

**AGENDA ITEM 7**

<b>Title of report: Mental Health Accommodation Based Support service</b> <b>CONTRACT APPROVAL</b> <b>Key Decision No. CACH Q95</b>	
<b>CABINET PROCUREMENT &amp; INSOURCING COMMITTEE MEETING DATE (2021/22)</b>  17 January 2022	<b>CLASSIFICATION:</b>  Open  <b>If exempt, the reason will be listed in the main body of this report.</b>
<b>WARD(S) AFFECTED</b>  All	
<b>CABINET MEMBER</b>  Cllr Christopher Kennedy - Health, Adult Social Care and Leisure	
<b>KEY DECISION</b>  Yes  <b>REASON</b>  Affects two or more wards Spending/or saving	
<b>GROUP DIRECTOR</b>  Helen Woodland, Group Director Adults, Health & Integration	

## **1. CABINET MEMBER'S INTRODUCTION**

- 1.1 As agreed by the Committee in September 2018, the procurement of an Orthodox Jewish Mental Health supported living service would be awarded through a direct negotiation process. The service will support adults from Hackney's Orthodox Jewish community who have a serious mental illness and may include other complex needs such as offending behaviour, substance misuse or personality disorders. The aim of the service is to achieve recovery, social inclusion and live independently. The services are provided by Agudas Israel Housing Association (AIHA).
- 1.2 Direct negotiations have been ongoing since the contract ended in December 2019. Finding a satisfactory solution for all stakeholders proved to be a challenge. This was in part due to the previous arrangement whereby The London Borough of Hackney was paying for some non Hackney residents. More recently the commissioner began meeting with the new Chief Executive of AIHA and her team. An agreement has now been reached which we set out below. We believe this new agreement is sustainable and fair for all parties and secures the provision for local residents.
- 1.3 The options contained in this report are designed to deliver person-centred and recovery focused support. Arranged over two sites located in Hackney, up to six men will receive medium level support, whilst high level support will be delivered to up to nine women.
- 1.4 Provision of these services should delay or prevent people escalating to require higher level care and support or hospitalisation. This enables the Local Authority to discharge its duty under the Care Act 2014 to provide preventative services and increase the wellbeing of residents.
- 1.5 This will also deliver on the Mayoral commitment to promoting independence in adult social care and delivering high quality services to those who need support.

## **2. GROUP DIRECTOR'S INTRODUCTION**

- 2.1. This report seeks approval to award contracts for a Supported Living service in the London Borough of Hackney.
- 2.2. The service delivers accommodation based support to people with mental health needs specifically from the Jewish community. The direct negotiation process has ensured that the service will increase the quality of life and help people re-engage in their local communities.
- 2.3. The contract is due to commence February 2022 and will be delivered for two years.

### **3. RECOMMENDATION**

**Cabinet Procurement and Insourcing Committee (CPIC) is recommended to award Agudas Israel Housing Association (AIHA) a contract to deliver the Orthodox Jewish mental health accommodation based support service for a term of two years. This follows a direct negotiation as approved by the CPC in September 2018.**

### **4. RELATED DECISIONS**

- 4.1. CACH P9 Re-tendering of Housing Related Support Contract.

### **5. REASONS FOR DECISION/OPTIONS APPRAISAL**

- 5.1 The report seeks to gain approval for the award of a contract following a direct negotiation process which was approved by the Cabinet Procurement Committee in September 2018.

- 5.2 This award is in relation to Key Decision CACH P9, Recommendation 2:

‘Agree to the competitive procurement, with multiple lots, for a mental health accommodation based housing related support pathway. The term of contract will be 5 years with an option to extend for a further 2 years (5 +1 +1 years). The annual contract value is £1.2m; equivalent to a total contract value of £8.4m with some additional East London Foundation Trust (ELFT) funding, the value of which is to be confirmed. This will include direct negotiation of a contract for mental health accommodation based housing related support specifically for the Orthodox Jewish community. On completion of the negotiation, a Single Tender Action will be submitted to the Cabinet Procurement Committee for approval’.

- 5.3 The service will provide culturally specific housing related support to people from the Orthodox Jewish community and who have been referred by the mental health housing panel.

