

Agenda item: 7

Paper no: 3

	Surrey County Council use	ICBs use
Section 151 Finance cleared on:	23/11/2022	
Legal cleared on	10/11/2022	
Executive Director cleared on:	29/11/2022	
Cabinet Member cleared on:	28/11/2022	

Title of Report:	Approval request for Community Connections: contract extension	
Status:	TO APPROVE	
Committee:	Surrey-wide Commissioning Committees in Common	Date: 14/12/22
Venue:	Virtual meeting/ Woodhatch Place, Reigate (Surrey County Council)	
Presented By:	Jane Bremner, Head of Commissioning: Mental Health, Adult Social Care, Surrey County Council (SCC) Stephen Murphy, Deputy Director of Mental Health Commissioning, NHS Surrey Heartlands ICB	
Author(s)/ Lead Officer(s):	Dave Wimblett - Senior Commissioning Manager, SCC Natalie Assender – Commissioning Manager, NHS Surrey Heartlands ICB Janine Sanderson – Associate Director Adult Mental Health, NHS Frimley ICB	

Executive Summary:

Community Connections services are a key part of the mental health offer in Surrey. These jointly funded contracts are due to end in March 2023, and we are proposing the extension of the contracts by one further year to allow more time to complete an innovative and legally compliant procurement of Community Connections ‘plus’ services. The intention remains to work collaboratively with a range of providers and commissioners to deliver a co-produced and coordinated voluntary sector mental health offer in Surrey.

Governance:

Conflict of Interest: The Author considers:	None identified	✓
Previous Reporting: (relevant committees/ forums this paper has previously been presented to)	Committee name: Surrey Strategic Health and Care Commissioning Collaborative Meeting date: 25/11/22 Outcome: Agreed	
Freedom of Information: The Author considers:	Open – no exemption applies. Part I paper suitable for publication.	✓

Recommendation(s):

The Surrey-wide Commissioning Committees are asked to:

1. Approve a one year additional extension of community connections contracts, taking the expiry date to 31 March 2024.

Reason for recommendation(s):

Community Connections services are an integral part of the mental health support offer for Surrey citizens; they deliver value for money services that improve people's outcomes. Following legal advice, the commissioners are requesting an extension of current contract arrangements to allow more time to complete an innovative and legally compliant procurement of Community Connections 'plus' services. The intention remains to work collaboratively with a range of providers to deliver a co-produced and coordinated voluntary sector mental health offer in Surrey.

Next Steps

- (1) Extend all community connections contracts by one further year from 1 April 2023 – 31 March 2024
- (2) Following board decision, finalise procurement timetable for Community Connections services from April 2024 onwards
- (3) Return to Committees in Common for approval of route to market
- (4) Planned Community Connections 'plus' contract and pooled fund starting from 1 April 2024

1. Details:

Background

- 1.1. Community Connections services are a key part of the mental health offer for adults in Surrey. They are jointly funded by Adult Social Care (ASC) and Health predominantly through the Better Care Fund. The services are delivered by three voluntary sector lead providers (Catalyst, Mary Frances Trust, and Richmond Fellowship).
- 1.2. They are universal access services that support people with mental health needs to stay well in their communities through social connections and networks, contributing to system priorities around early intervention and prevention. They are an integral part of the pathway for people who experience mental health problems, often bridging the gap between primary mental health care and secondary mental health care.
- 1.3. As well as being a Community Connections lead provider, Mary Frances Trust, Catalyst and Richmond Fellowship deliver Safe Havens in partnership with Surrey and Borders Partnership Trust (SABP). They are now also key partners in the new primary care integrated mental health services (GPiMHS and MHICS) and are part of mental health hospital discharge via their In-Reach contract and supporting people into the community from community mental health recovery services via the Recovery and Connect service.

