



**Mayor and Cabinet**

**Report title: Mental Health Supported Housing Approval to Award**

**Date** 07/12/2022

**Key decision:** Yes

**Class:** Part 1

**Ward(s) affected:** All

**Contributors:** Jon Scarth - Commissioning Manager Supported Housing

**Outline and recommendations**

This report recommends that Mayor and Cabinet approves the award of the Mental Health Supported Housing Contract to Equinox Care for a period of 3 years with the option to extend for a further 2 years at a yearly value of £511,440, equating to £2,557,200 for the five years. The contract will commence 3 April 2023. Following the second stage tender process Equinox Care scored highest on the combined price and quality scores.

### Timeline of engagement and decision-making

<b>Date</b>	<b>Engagement / decision making</b>
July – April 2020	Project group established for the Mental Health pathway services
July 2020 – March 2021	Joint Prevention, Inclusion and Public Health Commissioning Team (PIPHCT) / South London and Maudsley Trust (SLaM) review of mental health supported accommodation pathway completed. Including market and service user consultations.
June 2021	Permission to Procure report to Mayor and Cabinet
August 2021	The contracts received no viable tenders following a tender August 2021.
November 2021	Permission to extend contracts report to Mayor and Cabinet, in order to re-model and procure again
February – March 2022	Project group re-formed to design new contract
15 June 2022	Mayor and Cabinet approval to procure report with remodelled service
4 August 2022	Executive Director for Community Services gives approval for six tenderers to be invited to the second state of the procurement process
April 2023	Commencement of new contract

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## 1. Summary

- 1.1 The Prevention, Inclusion and Public Health Commissioning Team (PIPHCT) commissions a range of floating & accommodation based support services to meet the needs of homeless service users who require support to manage and maintain their accommodation.
- 1.2 PIPHCT works to align services with the ambitions of Lewisham Council working in partnership with other directorates such as Housing, Children's Social Care, Adult Social Care as well as Southeast London Integrated Care Board to improve access to the supported accommodation & floating support services to maximize effectiveness and strategic use of these services.
- 1.3 The contracts are due to expire on 31 March 2024. On 15 June 2022 Mayor and Cabinet gave permission to procure a newly formulated service via a restricted tender procedure which combines two current supported housing contracts:
  - Edward Street, an 18 bed mental health service, with 24 hour cover. Which was a contract held by Certitude.
  - Family Action, a 16 bed mental health service, with 9 to 5 cover. What was a contract held by Family Action.
- 1.4 On 15 June 2022 Mayor and Cabinet gave permission to run a two stage restricted tender process, the first stage involving tenderers being asked to submit a Standard Selection Questionnaire (SSQ), and to invite the top five scoring tenders to the second stage.
- 1.5 Twenty qualifying first stage tenders were received. Following a first stage evaluation panel on the 29 July 2022, the top six tenders scored in the top five places were identified, with two sets of tenders having an equal score proving a joint sixth / fifth place and a joint second / third place. The Executive Director for Community Services in a report dated 04 August 2022 gave approval for those tenderers to be invited to the second stage of the procurement process.
- 1.7 Four second stage tenders were received. There was a 50%: 50% weighting split between quality and costs.
- 1.8 Tenders addressed 12 method statements and were evaluated by the panel, 11 of these contributed to the quality score. The panel met on 17 October 2022 and evaluated the four tenders.
- 1.9 To score the price submissions, a fair formula was used that compared tendered cost per direct staffing hour with the lowest tendered cost per direct staffing hour.
- 1.10 Equinox Care received the highest overall score. The total value for the 3 year contract will be £1,534,320, and £2,557,200 if the contract is extended to 5 years.

## 2. Recommendations

- 2.1 It is recommended that Mayor and Cabinet award Equinox Care the Mental Health Supported Housing Contract for a period of 3 years with an option to extend for up to a further 2 years at a yearly value of £511,440, equating to £2,557,200 for five years. The contract will commence 3 April 2023.

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### 3. Policy Context

3.1 The Prevention, Inclusion and Public Health Commissioning Team's (PIPHCT) supported housing funding is an important strand in the delivery of many government priorities. It plays a key role in delivering national strategies such as the; Reducing Reoffending National Plan, the new National Drugs Strategy, and 'Sustainable Communities: Settled Homes Changing Lives'.

3.2 The proposed awarding of this contract meets the Corporate Strategy 2018/22 as follows:

Priority 3, Giving Children and young people the best start in life; the renewal of the contract will provide supported housing options for young people aged 16 - 21, including a parent and child scheme that works with young parents aged 16 -21. These schemes support young people with their own personal circumstances including how to maintain independent accommodation.