- 5.4 The service will be flexible and responsive to the multiple needs of service users with diagnosed mental health problem and some of who may also:
- have very chaotic lifestyles, including those displaying anti-social behaviour
  - people at risk of offending
  - people with substance misuse issues who may or may not be engaging with substance misuse services
  - people with such needs may occasionally engage in illegal activity and the service is expected to work with the police and probation to explore enforcement options where appropriate

## **5.5 ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

The procurement options considered and rejected at Business Case stage were:

- 5.5.1 Do nothing. Contracts ended 31 December 2019 and CPC stated that no further contract extensions would be agreed. Therefore this was not an option. During direct negotiations the provider continued to be paid on the previously agreed terms.
- 5.5.2 Outsourcing via Open procurement: This was the recommended option for mainstream Mental Health accommodation based support. However, it was not recommended for the Orthodox Jewish element of the provision due to the specific cultural needs of the target community and the limited alternative providers.
- 5.5.3 Insourcing. The Council does not have the property available so would need to seek relationships with landlords in order to meet the outcomes needed for this work. During market testing landlords fed back their unwillingness to lease property directly to the Council as most also provide support services so it would not be financially viable or in their interests for them to support this.
- 5.5.4 Outsourcing via direct negotiation was the chosen option. For the Orthodox Jewish communities, where support needs to be specific and tailored, mainstream organisations are less skilled in delivering this type of service.
- 5.5.5 Direct negotiation with the current provider was therefore recommended. The recommendations in this report should be considered in the context of the following:
  - Hackney has a significant Orthodox Jewish population in the North East of the borough, in 4 of the wards in particular: Springfield, New River, Lordship and Cazenove. The census from 2011 indicates a Jewish population of approximately 7%. This population has specific cultural and religious needs that can only be met by AIHA and a very small number of other providers.
  - AIHA, the provider is well established within the local community as an accommodation based support provider from the Orthodox Jewish community.
  - The provider has experience in supporting people with mental ill health. However it does not tend to move people on to independent living through the wider pathway. This gap means that residents sometimes remain in the service for very long periods of up to 20 years.
  - AIHA has developed its own unique model of provision which is a mix of care and support and is different from that which Hackney wishes to commission.

- The provider has historically taken residents from outside of the borough which Hackney has been paying the fees for within the commissioned contract. We wish to end this practice.

## 6. PROJECT PROGRESS

### 6.1. Sector developments since the Business Case approval.

- 6.1.1 A new integrated floating support contract has been awarded for five years with an option to extend for a further two years -granted in March 2019. The service launched on 31st October 2019.
- 6.1.2 A new mental health accommodation based support service has been awarded for five years with an option to extend for a further two years - granted in October 2019. The service launched in January 2020.
- 6.1.3 Direct negotiation of a contract for a Single Homeless and Rough Sleepers Pathway Services for five years with the option to extend for a further two years -report approved by CPC in September 2020.
- 6.1.4 **Whole Life Costing/Budgets:** Funding is available for this project within the existing London Borough of Hackney Adult Commissioning Housing Related Support budget. We will be undertaking a wider review of Housing Related Support in 2022 and these services will be included.
- 6.2. During our negotiations we have identified the following key needs and objectives that should form part of our new arrangement with AIHA:
  - London Borough of Hackney commissions and pays for all 15 places but does not use all of these, some are used for free by other commissioning authorities. We are proposing that London Borough of Hackney and AIHA should gradually move from a commissioned service to a payment by activity arrangement phased in over two years.
  - Residents should have more person centred and outcome focused support, enabling them to move toward more independent living after 3 years, where this is realistically achievable. Where this is not possible, the longer term care and support needs of individuals will be jointly reviewed to identify the most suitable long term care option. This provision should not be used to provide long term care and support.
  - All existing residents should have their needs reviewed within two years using the Care Cubed tool or similarly evidenced based costing tool. An individual placement price should then be agreed.

