



Haringey Council

Procurement Committee

On: 24th June 2008

Report Title: Award of Residential Mental Health Block Contract

Forward Plan reference number (if applicable): **N/A**

Report of: **Director of Adult, Culture and Community Services**

Wards(s) affected: **All**

Report for: **Key Decision**

1. Purpose

1.1 To seek Member approval to award a block contract for the provision of residential care and support services for people with mental health problems.

2. Introduction by Cabinet Member

- 2.1 The previous contract referred to in this report has been extended several times as a competitive process was unable to secure an alternative provider due to the fact that suitable property is not available within or adjacent to the borough.
- 2.2 Officers made efforts to source properties on behalf of the sector but were unable to do so.
- 2.3 Procurement Committee of 24th July 2007 agreed to waive the requirement for a further competitive process to allow officers to negotiate terms with the current provider.
- 2.4 I therefore, concur with the proposal to award the contract as recommended in order to ensure continuity and stability of service, with a provider that offers quality and value for money .

3. Recommendation

- 3.1 That Members agree to award a contract to the service provider set out in Appendix A for the provision of residential services for people with mental health problems as allowable under Contract Standing Order 11.03.
- 3.2 That Members agree to the award of a contract for a period of 3 years from 1st July 2008 with a provision to extend in one or more phases for up to a total of 2 years

Report Authorised by: **Mun Thong Phung,
Director of Adult, Culture and Community Services**

Contact Officers: **Siobhan Harper, Head of Mental Health Commissioning LBH/PCT 0208 489 3542/ Angie Langley, Contracts Manager, ACCS, 0208 489 3906**

4. Director of Finance Comments

- 4.1 This report is concerned with the provision of residential care and support services for 6 people with mental health problems.
- 4.2 Members are asked to agree to the award of a contract for a period of 3 years with effect from 1st July 2008, with a provision to extend in one or more phases for up to a total of 2 years. As a result of service reconfiguration and remodelling, annual savings of approximately £46k are anticipated; these contribute towards overall commissioning savings which have been agreed by the Council (£100k in 2008/09). Budget monitoring arrangements include the use of block provision to ensure voids are minimised.

5. Head of Legal Services Comments

- 5.1 This report is recommending the award of a residential mental health block contract. The service to be provided is categorised as a residual service under the Public Contract Regulations 2006 and therefore there is no requirement to tender in Europe.
- 5.2 In addition, on 24th July 2007 Procurement Committee granted a waiver of the requirement for tendering under Contract Standing Order (CS0) 6.05. The waiver decision also anticipated negotiation with the incumbent service provider of a new contract for a reconfigured service.
- 5.3 As the contract value exceeds £250,000.00 the proposed award must be approved by Members according to CSO 11.03. This ways that the Executive must award all contracts over this value.
- 5.4 The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in paragraph 3 of this report.

6. Head of Procurement Comments

- 6.1 This recommendation is in line with the Procurement code of Practise
- 6.2 The reconfigured service shows a saving to the council and an effective move on scheme, which should provide future savings.
- 6.3 The previous contract monitoring of this organisation has shown that the service has been of a good quality and no complaints have ever been received about the service.
- 6.4 There are contract monitoring arrangements in place that will continue to ensure contract compliance .

7. Background

- 7.1 The Residential Accommodation Review produced by Mental Health Commissioning in Social Services in 2003 developed a remodelling of services as a result of the needs analysis and gaps in provision identified in the Review.
- 7.2 The Director of Social Services and Executive Member for Social Services and Health agreed the strategic direction for accommodation services for adults with mental health problems in September 2003.
- 7.3 This model introduced new principles into current care provision. The emphasis was on recovery, promotion of independence and long term continued care where required within the specifications for the new services.
- 7.4 In February 2004, following a tender process based on the above new service model, the Executive Procurement Committee granted approval to the award of five block contracts to the following providers: Psychiatric Rehabilitation Association, Umbrella, Richmond Fellowship, Mind and Ujima. There were no bidders for a sixth block tendered.
- 7.5 Contracts were awarded for three years with the option to renew them for further periods of up to a maximum of two years.
- 7.6 However, Umbrella was unable to deliver the contract as they were unable to obtain appropriate property from which to carry out the service.
- 7.7 The new contract with Umbrella was therefore terminated by mutual agreement, and approval was obtained from the Director to extend the contract with the outgoing provider, under the terms of their contract, from 1 October 2004 to 30 September 2005. This extension was intended to allow a re-tender of the contract. However, this was not possible due to scarcity of suitable accommodation. The contracted service is currently provided from a property in Holmdale Terrace owned by the current provider, this property is therefore not available for use by other providers.
- 7.8 In 2005 the Executive Procurement Committee agreed a 2-year extension to allow time for suitable property to be located in conjunction with Housing and for the contract to be re-tendered.
- 7.9 However, considerable difficulties remain in obtaining suitable property in borough for specialist care provision. Experience to date suggests that Registered Social Landlords and private sector landlords are reluctant to expend significant capital on property with limited return on contracts of a maximum of 5-year duration, which is insufficient to recoup capital outlay. Additionally despite

several meetings and ongoing contact with Housing there is no Council Housing stock that would be fit for purpose.