- 1.4. As a result of this partnership working, and in line with Surrey’s shared strategic vision, commissioners from ASC, NHS Surrey Heartlands ICB and NHS Frimley ICB along with SABP have agreed to take a collaborative commissioning approach to working with voluntary sector providers delivering mental health services.
- 1.5. Extending the current Community Connections and Safe Havens contracts will provide the required time to deliver a legally compliant procurement for an innovative new collaborative approach which aligns services outlined above with others as part of an umbrella voluntary sector offer for people with mental health needs in Surrey.

2. Consultation:

- 2.1. A collaborative approach is being taken to aligning contracts, involving commissioners from Surrey County Council, NHS Surrey Heartlands, NHS Frimley and officers from SABP plus the mental health lead for Surrey Coalition and the Independent Mental Health Network (IMHN).
- 2.2. There is also a reference group with providers, IMHN and service users that has been involved from the beginning, helping review services to date, designing engagement questions about the future of services and contributing to a market position statement.
- 2.3. Engagement sessions with stakeholders took place in June and July 2022 to inform refreshed service specifications. These were held in-person (for those with limited or no ability to engage online), virtually (for those unable or unwilling to travel –reimbursement was offered for travel expenses) and via an electronic survey (for those wishing to feedback anonymously). Over 100 service users, carers and professionals took part.
- 2.4. Service users and carers were asked what they want from the services they use, what the strengths of the current services are, any areas for improvement and their experience accessing the service. Professionals were asked similar questions from their point of view.

3. Risk Management and Implications:

- 3.1. The following key risks associated with extending the contracts have been identified, along with mitigation activities, in the table below:

Category	Risk Description	Mitigation Activity
Financial	Services do not deliver quality outcomes expected to demonstrate increased value for money	Key Performance Indicators are in place and monitored in quarterly review meetings.

	Better Care Fund funding has not been confirmed	We fully expect BCF to continue. We also have clauses in the contracts which allow the Council to terminate the contracts on 30 days' notice in writing in the event any grant from Central Government or a recognised third party to fund the services is withdrawn, reduced or delayed.
Reputational	Data Protection or Safeguarding breach	The 'Termination Clauses' allow the Council to terminate the contracts immediately in the event of a safeguarding or data protection breach.
Service Delivery	Quality of service delivered does not meet objectives and needs.	Strong contract management and quarterly contract review meetings.

4. Financial and 'Value for Money' Implications

4.1. The cost of the one-year extension is £2,019,194 across the 5 contracts, which is the current total cost of all contracts excluding any inflationary uplift from April 2023. The services are funded through Better Care Fund (BCF) and the funding is available for 2023/24 subject to the continuation of the BCF, which we fully expect to happen.

4.2. A decision will be required about whether there will be an annual inflationary uplift for the 5 contracts from April 2023. The scale of inflationary uplift will be agreed by the Council and health partners within available resources as part of their budget setting processes for 2023/24. It is likely that any uplift will need to be funded out of increased resources from government in Surrey's Better Care Fund.

5. Section 151 Officer Commentary

5.1. Although significant progress has been made to improve the Council's financial position, the financial environment remains challenging. The UK is experiencing the highest levels of inflation for decades, putting significant pressure on the cost of delivering our services. Coupled with continued increasing demand and fixed Government funding this requires an increased focus on financial management to ensure we can continue to deliver services within available funding. In addition to these immediate challenges, the medium-term financial outlook beyond 2022/23 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources

will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.

- 5.2. Community Connections services are currently largely funded out of Surrey's Better Care Fund, a joint pooled budget between Surrey's Clinical Commissioning Groups and Surrey County Council.
- 5.3. In this context Section 151 Officer confirms that the extension proposed in this paper could be funded out of BCF as long as partners agree to retain the current level of funding within Surrey's BCF for Community Connection services.
- 5.4. It is essential though that sustainable funding sources from commissioning partners are identified before any long-term commitment is made to the continued funding of Community Connections services beyond 2023/24. This would include securing the additional funding required to fund any proposed increase to the cost of current contracts.
- 5.5. The final approved outcome of the procurement for new Community Connections services will be factored into the Council's Medium Term Financial Strategy.

