

Cabinet

3 June 2025

Gateway 1 Procurement Commencement: Medway Therapeutic Alliance Procurement

Portfolio Holder: Councillor Adam Price, Portfolio Holder for Public Health

Report from: Dr. David Whiting, Public Health Directorate

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Procurement Overview

Total Contract Value (estimated): £1,321,869 per annum
Medway Council contribution= £426,000 pa
NHS Kent and Medway Integrated Care
Board= £895,869

£6,690,345 for initial 60 months
£13,218,690 for 120 months (includes first
60-month extension)
£17,184,297 for 156 months (includes
additional 36-month extension)

Regulated Procurement: Yes

Proposed Contract Term: 156 months (for 5+5+3 years)
192 months (if the additional 3-year
extension utilised at end of 156 months)

Summary

This report seeks permission to commence the procurement of the Medway Therapeutic Alliance Contract.

1. Recommendation

- 1.1. The Cabinet is requested to approve the procurement of the 'Medway Therapeutic Alliance,' which will provide short term evidence-based interventions for mild to moderate emotional wellbeing needs to 5–18-year-olds (up to 25 years for those who are care leavers, and up to 25

years for those with special educational needs who are in treatment or awaiting treatment) as per the preferred option identified in paragraph 5.3.1.

2. Suggested Reasons For Decision

- 2.1. Approval of the decision to procure the 'Medway Therapeutic Alliance' through option 5 (Competitive Process) will ensure Medway children and young people (and their families) are provided with appropriate and timely mental health and emotional wellbeing support and services. As the service will provide early intervention and preventative support for children and young people, this should in turn reduce onward referrals to specialist mental health services by meeting children and young people's emotional wellbeing needs and outcomes through positive impact.

3. Budget & Policy Framework

- 3.1.1. This report and procurement falls within the Council's strategic priorities including "healthy active communities", "all children achieving their best in school" and aligns with "children and young people in Medway will develop well".
- 3.1.2. The procurement of the 'Medway Therapeutic Alliance' will also work within the following frameworks and strategies:
 - SEND Strategy
 - Parenting Strategy
 - I-THRIVE Framework
 - Trauma Informed Practice and Adverse Childhood Experiences
 - NHS Kent and Medway's Children and Young People's ICS Strategy
 - Core 20 Plus 5
 - NHS Long Term Plan
 - Kent and Medway Local Transformation Plan
 - Medway Council Plan
 - Joint Local Health and Wellbeing Strategy
- 3.1.3. The budget for the Therapeutic Alliance will be pooled from Medway Council existing investment into specialist mental health services and NHS Kent and Medway Integrated Care Board's, Mental health Standards Investment funding aligned to the NHS Long-Term Plan. The Medway Council contribution is £426,000 per annum and £895,869 per annum is from the NHS Kent and Medway Integrated Care Board.
- 3.1.4. In relation to inflationary uplifts NHS Kent and Medway Integrated Care Board have stated: *All monetary values should be stated at 2024/25 prices as inflation will be agreed and applied annually by variation to contract if necessary.* This will be built into the contract and any applicable inflationary uplift has to be approved by the NHS Kent and Medway Integrated Care Board in agreement with Medway Council.

This can be agreed through the Joint Commissioning Management Group (JCMG).

- 3.1.5. Funding has been approved by Medway Council and NHS Kent and Medway Integrated Care Board for a total of thirteen years, which is stipulated as five plus five plus three. Medway Council have included a remaining three-year extension into the contract, but this is only for extenuating circumstances and would need to be approved by NHS Kent and Medway Integrated Care Board in terms of funding. Medway Council do not plan to utilise this additional three-year extension.

3.2. Background Information and Procurement Deliverables

- 3.2.1. The NHS Long Term Plan recognises the need to ensure appropriate mental health and emotional wellbeing services are available for children, young people and young adults and commits to implementing a new approach. Locally, this has been achieved by the implementation of the Kent and Medway Local Transformation Plan (LTP). This procurement supports priorities such as:

- Increase in community-based mental health services to meet the needs of more children and young people, with 30,321 children and young people accessing support across Kent and Medway.

