

Authority to extend an existing contract and also directly award a new contract to Community Links (Northern) Ltd for mental health supported accommodation services.

Date: 21 February 2024

Report of: Interim Deputy Director, Integrated Commissioning

Report to: Director of Adults and Health

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

Community Links (Northern) Ltd deliver a range of supported accommodation services for people with mental health issues. Four of them (Brigid House, Octavia House, Alexander House, East Grange Drive) are currently commissioned and funded by West Yorkshire Integrated Care Board (ICB), and one is jointly funded by the Council and the ICB in Leeds (Oakwood Hall).

The ICB in Leeds has requested to transfer their funding for these services to the Council, who will be the lead commissioner of the provision going forward.

This report seeks approval for the transfer of the funding via the existing Section 256 arrangement from 1st July 2024, and the award of new contract for a period of 12 month plus up to 6 months in any combination for the provision of all five services using the NHS Provider Selection Regime (PSR).

In order to allow sufficient time for the PSR to be utilised for the direct award, the existing Council contract for the Oakwood Hall service needs to be extended for a three-month period to 30th June 2024. There are provisions within the scope of the existing contract for this extension period.

Recommendations

The Director of Adults and Health is recommended:

- a) To note the funding transfer from the ICB to the Council, following a 10% reduction. The amount transferring will be £1,375,210. It is proposed that funding will be transferred from 1st July 2024.
- b) To invoke a three-month extension period to the existing Council contract for Oakwood Hall for the period 1st April 2024 to 30th June 2024 at a cost of £124,735.

- c) To approve the direct award of a new contract for a period of 12 months plus up to 6 months in any combination to Community Links (Northern) Ltd ('Community Links') for all five services utilising the NHS Provider Selection Regime, to commence on 1st July 2024, at a value of £1,874,150 per annum.
- d) To note the work which is underway with the provider and key stakeholders (including Social Work and Leeds and York Partnership NHS Foundation Trust (LYPFT) colleagues) to develop an agreed approach to absorbing the proposed 10% ICB funding reduction which minimises the impact to frontline service delivery.

What is this report about?

- 1 This report is about the transfer of funding from the ICB to the Council for a range of mental health supported accommodation services currently delivered by Community Links, as detailed in the table below.
- 2 The report seeks approval for the invocation of a three-month extension period to the existing Council contract for the Oakwood Hall service from 1st April 2024 to 30th June 2024 at a total cost of £124,735.
- 3 The report also seeks approval to undertake a direct contract award by the Council to Community Links for the five services, using the NHS Provider Selection Regime. The proposed contract will start on 1st July 2024 at a cost of £1,874,150 per annum.
- 4 The services subject to this report are:

Service	Currently commissioned and funded by	Funding 2023/24	Proposed funding 2024/5
Brigid House Intermediate Housing Unit	ICB	£300,556	£270,500
Octavia House Intermediate Housing Unit	ICB	£300,556	£270,500
Alexander House Intermediate Housing Unit	ICB	£300,556	£270,500
East Grange Drive	ICB	£264,296	£237,866
Oakwood Hall	ICB and the Council	ICB – £362,049 LCC – £498,940	£325,844 £498,940
Total			£1,874,150 per annum

- 5 The three Intermediate Housing Units provide step-down accommodation with support for people being discharged from the Becklin and Newsam Centres, usually following a section under the Mental Health Act 1983. East Grange Drive is commissioned to provide accommodation and support for people who are being discharged from hospital where there is considered to be a delayed transfer of care (DTOC). Referrals for these services come via the Accommodation Gateway which is an LYPFT managed function. Oakwood Hall provides nursing care and

accommodation to people with complex mental health needs. Referrals to Oakwood Hall come via both the Accommodation Gateway and the Mental Health nominations panel.

- 6 It is proposed to combine all five services under one new contract in order to allow the provider to be more responsive and flexible to changing demands and needs within the mental health system.
- 7 It is our intention to directly award a contract to Community Links using the new NHS Provider Selection Regime (PSR), which came into force on the 1st January 2024. The PSR is a new set of regulations for procuring health care services in England. Following consultation with Procurement and Commercial Services (PACS), this proposed contract falls within scope of the PSR. Route C of the PSR will be used to directly award the contract to Community Links. Route C can be applied where 'an existing provider is satisfying the existing contract and is likely to satisfy the new contract, and the proposed contracting arrangements are not changing considerably from the existing contract'.
- 8 The funding transferring to the Council from the ICB will first be subject to a 10% ICB reduction. Commissioners are working closely with Community Links and key stakeholders to look at options for absorbing this funding reduction to minimise the impact on frontline service delivery.
- 9 Funding transferred by the ICB in future years will be subject to an agreed increase in line with the appropriate years NHS funding inflationary uplift.
- 10 All services have been subject to a joint review of community provision by the ICB and the Council, along with a range of other mental health support services. The 12+6 month contract period being requested will be used to further explore and implement any changes to these services which are agreed with the provider and key stakeholders, after which a longer term contract will be put in place. Options currently being explored include remodelling the nursing model at Oakwood Hall and utilising East Grange Drive as a step-down service from other more intensive supported living services.

What impact will this proposal have?

