider community.

Tendering these services will allow for a full reconfiguration across all forms of housing related support for people with mental health needs. The inclusion of outreach services means that the reconfiguration of the services will provide an opportunity to look at the end to end journey of independence for these members of our community.

RECOMMENDATION

1. That cabinet approve the recommendation to proceed with the procurement strategy by competitive tendering to award contracts commencing on 1 July 2022 to provide Mental Health Supported Housing and Outreach detailed in paragraph 72, for an initial three years with an option to extend for two further periods of one year, with an estimated total contract value for five years of £13,309,345, which is inclusive of the CCG element (totalling of £1,859,565 for the 5 years).

BACKGROUND INFORMATION

2. The Gateway 0 (GW0) strategic options assessment for the provision of mental health supported housing services and next steps detailed in this report were approved by the cabinet member in February 2019.
3. The strategic delivery option, recommended in the GW0 report, approved is for:
 - A procurement exercise in line with the Public Contract Regulations 2015 for some or all of the support and accommodation services for people with mental health issues, in order to secure best value within these services, and ensure sufficient services are available to meet need locally
 - The exploration of an increase in in-house services
 - Further discussions with other local authorities in order to explore potential joint approaches
 - Further detailed work to consider both procurement and in-house options in the coming period prior to the presentation of a GW1 report,
 - Service user engagement, a review of move on strategies and consideration of value added from these types of services – for example, contributions to employment and social value.
4. In January 2018, Southwark Council and NHS Southwark Clinical Commissioning Group (CCG) agreed the Southwark Joint Mental Health and Wellbeing strategy 2018-21. A key component of the strategy is for the

council and local CCG to bring forward a common approach to ensure that eligible individuals can access supported housing services.

5. Following the launch of the Southwark Joint Mental Health and Wellbeing Strategy implementation plan, in October 2018, the council and the CCG formed the Mental Health Supported Housing group. The focus of the group is on a wider review of acute, community and primary mental health services, including referral of patients within those settings, typically service users would be those requiring higher need supported housing.
6. The Mental Health Supported Housing group, the membership of which includes adult social care, mental health professionals, housing and commissioning noted through the strategic options assessment that:
 - There will be an ongoing need for supported housing for people in Southwark with mental health problems
 - More service users are presenting with complex multiple needs both in terms of their mental health and physical health
 - The pathway needs to be responsive to the (evolving) support needs of service users, equipping them with the skills and strategies to live a fulfilling life in their local community
7. Through the local authority review, the reconfigured mental health supported housing pathway will provide clarity in terms of eligibility, referral process and levels of support provision. It is hoped that both parties can identify areas for future partnership working.
8. The scope of the review has been focussed on services where the council is the lead commissioning authority.
9. The review has sought to clarify:
 - Whether current services are fit for purpose
 - The emerging service model
 - Service user support needs, demand
 - Indicative levels of support provision
 - Referral routes into schemes
 - Potential in-sourcing
10. This GW1 relates to Mental Health Supported Housing and Outreach Services. The procurement strategy relating to Mental Health Homelessness Hostels will be detailed in a separate GW1 report.

Scope of Services

11. The services that are in the scope of the review, contract value and where indicated CCG funding are detailed in Table 1 below:

Table 1 – Mental Health Supported Housing

| Scheme | Support Provider | No. of units | CCG funding (£) | Annual Contract Value (£)* |
|---------------------------------------|--|---------------------|------------------------|-----------------------------------|
| Southwark Bridge Road | Look Ahead Care and Support (LACS) | 28 | | 248,084 |
| New Kent Road | LACS | 9 | | 135,609 |
| Southwark Resettlement Service | LACS | 28 | | 232,600 |
| Riverside | Peabody Trust | 42 | | 249,037 |
| De Crespigny Park | Metropolitan Thames Valley Housing Association (MTVHA) | 12 | 238,633 | 491,169 |
| Dispersed Accommodation | St Mungo's | 75 | | 324,232 |
| Bermondsey Project | Thames Reach Broadway (TRB) | 30 | 71,157 | 300,909 |
| Short-term and Medium Support Service | Certitude – Southside Partnership (CSP) | 43 | 62,123 | 378,395 |
| Total | | 267 | 371,913 | 2,360,035 |

*Supported Housing contracts are block contracts.

12. The CCG has confirmed that funding at the level indicated will continue for the type of support service provided by a current contract for a period of five years.

Mental Health Outreach

13. As of 12 March 2020, there were 83 mental health service users¹ receiving a spot purchased mental health outreach service from ten different service providers, as detailed in Table 2. Although there are ten providers, two of the providers deliver 89% of all provision.