- 3.2.2. As there were a number of contracts across Kent and Medway for children and young people's mental health and emotional wellbeing being due to expire, a decision was made by the NHS Kent and Medway Integrated Care Board to re-design the wider children and young people's mental health and emotional wellbeing system across Kent and Medway. The re-design led to a 'new approach' which consisted of a 'Mental Health Collaborative', which would have three contracts: Specialist Mental Health, Education and Therapeutic Alliance. Due to logistics and timing a decision was made to strategically pause the Specialist Mental Health and Education contracts and focus on the Therapeutic Alliance contract.

- 3.2.3. Initially the NHS Kent and Medway Integrated Care Board were planning procurement for a Kent and Medway wide Therapeutic Alliance and were leading on the procurement and commissioning arrangements (with Medway Council support). Medway Council Partnership Commissioning proposed that a Medway Therapeutic Alliance would be more appropriate to meet the needs of children and young people in Medway, this decision was supported by the Children and Young People Overview and Scrutiny Committee and JCMG and was approved in January 2025.

- 3.2.4. A section 75 is in process between NHS Kent and Medway Integrated Care Board and Medway Council, whereby Medway Council will be provided with the appropriate funds from NHS England, combined with

Medway Council contribution funding and will procure and contract manage the Medway Therapeutic Alliance.

- 3.2.5. The 'Medway Therapeutic Alliance' will provide support to children and young people in Medway aged 5-18 years (inclusive of their 19th Birthday) and up to the age of 25 years for those who are care leavers or those already in the service with special educational needs who require on-going therapeutic support.
 - 3.2.6. The service will provide children and young people with short interventions through evidence-based interventions for mild to moderate mental health and emotional wellbeing needs. This will be delivered through 1-1 and group interventions, workshops, peer and parenting support and a whole school approach, with some elements being provided to parents, carers, schools and Medway professionals.
 - 3.2.7. The provider will be expected to carry out consultation and triage through a 'Referral and Advice Point' and for cases accepted into the 'Medway Therapeutic Alliance' assessment and treatment will be offered. The interventions provided will be provided through a hybrid model of virtual and face to face, with the provider expected to be able to offer face to face within Medway.
 - 3.2.8. The procurement will be for a lead provider model, who will be expected to carry out the functions of the core offer, with options to subcontract specific elements of the contract (e.g. digital interventions/care leavers support) dependent on lead provider experience and expertise.
 - 3.2.9. There will also be distinct internal pathways for Medway's vulnerable children and young people such as those who are Children in Care, Care, Leavers and those in the Youth Justice Service. The distinct pathways will ensure these children and young people are prioritised when triaging, assessing and for children in care commencing.
 - 3.2.10 Alongside the core functions, there is an expectation that the provider will create and implement an i-THRIVE focused directory of support and resources for children, young people, parents and carers as well as the wider system in Medway. I-Thrive is a nationally accredited framework for mental health and emotional wellbeing.
- 3.3. Parent Company Guarantee/Performance Bond Required
- 3.3.1. The Lead Officer requests that the Parent Company Bond to be waived, as this will potentially prohibit small to medium providers to bid for the contract (and small to medium sized providers are the majority of the market). In addition, the funding is to be paid quarterly, preventing loss of finance as paid in arrears and should there be service failure then the service would be re-procured.

4. Procurement Dependencies and Obligations

4.1. Project Dependency

- 4.1.1. This procurement is a standalone project and not dependent on any other procurement currently in existence or planned within Medway Council.

4.2. Statutory/Legal Obligations

- 4.2.1. Not Applicable.

4.3. Procurement Project Management

- 4.3.1. The management of this procurement process will be the responsibility of the Category Management team.

