

CABINET PROCUREMENT & INSOURCING COMMITTEE

CONTRACT AWARD REPORT

Contract Award Report	
Title of Report	Integrated Mental Health Network
Key Decision No.	AHI S172
CPIC Meeting Date	16 January 2023
Classification	Open
Ward(s) Affected	ALL
Cabinet Member	Councillor Chris Kennedy, Cabinet Member for Health, Adult Social Care, Voluntary Sector and Culture
Key Decision	Yes Significant in terms of its effects on communities living or working in an area comprising two or more wards.
Group Director	Helen Woodland, Group Director Adults, Health and Integration
Contract value, <u>both</u> Inclusive of VAT and Exclusive of VAT (for the duration of the contract including extensions)	£5,377,000.00 (£1,344,250.00 annually)
Contract duration (including extensions e.g. 2 yrs + 1 yr + 1 yr)	2yrs+1yr+1yr

1. Cabinet Member's Introduction

- 1.1. Mental health needs and especially complex mental health needs are increasingly a concern in Hackney, which has some of the highest rates of mental illness in the country. The proposed new Integrated Mental Health Network service is designed to support residents who struggle with intersecting disadvantages and who often find it difficult to get the holistic support they need.

- 1.2. The new service builds on a previous high-performing model, increasing the number and diversity of community providers. Integration with other local mental health and related partners will be improved and a new open access aspect to the service will provide more preventative mental health activities and social opportunities.
- 1.3. The service delivery model for the new service has inbuilt flexibility and a focus on continuous learning and development to allow it to adjust and flex to the ever changing needs of the population.

2. Group Director's Introduction

- 2.1. This report concerns the award of a contract to deliver the Integrated Mental Health Network service. This is a support and recovery service for Hackney and City residents with complex mental health problems. Poor mental health and complex mental health needs disproportionately affect communities who are socially and economically deprived, so this service will help to reduce health inequalities locally
- 2.2. Building on the successes of the existing service, the Integrated Mental Health Network will deliver:
 - Holistic, person centred mental health support with a strong emphasis on service user choice and control.
 - Recovery or improvement in service user mental health so that they are able to safely move on from the network, able to prosper and no longer require mental health support.
 - Improvements in service users' physical health, social connectedness, employment prospects and financial security, all of which are closely interrelated to mental health.
 - A reduction in health inequalities relating to mental health need and access to support services
 - An integrated service, which is coordinated and joined up with relevant partner services to ensure the best possible experience and care for service users.

3. Recommendations

- 3.1. **To agree the award of the Integrated Mental Health Network service contract to Provider A for a period of up to a maximum of 4 years (2 years +1 year +1 year) from 1st July 2023. The total value of the contract will be a maximum of £5,377,000 (£1,344,350 per year).**

4. **Related Decisions**

4.1. [Integrated Mental Health Network Business Case](#)

5. **Reason(s) For Decision / Options Appraisal**

- 5.1. There is a high need for mental health support in the City and Hackney and following Covid, both the amount and complexity has notably increased. After a review of current services and population needs, along with engagement of local stakeholders, it was proposed to recommission the current well performing service. The new service was designed to build on the strengths of the existing service, along with positive changes informed by learning and best practice, in order to best support the needs of the local population.
- 5.2. This report seeks the approval to award a contract for an Integrated mental health support service to Provider A. The proposed service will be overseen by a single main contractor, responsible for the overall management and coordination of the service, including a large number of smaller subcontractor organisations. These smaller community providers will enable the service to provide tailored mental health support for a diverse range of communities and complex needs.
- 5.3. The service will provide holistic, innovative, evidence based and recovery focused mental health support to residents with complex mental health problems to improve their wellbeing. These interventions will include talking therapies, 1:1 coordination, support groups, education sessions, activities, digital interventions and practical support. The support will include a strong emphasis on service user choice and control and, where appropriate, will be delivered in partnership with other relevant support services. The ultimate goal is to enable residents to maintain good mental health, independently from support services.
- 5.4. The target population group for the service will be City and Hackney residents with high and complex mental health needs, who are ineligible or too complex for primary mental health services but do not meet the threshold for secondary care, something that has been identified as a gap both locally and nationally. The service will also use its infrastructure and expertise to facilitate the development of community based, lower level and preventative mental health interventions.

5.5. **Alternative Options (Considered and Rejected)**

Alternative options considered and rejected were outlined in the Business Case report:

Option 2: Do nothing

This would have a huge negative impact on the local population's health and wellbeing and would further increase health inequalities. Rates of mental illness in the City and Hackney are among the worst in the country, with the number of people with complex mental needs rapidly increasing. Residents who experience the greatest inequalities in other areas are also more likely to have poor mental health.

