



Executive
14th November 2005

**Report from the Director of
Housing and Community Care**

For Action

Wards Affected:
ALL

**Authority to Tender for Services for People with Mental
Health Illness and Substance Misuse Problems**

Forward Plan Ref: A&SC-04/05-33

1.0 Summary

- 1.1 This report seeks the authority to invite tenders for contracts for the provision of health and social care service, housing support and floating support service for people with mental health illness and substance misuse problems.
- 1.2 Details of contracts to be tendered are for the provision of the following services:
- a) Accommodation based housing support for up to 11 adults with mental health difficulties and drug or alcohol problems (dual diagnosis)
 - b) health and social care accommodation based provision for up to 11 adults with mental health difficulties and drug and alcohol problems
 - c) floating housing support to a total of 50 adults with mental health difficulties who may or may not have drug and alcohol problems.
- 1.3 Currently the service is provided by Brent MIND. The objective of this tender is to contract for a new service to improve the quality of health and social care services as well as housing support.
- 1.4 This project is a joint commissioning exercise between the Housing and Community Care Department and Brent Primary Care Trust (tPCT).

1.5 This report requests approval to invite tenders in respect of the provision of a holistic housing support, health and social care service, as required by Contract Standing Orders 88 and 89.

2.0 Recommendations

2.1 The Executive to give approval to the pre - tender considerations and the criteria to be used to evaluate tenders as set out in paragraph 3.17 of the report.

2.2 The Executive to give approval to officers to invite tenders and evaluate them in accordance with the approved evaluation criteria referred to in 2.1 above.

2.3 That the Executive note that it is intended that a partnership arrangement under Section 31 of the Health Act 1999 be entered into in relation to one or more of the services covered by this report and that a further report will be brought forward concerning this in due course.

3.0 Detail

3.1 The National Service Framework for Mental Health (NSF), the Mental Health Strategy, the Housing Strategy and the Supporting People Strategy have requirements to promote independence and to ensure that people move on from acute care into the community. The NSF in particular requires local authorities to provide specialist dual diagnosis services for people with mental health illness and substance misuse problems.

3.2 At present Brent MIND provide housing support, health and social care for 11 residents with dual diagnosis living in two properties in Brent which are owned by Paddington Churches Housing Association. This service is jointly funded by Brent Council (through Housing and Community Care Department and Supporting People contracts) and by Brent tPCT. 2004/5 annual contract values were:

Supporting People	£220,864
Brent PCT	£201,930
Adult Services	£201,930
TOTAL	£624,724

3.3 A Supporting People contract review of this dual diagnosis service has been completed. This has been considered by the Supporting People Commissioning Body, (a group of senior officers from Brent Housing and Community Care Services, Brent tPCT and Brent Probation Services). The Commissioning Body recommended that the Supporting People funded aspects of the service be re-tendered.

- 3.4 A Supporting People contract with Brent Mind is currently in place for the provision of housing support (contract a) mentioned in 1.2 above) to a total of 8 adults with mental health difficulties. This contract is valued at £231,000 per annum (based on full occupancy of 11 bed spaces).
- 3.5 The Health and Social Care elements of the dual diagnosis service (contract b) mentioned in 1.2 above), funded jointly through Brent tPCT and Adult & Social Care Department, has never been subject to a formal tender. In order to meet the joint commissioning requirements and to ensure that a quality service is provided that is value for money, it is considered appropriate to tender for these services. This therefore offers the opportunity to carry out a joint market testing on all aspects of this service. The total current value of this service at £411,937 per annum (50% of this value is payable by the Brent tPCT).
- 3.6 As described in 3.11 below, the commissioning of the service will be managed by the Joint Commissioner for Mental Health, employed by Brent tPCT, who will be responsible for the S31 pooled budget. However, the procurement process will be conducted by the Council. The service is currently commissioned through the Brent Mental Health Service (BMHS) which is a partnership arrangement under the Health Act 1999 between the Council and the Central North West London Hospital Trust. It is proposed that the current budget, held in the BMHS Social Services purchasing budget will be transferred into the pooled budget with the Brent tPCT. This option has been approved by the BMHS Management Board however, it is still subject to further discussions and investigation by Council officers. This issue will be subject of a further report to the Executive in due course. It is expected that Central North West London Hospital Trust may bid for contract b). It is therefore considered to separate out the commissioning and provider function.
- 3.7 There is also another Separate Supporting People contract currently in place with Novas Ouvertures and Brent MIND for the provision of a floating support service, ie community based outreach, for a total of 8 adults (contract c) mentioned in 1.2 above). The current contract values are:
- Novas Ouvertures £40,489 per annum
 - Brent MIND £65,107 per annum.
- 3.8 Both contracts mentioned in 3.4 and 3.6 above have been reviewed and considered by the Supporting People Commissioning Body, and the recommendation from these reviews was that they also should be re-tendered as they did not provide good value for money. The intention is to include the re-provision and expansion of these services within the contract tendering proposed in this report.
- 3.9 It is thought that a tendering exercise of these services will generate significant savings to all the funders. Savings relating to the Supporting People budget from both this tendering exercise and other Supporting People contract reviews will be re-invested in the expanded floating support service. Savings generated for Housing and Community Care and Brent PCT will be re-invested in other service improvements.

