



Mayor and Cabinet

Permission to Award Contract for New Hope Mental Health Housing

Date: 11 January 2023

Key decision: Yes.

Class: Part 1

Ward(s) affected: All

Contributors: Integrated Commissioning Officer, Assistant Director Integrated Commissioning, Senior Lawyer and Group Finance Manager

Outline and recommendations

Mayor and Cabinet are recommended to award a contract to PENROSE OPTIONS to deliver New Hope Mental Health Housing, in line with approval obtained at Mayor and Cabinet on 11 January 2023. The contract will be for an initial period of three years, commencing on 1 April 2023, with an option to extend for a further two years up to a maximum contract value of £2,070,000.

Timeline of Engagement and decision making

6 July 2022	Permission to Procure report to Mayor and Cabinet
11 January 2023	Permission to Award report to Mayor and Cabinet
January 2023	Contract preparation
February – March 2023	Mobilisation Period
1 April 2023	Contract Commencement

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1. Summary

- 1.1 The current contract for the New Hope Mental Health Housing Project will come to a close on 31 March 2023.
- 1.2 The budget allocated to the contract was £414,000 per annum for three years with the option to extend for up to two years, at a total contract cost of £2,070,000.
- 1.3 The contract is managed by Lewisham Council and funded jointly with NHS South East London Integrated Care Board (NHS SEL ICB) and South London and Maudsley NHS Foundation Trust (SLaM) under the S256 agreement.
- 1.4 A total of three providers submitted a Standard Selection Questionnaire (SSQ) with three providers submitting a valid submission. One organisation did not comply with the submission requirements and failed to upload completed tender documentation.
- 1.5 This report summarises the work undertaken and procurement approach implemented to recommend the contract award.

2. Recommendations

- 2.1 The Mayor and Cabinet are recommended to award a contract to:
Penrose Options to deliver the New Hope Mental Health Housing project. The contract will be for an initial period of three years, commencing on 1 April 2023, with an option to extend for up to a further 2 years up to a maximum contract value of £2,070,000.

3. Policy Context

- 3.1 The provision of Mental Health Supported Housing is an integral component of Local Authority and NHS Integrated Care Board's statutory duty under S117 of the Mental Health Act 1983, to fund or provide aftercare service for all individuals that have been subject to detention within inpatient services under the Section 3 of the Mental Health Act.
- 3.2 The local authority is also required to meet the social care needs of individuals with mental and physical health issues that have been deemed eligible under the Care Act 2014.
- 3.3 Other national statutes and policy guidance related to the council and ICBs duty to commissioned and/or provide the service are as follows;
 - Care Act 2014
 - Health and Social Care Act 2012
 - Public Health Act 1986
 - Health Protection (Coronavirus) Regulations 2020
 - National Health Service Act 2006
 - Mental Health Act 2007
 - Mental Health Capacity (Amendment) Act 2019
 - NHS Long Term Plan
 - Lewisham Council Corporate Plan 2022-2026
 - Lewisham Borough Council Health & Wellbeing Strategy 2013/2023

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4. Background

- 4.1 The Adult Integrated Commissioning Team on behalf of Lewisham Council and NHS South East London Integrated Care Board currently commission the New Hope Mental Health Housing Project
- 4.2 New Hope Mental Health Project incumbent provider is Penrose Options.
- 4.3 The New Hope Housing Project is a 12 bedded property that has been a long standing component of the borough's approach to supporting individuals that have complex needs related to their mental health and/or offending histories returning to the community from detention in inpatient care. The service is for men living in Lewisham aged 18 to 65 who are accepted on the forensic caseload and/or have a significant history of criminal behaviour, which is linked to their mental illness and/or there is a diagnosis of Autism / challenging behaviour, which is linked to contact with the criminal justice system.
- 4.4 The service forms part of the Mental Health Complex Care pathway. Residents are supported to step down to less intensive support within the mental health accommodation pathway and to alternative housing options
- 4.5 The New Hope Mental Health Project will be managed by Lewisham Council. Funding for the service is managed by the Council, with costs claimed back from NHS South East London Integrated Care Board (NHS SEL ICB) and South London & Maudsley NHS Foundation Trust (SLaM).