With the service currently supporting over 1,500 City and Hackney residents, not recommissioning the service would cause a huge reduction in the mental health support available at a time when, if anything, more is needed. It would also specifically create a gap in provision for service users with complex mental health needs, as the service focuses on supporting this group.

The service also provides tailored support to a range of local communities, where access to mental health services would otherwise be low, despite often high rates of mental ill health and risk factors such as low income and unemployment. The importance of having this service as an alternative to NHS mental health services was widely recognised in the consultation and losing it would mean a notable cut in support to vulnerable communities .

Option 3: Single provider (no subcontracting):

Whilst this option could provide some economies of scale, it would not be able to offer the same tailored support to many of the target population groups within the City and Hackney. Without the specialist providers it would lose the deep understanding of local communities and the ability to leverage existing connections with these communities to improve access to support.

One single large provider would not be able to offer the same range in specialist provision/interventions that a number of smaller providers could. Therefore, they would be unable to offer such a holistic, tailored service to meet the specific needs and maximise service user recovery in the same way that a network of smaller providers could.

A single large provider would not share the same benefits, compared to a network of providers, of sharing of learning, experience and best practice.

Option 4: Insourcing:

Insourcing this service was considered in detail but for the following reasons was not chosen.

Reducing barriers to access

A key success of the current service highlighted during the consultation is the way it improves accessibility for mental health support by offering a community based alternative to statutory provision. A council rather than

community led service would likely be a significant barrier to some of our most vulnerable residents and the community connection would be lost.

Recruitment of specialist staff

This service requires a high number of specialist staff, including mental health professionals and experienced practitioners. The Council does not currently have the necessary expertise and would need to build this capacity over a number of years.

Cost

There is not currently the capacity to deliver this service in-house. Any potential savings to management costs would be offset by the need to increase internal management capacity. In addition, the Council would have to recruit the specialist mental health expertise available to expected bidders at the organisational level.

Impact on the local community and voluntary sector

Insourcing the service would take a large amount of secure funding away from the community and voluntary sector. which is already under significant financial pressure locally. A benefit of the service model is that it brings together a range of voluntary and community sector organisations and reduces silo working, which would be lost if it was to be insourced to the Council.

6. Project Progress

6.1 Developments since the Business Case approval

There have been no unforeseen changes or developments since the business case approval.

6.2 Whole Life Costing/Budgets

The total cost of the service is detailed in the table below. Funding is available for the duration of the contract from the ring-fenced Public Health Grant.

Integrated Mental Health Network service budget				
Year 1	Year 2	Year 3	Year 4	Total
£1,344,250.00	£1,344,250.00	£1,344,250.00	£1,344,250.00	£5,377,000.00

The City of London will contribute 3% towards the total cost of the service to reflect the anticipated level of activity delivered in the City.

The agreed price is inclusive of all service delivery related costs for the duration of the contract. A detailed breakdown was submitted as part of the bid.

6.3 Risk Assessment/Management

Risk	Likelihood	Impact	Overall	Action to avoid or mitigate risk
	L – Low; M – Medium; H - High			
There may be some challenges with recruitment and retention to specialist and/or management posts due to general shortages within the industry.	Medium	Low	Medium	The funding available supports competitive remuneration for staff at the London Living Wage or higher. An appropriate mobilisation period has been built into the timetable and providers' approach to staff management and recruitment will be tested as part of the procurement process.
Negative impact on relationships with local organisations who are not selected to be part of the new service.	Medium	Low	Low	Extensive engagement with local groups was completed to inform the design of the service. The commissioning process was fair and transparent. The flexible funding aspect included in this contract will also mean there may be future opportunities for new organisations to become involved in the network.
The new provider may not be able to secure suitable premises at a reasonable cost due to high prices locally.	Low	Low	Low	The recommended providers all have suitable physical premises at the current time.
One or more of the specialist subcontractor providers may come into financial or reputational difficulties that put the service delivery at risk.	Low	Low	Low	If this risk occurs, it is likely to only affect just one provider, limiting any impact. Either the work could be covered by existing providers or a replacement specialist provider could be brought in. The new more integrated structure should also allow the service to better mitigate this risk. The Main Contractor is a large and stable provider.
Key partners do not fulfil their commitments in relation to partnership working.	Low	Low	Low	Key external partners are well engaged and have already committed to working with the new service. The commissioner and the lead provider will endeavour to work with partners to overcome any issues that arise.

