

Procurement of new public mental health provision and extension of two mental health service contracts for three months

Date: 29th June 2022

Report of: Head of Public Health

Report to: Director of Public Health

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- Leeds City Council commissions two services that take a community health development approach to support public mental health and to reduce mental health inequalities by improving the mental health and wellbeing of communities most at risk of poor mental health. These contracts – Mentally Healthy Leeds and the Wellbeing Space and Support Service (known as Your Space), both provided by Touchstone (Leeds) – are due to expire on 31st March 2023.
- This report seeks approval to procure a new service, which will combine the best and most effective elements of the current provision. Approval is also being sought to vary the Mentally Healthy Leeds contract and to use remaining extension provision in the Wellbeing Space and Support Service contract to lengthen both by a period of 3 months in order to allow for time to consult with the market on the new model.
- The proposals will support the health priorities within the Best Council Plan 2020 – 2025, namely:
 - Reducing health inequalities and improving the health of the poorest fastest
 - Supporting healthy, physically active living
 - Supporting self-care, with more people managing their own health in the community

Recommendations

The Director of Public Health is recommended to:

- a) approve authority to proceed with a competitive procurement process, as outlined in this report and in line with Contract Procedure Rules (CPRs) 3.1.7, to procure a suitable provider/consortium to deliver a new public mental health Leeds contract for a period of 5 years commencing 1st July 2023 (with an option to extend for a period of up to 36 months in any combination) with a maximum budget of £533,974 per annum (£4,271,792 for the overall contract period if all extensions are used).
- b) approve the use of 100% quality tender evaluation criteria, in accordance with Contract Procedure Rules (CPRs) 15.2 (b).

- c) note that a further report to approve the contract award which will be a direct consequence of this key decision will be submitted for approval at the end of the procurement process and will therefore be a significant operational decision at most which will not be subject to call in.
- d) approve the modification of contracts during their term under Regulation 72 (1) (b) of the Public Contracts Regulations 2015 to vary the existing contract with Touchstone (Leeds) for the Mentally Healthy Leeds service (DN201751), to commence on 1st April 2023 at a cost of £73,493.50 for a period of 3 months.
- e) approve using 3 months of the extension provision available under the existing contract with Touchstone (Leeds) for the Wellbeing Space and Support Service (DN337089), with effect from 1st April 2023 and to the value of £60,000.

Why is the proposal being put forward?

- 1 Most of the mental health policy attention in recent years has focused on investment in treatment services. Prevention has been much less of a priority, and national investment in public mental health has been negligible. There are signs of a shift and of growing recognition from policymakers and local partners that preventing mental ill health and promoting good mental health is attainable, possible and cost effective.
- 2 The mental health strategy 'No Health without Mental Health' (2011) set out a clear position regarding the response needed across governmental departments to address mental health. This was followed in 2014 by 'Closing the gap: Priorities for essential change' (2014) which set renewed strategic direction to achieve the goals set out in policy. This national strategy is outdated by 11 years, with plans to address this. More recently, broader changes across the NHS have significant implications for public mental health including covid recovery plans.
- 3 There is an accumulation of evidence that the pandemic has affected people not only individually but also collectively. It has been a "major collective trauma" which affects most people psychologically or emotionally in one way or another. The Association of Directors of Public Health suggest that Covid-19 is not a pandemic but a syndemic: a number of impacts (physical, social, financial or emotional) which combine together to have an effect which is worse than any one individually (ADPH, 2021) The impact of this varies from person to person, and community to community, and is dependent on a number of factors, including current stressors and previous trauma.
- 4 A recent estimate by the Centre for Mental Health put the cost of mental ill-health at close to £120 billion a year once the cost of health and social care, lost productivity and reduced quality of life is considered.
- 5 The Secretary of State for Health and Social Care's vision statement (2018) described prevention as 'better than cure'. The vision asserted that:
 "The NHS and local authorities need to put prevention at the heart of everything they do: tackling the root causes of poor health, not just treating the symptoms, and providing targeted services for those most at risk".