- Priority 5, Delivering and defending: health Care and Support; the services within the contract will provide physical and mental health assessments on all service users and where appropriate refer to primary and secondary NHS services. There will be a strong emphasis on education, training and leisure activities to support service users' self-improvement and assist with re integration into the community.
- Priority 7, Building safer communities; the renewal of this contract will support the work within the partnership to combat anti-social behaviour linked to alcohol and drug misuse

### 4. Background

4.1 A working group made up of senior colleagues from PIPCH, South East London Integrated Care System, and SLaM met regularly to make decisions on this procurement. A broad market consultation and needs analysis were carried out as described in the Mayor and Cabinet report *Supported Housing Permission to Procure* dated 9 June 2021.

4.2 In August 2021 a mental health supported housing contract went to market and received no viable tenders. That lot contained 3 current supported housing contracts:

- Edward Street, a 18 bed mental health service, with 24 hour cover.
- Family Action, a 16 bed mental health service, with 9 to 5 cover.
- Newstead Road, a 12 bed mental health service, with 24 hour cover.

4.2 The Newstead Road contract had been held by Hexagon Housing. In 2021, Hexagon Housing informed the LBL Chief Executive that they were exiting the supported housing sector and would need to hand back the Newstead Road contract by April 2022. This situation presented a firm deadline for finding alternative arrangements for Newstead Road. The incumbent providers for the other 2 services were content to retain their existing arrangements. Consequently in November 2021 approval was given by Mayor and Cabinet in a Part 2 report Supported Housing Contract Award to enter direct negotiations with a provider to take on the whole contract. After these negotiations broke down, further approval was granted on 8 December 2021 by Mayor and Cabinet in a report Newstead Road Contract Award 2022 to enter into direct negotiations with a second provider to take on just the Newstead Road contract from

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Hexagon Housing. These negotiations were successful and St Mungo's Community Housing Association commenced providing this service from mid May 2022.

- 4.3 In the Permission to Extend Mental Health Supported Housing Services December 2021, approval was given to extend both the Edward Street and Family Action contracts until April 2023 to give officers time to run a tender exercise.
- 4.4 The above mentioned working group met to decide on the design of the new contract recommended for procurement in this report using the same market consultation and needs evaluation - given the same cohort of service users and meeting the same aims. There is a clear and consistent need for this service in the borough in order to meet the key priorities of the council.
- 4.5 The consensus of the working group was that more value for money would be gained by commissioning a contract across the four buildings, rather than two separate contracts. The larger contract allows for additional resources to be used across more bedspaces, and to be able to accommodate priority cases for SLAM within the borough.
- 4.6 A number of providers were consulted on why they did not tender for the 2021 contract and asked about viability of the new contract. The primary reason for not making a submission for the contracts was due to the complex building arrangements at Newstead Road. There was a requirement for providers to be a registered landlord and take on the lease for that building. With the removal of the Newstead Road building, providers indicated their belief that the new contract would be viable.
- 4.7 Agreement has been given from the landlords of the four buildings remaining in the contract to be used for supported housing. The landlords are all registered social landlords, and the successful provider would need to enter into a building management arrangement with both landlords.
- 4.8 In April and May 2022 market warming events were held for the contract. This was over two sessions. The first was held over Teams, this was advertised over ProContract and 70 representatives from providers attended. The focus of the first session was delivering information to providers about contract and the tender process. A second session was held in person and attendees from the first session were invited. In the second session providers were asked to workshop concerns about the contract which were raised in the first session, the service specification was subsequently adapted.
- 4.9 During the period between the first and second stage evaluation the six providers were invited to view the four buildings being used for the contract. Four of providers attended the viewings. All viewing were attended by a member of the PIPHC team.

## 5. Procurement Arrangements

- 5.1 A two stage restricted procedure (with the flexibility allowed under the Light Touch Regime) was run for this requirement. The opportunity was advertised on the Find a Tender Service, Contracts Finder and published on the London Tenders Portal, in line with the Council's Procurement guidance.
- 5.2 The table below sets out details on the key dates details and number of tenders received for this contract.

Activity	Date/Quantity
Tender (SSQ) Published (Stage 1)	20/06/2022
Tender (SSQ) Return Deadline	21/07/2022
Expression of Interest	163

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Tenders Received	20 in total
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SSQ Moderation Meeting	29/07/2022
Not shortlisted	14
Shortlisted Tenderers	6
Tender (ITT) Published (Stage 2)	15/08/2022
Tender (ITT) Return Deadline	21/09/2022
ITT Moderation Meeting	17/10/2022

5.3 Stage 1 (the Standard Selection Questionnaire) was issued on 20/06/2022 for 30 days. Tenderers were required to submit a completed Standard Selection Questionnaire which included additional questions on tenderers technical capability in providing mental health supported housing. Following compliance checks conducted by Procurement, the technical questions were evaluated by an Evaluating Panel made up of Commissioners on 29 July 2022 in order to shortlist to the five highest scoring tenderers. Twenty tenderers were evaluated. Six were shortlisted and invited to the second stage of the tender (Stage 2 - Invitation to Tender).

