

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 5 JUNE 2018

PROCUREMENT AUTHORITY REPORT - ADULT MENTAL HEALTH SERVICES 2019 - 24

REPORT BY VICKY IRONS CHIEF OFFICER OF ANGUS HEALTH AND SOCIAL CARE PARTNERSHIP

ABSTRACT

This report outlines the procurement strategy for a number of Adult Mental Health services in line with the Angus Health and Social Care Partnership (AHSCP) Strategic Commissioning Plan and seeks authority for its implementation.

1. RECOMMENDATIONS

1.1 It is recommended that Policy and Resources Committee:

- (i) authorises the Chief Officer to procure a Support Service for Adults with Mental Health Problems on behalf of the AHSCP for the period 2019 - 2024;
- (ii) approves the procurement of a more sustainable Mental Health Service User Involvement service on behalf of the AHSCP for the period 2019 - 2022 by the award of a capacity building grant as authorised by the Chief Officer; and
- (iii) authorises the Chief Officer to procure a Support Service for People Affected by Suicide on behalf of the AHSCP for the period 2018 – 2023.

2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN/CORPORATE PLAN

2.1 This report contributes to the following local outcome(s) contained within the Angus Local Outcomes Improvement Plan and Locality Plans:

- An inclusive and sustainable economy
- More opportunities for people to achieve success
- Improved physical, mental and emotional health and well-being

3. ALIGNMENT TO THE ANGUS HEALTH AND SOCIAL CARE PARTNERSHIP STRATEGIC PLAN 2016-19

3.1 This report contributes to the following local priorities contained within the AHSCP Strategic Plan 2016-19:

Priority 1 - Improving Health, Wellbeing and Independence

- Health improvement and prevention of disease focusing on addressing health inequalities in our localities
- Building capacity in our localities
- Supporting carers
- Supporting self-management of long term conditions

4. BACKGROUND

4.1 Three sets of circumstances affecting mental health service provision in Angus have emerged. Whether some of these services could and should be procured together as one tender has been considered by the AHSCP in consultation with the Council's Procurement and Commissioning Team.

4.2 With a combined value of approximately £1.8 million over the lifetime of the contracts, approval for the procurement of these services and for the proposed routes to market is now being sought from Committee.

4.3 For reasons set out at **Appendices 1 and 2** to this report it is proposed that these services are procured not in one, but in three separate procurement exercises.

4.4 **Support Service for Adults with Mental Health Problems**

The first is a Support Service for Adults with Mental Health Problems. Reference is made to Committee Report 102/18 in which approval was given for the direct award of a new one year contract for the service. Report 102/18 was approved on the condition that the service would be reviewed and retendered by 01 April 2019.

4.5 **Mental Health Service User Involvement**

The second is Mental Health Service User Involvement. In May 2014 Social Work and Health Committee approved procurement of this service (Report 224/14) - now in its fourth year with provision to extend by one more year if mutually agreed. However a recent change in the provider's status means a review of contractual arrangements by 01 April 2019 is now both advantageous and timely.

4.6 **Support for People affected by Suicide**

The third service in scope is Support for People affected by Suicide. The existing provider gave notice and the contract ended on 31 March 2018. Elements of the service are currently being provided by the Community Mental Health Teams however this is not appropriate in the long term as service users do not require this level of expertise.

5. **CURRENT POSITION**

5.1 A User Intelligence Group (UIG) has been established to review the business needs and develop the procurement strategy for these services. UIG members include the Angus Health and Social Care Partnership's Head of Service for Mental Health, relevant Service Managers, a Planning Manager and a Development Officer as well as a Contracts Officer from the Council's Procurement and Commissioning Team.

5.2 **Appendix 1** summarises the current position in respect of the services which are the subject of this report. **Appendix 2** sets out the strategic procurement issues informing this report.

6. **PROCUREMENT PROPOSALS**

6.1 The following summarises the position for each of the services addressed in this report.

Support Service for Adults with Mental Health Problems

6.2 The key points for the procurement of this service drawn from procurement strategy are:

- Authority is sought for the competitive procurement of a contract for this service for a period of three years, expected to be from 1 April 2019 until 31 March 2022, with an option for the Council, on behalf of the AHSCP, to extend the contract for up to two further years.
- The expected whole life contract value for the service over the five year period, including a provision for inflation, is c. £1,500,000.
- The market is reasonably healthy for the competitive supply of this service and an effective competition is expected.
- Competition offers good assurance for the achievement of value for money (vfm).
- Additional vfm assurance will be sought by benchmarking prices with comparable services procured by other authorities (although like-for-like comparison will be difficult).
- Continuous improvement and ongoing attention to vfm with the selected provider will be achieved through active contract management.