- 7.10 In terms of surrounding London Boroughs, Hackney, Camden, Enfield, Barnet, Redbridge and Waltham Forest do not invest in block contracts for residential care. Islington has 2, one of which was tendered with property belonging to the borough.
- 7.11 The current cost of the service is £283,756 pa and reconfiguration and service remodelling has provided some efficiency savings.

8. Description

- 8.1 Mental Health Commissioning has negotiated with the current provider to reconfigure the service. This involved partnership working with the PCT and embedding the service in emergent rehabilitation strategy for Mental Health, which includes identified need for increased dual diagnosis and move-on provision. The terms of negotiation also included service, model, partnership arrangements, contract price and duration, as well as monitoring and evaluation.
- 8.2 The reconfigured service provides users from Mayfield House Rehabilitation unit at St. Ann's hospital to move into the community, where rehabilitation will continue in a less institutional, less formal but still therapeutic environment. The service includes residential accommodation for six clients.
- 8.3 The focus at Holmdale Terrace will be the promotion and practice of independent living skills as well as, for some, the development of the interpersonal skills, the confidence and the understanding that are needed to co-exist with others and to be socially included by others in the wider community.
- 8.4 From Holmdale Terrace service users would be encouraged to access available community resources with the support of staff from the residential home and the rehabilitation team.
- 8.5 The Rehabilitation Service would all work towards effective move-on into semi independent or independent settings with Haringey Assertive Outreach team becoming active in the care provision.
- 8.6 The community aspect of the rehabilitation work would be provided sessionally from the existing team.
- 8.7 The cost of the new improved service will be as set out in Appendix A. The current weekly cost per person is £907.52. This will be reduced to the amount set out in Appendix A
- 8.8 Monitoring is currently carried out and will continue to be carried out by the Contracts Service of Adults, Culture and Community Services. The quality of service provided is assessed as good with no complaints having been received.

The provider is compliant with Haringey Policies and relevant Codes of Practice. Occupancy levels have been maintained at 100% for over three years.

- 8.9 As a result of the Government's Personalisation Agenda all local authorities are required to have processes in place, within three years, which allow 'customers' to have more choice in the services that they receive. As a consequence of this the Directorate of Adult, Culture & Community Services is undertaking the process of examining all current provision, consulting with stakeholders and examining markets in order to produce a commissioning strategy which will ensure Haringey's compliance with the Personalisation Agenda. This will undoubtedly have the effect of some services being de-commissioned whilst others will require reconfiguration, there will almost certainly be reduced reliance on 'block' contracts. The services being provided within this contract will be included in this exercise.
- 8.10 Consultation
The proposal has been discussed between the Head of Mental Health Commissioning, the current provider, Haringey Teaching Primary Care Trust and the Manager of the Supporting People team, and a reconfigured service appears to be the best way forward to resolve the shortage of property and maximise the use of current resources in meeting identified service user need.

9. Summary & Conclusion

- 9.1 In 2003 all residential care and support services for people with mental health problems were tendered under a new service model which introduced principles of recovery and the promotion of independence as well as long term continued care where required.
- 9.2 In 2004 the Executive Procurement Committee awarded 5 block contracts however, one successful bidder was unable to deliver the contract due to being unable to secure appropriate property from which to undertake the service.
- 9.3 The Director agreed to extend the existing contract within the contract terms with Tulip for a year
- 9.4 Subsequently In 2005, Procurement Committee extended the current provider's contract for 2 years to allow time for suitable property to be located in conjunction with Housing in order to undertake a tender process.
- 9.5 However, considerable difficulties remain in obtaining suitable property in borough for specialist care provision. Experience to date suggests that Registered Social Landlords and private sector landlords are reluctant to invest substantial capital on property when the contract term is for such a limited period ie 5 year maximum as well as, a paucity of suitable Council housing stock
- 9.6 Mental Health Commissioning have negotiated new terms and reconfigured the service with the current provider. This has involved partnership working with

the PCT and embedding the service in the emergent rehabilitation strategy for Mental Health, which identified the increased need for dual diagnosis and move-on provision.

9.7 The process was successful and the terms of negotiation included:

- Service model
- Partnership arrangements
- Contract Price
- Contract duration
- Monitoring and evaluation

10 Equalities Implications

10.1 The contract requires that the service is provided in a manner which recognises and implements equality of opportunity and access, also equality issues are discussed in monitoring meetings and are included in quarterly returns. Moreover the proposal provides for suitable accommodation and support for vulnerable residents.

Appendix A – Exempt Information