- 11 This proposal will prevent a significant service gap which would occur if the services were not re-commissioned. If the proposals in this report are not approved, the services would come to an end on 31st March 2024.
- 12 The services will continue to provide accommodation with care and support to vulnerable people leaving hospital settings.
- 13 An Equality Diversity Cohesion Integration screening has been completed and is attached. There are no issues to be addressed. A full impact assessment will be completed as part of the direct award via the PSR in due course.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 14 The services are strategically aligned to and will support the delivery of key Adults and Health priorities:
 - Leeds Health and Wellbeing Strategy 2023 – 2030.
 - Leeds Mental Health Strategy.
 - Leeds being an Age Friendly City to grow old in and a place where people age well.
 - Leeds Health and Wellbeing Strategy priority 8 of 'Promoting prevention and improving health outcomes through integrated health and care'.

- 15 The services are part of the city ambition that Leeds be a healthy and caring city for everyone, through investing in essential health services.
- 16 This proposal delivers against the Health & Wellbeing Pillar of the Best City Ambition:
- 'Investing to ensure better and more equal access to essential services in health and learning, developed with and accessible for every community across Leeds'.

What consultation and engagement has taken place?

Wards affected: n/a

Have ward members been consulted? Yes No

- 17 The Executive Member for Adult Social Care, Public Health and Active Lifestyles was briefed on the 20th February 2024.
- 18 PACS have been consulted and confirmed that the contract falls under the PSR and that they are therefore supporting this approach.
- 19 The provider and key stakeholders including Social Work and LYPFT colleagues are in the process of being consulted with regarding the reduction in ICB funding and any changes which need to be made to service delivery as a result.
- 20 Throughout the joint ICB and Council review of community-based services, extensive consultation has been undertaken with service users, providers and key stakeholders. A copy of the full consultation findings is attached at Appendix 1.

What are the resource implications?

- 21 The value of the three-month extension to the Oakwood Hall contract is £124,735.
- 22 The value of the contract for a period of 12 months plus up to 6 months in any combination for all five services is £1,874,150 per annum.
- 23 The funding transferring to the Council from the ICB totals £1,375,210. This follows a 10% reduction linked to ICB efficiency savings requirements. The Council, ICB and Community Links are working together closely to ensure that the overall budget envelope for these services is sufficient going forward. Some remodelling may be required to remain within budget, however any impact to front line service delivery will be minimised. This partnership work will ensure that the delivery of the services is affordable going forward.
- 24 It is recognised that the Council is in an extremely challenging financial position. The Council's funding for Oakwood Hall has remained static for many years and has not been subject to any inflationary uplifts.

What are the key risks and how are they being managed?

- 25 A Project Team comprising of Adults & Health Commissioning and PACS has been set up to oversee the re-commissioning process to ensure that the process adheres to the PSR.
- 26 The PSR came into force on 1st January 2024. As this is a relatively new protocol, using this option could be a possible risk. This is being managed by working closely with PACS and PACS Legal Team in order to mitigate any risks.
- 27 Directly awarding the contract could open the Council up to challenge from other providers. However, this risk is considered to be low due to the contract being directly awarded under the provisions set out in the PSR.

- 28 A risk register has been established as part of the re-procurement process and this will continue to be managed and updated. Significant risk will be reported to the Head of Service, Working Age Adults Commissioning and the Deputy Director, Integrated Commissioning.
- 29 If the decision is not approved, the current services will fall out of contract on 31st March 2024, causing significant risk to the Council and the provider. In addition, the transfer of funding from the ICB would not be possible. There is evidenced need for these services, and should it not continue to be delivered beyond the expiry of the current contract, this would result in people being without essential accommodation and support.

What are the legal implications?

- 30 The decisions contained in this report are treated as a Key Decision as the overall value is more than £500,000 and is therefore subject to call in. It was published on the List of Key Forthcoming Key Decisions on 22nd January 2024.
- 31 Directly awarding a new contract to Community Links without a competitive process could mean that the Council is open to challenge from other providers who would have been interested in bidding for the contract. However as mentioned earlier this contract falls in scope of the PSR and a direct award under Route C is possible.
- 32 The direct award of the contract has been assessed against the provisions of the Subsidy Control Act 2022 and it is not a subsidy on the grounds that it is not economic activity.

Options, timescales and measuring success

What other options were considered?

- 33 The option to undertake a competitive procurement exercise was considered. However, this provision is now subject to the PSR, not the public contract regulations and a direct award using Route C of the PSR is considered to be the most appropriate course of action at this time. Especially given the imminent transfer of funding from the ICB to the Council and the positive outcomes and value for money which the provider has evidenced. In addition, there are wider mental health landscape challenges which need to be given full consideration through ongoing work with the provider and stakeholders, including the NHS Mental Health Community Transformation Programme, Multi-Agency Discharge (MADE) work led by LYPFT and a review of the Accommodation Gateway process.
- 34 There is the option of ending the Oakwood Hall provision once the current contract expires on 31st March 2024. However, there is considerable evidence of the need for this provision and disinvestment would have a negative impact on vulnerable service users our legal responsibilities under the Care Act 2014 and the Leeds mental health system as a whole.

How will success be measured?

- 35 As part of the direct award, Community Links will be asked to submit a method statement for evaluation by the Project Team and PACS. Community Links will need to be successful through this evaluation process in order for the contract to be awarded.
- 36 The new contract will include a Performance Framework for the purpose of monitoring service delivery and outcomes and will be subject to the contract management processes through the working age adults commissioning team.

What is the timetable and who will be responsible for implementation?

- 37 If approval is given, a direct contract award will be made to commence on 1st July 2024.

37 Appendices

- Service review consultation findings report.
- Equality Diversity Cohesion Integration Impact Screening.

38 Background papers

None.