4.4. Post Procurement Contract Management

- 4.4.1. The management of any subsequent contract will be the responsibility of the Programme Lead for Children's Mental Health and Emotional Wellbeing.
- 4.4.2. To ensure the needs of the requirement are met and continuously fulfilled post award, the following KPIs will be included in the tender and will form part of any subsequent contract.

| # | Title | Short Description | %/measurement criteria |
|---|---------------------------|--|------------------------|
| 1 | Triage | 80% of referrals are triaged within 10 working days | >80% |
| 2 | Assessment | 80% of individuals assessments commence within 4 weeks | >80% |
| 3 | Treatment | 80% of individuals to receive treatment within 12 weeks | >80% |
| 4 | Paired Outcomes | 70% of children/young people/parents/carers have a paired outcome, aligning to the national metric | >70% |
| 5 | Paired Goals | 70% of children/young people/parents/carers have paired goals | >70% |
| 6 | 1:1 Improvement | 50% of children/young people/parents/carers show improvement when receiving 1:1 intervention | >50% |
| 7 | Group support improvement | 50% of children/young people/parents/carers show improvement when receiving group support | >50% |

| # | Title | Short Description | %/measurement criteria |
|----|---------------------------|--|------------------------|
| 8 | Intended goals met | 80% of children/young people/parents/carers met their intended goal | >80% |
| 9 | Self-rated improvement | 80% of children/young people/parents/carers have shown an improvement (through self-rated feedback forms) in specified areas (areas to be specified during mobilisation) | >80% |
| 10 | Mandatory training | 90% of staff have completed relevant mandatory training | >90% |
| 11 | PBS Behaviour improvement | 80% of children and young people show an improvement in frequency, intensity and duration score for specified behaviour when supported using PBS interventions. | >80% |

5. Market Conditions and Procurement Approach

5.1. Market Conditions

5.1.1. The current market condition for children and young people's mental health and emotional wellbeing services is established, competitive and most importantly motivated which has shown the impact of engaging with providers since 2023.

5.1.2. There were 19 individual local and national providers at the virtual and in-person provider market engagement events held in February and March 2025. In addition, a total of 13 individual providers are booked in for a 1-1 with the service lead officer to better understand the procurement.

5.2. Procurement Options

5.2.1. As this is a) health-based services contract, the Provider Selection Regime dictates the following options:

- **Option 1– Direct Award Process A:** Direct award process A must be used where there is an existing contract and there is no realistic alternative provider due to the nature of the services. It cannot be used to award newly established services nor frameworks. Officers must detail whether DA Process A is applicable to the need. If so, it must be applied, if not, it cannot be used.
- **Option 2 – Direct Award Process B:** Direct award process B must be used where there is unlimited patient choice and the Local Authority has, or would establish, a system to admit all eligible providers. It cannot be used to award newly established services, nor frameworks. Officers must detail whether DA Process B is

applicable to the need. If so, it must be applied, if not, it cannot be used.

- **Option 3 – Direct Award Process C:** Direct award process C may be used where there is an existing provider whose satisfied the current contract, which is ending, is likely to satisfy a new contract with no considerable changes to the services, and Direct award processes A nor B apply. It cannot be used to award newly established services, nor frameworks. Officers must detail whether DA Process C is applicable to the need. If so, it must be applied, if not, it cannot be used.
- **Option 4 – The most suitable provider process:** The most suitable provider may be used where Direct award processes A nor B do not have to be applied, and the Council does not wish to or cannot follow direct award process C. It cannot be used to establish a framework but can be used for a newly established service. Officers must detail whether the most suitable provider process is applicable. If so and they wish to utilise it, they must justify how they came to that conclusion in consultation with the CatMan team. If so and they don't use it, they must detail why.
- **Option 5 – The competitive process:** The competitive process must be used when direct award processes A nor B apply, the Council cannot or does not wish to follow direct award process C or wishes to establish a framework agreement or similar. Officers must detail whether the competitive process is applicable. If so, they must detail what type of process they wish to follow i.e. open market or framework.

