Forward Plan reference number: FP/285/01/22

Report title: Procurement of accommodation-based support for people with mental health needs	
Report to: Cabinet	
Report author: Councillor John Spence, Cabinet Member for Health and Social Care	
Date: 15 March 2022	**For:** Decision
Enquiries to: Nick Presmeg, Executive Director for Adult Social Care	
County Divisions affected: All Essex	

1. Everyone's Essex

1.1 Everyone's Essex sets out the strategic aim of health, wellbeing and independence for all ages. Within that aim is a commitment to enabling individuals to live independently through access to suitable accommodation and effective care.

1.2 One way of supporting this aim is to ensure effective and recovery-focused services and accommodation for adults suffering from poor mental health. The proposed model for the delivery of Mental Health Supported Accommodation is ambitious. Through innovation and partnership, the aim is to develop a more diverse range of accommodation and support solutions to reduce reliance on traditional hospital care. The Council aims to prevent individuals with complex mental health needs having to go outside Essex for treatment and care, through extending the scale and complement of local provision.

1.3 This paper seeks the authority to:

- go to market to procure the new model of services in North-East and West Essex and recommission the existing model in Mid and South Essex services; and
- enter into new s75 agreements with our Health Partners to facilitate the delegation of Health Partner functions to the Council.

2 Recommendations

2.1 Agree to undertake a competitive procurement process using the open procedure to procure providers of Mental Health Supported Accommodation Services in four lots across North-East and West Essex as follows and as set out in paragraph 3.27 of the report. Volumes have been determined via historical referral data as per paragraph 3.28:

- Intensive Assessment Beds (6 units in North-East Essex)
- Complex needs (six units in North-East Essex and six in West Essex)

- Medium and Low North-East Essex (70 units) Medium and Low West Essex (45 units)

2.2 Agree that the new contracts will commence in October 2022 with a duration of five years within a budget envelope of £17.4m split between ECC and Health Partners.

2.3 Agree to award a 12-month contract starting on 1 October 2022 to existing providers in Mid and South Essex for new placements whilst further work is undertaken to move towards extending the new model across Mid and South Essex.

2.4 Agree that the Cabinet Member for Health and Adult Social Care, in consultation with the Executive Director for Adult Social Care, may award the contracts following completion of the competitive process once the necessary funding is in place.

2.5 Agree to enter into s75 Agreements with Clinical Commissioning Groups or, once they are established, Integrated Care Boards, to delegate the necessary health functions to the Council for the purposes of commissioning Mental Health Supported Accommodation services.

3 Background and Proposal

3.1 Essex County Council provides supported accommodation for people with mental health needs. The Council and the CCGs have duties to

- make provision for health, care and support for individuals leaving hospital or other institutional settings such as prison; and
- reduce the risk of deterioration of individuals with mental health conditions. These duties remain with the Council and the CCGs until such time as the individual is deemed to no longer require this support.

3.2 The Council has additional duties under the Care Act 2014, which requires local authorities to assess adults who may have eligible care and support needs and to ensure that these needs are met.

3.3 Mental Health Supported Accommodation services provide support within accommodation for people with mental health needs. These Supported Housing services enable the Council and the CCGs to discharge their statutory duties. The support delivered in these services helps in meeting individuals' assessed needs in a manner that enables their recovery pathway and the move into independent living in the wider community.

3.4 Safe, secure and stable housing is central to health and wellbeing, and this is especially so for people coping with poor mental health. Commissioners worked closely with those who have accessed these services, and these

individuals are clear that the elements most important to them in their recovery and continued wellness are:

"*having decent places to live (i.e. their own front door), meaningful, purposeful things to do (which could be employment), social networks, good relationships and a sense of belonging within their communities"*.

3.5 Engagement has also highlighted a number of areas that could be improved. The feedback is that at present, the level of support is not always right, certain groups find it harder to achieve recovery, people do not always have the continuity of support they need as they recover, and people worry about recovering and losing their support.

3.6 The feedback and insight gained from this engagement is integral to the development and design of the new model, which has been co-produced with those who have experienced supported accommodation for themselves.

3.7 Whilst the new model is not being implemented immediately in Mid and South Essex, commissioners will use the insights to ensure that there is improved support within the current arrangements. Outside of these arrangements, and via a separate business case, ECC are improving support for people to move on to independence to ensure a seamless transition and recovery pathway. This will be accessible across the whole of the County, regardless of the model.

3.8 To improve the service further, the Council is introducing mandatory housing standards for properties used for mental health accommodation support. This includes the Council adopting the Housing Regulator's target for social landlords of achieving a minimum energy rating of C by 2035.