A new public mental health commission would support and help drive the Leeds Mental Health Strategy, the Health and Wellbeing Strategy and put prevention at the heart of both these strategies, and thus aiding effective covid recovery planning.

- 6 Leeds City Council currently commissions two services that aim to reduce health inequalities and improve the mental health and wellbeing of communities most at risk of poor mental health: Mentally Healthy Leeds (MHL) commenced in 2018 and the Wellbeing Space and Support Service (Your Space) followed in 2019. Both contracts are due to expire on 31st

March 2023. The total value of these two contracts is £533,974 per annum (MHL: £293,974 / Your Space: £240,000).

- 7 A service model review has been carried out, which included data analysis and consultation with existing providers. The recommendation of that review is to procure one public mental health commission, rather than continuing with the existing model of two separate services. This will allow a more cohesive and collaborative approach, which builds on the learning from the current provision whilst reducing the duplication of core costs, providing the opportunity to rationalise and achieve better value for money. It will also simplify contractual arrangements, including an individual performance and quality framework managed by a single point of contact within the council, who can assess and evidence performance, impact, value for money and financial accountability.
- 8 The new provision will:
 - promote protective factors for good mental health
 - address risk factors for poor mental health
 - address social isolation/loneliness
 - reduce stigma/discrimination
 - develop individual, community and organisational 'mental health literacy'
 - provide opportunities to address multiple risk factors for mental ill health
 - use a trauma informed approach to work with the strengths and resources that already exist within local communities.
- 9 Approval is being sought for a contract length of 5 years plus an extension of up to 36 months (to be taken in any combination). This is because:
 - it would demonstrate commitment to city health priorities.
 - this is a preventative service which reduces the burden on the wider health system.
 - it provides stability to the provider and clients, and reduces disruption to service delivery and access.
 - continuity of partnership working arrangements can be maintained.
 - staff recruitment and retention will be easier as a result of longer terms of employment, greater job security and opportunities for development.
 - it reduces the need for both LCC and potential bidders to resource a more frequent procurement cycle.
- 10 Approval is also being sought to go out to tender with a fixed budget and set the evaluation criteria at 100% quality, rather than using the price-quality separated approach, in accordance with Contracts Procedure Rules 15.2 (b) due to the specific circumstances of this service. This is because:
 - There is a set budget and the Council is looking to obtain the best quality service available for its money.
 - There is an imperative to maximise the service capacity, given the increased level of need in the city and the anticipated further increase in demand. The budget for this public health priority service area has not been increased despite the significant increase in demand.
 - National mental health forecasting tools suggest that, in adults, there will be an increase in common mental health disorders (anxiety and depression) of around 15 - 20% and that the impact will be felt over the next 3 – 5 years. This will be complicated

by grief and trauma associated with the impact of the covid virus and the restrictions placed around social and emotional processes such as bereavement.

- Locally, we can see that the number of people seeking help for common mental health disorder such as anxiety and depression is now 20% higher than it was before the pandemic, and anti-depressant prescribing has increased at an increased cost to the system of £200,000 per quarter.
- Locally, social prescribing activity has increased significantly in the past quarter. There have been marked increase in referrals since last year. We saw a 46.89 % increase in referrals from GPs as well as a 39.75% increase from other professionals. Self-referrals also increased by 42.62% in last quarter. Stress, anxiety and emotional support are the main reasons behind referrals, as well as finance and housing. Social isolation and loneliness as key areas of concern.
- Locally, numbers of people living in IMD1 increased from 20% to 25% in past 10 years, so this service will be focusing on increased number of people for the same funding.
- Current providers of Public Mental Health services haven't seen an uplift in salaries in 5 years and this will need to be addressed. This, coupled with inflationary pressures, means a reduction in funding in real terms.
- There is more mental health need in the system than this service and all of NHS MH services will be able to meet. This will put pressure on non-MH services, including social care, primary care and community safety.
- This service will represent good value for money and has significant return on investment. The average investment in preventative interventions that target mental health. shows that every £1 spent yields a return of £43. *Reference: Masters R, Anwar E, Collins B, et al. Return on investment of public health interventions: a systematic review. J Epidemiol Community Health 2017;71:827-834*
- Through the process of financial modelling, the development of the performance framework, evaluation and then ongoing robust contract management value for money will be achieved through the maximisation of outcomes for the budget available.

