


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">3 DECEMBER 2018</p>	
<p>REFORMING SPECIALIST HOUSING</p>	
<p>Report of the Cabinet Member for Public Service Reform - Councillor Adam Connell</p>	
<p>Open report A separate report on the exempt part of the Cabinet agenda provides financial information.</p>	
<p>Classification - For Decision</p> <p>Key Decision: Yes</p>	
<p>Consultation The development of this report has been informed by the Specialist Housing Board which includes representation from adult social care, housing, growth and regeneration, and children's services.</p>	
<p>Wards Affected: All</p>	
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1. EXECUTIVE SUMMARY

- 1.1. This report sets out work the Council is undertaking to reform its investment in Specialist Housing. The key principle informing this new approach is the need to provide the right home with the right support at the right time as the basis to improve outcomes for residents. This recognises the central role that housing plays in supporting people who may need specialist housing to maintain their autonomy, enabling them to stay in a home of their own, or recover from a crisis before living independently again.
- 1.2. The report suggests the need for reform to improve outcomes for local people and tackle inequality, building on the Council's historical investment in this area. Change is needed to prioritise new models of support which are based

on the principles of co-production that the Council is embedding following the publication of the Disabled People’s Commission earlier this year. A transformed offer can make a major contribution to the Council’s strategic priorities as set out below:

Creating a compassionate council	Doing things with residents, not to them	Being ruthlessly financial efficient
Further enhancing our independent living offer giving people greater choice and control over their lives.	Co-producing new models of support and embedding this in delivery.	Changing how we invest, shifting towards greater prevention.

1.3. Currently, the Council spends £11.5m on commissioning community and voluntary sector care and support providers to provide housing management and care in 599 bed spaces across 69 buildings. This provision supports five principal groups of residents:

- care leavers and young people;
- residents with mental health conditions;
- rough sleepers;
- older people in extra care provision;
- survivors of domestic abuse; and
- residents with learning disabilities.

1.4. Officers have begun work to review the current investment and its impact ahead of opportunities to re-commission key parts of the pathway, principally support for care leavers and young people, mental health provision, and the rough sleeping pathway. This is being taken forward by the newly established Joint Specialist Housing Board and re-commissioning will involve co-production activity with a wide range of residents and stakeholder groups. The Board’s core membership also includes a representative from the recent Disabled People’s Commission. This initial work suggests that there is a clear need for significant change in our approach as demand rises. New approaches, developed with citizens, will help meet future demand, which is expected to rise, and provide a greater range of housing options which meet need, often at lower cost than our current commissioning arrangements.

1.5. Analysis suggests key issues around:

- Demand exceeding supply;
- Budget pressures in the Council’s wider placement budgets as a consequence of current provision not meeting overall need; and
- A need to drive improved collaboration across the Council and the wider health and social care system

1.6. There are a number of contracts which expire in March 2019, and the ability to continue these arrangements with incumbent providers where this is prudent, will enable the Council to complete a fundamental redesign of our

approach. There is a clear need to co-produce new solutions with residents and providers, developing innovative approaches which better meet need, and help to reduce long-term costs across local public services.

- 1.7. The Council will seek to secure efficiencies within the extended contracts, where this does not compromise our ability to make longer term decisions about how the future design of services will maximise outcomes and savings opportunities. Details of this will be included as part of the Council's overall budget setting process for 2019/2020.
- 1.8. The cost of the recommended direct award of contracts to the Council is £4,102,732 across 15 contracts. A waiver is required because it is proposed to award contracts without open competition.

2. RECOMMENDATIONS

- 2.1. That Cabinet agrees the strategic framework in relation to the Specialist Housing Programme, and its key principle of the right home with the right support at the right time as the basis to improve outcomes for residents.
- 2.2. That Cabinet approves a waiver of the Contract Standing Orders requirement to seek competitive tenders prior to contract award to enable the Council to directly award a range of contracts to incumbent providers. This will enable holistic, strategic commissioning of the Specialist Housing pathway.
- 2.3. That Cabinet agrees that officers will present further reports which will set out full procurement strategies and strategic business cases in relation to the care leavers and young people, rough sleeping, and mental health pathways.
- 2.4. To approve a direct award of contracts to providers, as set out in table 1 in the exempt report, to enable a consolidated strategic re-commissioning approach.

3. REASONS FOR DECISION

- 3.1. Across the specialist housing portfolio, there are a number of significant strategic re-commissioning opportunities arising over the next eighteen months, and the Council will be able to improve outcomes and achieve greater value for money by looking at these together rather than individually. Where incumbent provision is performing well, continuing the current arrangements will enable us to take a holistic look at where we provide care and housing support, and enable the Council to leverage the most creative and innovative solutions from the provider market. That notwithstanding, the Council's investment, as it is currently configured, will not be able to meet future needs and this requires a more fundamental review of provision over the next year to eighteen months.