The Current Model

3.9 Since 2018, the Council has commissioned supported accommodation through two separate contracts:

- **Supported to Independence Framework** – Schemes providing lower levels of support to people who are learning independent living skills. They also offer the flexibility to 'top up' if any additional needs are identified. There are nine providers on this framework, of which four are currently active in accepting placements, the remaining five are not currently accepting placements; and
- **Intensive Enablement Contract** - Schemes supporting people to step down from residential care or an inpatient setting. People are worked with for up to 18 months, with providers supporting them to learn the skills and gain the

confidence for greater independence. These schemes are supplied by a single provider

3.10 The Council has also commissioned **Intensive Enablement Plus** provision on a spot purchased basis to provide higher-level, bespoke packages to the most complex individuals.

3.11 There are currently 355 placements across this provision, spanning the County. This breaks down to 202 Supported to Independence, 69 Intensive Enablement and 84 Intensive Enablement Plus.

3.12 The current model is underpinned by NHS funding, which is provided to the Council via a legal agreement.

3.13 Both services commenced in 2018 for a period of 2 years. Due to the impact of the COVID-19 pandemic in 2020, both contracts were extended for 12 months until 18 November 2021, pending a re-procurement of these services. Due to the al wave of the COVID-19 pandemic and the challenges experienced by the Council, CCGs and providers of these services, the proposed engagement and due diligence necessary to inform the re-design of services and agreement of the proposed service model were impacted. For this reason, a further decision was taken in October 2021 to extend the current contracts to October 2022.

3.14 The current service has performed well in many areas, including in enabling discharge from hospital, the support provided within accommodation and enabling adults to meet their own individual outcomes. However, there is a recognition that we can improve things for people through implementing a new model. This new model has a strengthened focus on independent living – truly levelling up for people with poor mental health by not creating an expectation of life-long dependency, but supporting people to move on wherever possible.

The New Model

3.15 The Council has been working collaboratively with people who have used the services, CCG partners and the Mental Health Trust over a long period of time to develop a new, more comprehensive model. The new model of supported accommodation is ambitious; through innovation and partnership, it aims to develop a more diverse range of accommodation and support solutions to reduce reliance on traditional hospital care. The Council aims to prevent people with mental health needs having to go outside Essex for treatment and care.

3.16 The model is designed to achieve the following outcomes:

- Adults have good mental health
- Adults with mental health needs recover
- Adults are supported to maximise their potential in Education and Employment
- Adults are able to access social networks and feel a connection to their local community or the community they want to be part of

- Adults live as independently as possible in accommodation that is suitable for their needs
- Adults are supported to determine and achieve their individual outcomes.

3.17 The new model implements a tiered service, comprising the following elements, each of which will be a separate lot under the contract:

- **Intensive Assessment Beds**

A discharge to assess service in the community for individuals discharged from hospital and inpatient settings; community support and assessment for individuals in crisis and relapses; and step down from residential care for individuals with potential for independent living. A short-stay service, which is non-clinical in nature, but with a multi-disciplinary team. These beds will all be in North East Essex but will be accessible to residents of West Essex.

- **Complex Provision**

A recovery-based model within a psychologically informed environment, with an onsite multi-disciplinary team working with the service provider supporting people with complex mental health and behavioural needs who require 24/7 support. Staff will be highly skilled and include experts by experience. Care and support will be provided for individuals with complex and serious mental health illnesses. These units will be split across West Essex and North-East Essex.

- **High Needs Provision**

Care and support for individuals with serious mental health needs that require some overnight support, with self-contained accommodation and communal areas working with people over a longer period of time to support them to recover from mental illness and support them to integrate and thrive within the community. These units will be split across West Essex and North-East Essex.

- **Medium and Low Needs Provision**

For individuals in the recovery pathway who have developed incremental independent living skills and are progressing towards moving on from needing accommodation support. The support service will focus on life skills and training onsite, with a mix of shared and self-contained accommodation. These units will be split across West Essex and North-East Essex.

3.18 Under the new model we will procure a contractor for each lot. Providers will be expected to provide accommodation in the appropriate location, although they may wish to sub-contract the provision of the accommodation itself.

3.19 There are a number of benefits of the new model, most particularly in the inclusion of intensive assessment beds and complex and high needs support. The availability of intensive assessment beds facilitates both a crisis response option and a ‘discharge to assess’ provision which will ensure that people are placed at a level of provision that best suits their needs. Further, the new tiered service addresses the gap for support service for people with high and complex needs with chaotic lifestyles and enables recovery in a multi-disciplinary team approach that addresses health and the social determinants of health. This improves join up across the system and facilitates good collaboration between

key partners, which promotes sustained recovery. Across the whole model, the core and flexi approach ensures that individuals are placed in a provision that gives them the right level of support for their needs, whilst allowing for the provision of individualised hours such that they can meet their own goals according to their personal care and support plans.