- All new referrals must come through the Mental Health panel for assessment and approval and a placement price agreed using the Care Cubed costing tool.
- Hackney should continue to pay for existing placements at the current pro-rata rate (see below 8.3) until the needs of residents have been reviewed using Care Cubed. An appropriate placement price should then be agreed and an individual placement contract signed which has defined outcomes.
- Where each existing placement is reviewed and a new price agreed, this will then result in a pro-rata reduction in the commissioned contract price.
- The arrangement whereby Hackney has to pay for non-Hackney residents will come to an immediate end. AIHA will be enabled to sell a limited number of bed spaces to other funding authorities or for privately funded placements.

6.3. The benefits of this new model will mean more appropriate support for the individual residents with the prospect of achieving greater independence. Both the provider and the London Borough of Hackney will move toward a sustainable market rate for each placement. It will end the arrangement of London Borough of Hackney having to pay for non-residents. At the same time it should support AIHA to deliver the project in a sustainable way. The provider will also be supported to access mentoring from larger supported living providers and develop stronger links with the community mental health and social work teams.

#### 6.4. **SAVINGS**

There may be efficiencies of up to £18,696 achieved with the proposed changes to this contract. While London Borough of Hackney may eventually pay more for some placements the changes to other arrangements should realise an overall cost reduction, however this is only an estimate and cannot be guaranteed.

### 7. **SUSTAINABILITY ISSUES**

#### 7.1. **Procuring Green**

The PRIMAS indicated 2 areas of environmental impact:

##### (a) Travel

Our own assessments showed that the biggest impact for this service would be the transport needs of staff and service users when attending external appointments. Providers were asked to have in place an environmental impact reduction policy which includes supporting staff to choose more environmentally friendly methods of travel. The provider promotes access to a Bike to Work scheme to all employees.

(b) Property

The properties associated with this service will be installed with energy efficient appliances rates A+++.

The relevant KPIs relating to this theme are listed in Appendix 3. We will monitor performance by analysing and collecting KPI data against agreed targets.

**7.2. Procuring for a Better Society**

The PRIMAS highlighted the positive impact this contract will have on the local economy. It provides safe and appropriate housing for Hackney residents. The provider will seek to generate meaningful employment for people using their services, specifically training to empower and engage clients in work-related activities.

The relevant KPIs relating to this theme are listed in Appendix 4. We will monitor performance by analysing and collecting KPI data against agreed targets.

**7.3. Procuring Fair Delivery / Equality Impact Assessment and Equality Issues**

A full Equalities Impact Assessment (EIA) was completed for this project and presented as part of the Business Case for procurement. The relevant KPIs relating to this theme are listed in Appendix 4. We will monitor performance by analysing and collecting KPI data against agreed targets.

**8. TENDER EVALUATION**

**8.1. Evaluation:**

The process followed for this procurement was a Negotiated Procedure without Prior Publication, with a single provider identified at Business Case stage. This section therefore describes the negotiation process undertaken with this provider, rather than the evaluation of competitive bids.

A brief outline of the detailed negotiation process is as follows:

- a. Preparation - data analysis comprising data analysis and preparation of the Specification
- b. Discussion - Agreement of the negotiation process with the provider and confirmation of the scope and budget
- c. Proposal - Submission of a proposal and draft specification to the provider, including pricing schedule and service methodology
- d. Bargain and close - including agreement of the outcomes by the Head of Adults Commissioning and Group Accountant.

## 8.2 Options and costs

- 8.2.1 Agudas Israel Housing Association (AIHA) has two Mental Health schemes in Hackney. These have distinctive characteristics as described above. In addition, an informal agreement with commissioners and partners has existed for some time which permitted AIHA to accept a limited number of unfunded referrals from outside the borough, without any reduction in the contract price for London Borough of Hackney. This in effect has meant an additional cost to the Council for the schemes commissioned.
- 8.2.2 AIHA have staffing levels far higher than other Mental Health services in the rest of Pathway, e.g c1.5 workers to 1 service user compared to 1 worker to 4 service users in other schemes. There is a significant variation in the level of need across the client group within the same schemes. This has resulted in a higher cost for the provider and difficulties in commissioning against a consistent specification. The provider has indicated that a substantial increase in the contract value to over £319,000 was needed, an increase of over 40%.
- 8.2.3 We have undertaken extensive discussions with Agudas Israel (AIHA) to try and find an acceptable price and model that can be met within current budgets for the whole service, which is sustainable for the provider and where support is tailored to individual needs. AIHA is undoubtedly a valuable resource for the Hackney Orthodox Jewish community. Feedback from current service users is positive. Therefore we have explored a range of options including flexible contract arrangements outlined below.
- 8.2.4 AIHA wishes to achieve full cost recovery within two years without disruption to the care of the current resident group. Due to the unique nature of the services they also receive enquiries and referrals from outside of the area including neighbouring boroughs. AIHA would like to consider taking a small number of these outside referrals on a spot purchasing basis with full support costs being met by the responsible local authority.
- 8.2.5 Taking all of the above into consideration we have proposed changing our current arrangement with AIHA as a wholly commissioned service to a payment by activity arrangement. This model will establish a clearer set of outcomes for clients and improve sustainability of the service. It will allow for the provider to gradually offer a limited number of places to other commissioning authorities.