3.10 The current combined annual value of all contracts to be re-tendered is £748,533. In addition to the funding released through ending the contracts mentioned above, approximately £124,000 per year value for money savings (identified following other Supporting People contract reviews) would also be re-invested in the future floating support service, providing an expanded service within existing Supporting People budgets, in line with the Supporting People Strategy 2005/10.

3.11 This is a joint commissioning exercise between Housing and Community Care Department and Brent tPCT. The project will be an example of joint commissioning, tendering, funding, and monitoring. A project group has been set up to oversee the process. It is proposed that a pooled budget, under a Section 31 Agreement of the Health Act 1999, will be set up for the health and social care elements of the proposed contract. This will be managed by the Joint Commissioner for Mental Health. Consideration is also currently being given to pooling the Supporting People contribution for the accommodation based service. It is considered that this will improve the service to clients as the Joint Commissioner will oversee the quality of the service, undertake appropriate budget monitoring and ensure that the service operates at a maximum capacity. As noted in 3.5 above the proposal for this pooled budget is still being considered by Council Officers and details of the proposed arrangements will be the subject of a further report for approval of the Executive.

3.12 **Access to Services**

Under the NHS and Community Care Act 1990 and the Mental Health Act 1983 the Council is required to assess the needs of adults against criteria set out by the Government in the Fair Access to Care Services Guidance and to provide services to meet those needs, wherever possible helping them to live in the community with support.

Health patients placed in care under Section 117 of the Mental Health Act 1983 (that is when ready for discharge and are jointly assessed by health and social care professionals) will also be able to access the service. These placements will be jointly funded by the Brent tPCT and Housing and Community Care Department with each partner funding fifty percent of the placements. It is anticipated, subject to approval by the Executive in due course, that the total funding of 11 placements will therefore be placed into a pooled budget with the Brent tPCT and Housing and Community Care Department contributing fifty percent each of the budget.

Currently this funding is allocated by the Council to the existing section of the S31 partnership arrangement known as the Brent Mental Health Service (BMHS) and, as mentioned above, this agreement is with the Central North West London Mental Health Trust. Officers have consulted with BMHS Management Board which includes representatives of the Central North West London Mental Health Hospital Trust on the implications of a new S31 arrangement between the Council and Brent tPCT agreement and they have obtained the Boards' approval to this proposal.

3.13 **Consultation**

During the Supporting People review, significant consultation took place during 2004 with service users to ascertain their views on the current service. Key points that emerged from the consultations were:

- Service users identified that they wanted a service which helped them to move on to independent living more pro-actively
- more active support to be provided as and when needed, ie support to be provided according to the needs of the service users
- Service users had mixed views on the quality of the existing service in promoting their independence.

The above feedback has led Officers to propose the introduction of a floating support service which will be more flexible than the existing service.

Consultation is planned with service provider staff and existing service users and their carers over the next 2 months. This will inform the exact specification for the new service. It is currently expected that TUPE will apply to the current provider's staff.

3.14 **Contract Issues**

Meetings have been held with the Deputy Head of Procurement of Brent Finance and Corporate Resources regarding the tendering of these contracts.

The Executive is asked to approve the packaging of the contracts as follows:

- a. one contract for the provision of accommodation based housing support for 11 adults with mental health difficulties and/or adults with both mental health and drug or alcohol problems (dual diagnosis)
- b. one contract for the provision of accommodation based health and social care provision for 11 adults with mental health difficulties and drug and alcohol problems. - in the event that a Section 31 pooled budget agreement is not reached as anticipated, this contract will include Brent tPCT as party to the contract
- c. one contract for the provision of floating housing support for up to 50 adults with mental health difficulties who may or may not have a substance misuse problem.