¹ Based on information provided by mental health team

Table 2 – Mental Health Outreach

| Support Provider | Total cost per Week (£) |
|---|--------------------------------|
| Care Elite Ltd | 34 |
| Choice Support (Head Office) | 165 |
| CMG (Care Management Group) | 32 |
| Complete Works | 250 |
| Haridol Care Services | 3,721 |
| Lambeth Chinese Community Association | 60 |
| Oasis Care And Training Agency | 186 |
| Profad Care Agency | 35 |
| SDA - Southwark Disablement Association | 1,408 |
| Servesoul Limited | 34 |
| Total | 5,925 |

14. Based on the current number of users (83) and the current cost per week, the service has an estimated cost of £308k per annum.
15. A twelve-month extension was approved in April 2019 for the mental health supported housing and homelessness hostels to enable:
 - the review of services to be completed
 - development of a business case to consider potential in-sourcing of the homelessness hostel
 - development of the commissioning plan and
 - completion of procurement activity to commence new services from 1 April 2020.
16. A GW3 contract variation was approved in March 2020 to extend services up to 10 January 2021, to enable the procurement activity to be completed. However in March 2020, a global pandemic was declared due to Covid-19. For the council to respond to the immediate needs of Southwark residents, commissioning and procurement activities were paused. Due to the ongoing Covid-19 crisis, in December 2020 a GW3 contract variation approved a further contract extension of current services up to 30 September 2021.
17. The extension which has been wholly supported by service providers, ensures services continue to support vulnerable service users due to the Covid-19 crisis and continuity of care whilst the procurement activity is restarted and completed. The Strategic Director of Children’s and Adults’ Services in May 2021 approved a further extension of current contracts up to 31 July 2022.

18. Once the procurement has commenced a further GW3 may be necessary to enable the completion of the procurement activities and to mobilise new services.
19. The review has involved the following activities:
- Service review of each contracted service
 - Joint working with operational teams to understand emerging needs and forecast demand
 - Engagement, consultation and co-production with support service providers
 - emerging needs
 - support staff skills and expertise
 - service design
 - Engagement, consultation and co-production with supported housing landlords
 - emerging needs
 - future proofing
 - support provider relationships
 - Staffing costs analysis and benchmarking
 - Further engagement with services users
 - Experience of current services
 - Service changes, gaps
20. The intended outcomes from the review are to have:
- Established the 'as is' mental health supported housing and outreach
 - Have a plan to move to from the 'as is' to a redesigned service that is dynamic, responsive to service user need
 - Services and accommodation that are fit for purpose in terms of future-proofing
 - Services that support the aims and objectives of the borough plan
 - Considered whether it is appropriate to insource some, or all, of service delivery
 - Reflected the views of service users.

Summary of the business case/justification for the procurement

Service Review Findings

21. A service review has been completed for each service in the scope of this project. The service review considered the following areas:
- Support provided to service users
 - View of service users

- Service performance
- Throughput
- Staffing
- Value for money

22. In summary the service reviews revealed the following:

| | Challenges | Positives |
|------------------------------|--|---|
| Service user feedback | <ol style="list-style-type: none"> 1. Some length of stays are over two years 2. People have physical health problems 3. People are older and have long-term conditions 4. Vulnerability to abuse when living independently 5. Move on planning/outcome focussed objectives | <ol style="list-style-type: none"> 1. People felt safe and supported by staff 2. They felt supported to access training & employment. 3. Benefitted from support sessions 4. Liked their support staff 5. Living in Southwark 6. Self-contained accommodation |
| Service performance | <ol style="list-style-type: none"> 1. Private rented sector housing options 2. Timing of move on not available when service users are ready 3. Service performance variable 4. Challenging to evidence value for money, in outcomes 5. Staffing stability 6. Outreach provision lacks the consistent quality | <ol style="list-style-type: none"> 1. Provided stability to most vulnerable residents 2. Providers managing service users with additional needs i.e. drug, alcohol issues, anti-social behaviour 3. Providers accessing community mental health services 4. Provider accessing community services |

Emerging Service User Needs

23. Commissioners and operational teams have reviewed the current profile of service users and have identified the following emerging support needs, which are challenging for the current services and would benefit from more tailored support. These are:

- Longer term supported housing for people with a long-term condition and mental health
- Older service users with alcohol, substance misuse and mental health
- Outreach, resettlement and floating support for service users who live independently
- Service users with Autism or challenging behaviour and mental health

- Women only scheme, priority for those placed out of the borough
- Support to service users who have moved to independent accommodation vulnerable to abuse

Throughput and Move On

24. Support providers are required to submit quarterly data detailing the movement of service users through the service. Submissions have been inconsistent, however an overview of submitted data for 2018-19, indicates that:
- Planned moves, which includes a move to independent accommodation has improved year on year from 2016-17
 - Service users tend to move on at a higher rate from mental health homelessness hostels. This highlights the different referral routes into services
 - There are unplanned moves, which can include abandonment of placement, tenancy issues or mental health need
25. Timely move on has been hindered by lack of supported accommodation that meets the emerging needs of service users. Particular areas are the limited availability of longer-term accommodation to support older service users with physical health, long-term health conditions or life-limiting illness and residential care.
26. Securing permanent accommodation continues to be challenging. However between 1 April 2019 and 31 March 2020, the Move On Support Team was involved in moving people as follows:

| Placement Type | Number |
|-----------------------------|--------|
| Supported Living | 15 |
| Residential or Nursing Care | 9 |
| Own tenancy | 2 |
| Extra Care | 0 |
| Total | 26 |

Predicting Demand for Accommodation-based Support

Public health – ‘Specialist accommodation in social care: Estimating future need to 2030’

27. Housing estimates predict a 7% increase in housing requirements for those aged 18-64 with a primary mental health support need by 2030. Data relating to predicted demand for over 65 population is being analysed. This indicates an additional demand for 22 units of supported housing by 2030 for those aged 18-64. Housing requirements include:
- Nursing Care
 - Residential Care

- Supported Housing
 - Sheltered Housing
 - Extra Care Housing.
28. This Public Health analysis combined with the complex care data indicates a modest need for additional supported housing units, which are targeted to meet the changing support needs of residents.