3.20 Individuals will be assessed upon entry to the service and allocated a pathway at the appropriate tier to support their recovery and will move between tiers according to need, rather than higher to lower-level services in descending order. This assessment will be is ongoing for the duration of their stay within the service, with a mindful movement towards recovery and independence, working to ensure that people do not get stuck within the pathway.

3.21 The model is underpinned by a move-on concept and the commissioning of community-based services, to ensure that people can continue to recover and thrive independently in mainstream housing.

Implementing the New Model

3.22 Commissioners and operational colleagues from across the Council have been working closely with health commissioners and colleagues from Essex Partnership University Trust over the past year to develop the transformative model outlined above.

3.23 The CCGs across the Essex Local Authority footprint all support the model in principle, but due to their own unique demographics and transformation journeys, not all are ready to progress at the same speed. For this reason, the new model will be implemented in North-East and West Essex from October 2022 and ECC will award a new 12-month contract to the providers of existing services in Mid and South Essex. This 12-month contract relates to new placements within that 12-month period only, and existing placements will continue under the existing call-off contracts which survive termination or expiry of the existing terms and conditions of contract. It is hoped that Mid and South Essex CCGs or their successor Integrated Care Board will be in a position to join the new model in October 2023, and this will be subject to a further decision and a further procurement. It is not recommended to procure flexibility for the new contracts to cover Mid and South Essex from 2023 because different providers will have different access to accommodation, meaning that a provider who is a good fit for West Essex may not be able to make provision in Mid and South Essex.

3.24 It is acknowledged that this will, at least in the short term, create a different system for residents in different parts of the County, meaning that the service they receive will be dictated by the location of their GP surgery. However, operational teams are confident that they can manage this well and commissioners will continue to ensure that all individuals are receiving the very best service and support, regardless of their originating address. This phased implementation does enable the Council to test, review and refine the new model at a smaller scale, ahead of what we anticipate to be a County-wide implementation over the coming three years.

3.25 These services are partly funded by the NHS so we will need a new legal agreement with the NHS to agree that ECC can commission the services and for the provision of NHS funding. The contract will not be awarded unless this is in place.

The Procurement Approach

3.26 The model has been developed using a 'core' and 'flexi' approach. Each scheme will have a Core Support Service. The core support is defined by commissioners and is the minimum service offered to all within the Scheme. Then any additional (flexi) hours dictated by the individual's needs will be commissioned as required on an individual basis. This will enable us to both stabilise core services and ensure they are robust, and yet build in agility via flexi support to respond to individual and changing needs.

New Model in North-East Essex and West Essex (5-year contract)

3.27 The tender for North-East and West Essex will be run as a single stage open process, with 4 available lots as follows:

Lot 1: Intensive Assessment Beds (IAB) North-East & West (but located in North-East Essex).
Lot 2: Complex North-East & West
Lot 3: High and Medium/ Low North-East Essex
Lot 4: High and Medium/ Low West Essex

3.28 In developing the service, commissioners have reviewed referral and utilisation data from across Essex over the period from 2017-2020. This has been used to determine the required volumes in each locality.

3.29 The lots will be evaluated on a standalone basis, with evaluation based on 40% price, 60% quality (of which 10% shall be allocated to social value). Each lot will result in a separate individual contract. There will therefore be 8 contracts in total.

3.30 The evaluation criteria have been established at this ratio because there is limited flexibility in the overall model cost. The hourly rate will be capped for all the lots and where a core service is required the cost of the core will also be capped. Therefore there will be limited price difference between bidders. Quality has a higher allowance to reflect the need to ensure we are attracting high quality providers who can support complex individuals and achieve move on to independence though the system.

3.31 The mobilisation period will be gradual, with gradual increased bed numbers up to the total volumes over the life of the contract in line with transition plans and not block purchasing all units immediately.

3.32 The contract will contain provision for the reduction in units and core hours funded where they are not being utilised, and do not appear to be required in the

immediate future, which will allow us to reduce the fixed funding commitments to providers without jeopardising services.

3.33 Providers will be required to provide prices for core hours and flexi hours within the pricing submission within the tender. The intention is that core hours rates will contain the management and overhead costs related to operating the service and will therefore be higher than flexi hours. Both rates will be subject to an upper limit above which providers will not be able to bid.