Mental Health Service User Involvement

6.3 The key points for the procurement of this service drawn from procurement strategy are:

- Approval is sought for the award of a capacity building grant to the third sector with a view to securing a more sustainable, representative, strategic voice for mental health service users in Angus.
- The annual value of the grant is expected to be £50,000, and is expected to be awarded for up to a maximum of three years from 01 April 2019.
- The market for the supply of a sustainable service - i.e. one that can be developed to a point where it is self-funding - is narrow, consisting mainly of small voluntary and community sector organisations operating in Angus.
- Vfm assurance will be sought via ongoing attention to delivery of key milestones in a sustainability plan; and measured by successful implementation of a three year exit strategy for the AHSCP.

Support Service for People affected by Suicide

6.4 The key points for the procurement of this service drawn from procurement strategy are:

- Authority is sought for the competitive procurement of a contract for this service – initially by inviting quotations from the market for a one year supply; and latterly for the competitive procurement of a two year contract with provision to extend the contract, on behalf of the AHSCP, by up to two further years.
- The value of the contract for the one year supply is expected to be £30,000, with an expected start date of 01 September 2018.
- The estimated whole life value of the more enduring contract is £120,000 over the four year period, with an expected contract start date of 01 September 2019.
- The market is reasonably healthy for the competitive supply of this service however attention is needed to ensure interest from a broad range of potential providers.
- Competition offers good assurance for the achievement of vfm.
- Two stages of competition allows an interim arrangement to be put in place quickly; provides a baseline for performance comparison; and provides opportunity to incorporate new developments from the awaited National Action Plan for Suicide Prevention.

7. FINANCIAL IMPLICATIONS

7.1 Procurement of the services described in this report represents a significant financial commitment from the AHSCP over the next three to five years. Spending at current levels is not sustainable and pressure to make further savings is likely to impact on funding decisions during the lifetime of these contracts.

Service	Annual (estimated)	Duration	Life time (estimated)
Support Service for Adults with Mental Health Problems	£300,000	3 years (with provision to extend by 2 years)	£1,500,000
Mental Health Service User Involvement	£50,000	Up to 3 years (reviewed annually)	£150,000
Support for People Affected by Suicide	£30,000	1 year (interim) 2 years (with provision to extend by 2 years)	£150,000
TOTAL	£380,000		£1,800,000

7.2 While it is recognised that issuing three year contracts poses some financial risk when further austerity is expected, the annual cost of these contracts represents just five per cent of the overall Integrated Mental Health Services annual budget and there is sufficient flexibility within the system to manage these pressures.

7.3 Investment in third sector services, which enable service users to be part of a wider, socially inclusive society, is a key commitment of a number of National mental health strategies and remains a priority for the AHSCP.

8. OTHER IMPLICATIONS (IF APPLICABLE)

None

9. CONSULTATION (IF APPLICABLE)

- 9.1 The Chief Executive, the Head of Finance and Legal Services and the Service Leader (Legal Services) along with the Council's Procurement and Commissioning Manager have been consulted in the preparation of this report.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of appendices:

- 1 - Current Position Summary
- 2 - Procurement Strategy Summary

Report No 183/18: Appendix 1 - Current Position Summary

Support Service for Adults with Mental Health Problems

Consultation with staff, service users, providers and other stakeholders has begun.

The incumbent provider has given a useful breakdown of service user data by age, gender, referral route, locality, length of time in the service, and outcome when the service ends.

Two surveys have been issued (one each for staff and service users) and close to 150 responses have been received. The data are being analysed and should provide some insight into perceived gaps in service provision, what works / doesn't work currently and what staff and/or service users want more of.

An Open Space event is planned in June 2018. This is an annual event, usually very well attended, in which service users set the agenda and share their views on what is important in relation to mental health service provision in Angus.

A Prior Information Notice (PIN) has been published in Public Contracts Scotland (for onward publication to the Official Journal of the European Union (OJEU)) and a selection of interested providers will be invited to engage with the Authority prior to finalising service design and specification.

Mental Health Service User Involvement

Consultation with service users and other stakeholders has also begun for this service.

A survey has been issued with a view to establishing whether users of mental health services in Angus are feeling more involved, better supported and listened to as a result of their engagement with the incumbent provider.

While responses have been mainly positive, they are too few in number to draw any firm conclusions. It is hoped that the annual Open Space event in June 2018 will provide some more useful feedback.

