


Cabinet 23 rd July 2014	
Report of: Robert McCulloch-Graham, Corporate Director Education Social Care and Wellbeing	Classification: Unrestricted
Genesis Mental Health Accommodation Contract Procurement	

Lead Member	Councillor Abdul Asad, Cabinet Member for Adult Services
Wards affected	All Wards
Community Plan Theme	A Healthy Community
Key Decision?	Yes

Executive Summary

This report provides details of the recommended procurement approach for an existing contract for supported accommodation for adults with mental health issues at two separate locations, Teresa House and Hamlets Way. These supported accommodation services, contracted by the Education, Social Care and Wellbeing Directorate, are currently provided by Genesis Housing Group, who own and manage the buildings. The existing contract value is £573,300 per annum.

The recommendation, which was approved by Competition Board on 3rd June 2014, is for this contract to proceed to a formal procurement exercise immediately following the necessary Cabinet authorisation.

The current contract is scheduled to expire on 30th September 2014. If approved, the recommended procurement timescales require a new contract to commence on 1st April 2015; Cabinet are also therefore asked to agree a contract extension from 30th September 2014 to this date in order to facilitate the procurement exercise and subsequent implementation, without any loss of service continuity for existing tenants of the two schemes.

Cabinet are asked to note, that this contract was originally planned to be let as part of the Supporting People Framework Agreement, which would have meant that the new contract was let prior to the existing contract coming to an end. The recommendation to now proceed to an open tender has been reached following complex negotiations to secure the continued use of the buildings for this specialist provision with the incumbent service provider and building owner, Genesis Housing Association. Officers have now successfully reached an agreement with Genesis to the continued use of the building for its current purpose.

Recommendations:

The Mayor in Cabinet is recommended to:

- a) Agree the recommended procurement method, thereby authorising officers to proceed to a competitive tender exercise for Teresa House and Hamlets Way Mental Health Accommodation Contracts; with the contract period being two years with the option to extend for a further one year period.
- b) Agree the contractual extension required to facilitate this process in recognition of the longer procurement timetable required for an open tender as compared with letting the contract via the Supporting People Framework Agreement as originally intended; and
- c) Agree that the award of the contract should be delegated to the Corporate Director for ESCW in consultation with the Mayor.

1. REASONS FOR THE DECISIONS

- 1.1 The contract for Hamlets Way and Teresa House provides a high level of support for 32 adults with mental health issues to live independently in the community as a stepping stone from residential care and hospital services. This provision meets the Boroughs statutory obligation to provide support to some of our most vulnerable residents, and as such it is vital that we have an effective contract in place when this one comes to an end in September 2014.

Genesis Housing Association has given agreement to continued use of both buildings in the understanding that these services are retendered via open tender.

- 1.2 Competitively procuring this contract on a three year basis will maximise efficiency, service benefits and value for money as well as reconfiguring the existing service to provide both better outcomes for service users.

2. ALTERNATIVE OPTIONS

- 2.1 Following discussions with the incumbent Provider, we are recommending that this contract is subject to an open tender as despite prolonged negotiation with the provider we have not reached agreement to secure the continued use of the buildings by any other route.
- 2.2 Failure to retender these services via an open tender process is likely to result in the Borough having to decommission the services whilst identifying an additional 32 units of high support accommodation from which to deliver this service. Sourcing suitable and appropriate good quality buildings from which

to deliver services will require a two to three year period.