Mid and South Essex

3.34 Contracts with a duration of 12 months will be awarded to current providers of Supported to Independence and Intensive Enablement Services in Mid and South Essex. These contracts will relate to new placements only and the 'Intensive Enablement Plus' services will continue on a spot purchase basis in line with the terms of the individual call off contracts.

3.35 During this 12-month period the procurement of a replacement contract to cover these areas will be completed, pending the decision referred to in 3.21. Under the terms of the call off contract for the new placements these placements can persist beyond expiry of the overarching contract.

3.36 Notwithstanding paragraphs 3.31 and 3.32, the intention will be to move adults across to the new model of care as soon as is possible, and this will be explored at the time of expiry of this contract.

4 Links to our Strategic Ambitions

4.1 This report links to the following aims in the Essex Vision

- Enjoy life into old age
- Strengthen communities through participation
- Connect us to each other and the world

4.2 Approving the recommendations in this report will have a neutral impact on the Council's ambition to be net carbon neutral by 2030.

4.3 This report links to the following strategic priorities in the Organisational Strategy 'Everyone's Essex':

- A strong, inclusive and sustainable economy
- A high-quality environment
- Health wellbeing and independence for all ages
- A good place for children and families to grow

5 Options

5.1 The following, 4 options were considered in detail, with the second option preferred and recommended. All options were carefully considered and there is a collaborative view with health and EPUT that the recommended option is the right way forward:

Option 1: Do nothing new and continue with the current position

5.2 This option would see the current contracts being recommissioned as they currently exist. Therefore, there would be a continuation of the Intensive Enablement and Supported to Independence contracts across the County, with Intensive Enablement Plus continuing to be spot purchased. This option is not preferred as ECC and Health would continue to deliver more of the same, with a continued reliance on spot provision and the challenges this gives for quality and budget management. The current model does not promote good levels of move on for clients and is not cost-effective.

Option 2: Tiered level of service provision (RECOMMENDED)

5.3 The development and delivery of a tiered level of service provision provides a comprehensive suite of services to provide personalised support for people with mental health care and support needs, ranging from intensive assessment as a step down from hospital, residential and community to support crisis management, through to complex provision with on-site multi-disciplinary support, support for those with a high level of needs and more independent, dispersed support for those approaching independence. This new model will ensure that people are placed according to need and underpinned by move-on to ensure that people are on a strong trajectory towards living independently in the community.

5.4 Importantly, this model has been co-produced with and welcomed by those with lived experience of poor mental health, including those who have experience of mental health accommodation. There will be benefits for individuals, and the wider health and social care system. This approach will ensure that people don't 'fall' through the net' between services, it will offer opportunities to secure better value for money through having all services contracted and by using a multi-disciplinary approach it will enable good collaborative work and opportunities to take advantage of available best practice and innovation. The new model will be commissioned to include a level of flexibility, to ensure that we can continue to respond to emerging and future needs.

5.5 It is acknowledged that there are workforce issues in the system, and it will require a workforce that is highly skilled; however, the greater collaboration between partners and the MDT will ensure improved training opportunities to upskill staff. The model will provide intensive support, ensuring people move on and into mainstream housing more quickly.

5.6 It should be noted that whilst this is the recommended option for the whole County, there will be a phased approach to implementation, with North-East and West moving to this model from October 2022 and Mid and South Essex

following at a later point. The implementation of the new model in Mid and South Essex shall be subject to further governance as appropriate.

Option 3: Commission Intensive Enablement Plus under ECC terms and conditions and recommission Intensive Enablement and Supported to Independence

5.7 This option would see a continuation of the current model, but importantly Intensive Enablement Plus, which is currently spot purchased, would be contracted under ECC terms and conditions. This approach would not allow the collaboration between services that Option 2 provides. It would be highly likely that services would remain fragmented and may not be able to adapt to changing needs quickly, which could create a cost burden.

Option 4: Peripatetic Community Support service

5.8 Consideration has been given to the creation of an entirely peripatetic community support service, with no buildings-based support. This would involve support being delivered to individuals in their own homes and tenancies within the community. This option is not cost-effective, especially for those individuals who require support at night, as there are no economies of scale; it could also be potentially unsafe for people with the most complex needs and who are at risk of relapse, which could result in more hospital admissions.

