



Executive Director of Community Services

Report title: Mental Health Supported Housing Higher Needs – Approval to Award

Date 18 August 2023

Key decision: Yes

Class: Part 1

Ward(s) affected: All

Contributors: Commissioning Manager Supported Housing, Commissioning Officer Supported Housing, Finance Business Partner and Senior Lawyer

Outline and recommendations

This report recommends that the Executive Director of Community Services approves the selection of the preferred provider, Hestia Housing and Support, following the tender process agreed by Mayor and Cabinet, of the Mental Health Supported Housing Higher Needs Contract.

The contract will be for a period of 3 years with the option to extend for a further 2 years at a yearly value of £521,148, equating to £2,605,740 for the five years. This price is under the price limit of £529,000 are year, approved by Mayor and Cabinet on the 8th of March 2023. The contract will commence the 4th April 2024. Following the process Hestia scored highest on the combined price and quality scores.

Timeline of engagement and decision-making

| | |
|-------------------------|--|
| July – April 2020 | Working group established for the Mental Health pathway services |
| July 2020 – March 2021 | Working group made up of Prevention, Inclusion and Public Health Commissioning (PIPHC) Team / South London and Maudsley Trust (SLaM) review of mental health supported accommodation pathway completed. Including market and service user consultations. |
| 6 June 2021 | Mayor and Cabinet gave 1) Permission to extend the Equinox Supported Housing Contract to April 2024 and 2) Permission to procure Supported Accommodation and Floating Support services 6 th June 2021. |
| August 2021 | The mental health supported housing 2021 contracts received no viable tenders, resulting in two failed procurements. |
| 8 December 2021 | Mayor and Cabinet approve the extension of the Peabody Mental Health contract until March 2024 to give time to run further procurements. |
| February – March 2022 | Project group re-formed to design new mental health supported housing contract Edward Street and Family Action |
| April – May 2022 | Market warming for the new mental health supported housing contract |
| November 2022 | Following the award of the mental health supported housing contract Edward Street and Family Action, the working group meets to decide on options for the remaining Mental Health Supported Housing contracts. |
| 25 April – 30 June 2023 | Tender is live on ProContract |
| 20 July 2023 | Moderation Panel |

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 On 8th March 2023 Mayor and Cabinet gave permission to procure and award a contract for a 15 unit 24 hour supported housing service for people with mental health needs. This will be made up of 2 buildings currently used for 2 separate current supported housing contracts. The contract will be for a period of 3 years, with an option to extend for 2 further years, commencing 4th April 2024. Mayor and Cabinet also

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delegated authority to the Executive Director for Community Services (in consultation with Director of Law and Corporate Governance) to select the preferred service provider in accordance with the award criteria published in the tender documentation and agree final form of contract provided the contract value is within the authorised limits.

- 1.4 Following an open procurement process Hestia Housing and Support received the highest overall score. The total value for the 3 year contract will be £1,563,444 and £2,605,740 if the contract is extended to 5 years. This will bring on 15 units of 24 hour supported housing across 2 buildings located within Lewisham.

2. Recommendations

- 2.1 It is recommended that the Executive Director of Community Services approves the selection of the preferred provider, Hestia, following the tender process agreed by Mayor and Cabinet, to provide Mental Health Supported Housing Higher Needs services. The contract will be for a period of 3 years with the option to extend for a further 2 years at a yearly value of £521,148, equating to £2,605,740 for the five years. This price is under the price limit of £529,000 are year, approved by Mayor and Cabinet on the 8th of March 2023. The contract will commence the 4th April 2024. Following the process Hestia scored highest on the combined price and quality scores.

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 lease extensions to support these services meets the corporate strategy 2022/26 as follows:
- 3.3 Quality Housing. The recommendations in this report will support improvement of supported housing provision procured and monitored by the PIPHC Team, which gives people with support needs safe, comfortable accommodation that they can be proud of and happy living in. This increases the offer of safe and comfortable accommodation to more of Lewisham's residents.
- 3.4 Safer Communities. The services commissioned by the PIPHC Team work to prevent people entering the criminal justice system, including young people. Supported housing services work as part of the Safer Lewisham Partnership's Public Health approach to youth violence, aiming to reduce knife crime and sexual exploitation.
- 3.5 Health and Wellbeing. Recommendations in this report will support improvement of services commissioned by the PIPHC Team, in particular their work to improve health outcomes through supporting young people holistically with the wider determinants of health, through the provision of psychologically informed environments and through improved access to health services.