6. Legal Implications – Monitoring Officer

- 6.1. Services contracts of this value need to be competitively tendered for under The Public Contracts Regulations 2015, as amended, (PCRs).
- 6.2. Rule 2.7a Summary table of the Council's Procurement and Contract Standing Orders (PCSOs) requires the Council to tender for services of this value.
- 6.3. Regulations 72(1)(b) and 72(1)(c) of the PCRs allows the Council to modify contracts without a new procurement process where:

“(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, or*
- (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;*

(c) where all of the following conditions are fulfilled:—

- (i) the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen;*

(ii) the modification does not alter the overall nature of the contract;

(iii) any increase in price does not exceed 50% of the value of the original contract or framework agreement.”

- 6.4 Regulation 72(3) of the PCRs requires the Council to send a notice to that effect, in accordance with Regulation 51, for publication.
- 6.5 The value of the 1 year extension totals £2,019,194m across the 5 contracts so the extension is therefore allowed under Regulations 72(1)(b) and 72(1)(c) of the PCRs as the increase in price does not exceed 50% of the value of the original contracts which were for an initial period of 3 years with the option to extend by 2 further periods of up to 12 months each.
- 6.6 Rule 2.7 of the Council's PCSOs states that any procurement, including extensions and variations to Contracts set out in the Annual Procurement Forward Plan and approved by Cabinet, are deemed authorised irrespective of the contract value and must be advertised, awarded and signed/sealed in line with table 2.7 a columns F-J. Any procurement not authorised as above must be authorised in accordance with table 2.7. a Summary table column E.
- 6.7 Legal will draft the Deeds of Extension and will arrange to have the same executed by the parties.
- 6.8 Legal will assist and advise, where required, with the reprocurement of the services and will comment on the report that is brought back to CIC in due course. Legal will also draft the appropriate contract(s) for the new provider(s).

7. Equalities and Diversity

- 7.1. An equality impact assessment (EIA) was developed for the original contractual agreements and is available [here](#). An Equality Impact Assessment (EIA) is being completed as part of the collaborative project planning the alignment of Community Connections 'plus' services. This will be provided when final approval is requested for a new commissioning approach.

8. Other Implications:

- 8.1. Safeguarding Responsibilities for Vulnerable Children and Adults Implications
- 8.2. The terms and conditions of the contract will stipulate that the provider will comply with the Council's Safeguarding Adults and Children's Multi-Agency procedures, any legislative requirements, guidelines, and good practice as recommended by the Council. This is monitored and measured through the contractual arrangements.
- 8.3. The service will operate a client centred approach, working collaboratively with other Health and Social Care Services.

9. Public Health Implications

9.1. Community Connections services play a vital part in the early intervention and prevention agenda, and link with Public Health priority areas including suicide prevention and addressing stigma. The lead providers are commissioned by Public Health to deliver the current End Stigma campaign.

9.2. There are plans to include a sub lot for Public Health commissioners in 2024 commissioning approach.

Consulted:

Co-production and engagement is ongoing. So far, the following have been involved in planning:

Sinead Mooney, previous Cabinet Member for Adults and Health

Mark Nuti, Cabinet Member for Adults and Health

Liz Bruce, Joint Executive Director, Adult Social Care & Integrated Commissioning

Jonathan Lillistone, Director Integrated Commissioning, Adult Social Care and Integrated Commissioning

Strategic Health and Care Commissioning Collaborative

Adults and health select committee

Adult Social Care commissioners

NHS Surrey Heartlands CCG commissioners

NHS Frimley CCG commissioners

Leaders from Surrey and Borders Partnership Trust

Service providers delivering existing in scope services

The IMHN and nominated service user representatives

Wil House, Strategic Finance Business Partner for Adult Social Care and Public Health

Danielle Bass, Procurement Partner, ASC and Public health

Greta O'Shea, Senior Solicitor – Contracts, Procurement and Projects

Children, Families & Learning commissioners – informal briefing to be arranged

Engagement with service users, carers and professionals took place in summer 2022

Annexes:

N/A

Sources/background papers:

[CIC Briefing paper on recommission of Community Connections 'Plus' – June 2022](#)