DETAILS OF REPORT

3. BACKGROUND

- 3.1 Supporting People services support vulnerable people to access and maintain settled accommodation. Supporting People was set up as a national scheme in 2003 by the CLG. Broad spectrums of vulnerable groups are covered by the programme. Services are provided for the homeless and rough sleepers, young people leaving care or at risk (including teenage parents), older people, people with mental health needs, physical and learning disabilities, people with substance misuse issues, ex-offenders and women fleeing domestic violence.
- 3.2 The 2013-14 budget allocation for these services is £13,857,246, funding **87** established contracted services with **19** different third sector Providers.
- 3.3 This contract is commissioned to deliver the aims of the Mental Health Accommodation Strategy, agreed by Cabinet in March 2011. Specifically the supported accommodation is of key strategic relevance and vital in securing the delivery of the Strategy in terms of:
- Reducing the use of out of borough expensive residential units;
 - Improving service user experience and outcomes by increasing in-borough supported tenancies as a stepping stone to independent living and broader recovery.
 - Delivering the associated Cabinet agreed efficiency savings recurrently by 2015/16.

4. DESCRIPTION OF THE SERVICES

- 4.1 The contract for Teresa House/ Hamlets Way provides strategically important specialist accommodation for people who have high support needs related to their mental health. The services are commissioned to deliver the objectives of the Mental Health Accommodation Strategy, agreed by Cabinet in 2011; to assist people to develop or maintain their independence within the community, thus preventing the otherwise unnecessary use of more institutional forms of care.
- 4.2 The services are for 32 service users, in two separate locations, all of whom are care managed by community mental health teams in the borough. The services provide a stepping stone from residential care, from or to other supported accommodation, to enable discharge from hospital, or to prevent hospital admission - supporting the individual's recovery along the accommodation pathway. Therefore service users will typically reside at the scheme for between 2 and 4 years prior to moving to independent accommodation.

- 4.3 The accommodation consists of self-contained bed-sit type flats in Hamlets Way and Teresa House. Both schemes have communal areas for group activities and meetings, together with a small garden area that is similarly used for leisure and organized activities.
- 4.4 The existing Supporting People contract is £573,300 per annum, and expires on 30th September 2014. The accommodation is owned and managed by Genesis Housing Association, who were unsuccessful in the Mental Health Accommodation category for the Supporting People Framework.

5. THE STRATEGIC CONTEXT: DELIVERING THE MENTAL HEALTH ACCOMMODATION STRATEGY

- 5.1 The Mental Health Accommodation Strategy focuses on the need to remodel the portfolio of accommodation services so providing high support and step down accommodation as a viable alternative to residential care. This requires the reconfiguration of existing high support, as well as the decommissioning and remodelling of medium and low support accommodation considered no longer appropriate.
- 5.2 The aim of this new model, which is designed to create increased capacity, including 45 additional units, has a number of founding principles:
- To offer service users high support accommodation able to meet the support needs of the majority of service users as an alternative to residential care;
 - A focus on recovery by specifying services that can provide shorter or longer term support flexibly around the needs of the users;
 - Establishing a core and cluster model where service users are able to move from a high support setting into a linked or stepped down accommodation able to deliver a lower level of support from the same staff team;
 - Reducing the number of moves for service users and a return to independent living; increasing access to and use of the choice based lettings service and providing flexible and potentially high level of floating support to enable people to access and maintain their own tenancies.
- 5.3 In line with the Tower Hamlets Mental Health Accommodation Strategy, services provide recovery-orientated high support able to provide in-borough

supported accommodation where residential care may otherwise have been considered.

Service	Location	Postcode
Hamlets Ways	Mile End	E1 4AB
Teresa House	GlobeTown	E3 4NW

6. **PROCEEDING TO AN OPEN TENDER: THE APPROACH**

- 6.1 It is important to note that these services pre-date the coming into being of the Supporting People programme and were not originally commissioned and set up by the Borough. They have not, therefore previously been subject to a competitive tendering process. As such it has been necessary, to work in partnership with the provider to secure the continuing use of the buildings for their current purpose going forward. This has been complicated by the failure of the current provider to bid successfully to be included in the relevant Framework Agreement Lot, and the significant risk that the delivery of the Mental Health Accommodation Strategy will be negatively impacted if the schemes are withdrawn from the programme.
- 6.2 In March 2012 Cabinet agreed the contract award for the Supporting People Framework Agreement; a type of approved providers list against which current Supporting People contracts are being let over a three year period. The successful bidders for each category were approved by Cabinet in March 2012. Therefore the supplier that offers the best value in terms of price and quality following the mini tender is the bidder who will be awarded the provision of the relevant services.
- 6.3 Following discussions with the incumbent Provider, we are recommending that this contract is subject to an open tender as despite prolonged negotiation with the provider we have not reached agreement to secure the continued use of the buildings by any other route.