Predicting Demand for Outreach Support

29. The commissioned service will be defined to deliver outreach rather than homecare packages that should be commissioned through the care at home contract. There is an annual spend of £308k in relation to outreach services and this procurement provides an opportunity to formalise these arrangements and therefore better monitor quality and delivery these services.
30. The number of new outreach users in 2018 and 2019 were 23 and 71 respectively. The 2019 figures were impacted by an exercise to re-code placements that were miscoded as homecare, as such the number of new placements was more consistent with 2018. During 2019 there were 17 users who no longer needed support. Between January and March 2020 there was an additional three service users requiring support.
31. Commissioners worked with the Service Manager and Team Manager in Mental Health Social Care in spring 2020 to model the demand of outreach provision. The new outreach users and throughput has steadied with a number of people moving on from the provision following a period of support. Based on intelligence from operational leads, the demand is anticipated to remain within current levels which sit between 80-90 users at any one time.
32. Operational leads note that there is an ongoing need for an assertive outreach approach which should be flexible, build relationships with people and use a graded approach with the aim of independence.

Market considerations

33. Engagement activities to develop the service model have taken place with support providers and landlords. Through these activities providers have been informed, consulted and worked with commissioners to develop the emerging service model and service outcomes in the following ways:
- Adults Provider Forums
 - Children and Young People Provider Forums
 - Market Position Statement Workshops
 - Information Gathering Exercises
 - Individual provider Meetings
 - Engagement Sessions

Landlord Intentions

34. As previously stated, the supported housing provision often involves a landlord usually a Registered Social Landlord (RSL) and a support provider. The support provider enters into a management agreement with the RSL to deliver the support service and may also agree to deliver the housing management activity e.g. collection of rent on behalf of the RSL.
35. As part of the service review an information gathering exercise was conducted with current support housing landlords. The purpose of the exercise was to ascertain current landlord intentions to continue to make available their properties for mental health supported accommodation.
36. Responses were received from 6 RSL's, the responses fell into three categories:
 - Yes the properties will continue to be made available
 - Properties are available subject to a review of the council's commissioning intentions
 - Only available if the RSL has the contract to provide support. This response was received by one RSL.
37. Current RSLs attended a series of engagement sessions and made the following suggestions for inclusion in a redesigned service model:
 - Networking approach to managing voids
 - Longer term accommodation up to 5 years
 - Longer Southwark contract 3 (+2) or 5 (+2)
 - Foyer model with smaller clusters
 - Move on options nearer to where the service user currently lives
38. To mitigate any potential withdrawal of properties by current landlords and also to understand the potential opportunity for access to a wider range of self-contained accommodation a review was undertaken to identify whether there is additional RSL capacity in Southwark and who can make their properties available to the council for this procurement.
39. This activity revealed that there are 15 RSLs with a presence in Southwark, who indicate properties could be made available to the council.
40. As a significant social landlord, and given the extent to which social care services include accommodation-based support, any suitable council-owned redundant buildings would be considered for the delivery of this service.

Support Provider Intentions

41. Support providers attended a series of engagement and consultation sessions. The recommendations of which were incorporated into the emerging service model for mental health supported housing pathway.
42. Support providers expressed their willingness to continue to work with the council and bid for the upcoming tender opportunities.
43. Through the engagement and consultation activities with operational colleagues across health and social care, providers, service users and support staff, the preferred model for mental health supported housing pathway will include the following supported housing and outreach services:
 - LA & CCG Medium supported housing (Step down and step up)
 - Extra Care & Residential Care Options
 - Longer Term (2-5 years) medium supported housing
 - Short term (up to 2 years) medium supported housing – on site support and Out Of Hours (OOH)
 - Dispersed low supported housing with day support
 - Dispersed low supported housing with visiting
 - Outreach & Floating support
 - Peer mutual support.
44. To achieve the emerging model which illustrates the service user pathway, will require the development of Extra Care and Residential Care that can meet the needs of service users who have both mental health and physical health issues and/or managing long term conditions.
45. Through the development of the pathway commissioning, operational colleagues in adult social care, housing and health through development of the service specifications the opportunity to define:
 - entry points into service
 - referral processes
 - in-reach community mental health services
46. There are a significant number of service users residing in services for more than two years, for whom a move to independent housing may not be possible. Through this procurement activity services will be commissioned that meet the enable service users to be supported environment where they have a level of independence that meets their housing and support needs.
47. Following the development of the service model with incumbent housing and support providers, an interactive session with operational colleagues in attendance, took place with the wider market in July 2019. The consensus was that:
 - the model was appropriate and providers present highlighted the need to provide ongoing support to service users who have moved on to an independent tenancy.