11 Before undertaking the procurement, it is considered necessary now to further consult key stakeholders about the new model, in order to ensure that it is well-framed, focused and feasible. This will not be possible within the remaining contract term. A consortium approach also requires the market to be prepared to respond. As such, approval is also being sought to continue the existing contracts for an additional 3 months in order to maintain continuity of service, through the following mechanisms.

12 The contract for Mentally Healthy Leeds has no further extensions available. It is therefore proposed that the contract be varied to include the additional 3 months at a cost of £73,493.50 under Regulation 72 (1) (b) of the Public Contracts Regulations 2015. The scope and nature of the service is not impacted by the variation to the contract. The variation will amend the total amount of the contract to £1,543,363.50 over its lifetime and equates to an increase of 5%, based on the total contract value to date of £1,468,870.

13 The modification to the contract will be advertised through a FTS modification notice for publication, in accordance with Regulation 51 to alert the market. The Council will wait a minimum of 30 days from publication of the modification notice before entering into the variation. This gives any other market participants the opportunity to raise any queries or

concerns in relation to the variation and reduces the chances of a successful challenge to this decision once the 30 day period has ended.

- 14 There remains provision to extend the contract for Wellbeing Space and Support Service (Your Space) for up to another 12 months. It is therefore proposed that 3 months' worth of this be used in this instance.

What impact will this proposal have?

Wards Affected: All

Have ward members been consulted? Yes No

- 15 The service will contribute to the Leeds Mental Health Strategy Delivery Plan 2020-2025 indicators of:
- Improvement in ONS annual population survey scores on wellbeing
 - Reduction in suicide rates
 - Reduction in hospital admission rates through self-harm
- 16 The Social Value Toolkit will be embedded within the procurement and contract management processes in order to identify and measure the additional outcomes being delivered.
- 17 An Equality Diversity Cohesion Integration screening has been completed and is attached. There are no issues to be addressed.

What consultation and engagement has taken place?

- 18 Staff from both Mentally Healthy Leeds and Your Space were asked to carry out Strength, Weakness, Opportunities and Threat (SWOT) analysis. In addition to this public health specialists independently undertook a SWOT analysis and shared with the project team. All the analysis was then combined and helped shape the key principals for a future public mental health commission.
- 19 Further consultation will take place on the new service model with potential providers and key partners. This will involve both in person and virtual events where the model will be presented and feedback collated to further inform the specification. Consultation will also be undertaken with key service leads in statutory services, including primary care.
- 20 The Executive Member for Public Health and Active Lifestyles was briefed on the 21st April 2022 and at the Members briefing on 9th June 2022.
- 21 Public Health Programme Board was consulted on 5th May.
- 22 Procurement and Commercial Services have been consulted about the procurement approach and will be supporting the project team in commissioning this service.
- 23 The provider has been consulted about extending the current provision and is in agreement.

What are the resource implications?

- 24 The budget is £533,974 per annum for the newly commissioned service, plus £133,493.50 to extend the existing contracts for a period of 3 months. The maximum total spend for all recommendations in this report is therefore £4,405,285.50 if all extensions are utilised.
- 25 There is provision within the Public Health revenue budget for this.

- 26 It is recognised that the council is in a challenging financial position. However, it is important that mental health prevention, early detection and improving the mental health and wellbeing of communities most at risk of poor mental health remain key Public Health priorities. Furthermore, the contract would be awarded on the basis that efficiencies may be required in future, which would be the subject of a contract variation, and would include standard break clauses.
- 27 The new service will continue to be closely contract managed to ensure robust performance monitoring takes place and value for money is being achieved for the Council.

What are the legal implications?