6 Issues for Consideration

6.1 Financial implications

6.1.1 The anticipated total cost of the proposed arrangements has been modelled using the forecast demand for services for 2022/23 and kept static over the 5-year period to create a total budget envelope of £17.8m split across ECC and Health. Any increases in demand will need to be mitigated by delivering improved outcomes for other individuals, enabling them to move out of the service. Therefore, any savings opportunities within the proposed arrangements would be used to keep the budget static over this period and additional savings in relation to this have not been loaded into the budget.

North-East and West Essex

6.1.2 The anticipated total cost of delivering accommodation services in North-East and West Essex is £17.4m over 5 years and this forms the provisional budget envelope for that period – this is made up of £10.2m ECC budget and £7.2m of health budgets. The budget is split between the new core contracts for North-East and West Essex totalling £13.7m and the flexi budget totalling £3.7m over the 5-year period. The flexi budget is used to meet one to one support over and above the core contract and therefore is subject to some risk. The financial risk in relation to spend on these services will be managed through the Council's monthly budgetary control mechanisms - any over spend, if materialising, would need to be contained within the overall H&ASC budget. North-East CCG and

West CCG will make a combined financial contribution of £7.2m via a new S75 agreement, which is subject to further negotiation. If these amounts are not agreed, the scale of the service will need to be revisited.

6.1.3 Whilst there is not a savings target specifically attached to this work, there is an expectation that the move to a new model will achieve benefits and efficiencies within the Health sector, including through a reduction in out of area health placements and increased movement through the pathway to ensure that more individuals can benefit from receiving the right level of support at the right time.

6.1.4 Below is a table showing the anticipated breakdown of costs for North-East and West Essex across financial years. £10.2m of this is included in the Medium Term Resource Strategy (MTRS) for that period for ECC, with the remainder subject to the Health S75 agreement.

NE/West (£)	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Contract spend	1,318,000	2,750,000	2,750,000	2,750,000	2,750,000	1,431,000	13,749,000
Flexi spend	354,000	739,000	739,000	739,000	739,000	385,000	3,696,000
Total	1,673,000	3,489,000	3,489,000	3,489,000	3,489,000	1,816,000	**17,445,000**

Mid and South Essex

6.1.5 The estimated cost of direct award for the 12-month period totals £334,000 across ECC (£258,000) and Health (£76,000 across the 3 CCGs in this area). The cost of these new placements is planned to be mitigated by delivering improved outcomes for other individuals in the service, enabling them to move out and containing these costs within the existing MTRS and Health budgets. This spend and risk will be monitored through monthly budgetary control. If costs escalate within the flexi spend and cannot be mitigated through the above means, the pressure would need to be managed from within the Health and Social Care budget.

MSE (£)	2022/23	2023/24	Total
Contract spend	160,000	174,000	334,000

6.2 Legal implications

Procurement of new model in North-East and West Essex

6.2.1 As stated above, Mental Health Supported Accommodation services are social care services which are subject to the 'light touch' regime in the Public Contracts Regulations 2015. This means that the Council is required to undertake a competitive process before awarding any contract with a value of over £663,540.

6.2.2 The new model to be implemented in North-East and West Essex may include the movement of existing placements to a new provider and if the new model is awarded to an existing provider, individuals will be the subject of new terms and conditions. As a result, existing placements are in scope of the service to be procured in North-East and West Essex.

6.2.3 The value of the contract(s) to be procured in North-East and West Essex therefore far exceeds the Light Touch threshold of £664,540. As a result, ECC is required to undertake a competitive process in accordance with the Light Touch Regime within the Regulations.

Award of 12-month contract to existing providers in Mid and South Essex

6.2.4 This report seeks to award a 12-month contract to existing providers as a means of placing new individuals. Any spend associated with existing placements is not relevant to this 12-month period, on the basis that ECC will not seek to move individuals in an existing placement to an alternative service provider in October when existing contracts end. Therefore, existing placements would not be in scope of any procurement exercise to cover the 12 months until a new model is implemented in Mid and South Essex. It is therefore the value associated with new placements only that is relevant to the 12-month contracts.

6.2.5 Mental Health Supported Accommodation services are social care services which are subject to the 'light touch' regime in the Public Contracts Regulations 2015 (the Regulations). This means that ECC is required to undertake a competitive process before awarding any contract for light touch services with a value of over £663,540.

6.2.6 All the contracts to be awarded have an individual value below the £663,540.

6.2.7 The award of a 12-month contract, is to enable ECC to work with Health Partners in Mid and South Essex to implement a new Model, which will entail a full procurement process for future provision.

7 Equality and Diversity Considerations

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

(a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful

(b) Advance equality of opportunity between people who share a protected characteristic and those who do not.

(c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8 List of Appendices

Equality Impact Assessment

9 List of Background Papers

N/A