- putting in place a longer contract would provide stability and would provide the service with sufficient time to reconfigure to the new pathway model

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

Option 1 – cease providing services

48. The council has a duty to provide housing and support services for eligible vulnerable Southwark residents, who would be homeless and without support if these services are no longer provided.

Option 2 – continue with existing contracts

49. Services need to be reconfigured to better meet the needs of Southwark's residents, as demonstrated by the emerging service model. It is not possible to reconfigure the current accommodation and support provision to deliver the redesigned model.
50. Outreach services are currently spot purchased. A contracted approach is required in order to better evidence value for money and quality of service, delivering a standardised service model with defined outcomes for services users.
51. Since March 2020, service providers have needed to respond to the Covid-19 pandemic. The response to the pandemic is ongoing and service providers now need to adapt their service delivery to ensure that they operate in a Covid secure manner to safeguard their staff and vulnerable service users.

Options 3 – single supplier negotiation

52. There are a sufficient number of RSLs in the current market to conduct a competitive tender process, therefore a single supplier negotiation (SSN) is neither necessary nor desirable.
53. However, where a RSL is refusing to enter in a management agreement for the delivery of support with a third party provider and has expressed a desire to deliver the support itself, a single supplier negotiated process may be required, should the council find that the service is strategically important and may therefore wish to retain the property. The RSL would need to evidence that they have the necessary qualifications, skills and expertise to deliver the specified support service.

Option 4 – join supported housing frameworks

54. Potential opportunities to join existing or planned frameworks were explored. No appropriate frameworks exist or are currently being developed.
55. The council has until recently had a framework for supported housing services in place which expired in 2018. The framework approach proved limited in scope and was underutilised. The supported housing contracts currently in place are block contracts rather than cost and volume, apart from the current outreach services.
56. Frameworks have been utilised by local authorities to provide supported housing and outreach services, however the council does require high quality accommodation and an experienced support provider, who can provide services for the target duration of up to two or five years. To purchase via a framework may not provide the stability that providers need as they continue to respond to the Covid-19 pandemic; it could also reduce the opportunities for providers to offer value for money and innovation from a certainty of cashflow; and may also hinder the relationship that the council wishes to build with local organisations in Southwark.

Option 5 – provide in-house

57. The supported housing and outreach services are contracted with a number of accommodation only landlords and support only provider organisations. The council does not currently provide specialist mental health supported housing or outreach services. The cost to in-source the range of contracts which would include TUPE and pension costs would be prohibitive and is therefore not a recommended option.

Option 6 – competitive tender (restricted) Recommended Option

58. A competitive tender in the form of a restricted procedure is the recommended procurement approach for all services in the scope of this report. An open procedure is not recommended due to the specialist nature of the services and the skills and expertise necessary to meet the needs of the most vulnerable Southwark residents, therefore the council requires prospective bidders to pre-qualify by completing a Selection Questionnaire (SQ).
59. Current services have not been subjected to a competitive process for a considerable length of time and have exhausted all possible contract extensions. It is appropriate therefore to test the expertise of the wider supported housing market by tendering these contracts to bring innovative and dynamic organisations to Southwark.
60. The current model of delivery is a reflection of its time. Through a competitive tender process, the council will discontinue historical supported housing arrangements that were established through the former Supporting People

programme in 2003. New services will be procured that enable a service user to be accommodated and supported in services that are appropriate to their assessed needs through bespoke service specifications that deliver high quality outcomes. Key features of the change are:

- Staff skilled in supporting people mental health issues and additional support needs e.g. substance misuse
- Access to out of hours support with experienced support staff, which includes visiting support to dispersed units, which seeks to address anti-social behaviour and cuckooing
- Support that considers age and enduring health conditions with a pathway to Extra Care and Residential Care options
- Outreach support as part of supported housing provision to support a move to an independent tenancy
- Increase in self-contained accommodation
- Good quality, well maintained accommodation
- Specialist mental health outreach support through commissioned contract, that is flexible to meet support service users at times of crisis.

Proposed procurement route

61. A competitive tender will provide the council with the opportunity to secure value for money, reconfigure services in accommodation that is 'fit for purpose' and provide a level of future proofing for the duration of the contract. The competitive tender will grant the council the opportunity to redress any issues and safeguarding measures arising from Covid-19, ensuring these services meet their health and safety obligations going forward.
62. The council intends to procure services that will:
 - deliver the emerging service model
 - demonstrate value for money, through the evaluation process and
 - provide stability to mental health supported housing and outreach services
63. The competitive tender will offer block contract arrangements for a range of supported housing and a cost and volume arrangement for outreach services.
64. The competitive tender will consist of two stages; the Selection Questionnaire (SQ) stage and the Invitation to Tender (ITT) stage.
65. The SQ stage is used to assess an applicant's suitability to meet the selection criteria. The selection criteria includes a self-declaration regarding whether or not any of the exclusion grounds apply and whether or not the company meets the economic financial technical and professional requirements. If the number of applicants exceeds ten for any of the lots, the council reserves the right to shortlist applicants and invite up to ten applicants to participate in the ITT Stage.