5. Procurement Arrangements

- 5.1 An open tender process was undertaken in order to identify the most appropriate provider via Pro-contract system to advertise the following contract:
- 1) New Hope Mental Health Housing Project
- 5.2 The tender for the New Hope Mental Health Housing Project went live on 29 September 2022. Three bids were received. Three providers submitted a Standard Selection Questionnaire (SSQ) with all three providers submitting a valid submission. One organisation only submitted their Data Protection Legislative Framework (GDPR) document. A synopsis of the bids is set out in Part 2 of the report.
- 5.3 The following criteria were assessed during the evaluation process:
- Financial 50%
 - Quality 50%
- 5.4 The qualitative assessment was based on the tendering contractor's responses to the method statements included in the Invitation to Tender. These were used to test tenderers' understanding of service requirements. The following criteria were assessed during the quality evaluation:

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Service Delivery and Design	10%
Project Management	10%
Communication	5%
Continuous Improvement	5%
Equality, Diversity & Inclusion	5%
GDPR and Data Handling	5%
Health, Safety and Safeguarding	5%
Social Value	5%

- 5.5 The quality scoring was awarded on a scale of 1-10. 1 being inadequate and 10 being perfect. All of the criteria required a minimum quality score of 5 to be considered valid, and the first two method statements required a minimum score of 7 to be valid. Any Tenders which failed to attain these minimum scores were deemed invalid.
- 5.6 The evaluation panel comprised of staff from Integrated Commissioning Team, Adult Social Care and South London and Maudsley NHS Foundation Trust with support drawn from Legal Services, Procurement and Finance as required. Each member undertook an independent evaluation of the submissions. A moderation meeting supervised by a Senior Procurement Officer from the Council's Procurement Team took place on 17 November 2022 where all evaluators discussed their scores and reasoning and agreed a moderated score.
- 5.7 In accordance with 'Best Value' the specification produced for the contract was 'output based'. 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.
- 5.8 The price of each tender was evaluated using the Lowest Price Option, in line with the methodology detailed in the ITT document and the worked example, which were provided to bidders as part of the tender pack as follows:

$$\text{Price score} = 50 \times (\text{lowest valid tender} / \text{Form of Tender price})$$

6. Synopsis and evaluation of the bids received.

- 6.1 The overall ranking for cost and quality are set out below:

Rank	Bidder	Price Rank	Quality Rank	Valid/Invalid
1	Penrose Options	2	1	Valid
2	Company A	1	2	Valid
3	Company B	N/A	N/A	Invalid

- 6.2 Full synopsis of the bids received are set out in section 6 of the Part 2 report.
- 6.3 The evaluation panel agreed that Penrose Options submitted a tender with an

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affordable price, along with the highest quality submission. Overall, Penrose Options provided the most concise and efficient tender application with high scores in quality and price. Penrose Options finished in first place overall and are recommended for the award of this contract.

- 6.4 The overall bid provided a detailed and comprehensive proposal on how they would continue to deliver the contract. They demonstrated good examples of service provision throughout their proposal and identified the established partnership in place with local organisations and the police. They provided details and statistics of positive performance outcomes. The bid demonstrated clear governance processes and good business support practices within their current arrangements.
- 6.5 A credit check was run on Penrose Options by the Council's Procurement team in November 2022, which demonstrated the company was considered low risk.

7. Financial implications

- 7.1 The New Hope Mental Health Project will continue to be managed by Lewisham Council and jointly funded by the NHS SEL ICB and SLaM.
- 7.2 CreditSafe report is set out in section 14.1 in Part 2 report.
- 7.3 The New Hope Mental Health Project will be funded from within the current budget envelope with Lewisham Council, NHS SEL ICB and SLaM. The funding split is 22% for Lewisham Council, 38% for NHS SEL ICB and 40% for SLaM.

Provider	Max Annual Value Published	Tendered Annual Contract value	Contributions		Length of Contract	Total contract Value
Penrose Options	£414,000	£395,000	LBL (22%)	£86,900	Yr. 1	£1,185,000
			ICB (38%)	£150,100		
			SLaM (40%)	£158,000		
Penrose Options	£414,000	£395,000	LBL (22%)	£86,900	Yr. 2	
			ICB (38%)	£150,100		
			SLaM (40%)	£158,000		
Penrose Options	£414,000	£395,000	LBL (22%)	£86,900	Yr. 3	
			ICB (38%)	£150,100		
			SLaM (40%)	£158,000		

8. Legal implications

- 8.1 The value of the individual contract across its term exceeds £500,000, which means that this is a Category A contract for the purposes of the Council's Contract Procedure Rules. The Contract falls under the Light Touch Regime under the Public Contract Regulations 2015 ("PCR 2015") being a Schedule 3 service: (health, social and related services or supply services of domestic help and nursing personnel).
- 8.2 It is mandatory for Schedule 3 contracts over the limits to be advertised on FTS and also advertised within 24 hours of FTS advertising on Contracts Finder, with an advertisement complying with requirements set out in PCR 2015. Award notices must also be published on FTS and Contracts Finder in the prescribed form.