We are therefore proposing that Hackney moves to a 'payment by activity' arrangement with a transitional phase of two years-see Option C below.

The service is delivered across the following properties with weekly unit costs indicated:



### 8.3 Table 1

Support Level	Capacity	Service	Current unit cost per week
High	9	Women's service: Rookwood Place	£314.31
Medium	6	Men's service: Lordship Park	£157.50

There were three options that were considered:

### 8.4 Option A

Agree with the original request by the provider AIHA to increase funding for the two Mental Health Supported Housing schemes. If we agreed to this request it would mean increasing the current annual cost of £196,775 to a new price of £319,113. We have rejected this option as it would incur an immediate additional cost for London Borough of Hackney of £244,676 over two years at a time when budgets are constrained. This would take the new cost of the AIHA Supported Housing schemes to £509.18 Per week (High Needs) and £255.15 per week (Medium Needs) which is 60% above the current rate for similar commissioned services, see Table 2 below.

### 8.5 Benchmarking Data: HRS Services for single adults with mental health needs - October 2020: Table 2

LB Hackney				
Service Type	Client Group	Capacity	Annual contract value	Current weekly unit cost  New weekly unit cost for AIHA if Option A agreed
Other MH supported accommodation set out over three sites	Single adults with high level mental health and complex needs	41	£684,332	£320.98
MH supported accommodation set out over four sites	Single adults with medium level mental health and complex needs	33	£284,295	£165.67
MH supported accommodation	Single women with high level	9	£147,500	£314.31

for the Orthodox Jewish community	mental health			
	Single men with medium level mental health	6	£49,275	£157.50

## 8.6 Option B

We have considered the option to terminate the existing arrangement and move immediately to a full payment by activity contract with a negotiated price for each current resident. In this arrangement the London Borough of Hackney would be required to review all current residents' needs and agree on a price set by AIHA in a short time frame for each placement or remove current residents from the schemes. Some of the current residents within AIHA have lived there for up to 10-20 years. There is little doubt that such a change would risk significant distress for the individuals and concerns from families and clinicians.

Although the additional costs of each existing placement would come from outside the Housing Related Support budget the overall costs to Hackney Adult Social Care would increase significantly.

## 8.7 Recommendation Option C

Agree to a phased change which maintains the placement for all current residents at the existing price (in Table 1 above), while transitioning to a payment by activity arrangement for all residents. Over the course of two years each case would be reviewed and a price agreed using Care Cubed. In addition, new referrals would be assessed using the Care Cubed pricing tool.

ELFT/Hackney clinicians and practitioners will still have the option to refer new cases into the service on a payment by activity basis as needed. Where a vacancy then arises and ELFT/Hackney makes a new referral, a price will be negotiated for that individual based on need using the Care Cubed or other costing tool. The payment by activity price for Hackney would be partially offset against a pro rata reduction at the current 'nominal' unit cost (see table above) for each vacant place that is filled. If no such referral is forthcoming from Hackney within two weeks, Agudas Israel would then be free to offer this place to an external local authority and to charge the appropriate local authority on a payment by activity basis. The existing Mental Health placement panel would agree a price based on market rate and referrals will be required to follow the correct pathway process i.e. not to take referrals directly from families etc as has been the case but rather for these to come through the joint ELFT NHS/ Hackney Rehab Team.