66. The ITT Stage will be evaluated on a 65:35 quality/price weighting. The quality evaluation will consist of method statements with a weighting of 55% and a 10% weighting for social value.
67. An evaluation panel consisting of council officers will individually score the method statements and then will convene to moderate the scores and reach a consensus score for each method statement.
68. Submitted contract prices will be evaluated and the lowest price will receive the highest score. The quality and price score will then be combined which will result in an overall score. The bidder/s will be ranked and the bidders who have achieved the highest overall score in each lot will be awarded contracts.

Lotting Approach

69. The service model proposes services in five categories of support and accommodation needs:

Table 3 - Service Model Categories - Target duration up to two years unless stated otherwise

| Lot | Description |
|--|---|
| Lot 1 – Complex and challenging support needs | For example, forensic and complex needs. Staff will be on site 24/7. |
| Lot 2 – Medium + 24 hour support | Service users will receive up to nine hours support a week, and there will one experienced support worker at night per scheme and either concierge or security. Fluctuating need - Target duration up to five years for users who have additional health needs e.g. Long Term Condition or physical disability. |
| Lot 3 – Medium + out of hours | Service users will receive up to nine hours support a week. There will be some out of hours support at four hours per night per scheme and either concierge or visiting security. |
| Lot 4 – Medium/Low dispersed units | Dispersed units in clusters with an office. Staff will visit these dispersed units, office based and 1:1 support is available. Service users will receive up to four hours of support a week. Services will have visiting security allocated at one worker per block of 30 units to tackle the risk of “cuckooing” (a form of crime, termed by the police, in which drug dealers take over the home of a vulnerable person in order to use it for illegal purposes including as a base for county lines drug |

| Lot | Description |
|-------------------------|---|
| | trafficking). |
| Lot 5 - Outreach | <p>Service users will receive up to four hours support per week which will be flexible to meet their support needs</p> <p>The service users will have support for up to one year, although this duration may be extended on a case by case basis to ensure the service user is able to maintain their independence on the support ceases.</p> |

70. The target duration for outreach service has been benchmarked against the people who have left the service, of which 76% left the service within one year. The remaining service users ceased to receive support within 15 months.

Table 4 - Current contract aligned to proposed Lots

| Lot | No. of people | Proposed No. of Providers |
|--|----------------------|----------------------------------|
| Lot 1 Complex and challenging support needs | 15 | 1 - 2 |
| Lot 2 Medium + 24 hour support | 28 | 3 - 5 |
| | 9 | |
| | 18 | |
| Lot 3 Medium + out of hours | 24 | 2 - 2 |
| | 43 | |
| Lot 4 Medium/Low dispersed units | 30 | 3 - 5 |
| | 57 | |
| | 63 | |
| Lot 5 Outreach | 85 | 1 |
| Total | 372 | 10 - 15 |

71. It is important to note that the outreach service will be designed to be flexible enabling support to be scale up and down, within the four hour limit, depending on needs. This therefore means that there is a potential for more than 85 service users to receive support at any one time.

Benchmarking to inform cost per support hour

72. Financial analysis has been undertaken for mental health accommodation-based services through the following methods:
- Incumbent providers submitted staffing costs utilised to understand current hourly rates
 - Benchmarking with four statistically similar London boroughs for comparable mental health housing related support services.
 - Developing hourly rates based upon London Living Wage for 2020, set at £10.91, based on anticipated uplift. Added to this were support worker costs, overheads, travel etc.
 - Costs were reviewed by finance colleagues to confirm that they were appropriate and reasonable.
73. The hourly rates have informed the lotting strategy and pricing schedule detailed in Table 5.

Table 5 - Proposed Lots and Contract Value

| Lot | No. of Units | Support hours per week | CCG Contribution (£) | Contract Value (£) |
|--|---------------------|-------------------------------|-----------------------------|-------------------------------|
| Lot 1 – Complex and challenging support needs | 15 | 360 | 238,633 | 491,169 |
| Lot 2 – Medium + 24 hour support | 28 9 18 | 322 151 232 | 0 | 292,686 137,253 210,879 |
| Lot 3 – Medium + out of hours | 24 43 | 244 415 | 62,123 | 221,787 377,218 |
| Lot 4 – Medium/Low dispersed units | 66 72 | 341 372 | 71,157 | 297,898 324,979 |
| Lot 5 - Outreach | 85 | 352 | 0 | 308,000 |
| Total | 360 | | 371,913 | 2,661,869 |

74. This methodology was applied to Lots 2 and 3 in the first instance to ensure the number of units available for this level of needs was no less than is being currently provided. Following which, the same pricing approach was applied to the remaining budget to develop the units and contract values in Lot 4.
75. The remodelled service provision has a net reduction of 12 units. The reduction will mitigate for the number of unlet units that are currently in the service. The units are unlet mainly due to the share nature of the

accommodation and the need to ensure service users are appropriately safely accommodated together.

76. Bidders will be restricted to tender for maximum of one Lot for Lots 1-5. Bidders may submit a tender for two Lots which includes Lot 5 – Outreach only as the second Lot.