7. Savings

No savings were required from this procurement but the maximum budget available for each year of service delivery was set at £1,350,000 so a modest saving has been achieved.

In addition, the revised delivery model will increase internal integration and improve partnership working with key external services and it is expected that this will lead to service delivery efficiencies.

8. **Sustainability Issues and Opportunities, Social Value Benefits**

8.1. **Procuring Green**

Overall this service will have a limited environmental impact. All staff on the contract use either public transport or active travel to get to work. and bike to work schemes are offered. The premises' energy comes from renewable sources and, where available, the service purchases from local suppliers.

8.2. **Procuring For A Better Society**

This service will address health inequalities, improving health and wellbeing outcomes and increasing the social and economic opportunities of the residents who use it. The service will target those with the highest need and those who face greater barriers to accessing services.

The service will be delivered by local providers who are embedded in local communities, supporting these local organisations to develop and increasing access for the underserved communities they represent.

8.3. **Procuring Fair Delivery**

The service will have a positive impact on residents' health, social and economic opportunities, especially for those who experience some of the greatest health inequalities.

All staff employed by the provider and its subcontractors to deliver this service will receive the London Living Wage as a minimum.

The service will be required to continually monitor and improve its offer across a range of performance measures, including its success at supporting equality of access and provision and reducing inequalities.

8.4 **Equality Impact Assessment and Equality Issues**

Reducing inequalities is a core part of the specification for this service. It is designed to support residents who face some of the greatest inequalities, where multiple disadvantages intersect. The wide range of

community-based subcontractor providers will enable the service to support individuals who are traditionally not well supported by mainstream services.

The new service includes KPIs specially designed to support the aim of reducing inequalities, including a wide range of targets around diversity.

8.5 **Social Value Benefits**

The proposed new network of providers consists of organisations who have between them more than 250 years' experience embedded and investing in their communities. Over 60% of the staff live locally. The service will proactively support small VCS organisations through funding, training and information sharing opportunities.

The service will offer apprenticeships and, where appropriate, develop clients to contribute to service delivery (~10% of current staff were previously clients). It will support people from minoritized groups to become therapists and for young people to begin careers in mental health as trainees/apprentices.

9. **Tender Evaluation**

Tender Evaluation Team:

The Tender Evaluation and Moderation Team consisted of the following:

- Commissioning Manager, City and Hackney Public Health (Chair)
- Public Health Consultant, City and Hackney Public Health
- Senior Public Health Specialist, City and Hackney Public Health
- Deputy Borough Director, East London NHS Foundation Trust

EU / Procurement Process:

A single stage procurement was carried out under the Light Touch Regime. The number of organisations invited to tender was not restricted, and the tender opportunity was promoted widely. This included circulation via local networks, publication on the Council's website and the publishing of a Find a Tender Service (FTS) notice. An email was also sent to prospective bidders who had previously responded to stakeholder consultation (this included a series of consultation events and the publication of a Prior Information Notice (PIN) to generate interest in the opportunity).

Evaluation Criteria and Weightings:

The tender was evaluated on the criteria in the table below:

Scoring Criteria	Score
Quality	70%
Start Up & Implementation	5%
Service Organisation	17%
Service Provision	30%
Operational Requirements	10%
Quality Assurance	5%
Social Value	3%
Price	30%

65 organisations expressed an initial interest. Only one bid was received but it was a strong one. A comprehensive programme of pre-market engagement was completed to prepare the market and promote this opportunity as widely as possible but this is a very specialist and complex service and the number of providers with the relevant capacity and experience is limited.

10. **Recommendation**

	Quality	Price	Total
Provider A (winning bidder)	43%	30.00%	73%

It is recommended that Provider A be awarded the contract. They provided a high quality bid and scored well across all areas. The panel was confident that Provider A and its subcontractors will provide a high quality service that meets the needs and objectives set out in the business case and service specification.

The price submission from Provider A was within the available budget. The breakdown of costs is considered, appropriate and realistic and the proposed service provides good value for money.

The main contractor is experienced at managing subcontractors and all providers are experienced at providing high quality mental health and wellbeing care to clients. The assessment and prioritisation processes are robust yet person centred and will support the service to reduce inequalities. The variety and quality of support and activities offered is very

good, recovery focused and will allow the service to provide holistic support to clients.

The service will continuously monitor and adjust/improve its offer through data analysis and insight. This will also allow commissioners to monitor the performance and benefits of the service.

Any TUPE issues or redundancies are likely to be very limited and there is a 5 month mobilisation period to deal with any issues that do occur. As part of the evaluation process it was confirmed that all staff employed to deliver this service will receive the London Living Wage as a minimum.