The agreement anticipates Hackney using less beds across the schemes over 2 years. It is envisaged that the provider will reduce the commissioned capacity for Hackney over two years by 4 spaces and the contract price will

reduce by the same proportion. This modelling is based on historic demand levels. Any demand for beds over and above that level will be funded on a payment by activity basis. In addition the provider will be required to establish the borough of origin for all residents by 1st April 2023. AIHA will seek and secure funding from the originating borough by 1st April 2023, commissioners will offer support and advice in achieving this outcome. In the event that the originating borough does not fund the placement AIHA will explore move on options.

Where a bed is filled by a non Hackney resident a pro rata reduction in the overall cost to Hackney would be realised. This will bring an end to unfunded placements from outside of the area which Hackney has been paying for and allow AIHA to deliver a service to meet the needs of the community, in Hackney and beyond. Without the restrictions of a capped budget, the provider will be better placed to charge fees that reflect their unique model of care.

### 8.8 Illustration of costs under new proposed arrangement Table 3

Current Cost £194k	Year 1 Estimated cost based on 1 less bed for each of the male and female schemes and 1 new Hackney payment by activity for each	Year 2 Estimated cost based on 2 less beds for each of the male and female schemes and 2 new Hackney payment by activity cases for each
	£187,428 (Projected underspend £9,348)	£178,079 (Projected underspend £18,696)

We have reviewed recent demand and turnover of residents with the provider and these have informed the estimates above in table 3. In the event that Hackney places a new referral as a payment by activity then the individual cost per case will increase. However we believe that by gradually ending the funding of non Hackney residents the overall cost to Hackney will remain consistent or be reduced (see above Table 3) while allowing a more sustainable funding model for the provider.

This option would therefore gradually close the funding gap identified by AIHA, balancing the needs of the provider to make their schemes sustainable, while also offering a managed budget and value for money to London Borough of Hackney. It would provide a stable arrangement for London Borough of Hackney and our current residents within the AIHA schemes. At the end of the two year transition we would then move to a full 'payment by activity' arrangement unless a decision is taken to extend the contract. This latter consideration will be included in the upcoming Housing Related Support Review due by April 2022.

## 8.9 Recommendation:

The recommendation is to proceed with Option C and award a two year contract to Agudas Israel following a successful negotiation process.

- The cost of the service is within budget. The review of placement costings using Care Cubed will ensure costs are within an agreed benchmark for these types of services
- The service proposal meets the Needs and Objectives as identified in section 6.2.
- The service represents a culturally specific offer for meeting the needs of Hackney's Orthodox Jewish community; by offering specialist support that is sensitive to their religious and cultural needs.
- The service will have an increased focus on supporting people to live more independently and prevent them from returning to hospital or becoming homeless
- Through a phased process each placement will have more clearly defined support costs identified using the Care Cubed system and these will be in line with benchmarked market rates for this type of support
- Where possible residents will be consider for a move to independent living after 3 years of residence, including if needed with additional support delivered in the community
- Existing resources are available to manage the contract, no overall additional costs should be incurred.
- This service will continue to be delivered by the current provider, therefore TUPE does not apply
- London Living Wage will be paid as a minimum to the providers staff working on the contract in line with Council policy.

## 9. CONTRACT MANAGEMENT ARRANGEMENTS

### 9.1. Resources and Project Management (Roles and Responsibilities):

- 9.1.1 Contract management will be led by a designated Quality Assurance & Compliance Officer responsible for the Mental Health and Prevention portfolio. There are regularly scheduled contract monitoring meetings, site visits, spot checks and annual service review. The provider also submits a

quarterly contract monitoring report and notifies the officer responsible of any incidents /accidents.

9.1.2 The following measures will be put in place to ensure we can demonstrate value for money on an ongoing basis:

- Quarterly contract monitoring including service reviews, visits and spot checks.
- Targets for each quarter to review residents needs using Care Cubed in order to complete the process within a maximum of two years
- Mentoring support for AIHA staff and management provided by a locally commissioned supported living provider
- Monthly liaison meetings with ELFT Rehab team to improve care coordination
- Monitoring of steps taken to identify move-on options where care plans indicate this is achievable
- Benchmarking of support costs for each individuals placement
- Commissioners will ensure that service users play an active role in service improvement, through contract monitoring meetings and quality audits.
- The new service specification requires the provider to develop a psychologically informed environment and trauma informed approach, in line with the wider MH Accommodation Pathway. Commissioners have emphasised a focus on person-centred outcomes, ensuring support is tailored to individual needs.
- AIHA is represented on the Mental Health accommodation panel and referrals to the service are made through the panel.