- 28 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 Forthcoming Key Decisions on 27th May 2022.
- 29 In regard to the new mental health provision contract, the total contract value over the eight years including the possible extensions will exceed the procurement threshold for Health and Social Care which currently stands at £663,540. Whilst the service is not subject to the “full” regulations but to the “Light-Touch Rules Regime” under the Public Contracts Regulations 2015, there is still a requirement to advertise this opportunity via the Council’s YORtender portal and the Find a Tender Service to ensure an open competitive tendering exercise.
- 30 There is minimal risk of challenge, since the proposed approach supports taking the new model of delivery to an open and competitive procurement process.
- 31 The request to vary the Mentally Healthy Leeds contract DN201751 is in accordance with the provisions of Regulation 72 (1b) (i) & (ii) of the Public Contracts Regulations 2015. The modification of contracts is governed under the Public Contracts Regulations 2015 at regulation 72 which permits certain types of modifications. The regulation considers the extent to which a contract may be modified before it should be considered so substantially changed as to necessitate a new procurement. Permissible grounds for modification include a need for additional services due to unforeseen circumstances (subject to 50% maximum increase in initial contract value). It also requires the consideration of the effect of cumulative variations. Therefore this needs to be considered in taking this decision.
- 32 The figures set out at paragraph 12 of this report show the value of the initial contract, and the proposed increase due to the request to vary the contract, and is within the realms of the regulation.
- 33 The provisions of Regulation 72 (1)(b) permit a modification to an existing contract without a new procurement procedure where all of the following conditions are fulfilled:
- (b) for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement, where a change of contractor:
 - (i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement; and
 - (ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority, provided that any increase in price does not exceed 50% of the value of the original contract.
- 34 It is considered the above conditions are met because:
- the suggested service model that has been developed during the service review represents a significant change. It is therefore considered necessary to consult with

relevant stakeholders before going out to procurement in order to ensure that this is the best course of action to meet the needs of the residents of Leeds. There is not sufficient time remaining in the current contracts to include this phase, and therefore an additional three-month period of service delivery is required to ensure continuity of provision for service users;

- given the short timescale of the additional activity, there would be significant costs associated with procuring an interim service, nor would it stimulate interest from the market for a low value service; and
- the percentage uplift of 5% is within the range permitted under the Regulation.

35 However, if Regulation 72(1)(b) is used incorrectly, and it is subsequently determined that the above conditions are not met, the Council will be open to legal challenge that it has breached the procurement rules. This risk is considered low for the reasons stated in this report.

36 There is no overriding legal obstacle preventing the variation of the Mentally Healthy Leeds contract under Regulation 72(1)(b) of the Public Contracts Regulations 2015. In making the final decision, the Director of Public Health should be satisfied that the course of action chosen, as to varying the contract, is the best course of action for the Council and should be satisfied that in doing so it represents best value for the Council.

37 When contracts are varied on reliance on Regulation 72(1)(b), it is a requirement to submit a modification notice to Find a Tender (FTS) to alert the market that a modification to the contract has taken place (or is to take place). Once the notice is published on FTS it will start time running for bringing a claim for a breach of the PCR, which must be brought within 30 days of the date that an aggrieved party knew, or ought to have known, that a breach had occurred. The service will ensure a modification notice to that effect will be published.

38 The recommendation to extend the Wellbeing Space and Support Service contract DN337089 is in accordance with Contracts Procedure Rule 21.1 as it is in accordance with its original terms and is considered to deliver Best Value.

39 This report does not contain any exempt or confidential information under the Access to Information Rules.

40 Advice has been sought from Procurement and Commercial Services throughout the duration of the review and procurement process and will continue to be sought through the competitive procurement exercise to contract award.

41 Subsequent decisions arising from this report, for example the decision to award the new mental health provision contract, will be treated as a consequence of this Key Decision and will therefore be treated as a Significant Operational Decision at most, which will not be subject to call in.

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

42 A small project team comprising of Public Health, Adults & Health Commissioning and Procurement & Commercial Services has been set up to oversee the re-commissioning process and ensure that the process adheres to the Public Contracts Regulations 2015, as well as the council's Contract Procedure Rules.

43 A risk register has been established as part of the re-procurement process and this will continue to be managed and updated. Significant risks will be reported to the Public Health Programme Board.