4. Background

- 4.1 Between July 2020 and March 2021 a working group for the Mental Health pathway services was established. The working group was made up of senior colleagues from PIPHC, South East London ICB, and SLaM, who have met regularly since 2021 to make decisions on the Mental Health Supported Housing Pathway. A broad market

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consultation and needs analysis were carried out as described in the Mayor and Cabinet report Supported Housing Permission to Procure dated 9 June 2021. This has informed the Supported Housing Commissioning in 2021, 2022 and 2023.

- 4.2 The two current services making up this new contract were last procured via tendering directly from a joint Framework agreement with LB Southwark. This Framework agreement ended in August 2019 and has not been renewed. Both services are joint funded by LB Lewisham and the South East London Integrated Care Board (ICB). The contract management of both services is carried out by LBL PIPHC.
- 4.3 Key findings from both the needs analysis and working group is a need for higher levels of both support and cover for mental health supported housing. There was less need for lower support services and more need for services with 24 hour cover.
- 4.4 The Peabody contract went to market in 2021 as part of a larger new contract. This procurement failed as it received no tenders. On 8 December 2021 Mayor & Cabinet gave permission to extend the Peabody contract by two years to April 2024. This gave the working group time to replan the recommissioning of this provision.
- 4.5 In November 2022 the working group met to discuss options for the Peabody (and the Equinox contracts)
 - Option 1: Go to market with both contracts in a similar composition. This would retain the number of units but there would be limited room for improvements. The funding package would stay the same and inflationary pressures would likely cause higher bids than the current contract value. Given the landlord arrangements with the 7 privately owned buildings Equinox would likely be the only viable tender for that contract.
 - Option 2: Redesign the contracts to achieve outcomes more aligned with mental health services. By combining the two contracts, both buildings owned by Registered Social Landlords could receive uplifted support contracts by pooling the funding for the two contracts. This would provide 15 high needs Mental Health Supported Housing units. This approach would likely result in the loss of 32 low needs units from the Mental Health Supported Housing Pathway.

The clear recommendation of the working group was for Option 2, and officers have proceeded on that basis

- 4.6 In February 2022 the working group reformed to design the new mental health supported housing contract that was Certitude and Family Action. There was a marketing warming event held in April 2022 and then on November 2022 Equinox were successful and awarded the contract.
- 4.7 Mayor & Cabinet also approved the subsequent award of contract to the preferred service provider, provided the contract value is within authorised limits set out in 2.1
- 4.8 Mayor & Cabinet also delegated authority to the Executive director for Community Services to select the preferred service provider in accordance with the award criteria published in the tender documentation and agreed final form of contract.

5. Procurement Arrangements

- 5.1 In February 2023 officers carried out a market warming event over Microsoft Teams. During this event officers presented the service specification, answered questions on the procurement and gauged interest.

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- 5.2 The procurement was advertised via the Council's online e-tendering system (Procontract) publishing the opportunity into Contracts Finder and Find a Tender service.
- 5.3 This procurement asked for tenders to submit a bid.
- 5.4 The tender went live on 25th April 2023 and closed on 30th June 2023. A total of 11 bids were received on time. 7 out of the 11 did not pass the SSQ.
- 5.5 4 bids were evaluated at panel. All providers submitted full tender documentation. Therefore, 4 organisations went through to the evaluation process.
- 5.6 After the tender period closed, the submissions were shared with the evaluation panel members who were instructed to separately evaluate all complete tenders. Each member's scores were shared with the Council's Procurement team ahead of a virtual meeting (known as a moderation meeting) which was held to discuss and agree consensus scores for each tender.
- 5.7 The moderation meeting was held on 20th July 2023. To ensure representation of interests the panel was made up of Commissioning Officers, representatives from SLaM, and service users.
- 5.5 Two service users on the panel were supported by the PIPHCT Involvement and Engagement Officer. The service users scored 2 out of 7 method statement questions, MS1b and MS4.
- 5.6 Tenders were asked to submit a pricing schedule, arrangements are to blocked fund the service at a set yearly value. A price cap of £529,000 was set. 45% of the overall score was determined by pricing schedule. The price score was calculated by the following formula;
- Price Score = (lowest Annual Support Contract price/tendered Annual Support Contract price) x 45
- This means that the lowest price submitted would receive the highest score for the financial element of the evaluation.
- 5.7 The qualitative assessment was based on the tendering provider'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:

| | |
|------------------------------|-----|
| Financial | 45% |
| Service Delivery | 29% |
| Project Mobilisation | 7% |
| Partnership Working | 7% |
| Equality, Diversity & Access | 7% |
| Social Value | 5% |