Identified risks for the procurement

77. The following risks have been identified for this procurement:

| Risk | Description | Risk Rating | Mitigation |
|--|--|-------------|--|
| Poor service design - specification | Service insufficiently specified | Low | Service specifications are developed with operational colleagues across mental health services. Specifications are reviewed and signed off by the Mental Health Board for the project |
| Financial – Pricing Schedule | Basis of contract price reflects the cost per support hour | Medium | Budget for each lot is based on 2019-20 London Living Wage (LLW) and associated costs. Economic considerations may need further clarification to align for 20-21 impacts. Will be reviewed before procurement is commenced |
| Capacity for market to participate in procurement activity | Providers lack capacity to participate in procurement activities | Medium | Market sounding questionnaire will be communicated to providers via ProContract |
| Staff recruitment | Provider securing sufficient support staff due to Brexit | Medium | Staff recruitment, training and retention will be part of the tender evaluation |
| Insufficient interest in bidding | Providers do not meet criteria | Medium | Alternative options will be considered |
| Quality of bids Successful contract award | Poor quality bids submitted | Medium | Opportunity within procurement to hold provider interviews and presentations |
| Sufficient accommodation is available | Landlords do not continue to make their properties | Medium | Market sounding will also include landlord within the borough |

| Risk | Description | Risk Rating | Mitigation |
|--------------------------|--|--------------------|---|
| | available | | |
| Covid-19 Pandemic | Covid secure/safe services | Medium | Method statements will include evaluation relating to Covid. Social value includes Covid TOMS |
| Mobilisation of services | Services cease before new provider is in place | Low | A detailed mobilisation plan will form part of the procurement method statements |

Key /Non Key decisions

78. This is a key decision.

Policy Implications

79. The refreshed Council Plan 'Southwark's Borough Plan 2020-2022' has a commitment to 'protect adult mental health services' which includes changes following the conclusion of the consultation period for the refined borough plan, to reflect new priorities and to set out the actions we will take between now and May 2022 to continue delivering a fairer future for all.
80. The borough plan 2020-2022 reaffirms the commitment to continue to protect mental health services and close the gap in health inequalities that affect black, Asian and minority Ethnic communities in Southwark.
81. In response to the impact of Covid-19 on Black, Asian and Minority Ethnic residents, the council embarked on a listening exercise with the communities of Southwark to gain an insight into the barriers and experiences of inequalities Black, Asian and Minority Ethnic communities face in their daily lives. Southwark Stands Together commits to root out inequalities by implementing the recommendation from the Southwark Stands Together work against racial inequalities and injustice.
82. There are a number of overlapping statutory duties set out in legislation in relation to the provision of health, care, support and housing for people with mental health problems. Under the Mental Health Act 1989 (s117), the council and CCG have a joint duty to make provision for health, care and support to individuals leaving hospital or prison settings and to reduce the risk of a deterioration of these individuals' mental health condition. These duties remain with the council and the CCG until such time as the person is deemed to no longer require this support.

Procurement Project Plan (Key Decisions)

| Activity | Complete by: |
|---|--------------|
| Enter Gateway 1 decision on the Forward Plan | 01/01/2021 |
| DCRB Review Gateway 1 | 03/03/2021 |
| CCRB Review Gateway 1 | 11/03/2021 |
| Brief relevant cabinet member (over £100k) | 30/03/2021 |
| Gateway 1 Report - Cabinet | 13/07/2021 |
| Scrutiny Call-in period and notification of implementation of Gateway 1 decision | 21/07/2021 |
| Approval of Gateway 1: Procurement strategy report | 22/07/2021 |
| Completion of tender documentation | 27/08/2021 |
| Publication of Notice on UK Find a Tender | 13/09/2021 |
| Publication of Opportunity on Contracts Finder | 13/09/2021 |
| Closing date for receipt of expressions of interest | 19/10/2021 |
| Completion of short-listing of applicants | 19/11/2021 |
| Invitation to tender | 23/11/2021 |
| Closing date for return of tenders | 03/01/2022 |
| Completion of any clarification meetings/presentations/evaluation interviews | 07/02/2022 |
| Completion of evaluation of tenders | 16/02/2022 |
| DCRB Review Gateway 2 | 30/03/2022 |
| CCRB Review Gateway 2 | 07/04/2022 |
| Notification of forthcoming decision – despatch of Cabinet agenda papers | 16/05/2022 |
| Approval of Gateway 2: Contract Award Report | 14/06/2022 |
| End of scrutiny Call-in period and notification of implementation of Gateway 2 decision | 22/06/2022 |
| Debrief Notice and Standstill Period (if applicable) | 05/07/2022 |
| Contract award | 06/07/2022 |
| Add to Contract Register | 07/07/2022 |
| Place award notice in UK Find a Tender | 07/07/2022 |
| Place award notice on Contracts Finder | 07/07/2022 |

| Activity | Complete by: |
|--|--------------|
| Contract Mobilisation | 30/09/2022 |
| TUPE Consultation | 30/09/2022 |
| Contract start | 01/10/2022 |
| Initial contract completion date | 01/10/2025 |
| Contract completion date – (if extension(s) exercised) | 01/10/2027 |

TUPE/Pensions implications

83. The procurement may have implications for incumbent external service providers where they do not participate or are unsuccessful in the tendering exercise.
84. There will no TUPE implications for Southwark employed staff as no Southwark staff are involved in delivery of the current services in scope of this procurement.
85. Whether TUPE will apply at the point of contract award will depend on an incumbent provider being successful through the tendering process and other relevant factors.
86. Should a contract be awarded to a provider not currently contracted with the council, then it is anticipated that TUPE will apply.
87. Due diligence will be undertaken to obtain relevant TUPE information from incumbent providers. Where required additional information may be requested from incumbent providers to provide assurance that the full TUPE (and any pension implications) obtained and therefore due diligence is completed. This information will then be made available to bidders at the appropriate stage during the procurement.
88. The project plan allows sufficient time for the relevant parties to comply with their obligations under TUPE should TUPE apply.