11. Contract Management Arrangements

Resources and Project Management (Roles and Responsibilities):

The contract will be managed within the Public Health team, with a named Senior Specialist lead, under the direction of the Public Health Consultant Mental Health lead and with support from the Public Health Commissioning Team.

This contract will be incorporated into the standardised performance management framework used by Public Health. The providers will be required to report performance against the agreed KPI quarterly and attend regular contract review meetings. The specification also requires a strong focus on continuous improvement.

A five month mobilisation period has been incorporated into the timetable to allow sufficient time for the large number of sub-contracting organisations to fully mobilise and for any TUPE issues to be resolved, in time for the 1st July 2023 contract start date.

11.1. Key Performance Indicators

The KPIs for this service are as follows. All will be monitored via the contract management arrangements described above. In line with the approach of continuous learning and improvement, these will be regularly reviewed with the commissioner and provider.

	KPI	Target
1	A. New core service user per year	1,150
	B. Total core service users per year	1,800

2	Percentage of service users demonstrating clinically relevant improvement using validated measurement tools over the course of their time in the service	60%
3	Service users accepted into the service are representative of the percentage listed in the key service population groups targets table below	90% of target population groups met
4	A. At least one external partner is involved in service users' support/care plan B. The number of different partner services that the service works with that are involved in the shared support/care plans	25% of service users 6
5	A. Reduction in the percentage of service users who are unemployed B. Percentage of service users in training or volunteering roles while accessing or after leaving the service for at least 6 months or for the duration of the course	50% 12%
6	A. Percentage of service users who report being smokers who are offered a referral to stop smoking services B. Percentage of service users who demonstrate alcohol dependence or who report using illegal drugs that are offered support coordinated with Hackney Recovery Service as part of their care plan C. Percentage of clients self-reporting an improvement in physical health between entry to the service and exit	90% 90% 90%
7	A. Improvement in self-reported social connectedness for service users B. For service users for whom social isolation was identified as a concern at entry, engagement in community or regular social activities/classes	80% 75%

12. Comments Of Group Director Of Finance And Corporate Resources

12.1. This report seeks approval from the Cabinet Procurement and Insourcing Committee to award the contract for the delivery of the Integrated Mental Health Network service to provider A, commencing in July 2023 for a period of up to four years (2+1+1).

12.2. The contract value over the maximum life of the contract is c£5.4m,

with the annual contract value being c£1.35M. The annual contract value for the service has been factored into the Public Health commissioning plans, and will not result in a budget pressure for the council. In addition the City of London will contribute funding of 3% of the total cost of the service to reflect the anticipated level of activity delivered in the City under a separate service level agreement between LB Hackney and the City of London Corporation.

- 12.3. There is uncertainty around the grant allocation for future years. If the Public Health grant was to be reduced in future years, then management actions including reviewing this service, would need to be considered to ensure that expenditure is contained within the ring-fenced public health grant.

13. **VAT Implications On Land & Property Transactions**

N/A

14. **Comments Of The Director, Legal, Democratic & Electoral Services**

- 14.1. The services in this Report were assessed as High Risk by the Council and on 18th July 2022 Cabinet Procurement and Insourcing Committee agreed a Business Case in respect of the procurement of such services. Pursuant to paragraph 2.7.10 of Contract Standing Orders the approval to award a contract will be with Cabinet Procurement and Insourcing Committee.

- 14.2. Details of the process undertaken by officers to procure a provider for the delivery of the Integrated Mental Health Network service are set out in this Report.

15. **Comments Of The Procurement Category Lead**

- 15.1 The proposed contract is valued at £5.377M which is above the relevant UK public procurement threshold (Social and Other Specific Services “light touch” regime). The Council’s Contract Standing Orders require that the Award of a procurement of this value be approved by Cabinet Procurement and Insourcing Committee.

- 15.2 A competitive tender process has been carried out in compliance with Contract Standing Orders and the recommendation is to award to the provider offering the most economically advantageous tender assessed against the published criteria.

- 15.3 Relevant KPIs and performance measures are proposed including those aligned to strategic and corporate targets. The specification requires the contractor to meet requirements with regard to sustainability and social value, including payment of the London Living Wage as a minimum for all staff employed to deliver this service.

Appendices

Appendix B Integrated Mental Health Network Service Business Case
 Appendix C - Integrated Mental Health Network Service Specification

Exempt Appendices

Appendix A - Long List - Expressions of Interest

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Background Document

None

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