- 3.2. The learning disability and extra care pathways have recently been reviewed and re-commissioned, and contracts for the care leavers and young people pathways do not expire until March 2020. The 2018 Rough Sleeping Commission provided the Council with a clear body of evidence to inform future commissioning approaches to the rough sleeping and the closely related mental health pathway. The establishment of sovereign commissioning arrangements on the Council's exit from the tri-borough arrangements, as well as the establishment of the Public Service Reform directorate, mean that there is now capacity and capability to take forward holistic commissioning activity.
- 3.3. A waiver of the Contract Standing Orders requirement to subject a service to competition is recommended because it is in the long-term interests of the Council to do so. These contracts provide critical services for vulnerable people and value for money. Quality is generally good and is being effectively managed where provider performance needs to improve. Direct awards are required as in all cases, the original contract terms have expired and there are no further provisions to extend. Subsequently, the contract arrangements have been extended to the current expiry date listed in table 1 (contained in the exempt part of the agenda); either through a modification of the terms or the direct award of a new contract. The detail for each contract is set out in appendix 1 (contained in the exempt part of the agenda).

4. PROPOSAL AND ISSUES

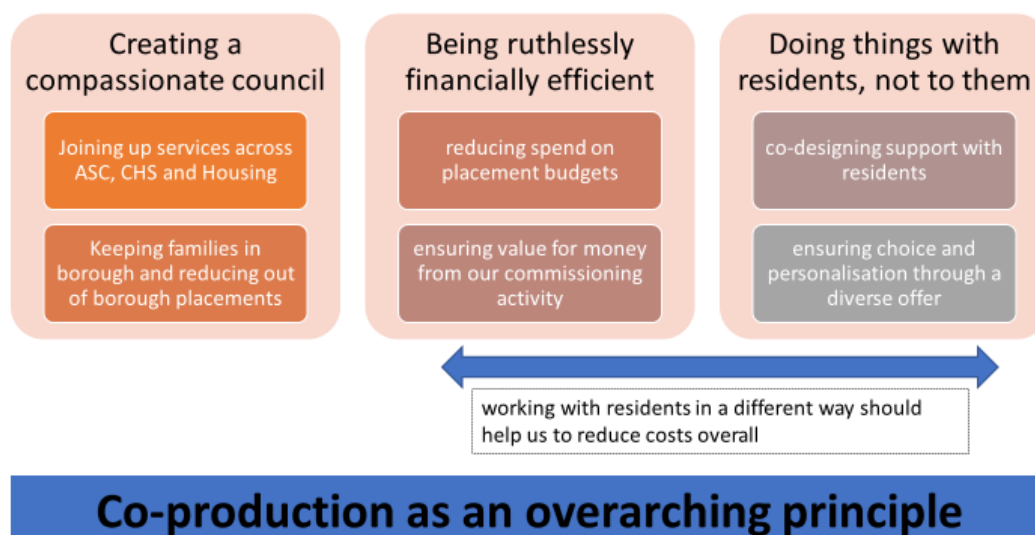
- 4.1. Currently, the Council spends £11.5m on commissioning community and voluntary sector care and support providers to provide housing management and care in 599 bed spaces across 69 buildings. This provision supports five principal groups of residents set out at paragraph 1.3.

Table 2

Specialist Housing Pathway		Number of bed spaces	Number of buildings	Contractual spend 2017-18
Extra Care 55 years+ predominantly		122	4	£2,414,545
Learning disabilities	External	55	12	£3,096,463
	In-house	16	5	£653,000
Mental Health		131	16	£1,786,950
Adult Homelessness		145	16	£2,153,910
Young people at risk & teenage parents		43	4	£682,185
Care leavers (includes shared bed spaces within young people at risk pathway)		73	10	£680,210

Domestic Abuse refuges	14	2	£121,934
Total	599	69	£11,589,197

4.2. While our current offer has a positive impact on residents, the context of growing demand and a greater emphasis on strength-based approaches means that it will not meet future challenges or ambitions. A strength-based approach means that the Council's starting point should always be asking people what they need to lead the life they want rather than assuming that providers of public services know best. It also recognises the strengths and resources individuals have and builds on these by working together. There is therefore a clear need to review and adapt our investment to ensure it supports this approach. Figure 1 below shows the way in which a reformed offer supports key aspects of the long-term vision for the borough:



4.3. To drive the necessary change, the Council has established a Specialist Housing Board, bringing together housing, adult social care, and children's services to focus on collaborative work to prevent tenancy failure, improve complex hospital discharge, and ensure that residents are placed in the right type of provision based on their need with a strong emphasis on retaining an independent tenancy.