Development of the tender documentation

89. The tender documents will be developed jointly with commissioning and colleagues delivering Mental Health services. Resident and service user engagement sessions have taken place as part of the review of current services and their feedback will be incorporated into service specifications.
90. The tender documents will be reviewed and approved by the Mental Health Board. Members of the Board include:
 - Operational colleagues
 - Finance

- Legal
- Procurement.

Advertising the contract

91. The council shall publish one contract notice for this tender via the new UK Find a Tender online service against which bidders will be asked to register their interest in the tender through the council's e-procurement portal.

Evaluation

92. The council's Fairer Future Procurement Framework (FFPF) requests that commissioners should consider the need to balance price and quality, and to be explicit about the relative importance of both.
93. The tender evaluation is weighted as follows:
- Quality 55%
 - Social Value 10%
 - Price 35%
94. The financial evaluation approach for the outreach service will be a floor and ceiling pricing. The financial evaluation approach for the supported housing contracts will be a price cap.
95. The quality requirements will be articulated in the Method Statements which form part of the tender pack.
96. The contracts are being commissioned on the block pricing basis. The budget for each Lot has been identified and confirmed by finance colleagues.
97. The Social Value portal will be used to evaluate and measure the social impact of bids. The social value Themes, Outcomes and Measures (TOMs) identified for mental health supported housing and outreach services are:
- No. of employees (FTE) who are long term unemployed (unemployed for a year or longer) and are hired on the contract as a result of a recruitment programme
 - No. of employees (FTE) who are Not in Employment, Education, or Training (NEETs) and are hired on the contract as a result of a recruitment programme
 - No. of hours of support into work provided to unemployed people through career mentoring, including mock interviews, CV advice, and careers guidance
 - No. of weeks of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation until completion in the following years - Level 2,3, or 4

98. Covid-19 specific TOMs

- Initiatives to provide support to staff working remotely or on furlough around mental health and wellbeing
- Initiatives to further support staff delivering essential work as defined by the UK Government both within the company and the supply chain

99. An evaluation panel will be formed, which will include colleagues from across relevant service areas, procurement and finance.

Community impact statement

100. The commissioned services provide support and accommodation to people in Southwark with mental health issues, which meet their assessed social care and accommodation needs. A review of the profile of people living in/using the services is being completed.

101. Key impacts that the recommissioned services will aim to address which predate the pandemic but now are even more prominent are for example:

Increased poor mental health burden

- Fear, stress and anxiety
- Isolation from social support
- Limited access to both mental health and substance misuse treatment

Worsened mental health for people with existing chronic mental and physical conditions

- Loneliness and social isolation
- Fear, stress and anxiety related to higher risk of severe Covid-19 if infected
- Manage mental and physical health when support is limited

Experiencing direct impacts due to the pandemic

- Financial loss
- Bereavement
- Unemployment

Social Value considerations

102. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured. The details of how social value will be incorporated within the tender are set out in the following paragraphs.

103. Additional social value considerations have been included with regard to Covid-19, as part of the social value TOMs and part of the quality assessment of each bid.

104. The council now as part of the FFPF has incorporated the key area of social value commitments, into the commissioning and procurement of services, which includes:

- Apprenticeships and paid internships
- Job creation and local economy
- Local employment opportunities
- Work placement opportunities
- Payment of London Living Wage where appropriate
- Environmental and sustainability considerations
- Health and wellbeing considerations.

Economic considerations

105. The impact on support providers of the ongoing Covid-19 pandemic will need to be assessed and reflected in the service specifications and procurement documentation, where appropriate.

Social considerations

106. The procurement will seek to encourage, suitably experienced Small Medium Enterprise's (SME), Black, Asian and Minority Ethnic providers and the local Southwark provider market to submit bids, an aim of the borough plan 2020-22.

107. Providers of services in Southwark will be working to deliver the Southwark Ethical Charter Commitments (SECC), thus ensuring that they pay their staff at least the London Living Wage (LLW).

Environmental/Sustainability considerations

108. Service providers should have in place an environmental policy which includes promoting sustainable processes, waste management and recycling reduction of paper use and energy efficient processes. This will be confirmed during the tendering activity.

Plans for the monitoring and management of the contract

109. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.

110. Contracts will continue to be managed and monitored by the Children, Adult and Families commissioning team. Annual contract performance reports will be in line with Contract Standing Orders.

Staffing/procurement implications

111. There are no specific staffing implications. The procurement and commissioning requirements will be managed within the current staffing and resources of the commissioning, procurement, legal and finance teams.