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- 8.3 Procedures for tendering are to be determined by contracting authorities in accordance with regulation 76 PCR 2015. These require procedures to be transparent and ensure equal treatment of suppliers. Time limits must also be reasonable and proportionate. Officers have reported that the tender has been by open tender.
- 8.4 Officers' rationale for the proposed award is set out in the report and in the further confidential bid analysis in the part 2 report.
- 8.5 This decision is a Key Decision under Article 16.2 (b) and Article 16.2 (c) (xxiii) of the Constitution as it will have an impact on more than one ward and it has a value of more than £200,000. It is therefore required to be contained in the current Key Decision Plan.

9. Equalities implications

- 9.1 The New Hope Mental Health Housing contract provides services for male Lewisham residents, between 18-65. The service is required to abide by equality legislation. The service specifications focus' on reducing barriers to mental health services and support for all underrepresented groups in line with the Equality Act 2010, and have considered the potential impact on all of the nine protected characteristics.
- 9.2 The Council's Comprehensive Equality Scheme for 2012-16 will provide an overarching framework and focus for the Council's work on equalities and help ensure compliance with the Equality Act 2010.
- 9.3 One of the key quality criteria measured during any commissioning process is "Processes for addressing equality and diversity". All the services contained in this report will be subject to robust contract monitoring processes which include evaluating fair access to services for all.
- 9.4 The Council's Equalities objectives are addressed in the contract documentation and were part of the tender evaluation criteria.

10. Climate change and environmental implications

- 10.1 The Council's Environmental objectives are addressed in the contract documentation and are part of the tender evaluation criteria.
- 10.2 The contracts set out in this report will not have any negative impact on the rate of energy consumption or increase of carbon admissions.
- 10.3 Recycling should be proactively promoted within the contracts and will be monitored during scheme visits and will be discussed with staff

11. Crime and disorder implications

- 11.1 The services in this report will have a positive impact on the care and recovery of those with a forensic history.
- 11.2 The service has a close working relationship with the police.

12. Health and wellbeing implications

- 12.1 The services detailed in this report will have a positive impact on health, mental health, and wellbeing service by supporting its residents through the rehabilitation and recovery process, enabling people with long-term mental health needs to lead fulfilling lives in the community, maximising life opportunities and independence.

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- 12.2 The services will have a positive impact on social, economic and environmental by providing increased opportunities for successful community reintegration, reduce the prevalence of offending behaviours and effectively manage instances of mental health deterioration.

13. Social Value

- 13.1 The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured.
- 13.2 Bidders were therefore asked to submit a method statement that has a weighted score of 5% Bidders needed to demonstrate how the service will contribute to the key social value outcomes, including how the organisation works with local employers and training organisations to remove stigma and barriers to support individuals in returning to employment, training and/or education.
- 13.3 Penrose Options maximise the use of local businesses and staff recruitment to support this. Penrose aim to recruit all staff from the local area within the contract lifespan. They provide local apprenticeships and student work placements. Staff incentives and schemes are on offer and encouraged to target social values and staff wellbeing. A specific target for Penrose Options is to become Carbon Zero by 2030. Penrose New Hope and their sister charity, Equinox use a joined-up approach to maximise their SV impact as well as collaboration with other partners.
- 13.4 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 tender documents.
- 13.5 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.
- 13.6 Once contracts have been awarded the Social value delivery and monitoring be formally reported on the KPI Performance report.

14. 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 monthly.

15. Background papers

- 15.1 Permission to Procure Report for Mayor and Cabinet ([Approval to Procure/Award Report Template \(lewisham.gov.uk\)](#))

16. Glossary

- 16.1 Description of terms below

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Term	Definition
NHS SEL ICB	NHS South East London Integrated Care Board
SLaM	South London and Maudsley NHS Foundation Trust
NHS	National Health Service
ICB	Integrated Care Board

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