All three contracts will require providers to deliver services which are culturally sensitive and meet any appropriate gender requests of service users and to ensure that they maintain appropriate staff to fulfil this. Partnering arrangements with local community groups and specialist providers will be encouraged.

- 3.15 Officers are recommending that the contract period for these contracts is 3 years with an option for a 2 year extension where performance is satisfactory.

3.16 **Monitoring**

Historically, the services are monitored by Brent Mental Health Services (who place service users in the service) and the Supporting People Unit. The current providers are required to submit quarterly monitoring data on their performance to both the Brent Mental Health Service and the Supporting People Unit. Both units also hold regular 6 monthly meetings with the current provider. In addition to these meetings the Supporting People Unit also conduct an annual quality assessment framework review of the service.

It is envisaged that monitoring of the new contracts will be more service user centred, involving greater user involvement, and can be more focussed on service delivery quality within the resources available. Annual service user satisfaction survey will also be carried out. The future provider will also be asked to submit regular monitoring data that is required by the various statutory funding agencies, some of which informs the national performance indicators. All monitoring will be carried out jointly between the three funding agencies, separating the commissioning from the provider functions.

3.17 In accordance with Contract Standing Orders 88 and 89, pre-tender considerations have been set out below for the approval of the Executive.

Ref.	Requirement	Response
(i)	The nature of the service.	Provision of health and social care services, housing support for people with mental health illness and substance misuse problems as well as provision of floating support service for people with mental health illness who may or may not have substance misuse problems.
(ii)	The future estimated value of all contracts: i. Accommodation based housing support contract ii. Health and Social Care Contract iii. Floating Housing Support	 £ 858,000 £2,205,000 £1,560,000
(iii)	The contract term.	3 years with an option to extend for a further 2 years

(iv)	The tender procedure to be adopted.	<p>A two stage process in accordance with the Council's Standing Orders.</p> <p>As Social Services transactions are 'Part B Services' for the purposes of the EU regulations, the Regulations are of residual application only (forwarding of a contract award notice, etc.) and do not dictate the procurement process to be followed.</p>	
(v)	The procurement timetable	<p>Indicative dates are:</p> <ul style="list-style-type: none"> • Adverts placed • Expressions of interest returned • Shortlist drawn up in accordance with the Council's approved criteria • Invite to tender • Deadline for tender submissions • Panel evaluation and shortlist for site visit • Site Visits • Interviews/presentations • Allocation of a), b) and c) Contractors • Post-tender clarification/negotiation • Report recommending Contract award circulated internally for comment • Executive approval • Contract start date 	<p>24 Nov 05</p> <p>9 Dec 05</p> <p>Jan 06</p> <p>1 Feb 06</p> <p>24 Feb 06</p> <p>13 March 06</p> <p>14 March - 20 March 06</p> <p>21 March 06</p> <p>22 March 06</p> <p>23 March - 21 April 06</p> <p>May 06</p> <p>June 06</p> <p>4 Sep 06</p>

(vi)	The evaluation criteria and process.	<p>Shortlists are to be drawn up in accordance with the Council's Contract Management Guidelines namely the pre qualification questionnaire (PQQ) and thereby meeting the Council's financial standing requirements, technical capacity and technical expertise. The PQQ will also contain health and social care scenarios which require detailed responses from applicants to demonstrate technical expertise, good practice and experience. The panel will evaluate the tenders against the following criteria:</p> <ul style="list-style-type: none"> - Ability to offer a holistic client centred service across housing support, health and social care needs using the "recovery expectation" approach - Staff recruitment, induction, training including use of the 10 essential shared capabilities for mental health workers
	The evaluation criteria and process (cont'd)	<ul style="list-style-type: none"> - Satisfactory Assessment against the Supporting People Quality Assessment Framework which includes: Needs and Risk Assessment; Support Planning, Health and Safety, Protection from Abuse, Diversity and Inclusion, Complaints - Experience in the delivery of housing support to people with complex mental health needs - Experience in the delivery of health and social care to people with complex mental health needs - Presence of a Local Accessible Office Base and adequate local management - Experience in working within the Care programming approach - Proposals for innovation in service delivery (working with local community groups/specialist services etc) - Human Resources including the ability to facilitate continuity, availability and flexibility of staff particularly for specialist support needs and care - Application of TUPE - Implementation plan - Best Value considerations - Administration practices and record keeping