Financial implications

112. The contracts listed in Table 1 are currently funded from the Adult Social Care budget and where indicated the CCG. The current CCG funding is £371,913. The CCG confirmed their commitment of this continued funding for a further five years. This commitment would include annual or other frequency increases determined by the council.

113. The proposed new estimated contract values are calculated as cost per support hour per lot multiplied by the support hours per week. The proposed new estimated contract value of £2,661,869 is inclusive of the CCG's element which is £371,913. This means that the council's element will be £2,289,956 per year and £11,449,780 for the 5 years while the CCG element will total of £1,859,565 for the 5 years.

114. There is sufficient budget available from the current Adult Social Care budgets to fund the proposed contract. Lot 1-4 will be funded from existing Housing Related Support budgets while Lot 5 Outreach element will be funded from the MH supported living care packages budget.

Investment implications

115. Not applicable.

Legal implications

116. Please see concurrent from the Director of Law and Governance.

Consultation

117. An ongoing programme of engagement with residents, services users, service providers, operational colleagues and wider stakeholders has been taking place. The most recent engagement being the supported living provider forum on 04 June 2021.

118. A resident, service user and market engagement events will be timetabled prior to the commencement of the procurement activity.

Other implications or issues

119. Not applicable.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (15RV2122)

120. The Strategic Director of Finance and Governance notes the recommendations of this report to proceed with the procurement strategy by competitive tendering to award contracts to provide Mental Health Supported Housing and Outreach for five years at a cost of ££2,661,869 per year. Funding for the contract has been identified within the Adult Social Care budget and CCG commitment to continue funding the relevant services as illustrated in Table 1 and in the Finance concurrent section of the report in paragraph 112-114.

Head of Procurement

121. This report seeks approval from cabinet to go out to procurement for Mental Health Supported Housing and Outreach services for an initial three years with an option to extend for two further periods of one year, with an estimated total budget for the five years of £13,309,345 should both extensions be exercised.

122. The procurement is in line with Public Contract Regulations and the councils contract standing orders (CSO) and is looking to award a maximum of 15 contracts as detailed in paragraphs 61 to 76.

123. The risks are detailed in paragraph 77 and tender evaluation methodology is detailed in paragraph 89 to 99. The report confirms payment of London Living Wage paragraph 107.

Director of Law and Governance

124. This report seeks approval of the procurement strategy for the provision of Mental Health Supported Housing and Outreach services, leading to the award of a maximum of 15 contracts for a potential duration of five years.

125. Due to the nature and estimated value of the services their procurement is subject to the full application of the Public Contracts Regulations 2015 ("PCR"). Paragraphs 61 to 76 of this report explain the proposed procurement route and approach which is intended to satisfy the requirements of the PCR and the council's Contract Standing Orders ("CSOs").

126. The decision to approve the recommended procurement strategy is one which is expressly reserved to the Cabinet under the council Constitution.

127. When making procurement decisions the council must consider and have due regard to any effects of the decision on the community at large and on people identified as possessing “protected characteristics”, as defined in the Equality Act 2010 – the “Public Sector Equality Duty”. As noted in the community impact statement set out from paragraph 100 of this report a review of the profile of people living in/using the services is being completed for the purpose of understanding the likely effect of this procurement and the impact of the procured services on those individuals and groups during the lifetime of the contract.

BACKGROUND DOCUMENTS

| Background Documents | Held At | Contact |
|--|---|---------------------------------|
| GW0 Strategic Options Assessment for the provision of mental health supported housing services | Commissioning, Children’s and Adults’ Services | Abigail Garraway 02075255000 |
| Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/mglIssueHistoryHome.aspx?IId=50018822&PlanId=543 | | |
| GW3 Contract Variations – Supported Housing for Mental Health and Mental Health Homelessness up to 31 March 2019 | Commissioning, Children’s and Adults’ Services | Abigail Garraway 02075255000 |
| Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/mglIssueHistoryHome.aspx?IId=50017745&PlanId=530 | | |
| GW3 Contract Variations – Supported Housing for Mental Health and Mental Health Homelessness up to 10 January 2021 | Commissioning Team, Children’s and Adults’ Services | Abigail Garraway 02075255000 |
| Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/mglIssueHistoryHome.aspx?IId=50022011&Opt=0 | | |

APPENDICES

| No. | Title |
|-------|-------|
| None. | |

AUDIT TRAIL

| | | |
|---|---|--------------------------|
| Cabinet Member | Councillor Evelyn Akoto, Health and Wellbeing | |
| Lead Officer | David Quirke-Thornton, Strategic Director of Children's and Adults' Services | |
| Report Author | Abigail Garraway, Strategic Commissioning Manager for Prevention and Inclusion, Children's and Adults' Services | |
| Version | Final | |
| Dated | 13 July 2021 | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| Officer Title | Comments Sought | Comments included |
| Strategic Director of Finance and Governance | Yes | Yes |
| Head of Procurement | Yes | Yes |
| Director of Law and Governance | Yes | Yes |
| Contract Review Boards | | |
| Departmental Contract Review Board | Yes | Yes |
| Corporate Contract Review Board | Yes | Yes |
| Cabinet Member | Yes | Yes |
| Date final report sent to Constitutional | | 1 July 2021 |