5.3. Advice and analysis

5.3.1. Commissioners believe Option 5: The Competitive Process procured through an open market, is the preferred option route to procure the Medway Therapeutic Alliance contract. The key reasons are explained below:

- Commissioners have followed the PSR flowchart which indicates a competitive process is the preferred option. Commissioners believe for the reasons stated above option 5 is the most appropriate. This is justified by point 3.2.1.5.
- As this service is considered to be new in its entirety (with elements of current services hence TUPE being eligible) there is no option to direct award through A, B or C or most suitable provider and therefore a competitive process undertaken through open market is their fairest option for the market, and in the best interest of the Council.

5.3.2. It is recommended that the contract length be a 60-month term with the option to extend for an additional 60 then 36 months by mutual agreement and a further 36 months but *only* in the instance of

extenuating factors (outside of Medway Council control that may sit with the NHS Kent and Medway Integrated Care Board) whereby the additional 36 months would ensure service provision continues, and where the NHS Kent and Medway Integrated Care Board continue to fund their proportion of the service for the last 36 months. The break clause at 5 years will also provide commissioners with an opportunity to review the impact of Local Government Reorganisation on the contract and any changes that may be needed to accommodate this.

5.4. Evaluation Criteria

5.4.1. The Provider Selection Regime mandates the use of 'key criteria' as the only scoring criteria. The table below details the key criteria as well as the scoring methodology applied for this tender.

5.4.2. Officers propose to evaluate bidders against the following quality criteria within the tender.

| Key Criteria | Weighting (%) | Purpose |
|---|---------------|---|
| Social Value | 5% | <p>No. of local direct employees (FTE) hired or retained (for re-tendered contracts) on contract for one year or the whole duration of the contract, whichever is shorter</p> <p>Percentage of local employees (FTE) on contract</p> <p>Initiatives taken or supported to engage people in health interventions (e.g. stop smoking, obesity, alcoholism, drugs, etc.) or wellbeing initiatives in the community, including physical activities for adults and children.</p> <p>Innovative measures to promote local skills and employment to be delivered on the contract - these could be e.g. co-designed with stakeholders or communities, or aiming at delivering benefits while minimising carbon footprint from initiatives, etc.</p> |
| Improving access, reducing health inequalities, and facilitating choice | 30% | <p>The service will need to ensure it is fully accessible to all children and young people with low to moderate mental health and emotional wellbeing needs. The service will need to be innovative to ensure challenges to accessing services are prevented and reduced. This will include engagement and consultation, to ensure the needs and wishes of children and young people are</p> |

| Key Criteria | Weighting (%) | Purpose |
|--|---------------|---|
| | | met. In addition, the service will ensure that it's offer is delivered through multiple methods to reduce barriers and health inequalities (such as face to face, online, group, 1-1, workshops) providing choice where possible. |
| Integration, collaboration, and service sustainability | 25% | The service is part of a wider mental health and emotional wellbeing system across Kent and Medway as well as specifically in Medway. The service plays a pivotal role in ensuring children and young people are supported through the 'Getting Advice' and 'Getting Help' needs led categories of i-THRIVE. They are responsible for ensuring children and young people access appropriate services in a timely manner and will need to work collaboratively with universal and specialist services to achieve this, as well as ensuring transitions are carefully considered and implemented. The service will be part of strategic leadership decision making as the core provider of mild to moderate emotional wellbeing support in Medway. |
| Quality and innovation | 15% | <p>This service has been designed for children and young people in Medway, with engagement from children, young people and their families. Their views and needs have shaped the new model and approach and service specification. The service will be providing interventions and support that will focus on children and young people outcomes, whereby the service will need to evidence the impact it has had, ensuring good quality of care and treatment is being delivered.</p> <p>The service will need to demonstrate innovation as this contract is for 13 years (including extensions) therefore, there will be emerging and differing mental health and emotional wellbeing needs over this timeframe. In addition, there will be potential changes to legislation and frameworks that underpin this procurement that will need to be considered through innovation to ensure delivery is safe, effective and up to date.</p> |