The recommended timeline is detailed below:

Publish Tender	30 th July 2014
Tender return deadline	3 rd September 2014
Contract Award Letter dispatched	20 th December 2014
Contract Start Date	1 April 2015

Table 2

- 6.4 The existing contract expires on 30th September 2014. The award will be for a 2 year period with the option to extend for a further one year, year to commence 1st April 2015. In agreeing this contract term we aim to maximise efficiency, service benefits and value for money, reconfiguring the existing contract to provide both better outcomes for service users.
- 6.5 The procurement of these services will be undertaken in the context of achieving targeted and sustainable efficiencies. Cabinet has agreed £3m of savings since 2011/12 which are being delivered through component projects of the strategy, including procurement efficiencies. So far, this is only 2/3rds complete, it is therefore necessary to progress this project if these savings targets, which are an integral part of the base budget for 2014/15 are to be delivered.

7. BENEFITS

- 7.1 Competitively procuring this contract will maximise efficiency, service benefits and value for money as well as reconfiguring the existing service to provide both better outcomes for service users.
- 7.2 Specifically the procurement exercise will maximise efficiency and value for money by supporting the delivery of the efficiencies specified above.

8. IMPLEMENTING PROCUREMENT POLICY IMPERATIVES

- 8.1 The Council is required to consider how the services it commissions and procures might improve the social, economic and environmental well-being of the area. In 2012, in response to the Act, Tower Hamlets Council adopted its Procurement Policy Imperatives (2012-2015) which sets out the approaches the council is adopting in order to ensure the above benefits are secured.
- 8.2 Along with all existing Supporting People tenders, this procurement exercise will include a requirement for the incoming supplier to deliver specific community benefits. Suppliers will be asked to submit innovative initiatives which can be measured and monitored throughout the lifetime of this contract. For this contract, suppliers will be required to meet targets such as those listed below:
- Funding and attendance at local job fairs,
 - Apprentices, trainees, volunteers and graduates will be employed throughout the lifetime of the contract. Including opportunities for career progression for local people employed within the contract.
 - Agency staff that will be recruited via local recruitment agencies in Tower Hamlets

- Vacancies within the service will be recruited from the local community.
- Support programme placements will be provided to assist people with Learning Disabilities; Physical Disabilities or Mental Health problems get into paid employment.

9. COMMENTS OF THE CHIEF FINANCE OFFICER

- 9.1 Since 2011/12 the Supporting People service has been reconfiguring services to deliver savings to meet the Mental Health Accommodation Strategy and more widely to support the Medium Term Financial Plan. Savings targets agreed by Cabinet / Council for this service, in association with Mental Health Commissioning, have totalled £3m during that period. The projects have been delivering savings, with £2m already achieved, but the balance of the savings requires the remaining projects to be pursued, including the one which is the subject of this report.
- 9.2 The Supporting People contract value for services at Teresa House and Hamlets Way is £0.573m. Savings would be expected from an open tender process, which would be managed within existing resources. Until the process has been undertaken, it is not possible to say how much of a saving will be achievable.
- 9.3 The extension of the existing contract needs to be agreed by Cabinet because the Corporate Director has already extended the contract through Director's Action to September 2014 and a further extension would not be within his delegated power due to the contract value.