		<ul style="list-style-type: none"> - Adherence to procedures - Service user satisfaction, involvement and consultation - Business continuity arrangements - Application of Health and Safety* - Quality system in operation* - Complaints handling* - Implementation plan - Diversity of staff - Proposal for innovation in service delivery (working with local community groups/specialist services) - Cultural sensitivity and equalities in service delivery*
(vii)	Any business risks associated with entering the contract.	<p>Brent MIND is a locally based voluntary organisation working with people with Mental Health difficulties in the borough. The contract to be tendered represents a significant portion of their business.</p> <p>There is significant uncertainty about the future level of the Supporting People grant for future years. However, this contract will not be entered into prior to a funding announcement about future funding levels being made by ODPM.</p>
(viii)	The Council's Best Value duties.	This procurement process and on-going contractual requirement will ensure that the Council's Best Value obligations are met.
(ix)	Any staffing implications, including TUPE and pensions.	See sections 4, 5 and 6 below
(x)	The relevant financial, legal and other considerations.	See sections 4, 5 and 6 below

3.18 The Executive is asked to give its approval to these proposals as set out in the recommendations and in accordance with Standing Order 89.

A new S31 Agreement for the funding of contract b) will be written and will be reported for approval by the Executive at a later date.

4.0 Financial Implications

- 4.1 The Council's Contract Standing Orders state that contracts for supplies and services exceeding £500k or works contracts exceeding £1million shall be referred to the Executive for approval to invite tenders and in respect of other matters identified in Standing Order 90.
- 4.2 The estimated value of the proposed contracts is £924,600 per annum, equivalent to £4,623,000 over the five year contract period (based on the 2004/5 contract values) - the annual breakdown between the contracts is expected to be:
- a. £171,600 for housing support for an accommodation based service (Supporting People funded)
 - b. £441,000 for Health and Social Care (Brent tPCT and Adult & Social Care Services funding 50% each)
 - c. £312,000 for a floating housing support service (Supporting People funded).
- 4.3 The estimate for the health and social care service (contract b above) is based on the current cost of the service with a 2% inflationary allowance made for the next five years.
- 4.4 Any variation between the actual and forecast cost of the contracts will be the responsibility of the successful bidding organisation.
- 4.5 There is some uncertainty about the level of Supporting People funding to be received by the Council from ODPM in future years. A distribution formula is due to be consulted on shortly. Funding for 2006/7 will be announced by January 2006, prior to the award of this contract. Projections based on worst and best case scenarios reviewed by the Supporting People Commissioning Body indicate that adequate savings have been made during contract reviews to enter into this tendering exercise.
- 4.6 There will be costs incurred in the contract process for professional advice, particularly legal. The cost of these contracts, including those for professional advice, will be funded from existing resources. All three funding budgets will contribute equally to these costs.
- 4.7 It is proposed the Health and Social Care element of the budget is subject to a Section 31 pooled budget agreement with Brent tPCT under the Health Act 1999, with the Joint Commissioner for Mental Health as the pooled budget manager.

5.0 Legal Implications

- 5.1 The Council has the necessary powers to enter into the proposed contracts under (amongst other provisions) s21, s26 and s29 of the National Assistance Act 1948, s45 of the Health Services and Public Health Act 1968, s2 of the Chronically Sick and Disabled Persons Act 1970, the Supporting People Grant Conditions and s2 of the Local Government Act 2000, all in conjunction with s111 of the Local Government Act 1972.
- 5.2 The estimated values of the contracts over their lifetime are in excess of £500,000 therefore the procurement and award of the contracts are subject to the Council's Contract Standing Orders in respect of High Value contracts and Financial Regulations.
- 5.3 The Contracts are for B Services under EU Procurement Regulations and are therefore subject to the full application of the EU Procurement Regulations. They are however, subject to the overriding EU principles of equality of treatment, fairness and transparency in the award of the process.
- 5.4 Once the tendering process is undertaken Officers will report back to the Executive in accordance with Contract Standing Orders, explaining the process undertaken in tendering the contracts and recommending award.
- 5.5 Sections 26-31 of the Health Act 1999 require local authorities and NHS bodies to work together to improve health and social care and provides for flexible funding and working arrangements to be established by agreement to facilitate this partnership working.
- 5.6 Under these provisions it is possible for a pooled budget fund to be established, to be held by one of the partners, to pay for services for a particular client group(s) or used for the discharge of particular functions.
- 5.7 Regulations have been made in relation to the use of these flexibilities and guidance has been issued. The requirements of these will need to be addressed in the future report to the Executive concerning the further report to the Executive in relation to the proposed new pooled budget.
- 5.8 Legal Services will provide advice on the issues associated with the proposed pooled budget under s31 of the Health Act 1999 and investigate whether it will be possible to include Supporting People funding within any pooled budget.
- 5.9 The existing Section 31 partnership with Central North West London Hospital Trust may need to be amended if a new pooled budget with the Brent tPCT is to be established as discussed in this report. This issue will need to be addressed in the further report to the Executive in relation to the proposed new pooled budget.