5.2 The second stage (Invitation to Tender) of the tender for Mental Health Supported Housing went live on 15 August 2021 and closed on 21 September 2022.

5.3 The following criteria were assessed during stage 2 of the evaluation process:

Financial	50%
Service Delivery and Mobilisation	13%
Project Management	8%
Partnership Working	6%
Continuous Improvement	7%
Equality, Diversity & Access	6%
Health and Safety	5%
Social Value	5%

5.4 Tenderers were asked to submit a description of their proposals in the form of Method Statements, in order to test tenderers' understanding of service requirements. These included proposals for assisting the Council in delivering continuous improvements.

5.5 The Method Statements were assessed under the non-financial criteria and those provided by the successful tenderers will form part of the Contract documentation against which their performance will be monitored. Full details of the method statement questions can be found in the attached document.

5.6 The scoring for quality was awarded on a scale of 0 – 10 0 being non-existent and 10 being perfect. The table below provides a description of each score:

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Score	Level	Standard
0	Non-existent	Proposal absent
1	Inadequate	Proposal contains significant shortcomings and/or is inconsistent or in conflict with other proposals
2	Very poor	Proposal contains many shortcomings and/or is inconsistent or in conflict with other proposals
3	Poor	Proposal falls well short of achieving expected standard in a number of identifiable respects
4	Weak	Proposal falls just short of achieving expected standard in a number of identifiable respects
5	Barely adequate	Proposal just meets the required standards in nearly all major aspects, but is lacking or inconsistent in others
6	Adequate	Proposal meets the required standards in nearly all major aspects, but is lacking or inconsistent in others
7	Good	Proposal meets the required standard in all major material respects
8	Very good	Proposal meets the required standard in all major material respects and in a few of the minor requirements
9	Excellent	Proposal meets the required standards in all major material respects and nearly all of the minor requirements
10	Perfect	Proposal meets the required standards in all major material respects and all of the minor requirements

5.7 The pricing schedule used to assess the financial aspects of the bids can be found in the attached document.

## 6 Synopsis and Evaluation of Bids Received

6.1 The table below shows the scoring given to the providers. Tenderer 2 and 4 did not meet the minimum scoring thresholds. For Tenderer 2 did not meet the quality threshold score for one question, and Tenderer 4 did not meet the quality threshold for three questions, both tenders were rejected on this basis as set out in the Invitation to Tender.

6.2 The overall quality scores are on the table below - scores are out of a possible 50:

Name of tenderer	Equinox Care	Tenderer 2	Tenderer 3	Tenderer 4
Minimum scores met?	yes	no	yes	no
Quality score	40.2	Invalid tender	41.3	Invalid tender
Quality ranking	2	N/A	1	N/A

6.3 Equinox Care had the highest combined cost and quality score overall and it is recommended that they awarded the contract.

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For further details on the tender evaluation please see the corresponding part 2 report, section 6

## **7 Financial implications**

- 7.1 The new contract with Equinox Care for the Mental Health Supported Housing Contract will be £511,440 pa for three years commencing on the 1st April 2023. Total contract costs of £1,534,320 over the full three year contract period.
- 7.2 The annual contract cost will be funded from a combination of £184,315 from existing GF budgets for Supported Housing and an annual contribution from the CCG under the annual S256 agreement of £327,125. The amount by the CCG is covered from the existing S256 contribution for the current Certitude-Edward Street Mental Health Service and a further £49,323 which is currently paid directly by the CCG for a share of the Family Action Mental Health.
- 7.3 Overall there will be a net saving to LBL of £56,703 resulting from the new service contract with Equinox Care compared to the existing Mental Health Supported Housing contracts with Certitude and Family Action. This will contribute to service savings required as part of the councils Medium Term Financial Strategy.

## **8 Legal implications**

- 8.1 The report seeks to award a contract to Equinox Care for the Mental Health Supported Housing Contract for three years plus a potential further two years.
- 8.2 The contract was procured following a two stage process in accordance with the Light Touch Regime under the Public Contracts Regulations as amended (PCR 2015), which relates to services such as health, social and related services. While the requirements are less onerous than those for other contracts to which PCR 2015 applies, the obligations still require compliance with principles of equal treatment, transparency and non-discrimination. The requirements in Council's Constitution contains about how to procure and manage contracts have also been satisfied.
- 8.3 On 4 August 2022 the Executive Director for Community Services gave approval for six tenderers to be invited to the second stage of the procurement process following the first stage selection process.
- 8.4 This report explains the evaluation of the tenders received at stage 2 of the procurement process and the reasons for recommending Equinox Care which officers believe provided the most economically advantageous tender.
- 8.4 The report proposes the award of a contract that exceeds £500,000, which means that it is classed as Category A contracts for the purposes of the Council's Contract Procedure Rules and is to be awarded by Mayor and Cabinet.
- 8.5 The decisions to award the contract is a key decision and therefore needs to be included in the key decision plan.