## 9.2. Key Performance Indicators:

9.2.1 The service model has been configured to develop a psychologically informed environment using a trauma-informed approach to support provision. Individual goals will be agreed for each placement between ELFT and AIHA. The service provider is primarily tasked to support people achieve person-centred outcomes as set out below:

### Person Centered Outcomes and KPIs

Service Outcomes	Indicator
<b>Economic Well-Being</b> <ul style="list-style-type: none"> <li>• maximise income, including receipt of the correct benefits reduce overall debt</li> <li>• obtain paid work</li> <li>• participate in paid work</li> </ul>	100% of customers eligibility for benefits assessed 100% of customers in receipt of full benefits entitlement. Supported housing exemption for UC attained. 100% customer budgeting plans % obtaining paid work % maintaining employment
<b>Enjoy &amp; Achieve</b> <ul style="list-style-type: none"> <li>• participate in chosen training and / or education</li> <li>• achieving desired qualifications</li> </ul>	% with active plan for participating in activities % of staff who have undertaken a training course in a psychological informed approach to providing mental health support

<ul style="list-style-type: none"> <li>• participate in chosen leisure / cultural / faith / informal learning activities</li> <li>• participate in chosen work like / voluntary / unpaid work activities</li> <li>• establish contact with external services</li> <li>• establish contact with family / friends</li> </ul>	75 % engaged in voluntary work or attending external activities % attending CPA meetings % with established contact with family and friends
<b>Be Healthy</b> <ul style="list-style-type: none"> <li>• better manage physical health</li> <li>• better manage mental health</li> <li>• better manage substance misuse</li> <li>• better manage independent living as a result of assistive technology / aids and adaptations</li> </ul>	100% registered with doctor/optician/dentist % better managing mental health % who have had no hospital readmissions % who move on into independent living % successfully maintain their accommodation
<b>Stay Safe</b> <ul style="list-style-type: none"> <li>• maintain accommodation and avoid eviction</li> <li>• comply with statutory orders and processes</li> <li>• better manage self harm, avoid causing harm to others, minimise harm / risk of harm from others</li> </ul>	100% avoided eviction  % better managing self harm
<b>Make a Positive Contribution</b> <ul style="list-style-type: none"> <li>• greater choice and / or involvement and / or control at service level and within the wider community</li> </ul>	 % involved in co-production % with greater choice and involvement - internal and external

## 10. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 10.1. The recommendation of this report is to award AIHA a contract to deliver the Orthodox Jewish Mental Health Supported Living service for a term of two years commencing on 01 April 2022. By awarding this contract it would ensure continuity of service by providing culturally specific Supported Living for residents from the Orthodox Jewish community, helping to delay or prevent people escalating to require higher level care and support.
- 10.2. The maximum contract value is £393,550 and is based on an annual contract value of £196,775 being held at the same value across the two year life of the contract. This contract will continue to be funded from the existing Housing Related Support budget within Adult Services and will not result in a budget pressure for the Council.
- 10.3. The contract holds the cost of the service for the existing service users at the same unit cost or weekly rate until the placement price has been assessed using Care Cubed or another agreed tool. The contract then allows for all new Hackney referrals to be assessed by Care Cubed and a price agreed. In the event that Hackney does not wish to use a vacancy after a set period of time (two weeks), the provider may offer this place to a service user from a different local authority. By allowing the provider to offer new places to other

authorities, the risk of void or empty accommodation costs is transferred to the provider since payment will be based on occupancy levels.

- 10.4. The financial risks within the contract are that new service users will be taken on at a higher weekly rate than existing service users and that the care cubed assessment for existing users is higher than their current costs, and if this risk was to materialise, any additional cost pressures would then need to be contained within the overall budget available. This risk is mitigated if, over time, the provider has let some of the accommodation to service users from other local authorities since the same annual budget would then be available to support a reduced number of Hackney service users.