| Key Criteria | Weighting (%) | Purpose |
|--------------|---------------|--|
| Value | 25% | The provider will deliver services that are cost effective and will provide excellent value for money. If there is any underspend, this will be re-utilised within the service to ensure the needs of children and young people are met (as this is not a cost saving service). Innovation to be used where efficiencies need to be made, to reduce additional cost and maximise the impact of the service on its users ensuring their needs are met holistically. The service sits within the wider children and young people's mental health system that aims to work in partnership to reduce health inequalities and ensure children and young people meet their full potential. |

6. Risk Management

| Risk | Description | Action to avoid or mitigate risk | Risk rating |
|--|---|---|------------------------------------|
| Financial risk re: Medway Council Contribution towards the Therapeutic Alliance | There is a risk that the Medway Therapeutic Alliance would not be able to continue if Medway Council were not committed to joint funding with the K&M ICB. | Medway Council has committed to the allocation of the funding for at least the first 5 years of the Medway Therapeutic Alliance contract to enable services and support to be provided locally within Medway. | C-II Unlikely, but major impact |
| Financial risk re: K&M ICB providing Medway Council with the allocated funds for the Medway Therapeutic Alliance | There is a risk that the Medway Therapeutic Alliance would not be able to continue if K&M ICB did not continue to provide Medway Council with Medway's allocated proportion of the MHIS funding (from NHSE) | K&M ICB have committed to funding both the Kent and Medway specific Therapeutic Alliances, for at least 10 years (with option to extend for another 3 years), as the MHIS funding from NHSE is ringfenced for CYP Mental Health and Emotional Wellbeing. K&M ICB have to ensure all CYP (including Medway's) are provided with appropriate mental health and emotional | C-II Unlikely, but major impact |

| Risk | Description | Action to avoid or mitigate risk | Risk rating |
|--------------|--|--|--|
| | | <p>wellbeing services and support.</p> <p>The agreement will be written into a S75 agreement to secure this commitment.</p> | |
| Mobilisation | There is a risk associated that the service offer will not be mobilised by start date (currently 1 st April 2026) | <p>Programme Lead for CYP Mental Health and Emotional Wellbeing, to ensure that time frames are met, utilising project plan and skills within the team.</p> <p>The service specification is 90% completed, consultation has taken place across Medway over the last 18 months, and there has been clinical input from external colleagues.</p> <p>Partnership commissioning also have experience of mobilising services within a 3–6-month time frame.</p> | <p>C- III</p> <p>Unlikely and moderate</p> |
| Workforce | There is a risk with the Therapeutic Alliance model, that not all the workforce will be in place for the mobilisation date. This is partly due to the size of the contract, services that may need to be sub-contracted, as well as national workforce challenges. | Providers who wish to bid for the contract will need to establish hosts, with a minimum workforce to commence. In addition, they will need to provide a robust mobilisation plan that demonstrates their plan to recruit (where appropriate) as well as their interim plan for providing the service. Lastly, there will be a mobilisation period, which will give the provider time to recruit before the service commences which will also encompass the TUPE of staff from several existing services. | <p>B- III</p> <p>Likely and moderate</p> |

For risk rating, please refer to the following table:

| Likelihood | Impact: |
|---|--|
| A Very likely B Likely C Unlikely D Rare | I Catastrophic II Major III Moderate IV Minor |

