

MEETING:	ADULT SOCIAL CARE AND STRATEGIC HOUSING SCRUTINY COMMITTEE
DATE:	24TH SEPTEMBER 2010
TITLE OF REPORT:	PROGRESS REPORT ON MENTAL HEALTH PROCUREMENT
PORTFOLIO AREA:	ADULT SOCIAL CARE, HEALTH AND WELLBEING

CLASSIFICATION:

Open

Wards Affected

County-wide

Purpose

1 To receive an updated report on the progress of the Mental Health Procurement Project.

Key Decision

This is not a Key Decision.

Recommendation

THAT the Committee note the progress and risk associated with the Mental Health Procurement Project

Key Points Summary

- The aim of the Mental Health Procurement Project is to identify a specialist mental health provider to improve the delivery of mental health services for Herefordshire by extending the access to a wider range of services and improving governance through economy of scale and sharing best practice.
- The procurement includes the PCT adult mental health services (working age adults and older people) substance misuse services, Child and Adolescent Mental Health Services (CAMHS) and learning disability health employed staff (seconded to the local authority). There is also the opportunity for the preferred partner to manage some or all of the secondary commissioning on behalf of the PCT. This has been a competitive dialogue method selected because it is better able to identify a strategic partner.
- The budget for the directly delivered services is c£18million. The contract will be based on the national standard three year MH contract although permission is being sought from the SHA to offer a potential 2 year (1 + 1) extension based on good performance.

- The social care staff who are currently part of the integrated service will not TUPE to the new organisation but will continue to be provided as part of a S75 agreement on either a seconded basis or via an SLA with Integrated Commissioning.

Alternative Options

Reasons for Recommendations

- 2 To enable the Committee to carry out its function in relation to Mental Health Procurement.

Introduction and Background

- 3 The current Herefordshire Mental Health Services are provided by Herefordshire PCT's Provider Arm supported by staff seconded from Herefordshire County Council. Whilst the services provided are satisfactory the advantages of economies of scale offered by large specialist mental health providers are unavailable. Additionally there are issues around implementing national initiatives and clinical governance which are challenging within a small scale service.
- 4 In July 2009 the PCT board approved the proposal to commence the procurement process to identify a specialist Mental Health provider to deliver these services in Herefordshire. The Mental Health Procurement Project Board was established with Ian Williams, Director of Integrated Commissioning as the Project Executive, this role was later taken over by Wendy Fabbro, Associate Director (see Appendix 1 for governance structure). It was agreed that the procurement would be based on a 'competitive dialogue' model as it was believed that this would potentially deliver a closer match of strategic partner and offer a range of solutions for the future model of services in Herefordshire.
- 5 During August 2009 the tender was advertised and initially five organisations expressed an interest and completed a pre-qualifying questionnaire, which eliminated one organisation. A further organisation subsequently removed themselves from the process believing that they were too geographically remote to deliver an effective service in Herefordshire.
- 6 This resulted in the competitive dialogue being undertaken with three bidders, all of whom share a geographical boundary with Herefordshire and all being specialist mental health providers. Subsequently one bidder has chosen to withdraw from the process leaving two remaining bidders both of whom are Foundation Trusts. The aim of the dialogue is to understand what each bidder believes that they could deliver in Herefordshire and what added value they can bring, based on their expertise and experience elsewhere.

Commissioning Intentions

- 7 Commissioning intentions have been widely circulated and are available from project manager Alison Bolton

QA and assuring the process (HCS)

- 8 The process as detailed in the timetable below has involved the bidders submitting an outline proposal and after several dialogue sessions a detailed solution. Final dialogue sessions are currently underway to refine each bidder's solution and agree the financial model to support their solution before closing dialogue and issuing an 'Invitation to Tender' timetabled for the end of October 2010. Further refinements to the 3rd detailed solution are required following

the evaluation panels focus on the latest version, so a further and final round of dialogue is necessary as we need to have an acceptable bid to proceed to Invitation to Tender.

- 9 The process is now at a critical stage and necessitates commitment from those already engaged in the process and potentially additional support if the proposed timescale is going to be achieved. Specifically, the Competition and Collaboration Panel of the SHA have identified their requirement for a process taking a minimum of 120 days to approve the tender and identification of a preferred provider.
- 10 It is acknowledged that there may need to be contingency plans to manage the current service for a defined short period of time post April 2011 and therefore arrangements to continue either PCT oversight or ICO oversight are being worked up now in order to be in place by early 2011 at the latest.

Issues

- 11 The service has overspent for each of the last 3 years and so transfer of budget (not expenditure) in year 1 prior to change being delivered will result in a deficit for the bidder to manage
- 12 The Strategic Health Authority and Audit Commission have both separately reviewed the project and have found no cause for concern. Further, SHA have now approved the offer of a 3 year contract with potential to extend to 5 years subject to qualifying conditions relating to "Any willing Provider" assurances and preparation of an exit strategy.