10. LEGAL COMMENTS

- 10.1 It is within the Council's statutory functions to enter into contracts for the proposed services and, in this regard, attention is drawn to the following – Section 21 of the National Assistance Act 1948 places a duty on the Local Authority to provide residential accommodation for a range of vulnerable groups including those with mental health issues. This duty extends to providing accommodation for persons who are or have been suffering from mental ill health, as well as for the purpose of the prevention of mental ill health. Section 26 of the National Assistance Act 1948 allows for the Local Authority to make provision for the accommodation through agreements with the private and charity sectors. Section 8 of the Care Act 2014, expected to come into effect in April 2015, continues the statutory duty on the Local Authority in this respect.
- 10.2 When purchasing services, the Council must act consistently with its best value under section 3 of the Local Government Act 1999 to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and

effectiveness". One of the ways the Council ensures that this occurs is by subjecting purchasing to a competitive tendering process with the award of the contract going to the bidder who provided the most economically advantageous tender given a blend of quality and price.

- 10.3 The Council has previously set up a framework of supporting people providers in order to run quick competitive exercises in order to roll out the re-commissioning of most of the supporting people services as efficiently as possible. It may be favourable for the Council to use the framework, but the Council is not legally obligated to do so. In this case Genesis are the owners of the residence that is being used for these services and subjecting these services element to competition is solely a decision for the home owner. In the circumstances, it would seem appropriate and the Council is legally able to run a full tender for this service.
- 10.4 These are Part B services within the meaning of the Public Contracts Regulations 2006. This means that certain elements of the advertising process do not apply. However, a reasonable level of advertising is still required (for example, through the Council's portal) and reasonable response times to requests must be given by the Council.
- 10.5 When considering its approach to procuring the proposed contracts, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector equality duty). Some form of equality analysis will be required to inform the procurement process. As the nature of the service and the identity of the Service Provider may change following the completion of the process, the Council should consult with the stakeholders and the service users.
- 10.6 Before commencing the procurement exercise, the Council must consider how the services it intends to commission might improve the economic, social and environmental well-being of the area in accordance with the Public Services (Social Value) Act 2012.

11. ONE TOWER HAMLETS CONSIDERATIONS

- 11.1 The overriding aim of the Mental Health Accommodation Strategy is to make Tower Hamlets a better place by enabling people who live in supported accommodation to achieve their potential through a strong focus on recovery and building on people's skills to live independently as well as securing meaningful types of activity, such as employment, education or volunteering.
- 11.2 Hamlets Way and Teresa House will provide valuable support that enables people with mental health issues to access sustainable housing that is close to their family and community networks.

12. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

These facilities will follow best practice and the Council's Environmental Strategy.

13. RISK MANAGEMENT IMPLICATIONS

- 13.1 Failure to secure the longer term use of these buildings presents significant risk that the delivery of the Mental Health Accommodation Strategy will be negatively impacted if the schemes are withdrawn from the programme. This puts at immediate risk the ability of the Strategy to deliver the targets detailed in 6.5.
- 13.2 This is the first time these support services have been subject to a competitive tendering process. In the main, the accommodation where people live and are supported has been developed and is owned by the Support Provider. We are working with the Landlord to carefully manage this process, so ensuring that all inherent risks are recognised and mitigated at the earliest opportunity;

14. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 14.1 The commissioning of these services places an expectation on the successful provider that as a local Housing Provider they meet minimum standards for ensuring they manage any associated crime and disorder issues.

15. EFFICIENCY STATEMENT

- 15.1 The procurement of this contract will contribute to a number of Cabinet agreed efficiency targets to be delivered as part of the delivery of the Mental Health Accommodation Strategy and Supporting People Tendering programme. These are in the region of £3m.
- 15.2 Savings will be delivered by ensuring service users are able to access in borough supported accommodation schemes such as Teresa House and Hamlets Way, rather than out of borough registered care. Supported accommodation being significantly more cost effective than the average registered residential care placement unit cost at c. £894 per week and supported living service at c. £450.

Linked Reports, Appendices and Background Documents

Linked Report

None.

Appendices

None

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

NONE