Support Service for People affected by Suicide

Members of the UIG met with the Suicide Prevention Collaborative (SPC) in April 2018. The Collaborative is chaired by the AHSCP Head of Service for Mental Health and its members include officers of the AHSCP and Council, service providers and other stakeholders.

A Suicide Prevention Strategy Report by the Health and Social Care Alliance Scotland was discussed at the meeting. Although the date of publication is not yet known, the findings of this report will feed in to a new National Action Plan for Suicide Prevention.

In the absence of any meaningful data from the previous provider, the SPC welcomed the Alliance's report and were able to agree an outline specification for the new service.

Report No 183/18: Appendix 2 - Procurement Strategy Summary

Support Service for Adults with Mental Health Problems

Estimated whole life value of the contract: £1.5mil over five years

Strategic Procurement Context

The Support Service for Adults with Mental Health Problems is a level one mental health service which aims to enable and empower individuals to self-manage their own mental health problems. Investing in this type of provision continues to be a priority for the AHSCP as it reduces the pressure and facilitates better management of the high demands placed on statutory mental health services.

The UIG considered the option to broaden the scope of this procurement to include Perth and Kinross and / or Dundee City however the likelihood of achieving added value from a collaborative approach was not identified and it was felt that the other authorities were unlikely to seek such collaboration from experience in other arrangements. Consultation will take place with the other Tayside Councils during finalisation of contract development to verify the position on this.

Sustainable Procurement

A significant portion of spend on this service is expected to be on salaries. Payment of the Scottish Living Wage will be a condition of the contract as will the requirement to preserve the health, safety and well being of staff employed, including as volunteers, to deliver the service.

Subject to consultation with stakeholders and finalising the service design and specification, where possible the service will be divided into lots with a view to encouraging interest from third sector organisations and the small to medium size enterprises operating in Angus.

Procurement Process / Contract Terms

Public Contract Regulations (Scotland) 2015 categorises this service as 'Health or Social Care'. The estimated lifetime value of the proposed contract means the European Union (EU) 'light touch' provisions in Regulations 2015 apply to its procurement.

The 'light touch regime' requires a contract notice to be published in Public Contracts Scotland and forwarded to the EU Publications Office for publication in the OJEU. A contract award notice is also required to be published in the same way, informing the market of the outcome of the procurement exercise.

Beyond this the Authority is free to use the procurement procedures, tools and techniques of its choosing, proportionate to the value of the contract and applying the TFEU fundamental principles of transparency; equal treatment and non-discrimination; proportionality; and mutual recognition.

With Committee approval, a contract notice will be published in the OJEU in July 2018. Interest from the market is expected to be high therefore a restricted procedure is planned. Subject to evaluation of the European Single Procurement Documents (ESPD) up to five qualifying organisations will be invited to submit a full tender.

The selection and award criteria for the service will be developed in June 2018 when the process for consultation with stakeholders is expected to be completed. The most economically advantage tender(s) will be selected based on a price / quality split of 70 / 30 per cent.

Tender opening/closing dates will be September/November 2018 with a view to putting a new service in place by 1 April 2019.

Procurement Risks

A conflict of interest has been declared by the AHSCP Head of Service for Mental Health and he will not be involved in the evaluation, selection and contract award processes for this service. However he remains a fundamental part of service planning and design.

Within any procurement exercise there is a risk that application of the TFEU fundamental principles of transparency; equal treatment and non-discrimination; proportionality; and mutual recognition may be

challenged. If followed correctly the Authority's procurement procedures are robust enough to withstand this challenge.

A tender exercise in 2009 failed to secure any qualifying providers and had to be repeated. The likelihood of these circumstances repeating again is low and the impact would be managed by extending the contract with the current provider who is delivering a good service at the moment.

Major Procurement

This is not a major procurement exercise.

Mental Health Service User Involvement

Estimated whole life value of the grant: £150,000 over three years

Strategic Procurement Context

In 2014 the incumbent provider tendered on behalf of a small Third Sector Organisation (TSO) and won the contract for Mental Health Service User Involvement. The lead contractor recruited a Project Manager, and a core group of 'experts by experience' were signed up to participate in the project. Collectively this core group became known as 'Angus Voice'.

In 2017-18 Angus Voice achieved independent charitable status in its own right and although they hoped to take on the lead contractor role, as with the original small TSO, it is acknowledged that at this stage in their development they may struggle to meet the Authority's minimum financial criteria.

Options considered for the procurement of the Mental Health Service User Involvement service:

- Join up the procurement with the Support Service for Adults with Mental Health Problems.
- Delay retender of the service to ensure the incumbent provider is able to influence design of services without distraction or challenge over possible conflict of interest.
- Offer a third sector grant to assist with securing a more sustainable future for this service.