## **11. VAT IMPLICATIONS ON LAND & PROPERTY TRANSACTIONS**

Not applicable

## **12. COMMENTS OF THE DIRECTOR, LEGAL & GOVERNANCE SERVICES**

- 12.1 Cabinet Procurement Committee agreed in September 2018 to award the contract for Orthodox Jewish Mental Health Accommodation Based Support service by a direct negotiation process. Regulation 32(2)(b)(ii) of the Public Contracts Regulations 2015 states that the negotiated procedure without prior publication may be used for public works contracts, public supply contracts and public service contracts where the works, supplies or services can be supplied only by a particular economic operator where competition is absent for technical reasons. The nature of the specialist service to be provided in this Report is such that this provision would apply and the contract is proposed to be awarded following a negotiation with the provider in paragraph 3.

## **13. COMMENTS OF THE PROCUREMENT CATEGORY LEAD**

- 13.1. The contract is valued up to £393,550 which is below the relevant UK public procurement threshold (Social and Other Specific Services “light touch” regime). Award is subject to the procedures set out in Hackney’s Contract Standing Orders, with details to be published on Contracts Finder in accordance with the Public Contracts Regulation 2015 (as amended).
- 13.2. In October 2018 CPC approved the route of Negotiated Procedure without Prior Publication on the grounds that “competition is absent for technical reasons...but only, in the case of paragraphs (ii) and (iii), where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement”. This is in accordance with PCR 2015 Regulation 32(2)(ii). It was agreed at this stage that the award of the resulting contract should be approved by the Cabinet Procurement Committee (now CPIC).
- 13.3. The commissioning team have carried out a structured negotiation, utilising the process to confirm the required deliverables, performance measures and cost with the provider. The transition to a payment by activity model over the

course of the contract has been agreed to deliver cost efficiency going forwards, in a manner which is sustainable for the provider in the short term.

- 13.4. The commissioning team has aligned the sustainability impacts identified at the Business Case stage with the Council's current Sustainable Procurement Strategy. Relevant environmental, economic and social performance measures have been incorporated into the contract to deliver and report against corporate targets. London Living Wage will be paid to the contractor's staff, this must be re-confirmed on an annual basis.
- 13.5. Appropriate contract management resources and processes are understood to be in place to facilitate effective delivery of services and outcomes by the provider.

## APPENDICES

Appendix 1: Sustainability Outcomes - KPIs

### EXEMPT

Nil Items.

## BACKGROUND PAPERS

**In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required**

### Description of document (or None)

None

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### Open Appendix 1: Sustainability Outcomes - KPIs

Service Outcomes	Indicator
<ul style="list-style-type: none"> <li><b>Green</b></li> </ul>	
To ensure clear environmental benefits when delivering the service	<ul style="list-style-type: none"> <li>% reduction in water usage</li> <li>% reduction in waste disposal</li> <li>% of material recycled</li> <li>% of reduction in carbon emissions</li> </ul>
<ul style="list-style-type: none"> <li><b>Better Society (Everyone)</b></li> </ul>	
To deliver maximum value through the service that will benefit the local area, economy, health and wellbeing of residents in the wider community	<ul style="list-style-type: none"> <li>No. and % of local people employed on a contract</li> <li>No. and % of local people offered training and apprenticeships</li> <li>Amount and % of spending with local contractors</li> <li>Amount and % of direct spend with local suppliers</li> <li>Amount and % of direct spend with SMEs</li> </ul>
<ul style="list-style-type: none"> <li><b>Fair Delivery</b></li> </ul>	
To ensure the service values diversity and is accessible.	<ul style="list-style-type: none"> <li>No. and % of the Council's identified equality groups using the service</li> <li>No. and % of the Council's equality groups employed by the service</li> <li>No. and % of the Council's equality groups offered training and apprenticeships</li> <li>Amount and % of corporate spend with BME subcontractors</li> <li>Amount and % of spend with BME suppliers</li> <li>No. of complaints from contracted staff</li> <li>% of staff complaints and issues that are addressed satisfactorily</li> </ul>