- 44 A mobilisation period has been built into the procurement timetable to ensure that the service can be fully mobilised before the contract start date
- 45 The proposals in this report will enable a continuity of provision that addresses a key public health priority and responds to changing need. The risks are the same as with any procurement, such as TUPE, the potential loss of existing experienced, skilled and trusted staff members and a transition period in which the service has to build trust, confidence and reputation amongst in-scope populations. This will be managed through the Project Team throughout the procurement and mobilisation process, and then through robust a contract management process.
- 46 If this decision is not approved, the current services will fall out of contract on 31st March 2023 causing significant risk to the Council and its providers. There is an evidenced need for public mental health work that demonstrated good return on investment. No further investment into public mental health programmes of work will impact the Council's ability to address mental health need in the city. This will be amplified by the direct and indirect consequences of the pandemic and economic downturn. A decision to discontinue investment in public mental health risks the reputation of the council and legacy of nationally recognised work.
- 47 Requirements relating to information governance and the processing of personal data will be included in the specification and monitored through contract management processes including a Quality Management Framework.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth

Health and Wellbeing

Climate Emergency

- 48 This service will contribute to Best Council Plan's Safe, Strong Communities priority of being responsive to local needs, building thriving, resilient communities and a number of its health priorities, namely:
- Reducing health inequalities and improve the health of the poorest fastest
 - Supporting healthy, physically active lifestyles
 - Supporting self-care, with more people managing their own health in the community
- 49 Furthermore, it will support the Leeds Health and Wellbeing Strategy priority of "A stronger focus on prevention" and both Priority One of the Mental Health Strategy (Target mental health promotion and prevention within communities most at risk of poor mental health, suicide, and self-harm) and the overarching 'Workstream One' - Supporting populations particularly impacted by Covid-19 to stay mentally healthy.
- 50 The commission will operate from a number of sites to ensure easy access for local communities, and therefore minimising the need to travel and encouraging the use of public transport. This helps to reduce carbon emissions and environmental pollution which contributes to city actions to better manage air quality.
- 51 The type of interventions provided are aimed at improving health and well-being, including the prevention of hospital admissions which helps ensure we better manage our use of resource intensive (and high footprint) health and care services.
- 52 The service specification will require that the service undertakes to meet all legislation, guidance and good industry practice in environmental management and the objectives of the Council's sustainability policies. Officers from Adults and Health work with the provider through the established contract management process to ensure the service is proactively seeking to minimise its carbon footprint and thereby support the Council in achieving its ambition to be carbon neutral by 2030.

53 The proposal is also relevant to the Best City for Health and Wellbeing element of Leeds' Inclusive Growth Strategy, notably:

- Working in partnership to improve the health of the poorest the fastest
- Supporting healthy, active lifestyles to enable people of all ages to fully realise their social, educational and economic potential.

Options, timescales and measuring success

a) What other options were considered?

54 A range of service model options were considered, such as re-procuring based on the current contract scopes, separating some of the functions into different contracts, or combining all activity into one integrated contract.

55 It was decided that the integrated model will provide greater flexibility in delivery of key aspects of the model, including a seamless community development approach. This model ensures that best practice and evidence based interventions builds on the learning from the two previous commissions whilst reducing the duplication of core costs, providing the opportunity to rationalise and achieve better value for money.

56 There is also the option of ending the provision once the current contracts expire. However, there is still an evidenced need for this provision.

b) How will success be measured?

57 The contract will include a Performance Framework for the purpose of monitoring service delivery and outcomes.

c) What is the timetable for implementation?

58 If approval is given for the procurement, the intention is to go out to tender in October 2022. Approval to award the new contract will be sought in February 2023, which will allow for a mobilisation period before the new contract starts on 1st July 2023.

59 The Mentally Health Leeds contract variation would take effect on 1st April 2023 for a period of three months in order to maintain continuity of service until the new contract starts on 1st July 2023.

60 The Wellbeing Space and Support Service contract extension would take effect on 1st April 2023 for a period of three months in order to maintain continuity of service until the new contract starts on 1st July 2023.

Appendices

61 Equality Diversity Cohesion Integration Impact Screening