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- 5.8 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 in Section 14.
- 5.9 The scoring for quality was awarded on a scale of 0 – 10, 0 being non-existent and 10 being perfect. Criteria marked with an asterisk (*) in the list below, required a minimum quality score of 7 to be considered valid. Criteria not marked with an asterisk (*) were required to achieve a minimum quality score of 5. Any Tender which failed to attain these minimum scores would be deemed invalid. The table below provides a description of each score:

| 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 |

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5.10 The pricing schedule used to assess the financial aspects of the bids can be found in the attached document in Section 14.

6. Synopsis and Evaluation of Bids Received

6.1 The table below shows the scoring given to the providers. Tenderers B and C did not meet the minimum scoring thresholds. The tender was 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 55:

| Name of tenderer | Hestia Housing and Support | Company A | Company B | Company C |
|---------------------|----------------------------|-----------------|----------------|----------------|
| Minimum scores met? | yes | Yes | No | No |
| Quality score | 44.40 | 41.70 | Invalid tender | Invalid tender |
| Quality ranking | 1 st | 2 nd | N/A | N/A |

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

6.4 Hestia Housing and Support had the highest combined cost and quality score overall and it is recommended that they awarded the contract.

6.5 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.

7 Financial implications

7.1 The proposed contract recommended in paragraph 2 is funded from a combination of Lewisham council for sum of £364,817 and ICB direct payment to provider of £165,029 presently in 2023/24. For 24/25 the plan is to receive the ICB funds via a Section 256 agreement so that Lewisham is the single point of contact with provider.

7.2 The new contract from 24/25 at £521,148 is a minor reduction from existing contract by circa £8k.

7.3 A section 256 agreement will be required to formalise the £165k ICB funding.

8 Legal implications

8.1 This report proposes that Executive Director for Community Services (in consultation with Director of Law and Corporate Governance) approves the selection of Hestia Housing and Support to provide Mental Health Supported Housing Higher Needs services for a period of 3 years with the option to extend for a further 2 years.

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The report sets out the process undertaken and the reasons for selecting the preferred service provider and that the price submitted by the selected service provider is within the authorised limits as approved by the Mayor and Cabinet on 8th March 2023.

This decision is not a key decision.

9 Equalities implications

- 9.1 Equality Analysis Assessments have been completed for the Mental Health & Single Adults Pathway, and for the Young Persons. 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 will be a service providing supported accommodation for single adults with complex mental health needs who will be at various stages in terms of their recovery. The Pathway offers a range of supported accommodation for adults with persistent mental health needs aimed at promoting recovery and increased independence. The Pathway fits within the wider health and social care system in Lewisham, working closely with the NHS (e.g. the South London and Maudsley NHS Foundation Trust [SLaM]) and the South East London Integrated Care Board (SEL ICB) provision.

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 section 17 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 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.

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- 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 within 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 within the borough independently of local authority funding, promoting a range of social value within the borough. Further the delivery of the Council's wider Social Value forms 5% of the tender scoring.
- 13.2 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.
- 13.3 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.
- 13.4 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



Invitation to Tender
Mental Health Support



Lewisham Mental
Health Supported Housing



Method Statements
Mental Health Support

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15. Contract Management

15.1 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

16.1 Jonathan Scarth, Commissioning Manager, Prevention, Inclusion, Public Health Commissioning Team. Jonathan.scarth@Lewisham.gov.uk

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

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16.3 Comments for and on behalf of the Director of Law

Mia Agnew, Senior Lawyer

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17 Decision

Acting in accordance with Standing Orders (clause 13 of Section I), I hereby give approval to the recommendations of this report.

Signed:



Date: 18/08/23

Tom Brown, Executive Director for Community Services

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