7. Consultation

- 7.1. There was initially 12 months of consultation and engagement undertaken across Kent and Medway in relation to the changes of the current mental health and emotional wellbeing services and wider system, commencing in 2023. An online survey reached 36,000 people with 981 individual responses, with 250 children and young people attending the Big Conversation Event as well other events such as the Young People's Mental Health Conference held to gather feedback and insights from children and young people themselves. Partnership Commissioning also sought feedback from specific cohorts of Medway children and young people in addition to the work across Kent and Medway, through their annual Children and Young People's Mental Health Event, held in February 2024 and 2025.
- 7.2. In 2024 an Autism Spectrum Condition (ASC) and Attention Deficit Hyperactivity Deficit Disorder (ADHD) engagement piece of work was carried out by partnership commissioning to better understand the mental health and emotional wellbeing needs of those with ASC and ADHD and explore where there are gaps in service provision, to improve future service delivery.
- 7.3. Partnership commissioning are also currently finalising a Self-Harm Project which has been undertaken by Medway Council, Medway and Swale Healthcare Partnership, Healthwatch Medway and Medway Voluntary Action to better understand the needs of those children, young people and young adults who Self-Harm as well as complete a data analysis of the increased attendances to A&E for under 18 year olds (in relation to Self-Harm).
- 7.4. More recently, there has been dedicated consultation with parents, carers, Medway professionals, partners, stakeholders and local providers. This includes webinars, workshops and market engagement events where feedback has been gathered to support the new approach and procurement which will influence the service specification and future model.
- 7.5. Partnership commissioning are also working closely with Medway's Children's Social Care, Medway Youth Council, Medway Parent Carer Forum and Adult Social Care to consult and engage in relation to suitable questions to ask providers as part of the procurement process.
- 7.6. Lastly, feedback from Medway's Oversight & Scrutiny Committee and Joint Commissioning Management Group (JCMG) has been positive towards the proposal of the 'Medway Therapeutic Alliance'

procurement with Council leaders and members fully supporting and approving the new model in Medway and acknowledging that this is required in order to meet children and young people's mental health, and emotional wellbeing needs to ensure appropriate support in a timely manner.

8. Service Implications

8.1. Financial Implications

- 8.1.1. The procurement requirement and its associated delivery as per the recommendations will be funded from Medway Council's existing revenue at a total of £426,000. Please note that the additional £895,869 will be funded by the NHS Kent and Medway Integrated Care Board, through the Mental Health Investment Standards funding (which is direct from NHS England). Funding has been approved by the NHS Kent and Medway Integrated Care Board through their Executive Management Team (EMT) and Finance Department. In addition, the funding arrangements have been approved by Medway Council's Oversight and Scrutiny Committee as well as through the Joint Commissioning Management Group (JCMG). A section 75 agreement is being drafted between Medway Council and NHS Kent and Medway Integrated Care Board as per EMT and JCMG recommendations and approval.

8.2. Legal Implications

- 8.2.1. The S75 agreement which underpins the Better Care Fund, will need to be updated and a legal contract will need to be drafted following the completion of the procurement process. Legal advice should be sought throughout the procurement process.

8.3. TUPE Implications

- 8.3.1. TUPE will apply to this procurement, with six existing organisations identifying staff eligible for TUPE.

8.4. Procurement Implications

- 8.4.1. The contract proposal does not contain any agreement for inflation cost increases. Considering the contract is initially 5 years with an extension of 5 years, plus 3 years this presents an element of risk either to the continuation of the service or the service being able to deliver to the required standard for the full period. If the ICB are unable to award inflationary costs and the impact of this leads to cuts being required to the service, the commissioners will work closely with the provider to reshape services ensuring the most vulnerable are still able to access support.

8.5. ICT Implications

- 8.5.1. There are no implications to ICT as a result of this procurement.

9. Social, Economic & Environmental Considerations

9.1. Social value considerations given to the tender will be:

- Social: Healthier, Safer and more Resilient Communities
- Promote Local Skills and Employment
- Growth- supporting growth of responsible regional business
- Environment- decarbonising and safeguarding our world
- Innovation- promoting social innovation

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Appendices

Appendix 1 – Diversity Impact Assessment

Background Papers

The following documents have been relied upon in the preparation of this report:

[NHS Long Term Plan \(NHSE Paper\) – January 2019](#)
[Kent and Medway Local Transformation Plan – July 2022](#)