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- 8.6 The Council must comply with the Public Sector Equality Duty (PSED), which requires them to have 'due regard' to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
  - advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it; and
  - foster good relations between people who share a relevant protected characteristic and people who do not share it.

In making their decision Mayor and Cabinet must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision.

## 9 Equalities implications

- 9.1 Equality Analysis Assessments have been completed for the Mental Health & Single Adults Pathway, and for the Young Persons, Single Adult pathways. These assessments have been completed using the methodology and approach set out in Lewisham Corporate Equalities policy in line with the Equalities Act 2010.
- 9.2 It assessed the proposals in line with the Equality Act 2010 and considered the potential impact on all of the nine protected characteristics.
- 9.3 One of the key quality criteria measured during any framework commissioning process is "*Processes for addressing equality and diversity*". The criteria will continue to be measured for all future commissioning.
- 9.4 All the services contained in this report will be specified to record and report demographic data to better monitor trends and gaps in supported housing service provision.
- 9.5 This service will accommodate and support people with serious and enduring mental health needs, who suffer from significant exclusion and unequal outcomes in a number of areas. The service users will be supported to progress in their lives holistically and to improve their situation in a number of areas, and will prepare them to live with increased independence in the community.

## 10 Climate change and environmental implications

- 10.1 The Council has made a commitment to making the borough carbon neutral by 2030.
- 10.2 The extension to the supported housing contracts listed in this report will not have any negative impact on the rate of energy consumption or increase of carbon admissions.
- 10.3 Supported housing service buildings are maintained by various landlords. The energy efficiency of services etc will be discussed in contract monitoring meetings and assessed during Quality Assurance visits.
- 10.4 Recycling should be proactively promoted in supported housing services and will be monitored during scheme visits and will be discussed with residents.

## 11 Crime and disorder implications

- 11.1 Provision of suitable supported accommodation links directly to the delivery of S17 of the Crime and Disorder Act. Section 17 of the Act recognises that there are key stakeholder groups who have responsibility for the provision of a wide and varied range

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of support services to and within the community. In carrying out these functions, section 17 places a duty on partners to do all they can to reasonably prevent crime and disorder in their area.

- 11.2 The purpose of section 17 is simple: the level of crime and its impact is influenced by the decisions and activities taken in the day-to-day of local bodies and organisations. The responsible authorities are required to provide a range of services in their community. Section 17 is aimed at giving the vital work of crime and disorder reduction a focus across the wide range of local services and putting it at the heart of local decision-making.
- 11.3 Research by the Home Office has shown that stable housing is a significant factor in reducing the likelihood of people re-offending. For example, stable accommodation reduces the potential for committing further crime by offenders within the community by about 20%. The Supporting People Framework Agreement, which has been used to procure services, reduces risk to offenders and the community and therefore benefits community safety and cohesion.

## **12 Health and wellbeing implications**

- 12.1 Extension of the supported housing services detailed in this report will have a positive impact on health, mental health, and wellbeing by providing housing with support to homeless vulnerable service users in the borough.
- 12.2 The supported housing services will have a positive impact on social, economic and environmental living conditions that indirectly affect health by providing good quality accommodation with support to address health issues early on and to ensure wrap around services are in place.

## **13 Social Value**

- 13.1 The services listed are delivering support to vulnerable residents in the borough independently of local authority funding, promoting a range of social value in the borough. Further the delivery of the Council's wider Social Value forms 5% of the tender scoring.
- 13.1 The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Lewisham, pay their staff at a minimum rate equivalent to the LLW rate. Successful contractors will be expected to meet LLW requirements and contract conditions requiring the payment of LLW will be included in the service specification and contract documents.
- 13.2 The incorporation of Social Value into Lewisham contracts will significantly help the Council to deliver on its strategic corporate and Mayoral priorities and deliver added value for the borough as a whole.
- 13.3 Once contracts have been awarded officers will agree social value aims and KPI's with these providers as a condition of the contract.

## **14. Background papers**

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Pricing Schedule -  
Permission to take thrMental Health Support

## 15. **Contract Management**

- 14.1 In accordance with the Council's contract management framework this contract is a tier 1 contract. Contract Management meetings will be held on a quarterly basis and the key performance indicators (KPIs) on the contract management dashboard will be monitored and reported on accordingly.

## 16 **Report author(s) and contact**

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Comments for and on behalf of the Executive Director for Corporate Resources

Provide the name of the author of the financial implications.

Chris Goddard Business Partner-Financial Services-Community Services Team

Comments for and on behalf of the Director of Law

Please see Legal Implications

Sohagi Patel, Education, Employment and Commercial Solicitor

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