Sustainable Procurement

We know that small, locally based TSOs are well placed to represent mental health service users' views sensitively, objectively and independently. However we also know by experience that TSOs sometimes struggle to meet the minimum financial criteria to contract with the Authority.

Offering a grant for this service, whether to Angus Voice or via some competitive process, would help seal the Authority's commitment to its local third sector and send an important message to mental health service users that we are listening.

But it has other merits too. Investing in third sector capacity building would help lever in other funding for Mental Health Service User Involvement in Angus. Investing in sustainability of the service would mean possible withdrawal of funding by the Authority without loss of service.

Procurement Process / Contract Term

Within the original (2014) contract terms and conditions the distinction was never made between a 'support type service' for individuals and this, a 'consultancy type service' for the Authority. A review of the service specification in 2018-19 has included making this distinction. With a clearer understanding of this distinction the UIG concluded there would be little merit in joining up these procurements.

Learning from the procurement exercise in 2014, and latterly from Angus Voice being set up by the incumbent provider as an independent TSO, leads to the conclusion that there is limited or no fit-for-purpose, ready supply of this type of service in the current market place. By investing in our local third sector the Authority will be helping to create that supply.

Approval is therefore being sought for the award of a capacity building grant which will be offered for a maximum of three years from 01 April 2019, with the arrangement reviewed annually.

The Chief Officer of the AHSCP will consider options for the award of this grant including whether a number of potential grantees will be invited to compete for the funds.

Funding criteria will include demonstrating an effective approach to service user involvement and evidencing previous success, as well as producing a robust and deliverable plan for sustaining the service beyond the life time of the grant.

Procurement Risks

Posing some financial risk to the Authority is the possibility that the grant will fail to secure an effective and sustainable service within the allotted three years. However implementing the sustainability plan will be a condition of the funding and progress against key milestones will be reviewed quarterly by a Contracts Officer in line with the Council's framework for managing contracts and following the principles in the Code of Guidance on Funding External Bodies and Following the Public Pound issued by the Accounts Commission and the Convention of Scottish Local Authorities (COSLA).

Major Procurement

This is not a major procurement exercise.

Support Service for People affected by Suicide

Estimated whole life value of the contract: £150,000 over five years

Strategic Procurement Context

The merit of joining up this procurement with the Support Service for Adults with Mental Health Problems was considered by the UIG. The views of some SPC members were, from experience, that people with suicidal thoughts are not necessarily sufferers of mental ill-health and can be put off by this assumption.

Therefore the UIG agreed that the service would be procured separately and, given the imminent need for a service and impending changes to the national approach to suicide prevention, a staged approach was recommended.

Sustainable Procurement

The service contributes significantly to the social wellbeing and health of the Angus community. Procurement of this service in a way which enhances its quality will assist in making this contribution. By using the legal flexibility the Council has to procure this service in a light touch way, given the contract value, the procurement process will be kept simple and barriers to accessing the opportunity removed for small / medium enterprises and TSOs known to be interested in providing this service. Notwithstanding that the non-advertised 'quotations' procedure will be used for the initial contract period, the net will be cast more widely to this end and a 'localised' prior information notice preceding the competitive exercise will be considered.

Procurement Process / Contract Terms

Quotations from established providers in Angus will be sought. Five have been identified, two of which are existing members of the Suicide Prevention Collaborative. Membership of the Collaborative will be a requirement of the contract.

This stage one contract is expected to commence by September 2018 and run for 12 months with an estimated contract value at c. £30,000.

In the early part of 2019 a service review will begin, to be informed by learning from the interim arrangement and by the new National Action Plan for Suicide Prevention, assuming it is published.

The opportunity for a two year contract, with provision to extend the contract by two further years, will be advertised on Public Contracts Scotland in March 2019 for commencement by September 2019. The estimated whole life value of this contract over the four years is c. £120,000.

Evaluation, selection and award criteria for these contracts will be developed in the coming weeks and reviewed as part of the service review and retender in 2019.

Procurement Risks

The UIG has concerns about the range of providers likely to express interest in the more enduring 4 year contract. The previous provider was a mental health service provider and some felt that people affected by suicide were put off by this association. A staged procurement plan will help to mitigate this risk as a mixed bag of five providers have been identified to compete for the one year contract at stage one. In addition, as referred to above, a localised prior information notice will also be considered alongside pre-tender engagement with identified providers.

Major Procurement

This is not a major procurement exercise.