Governance

- 13 DH approval was obtained to pursue the tender option in July 2010, subject to CCP approval. Commissioning of primary, secondary and Independent sector will be retained by PCT, although this will be held under review.
- 14 With regard to Council services, the impact on service users will be minimal and aims to deliver greater variety/diversity and easier access to services delivered by the same staff. Mental Health social care staff employed by the council will be seconded to the new provider, and the arrangement defined and managed via a Section 75 to be approved by cabinet once the preferred provider has been identified. Commissioning budgets will be retained by Herefordshire Council, and will not require additional governance arrangements.
- 15 The Mental Health procurement project has been running since July 2009 and to date there has been a huge commitment from all individuals involved. The project is now nearing its final stage and there is a need to ensure that it stays on track and that key milestones and targets are achieved. The Project Board does recognise that there is an increasing risk that the project will not be delivered on target

TIMETABLE FOR PROCUREMENT

July 2009	<ul style="list-style-type: none"> ▶ PCT Board approval to move ahead with project.
August 2009	<ul style="list-style-type: none"> ▶ Mental Health Service advertised in the Official Journal of the European Union.
October 2009	<ul style="list-style-type: none"> ▶ Five Expressions of Interest returned. ▶ Pre Qualifying Questionnaire reduced the number of interested bidders to four.
November 2009	<ul style="list-style-type: none"> ▶ Board approval sought to continue. ▶ Initial engagement of Mental Health Reference Group.
December 2009	<ul style="list-style-type: none"> ▶ Bidder Event held – to provide the bidders with an overview of the Service and set out procurement principles. ▶ Meeting with MHRG.
January 2010	<ul style="list-style-type: none"> ▶ Develop Invitation to Submit Outline Proposal (ISOP). ▶ Further meetings with Mental Health Reference Group
February 2010	<ul style="list-style-type: none"> ▶ ISOP issued to bidders ▶ Initial engagement of Herefordshire LINK
March 2010	<ul style="list-style-type: none"> ▶ ISOP returned. ▶ Bidders presented their outline proposal to Herefordshire stakeholders. ▶ ISOP assessed by Tender Evaluation Panel and feedback provided to bidders ▶ Meeting with Herefordshire LINK
April 2010	<ul style="list-style-type: none"> ▶ Develop and issue Invitation to Submit Detailed Solution (ISDS). ▶ Bidders meeting with Commissioning Team ▶ Bidders meeting with Mental Health Reference Group
May 2010	<ul style="list-style-type: none"> ▶ ISDS returned ▶ Bidders present their detailed solution to the Project Board and the Tender Evaluation Panel. ▶ Tender Evaluation Panel met bidders to feedback on their solution
June 2010	<ul style="list-style-type: none"> ▶ 2nd Submission of ISDS ▶ Assessment by Tender Evaluation Panel ▶ Feedback to bidders ▶ Undertake further dialogue sessions
August 2010	<ul style="list-style-type: none"> ▶ Close Competitive Dialogue ▶ Commence development of Invitation to Tender
September 2010	<ul style="list-style-type: none"> ▶ Board approval to Invitation to Tender ▶ Issue Invitation to Tender ▶ Invitation to Tender returned
Late September 2010	<ul style="list-style-type: none"> ▶ Formal evaluation of Invitation to Tender by Tender Evaluation Panel
October 2010	<ul style="list-style-type: none"> ▶ Panel recommendations to Board
Oct 2010 – March 2011	<ul style="list-style-type: none"> ▶ Mobilisation Phase
April 2011	<ul style="list-style-type: none"> ▶ Commencement

Key Considerations

- 4 The key objectives of the project are:
- To provide patients with greater access to mental Health Services
 - To improve the quality of Mental Health care available
 - To deliver affordable and Value for Money Mental Health Services

Financial Implications

- 6 Between £18million and £27 million plus overheads.

Legal Implications

- 7 This will be a substantial contract and appropriate legal advice has been sought.

Risk Management

- 8 The competitive dialogue process has been beneficial and has resulted in a sound understanding of the added value that can be achieved within the identified financial envelope by redesigning the current services and being part of a larger specialist mental health provider. However, the time commitment from all concerned has been onerous and the level of dialogue needed to finalise each organisation's solution has been greater than expected. There is a risk that if the competitive dialogue is not completed within the next few weeks then the ITT cannot be issued within the timescale identified. To keep the project as near as possible to the timetable development of the ITT is being undertaken simultaneously to the dialogue sessions and will need to be issued the week after dialogue has closed. The project board does recognise that there is an increasing risk that if dialogue can not be closed that the project will not be delivered within the timescale.

The release of money associated with Herefordshire corporate overheads is difficult, especially given the other changes that are taking place in Herefordshire, specifically the development of the Integrated Care Organisation and the creation of the Joint Venture Company. The bidders have been asked to consider whether they would be willing to be locked into these services at least for the first year of the contract. Although each bidder is prepared to do this there are risks associated with this based on their expectation of service standards and the future potential to release resources.

The overall capacity to deliver a successful tender of this size and complexity cannot be under-estimated and alongside this several of the key people are also involved in other change programmes, some of which have already been identified within this report. To ensure that the momentum is not lost the Interim Director of Integrated Commissioning and Director of Resources (PCT) have committed to ensuring that this work is prioritised by identified staff within their directorates and that the full range of resources are utilised.

There are risks associated with a project of this size and complexity and these have been identified and are being monitored by the Project Executive, Wendy Fabbro, Associate Director of Commissioning. Risks are reported to the Mental Health Procurement Project Board on a monthly basis and will be escalated if appropriate.

Consultees

- 9 Extensive consultation has been undertaken with Service users and carers via the Mental Health Reference group (who provided some of the commissioning intentions imperatives for the first submission), staff and clinicians (including presentations to PBC, and GP attendance at presentations) via the clinical evaluation group supporting the multiagency/professional evaluation panel, Members via Scrutiny and Cabinet and items in Herefordshire newsletters.