6.0 Diversity Implications

- 6.1 Contracts currently require providers of health, social care and housing support services to deliver services which are
- culturally sensitive by providing cultural awareness training for all care workers, matching specific language requirements where possible and recruiting a local workforce which reflects the communities of Brent;
 - able to offer service users a male or female support worker if specifically requested
 - able to care for service users with mental health illness and substance misuse problems through all staff receiving training in mental health awareness, drug and alcohol awareness and specialist training in specific areas such as management of mental health problems and substance misuse.
- 6.2 The new contracts will continue to require providers to deliver services in this way. In addition partnering arrangements with local community groups and specialist providers will be encouraged. Provider(s) will be monitored to ensure they are complying with these requirements through checking of their records, regular review of services provided to individual service users where feedback will be sought from service users and their carers, 6 monthly monitoring meetings with the Supporting People Unit and provision of quarterly Performance Indicators.

7.0 Staffing Implications

- 7.1 This service is currently provided by external contractors and there are no implications for Council staff arising from tendering the contract.
- 7.2 The staff currently involved in delivering the services to be tendered have never been local government employees whilst delivering this service and there are no direct pension implications in relation to this group of employees.

Background Papers

Mental Health and Dual Diagnosis Procurement File
Supporting People Grant Conditions (ODPM)
Brent Five Year Supporting People Strategy 2005/10
Dual Diagnosis Strategy

Contact Officers

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PROCUREMENT OF DUAL DIAGNOSIS AND FLOATING SUPPORT MENTAL HEALTH SERVICES -- TENDER EVALUATION MATRIX

Criterion	Tenderer 1			Tenderer 2			Tenderer 3			Tenderer 4			Tenderer 5			Tenderer 6			Tenderer 7			Benchmark Min Acceptable Scores		
	Wt	SC	Tot	Wt	SC	Tot	Wt	SC	Tot	Wt	SC	Tot	Wt	SC	Tot	Wt	SC	Tot	Wt	SC	Tot	Wt	SC	Tot
Compliance with Recovery Approach	30																					30	6	180
Human Resources & Diversity:																								
Recruitment & Induction	25																					25	6	150
Availability & Continuity	20																					20	6	120
Training & Staff Skills	25																					25	6	150
Admin & Record Keeping	20																					20	6	120
Adherence to Procedures	30																					30	6	180
Application of TUPE	10																					10	6	60
Quality Assessment Framework:																								
Health & Safety	25																					25	6	150
Support Planning	25																					25	6	150
Protection from Abuse	30																					30	6	180
Cultural Sensitivity & Equalities	30																					30	6	180
Complaints	20																					20	6	120
MH Experience of Housing Support	30																					30	6	180
MH & Dual Diagnosis experience	30																					30	6	180
Presence of Local Accessible Office Base	25																					25	6	150
Care Programming	30																					30	6	180
Innovation in service delivery	30																					300	6	180

Wt = weighting, the relative significance of the element
 SC = score on a 0-10 scale as indicated
 Tot = Weighting multiplied by score

Key to Scores
 0-4 Unacceptable
 5-7 Acceptable
 8-10 Excellent

DRAFT Tender Evaluation Grid

Appendix 1

PROCUREMENT OF DUAL DIAGNOSIS AND FLOATING SUPPORT MENTAL HEALTH SERVICES -- TENDER EVALUATION MATRIX (cont'd)

Criterion	Tenderer 1			Tenderer 2			Tenderer 3			Tenderer 4			Tenderer 5			Tenderer 6			Tenderer 7			Benchmark Min Acceptable Scores								
	Wt	SC	Tot	Wt	SC	Tot	Wt	SC	Tot	Wt	SC	Tot	Wt	SC	Tot	Wt	SC	Tot	Wt	SC	Tot	Wt	SC	Tot	Wt	SC	Tot			
Implementation Plan	20																											20	6	120
Service User Satisfaction	30																											30	6	180
Business Continuity Arrangement	10																											10	6	60
TOTAL																														2970

Signed by the Evaluation Panel Members

Wt = weighting, the relative significance of the element
SC = score on a 0-10 scale as indicated
Tot = Weighting multiplied by score

Key to Scores
 0-4 Unacceptable
 5-7 Acceptable
 8-10 Excellent

Meeting
Date

Version no.
Date