4.4. The Board includes representatives from the recent Disabled People's Commission, and has a focus on co-production as an overarching principle of how it will operate. Its initial focus has been on the development of a case for change, based on its analysis of our current model, and an 'end state vision', which sets our future ambition. These are outlined below:

Where we are now...the case for change

- 4.5. The principal challenges identified by the Board are around a commissioning approach which lacks flexibility, largely based around block contracts which lack responsiveness to residents' needs. These do not provide the personalised approach to enable residents to progress into fully independent living. This results in 'bottlenecks' in the system, outcomes are not maximised, and there is then a reliance on expensive spot purchase of provision, often out of borough. The Board has defined the following key challenges to address through its work:
- *Provision which is not co-produced*, with residents not provided with the opportunity to work together with providers to shape the way services are provided;
 - *outmoded commissioning models*, with large block contracts which do not provide personalised support, maximise autonomy for service users, or promote the best possible outcomes;
 - *mismatch of supply and demand*, with not enough stock to match resident need and a lack of bespoke, fit for purpose property which impacts on the ability to deliver positive outcomes and achieve best value for money;
 - *fragmentation across the system*, with fractures across the health and care system and a lack of joined up investment to support early intervention and prevention;
 - *lack of diversity in our provider market*; an over reliance on historical models and the need to encourage a greater range of support and housing providers locally to stimulate innovation; and
 - *lack of diversity in our offer*, with limited opportunities for residents to exercise genuine choice over the type of accommodation or support
- 4.6. While the focus of change is rightly on improving outcomes, a key driver is how reform can help manage future demand for high cost services by intervening early. Demand for different types of support is now rising, with a projected growth in the need for long-term support for some groups such as residents with learning disabilities, and a clear trend for other groups such as care leavers, nationally and across London, to grow.
- 4.7. Over the course of the next 15 years, Hammersmith and Fulham's population of over 65s is set to rise as are the number of people within the local community who have learning disabilities and will require some form of social care support. Similarly, numbers of young people leaving care has grown steadily over the last few years, with a 25% growth in the overall Looked After Children (LAC) population, the majority of which has been in the over 16 cohort. The borough also has the fifth highest prevalence of individuals with serious mental health conditions in London, indicating a high level of demand for specialist accommodation as part of a broader system of support.

Where we want to be...the End State Vision

4.8. The over-riding objective for reformed investment will be a system built around the individual, with a focus on prevention and recovery, with the purpose of our offer being to support people to stay in their home, move back to their own home, or maintain an independent tenure in supported living. The key building blocks of this approach will include:

- *more personalised models of support*, with innovative use of approaches such as Housing First, Homeshare and shared lives plus which are person-centred and co-produced with residents;
- *increased supply*, utilising existing Council assets for specialist housing, re-purposing land and buildings where there is a strong financial case, as well as enabling new building which can add to supply in the borough;
- *integrated assessment and referral*, with rapid assessment and a highly coordinated cross-system offer to place people in the right accommodation at the right time; and
- *the right products to step down to*, with an offer which drives down reliance on out of borough placements and spot purchase, keeping families and communities together.

The table below sets out what this might look like at a programme overview level for the three cohorts proposed to be re-commissioned by March 2020:

Cohort	Ambition	Activity	Time
Mental Health	<ul style="list-style-type: none"> • residents retain their homes as far as possible • more specialist provision designed to meet individual need 	<ul style="list-style-type: none"> • Changes to social work practice • Replicate best practice procurement, including more flexible models 	April 2020
Rough sleepers	<ul style="list-style-type: none"> • Prevention framework • Crisis response • Increase in supply • Housing first approach 	<ul style="list-style-type: none"> • Development of crash pad provision • Piloting housing first approaches • Developing a new model of outreach 	Now to April 2020
Care leavers	<ul style="list-style-type: none"> • Bespoke accommodation that meets individual aspiration 	<ul style="list-style-type: none"> • Innovation pilots to inform evidence base 	April 2019

5. OPTIONS AND ANALYSIS OF OPTIONS

Option 1 – de-commissioning

- 5.1. Broadly, there are three main options. Firstly, to allow contracts to lapse when they expire in March 2019, and decommission services while making appropriate alternative arrangements for existing residents. This is not preferred because there is a clear ongoing need and no realistic prospect of securing appropriate alternative provision.

Option 2 – immediate re-procurement

- 5.2. Secondly, the Council could progress procurements more quickly, with the intention of recommissioning at pace and delivering contract efficiencies at an earlier point. Officers have explored options for contract savings during the proposed direct award periods but have concluded these could only be delivered through a reduction in the number of services or through a reduction in staffing levels.
- 5.3. Both options would pose significant risks to the current service provision and therefore are not recommended. Significant reductions in contract values have been achieved in recent years reflecting efforts to achieve value for money within existing models. The detail of this is set out in paragraphs 5.3 and 5.4 in the exempt part of the agenda.
- 5.4. This option is not preferred because it is felt that, while there may be savings which would be delivered at an earlier point and would contribute to reducing the Council's financial gap, greater long-term financial benefit could be achieved by looking holistically across the whole range of provision and developing a longer-term strategy to avoid costs over a five to ten-year period. Greater value for money will be achieved through root and branch review.

Option 3 – strategic reform

- 5.5. The third, and preferred, option is therefore to extend the range of contracts to March 2020 to enable a strategic re-commissioning exercise to take place, informed by the principles set out in this report, with individual procurement strategies approved by Cabinet at appropriate points. This option is preferred because it enables the Council to achieve greater long-term value and take a more strategic approach to its ongoing investment. The analysis presented in this report suggests that new models of support, informed by co-production and dialogue with the provider market are necessary to meet future challenges and policy objectives.
- 5.6. The table below sets out the broad timetable of activity for re-commissioning the mental health, care leavers and young people, and rough sleeping pathways:

What	When
Phase 1 – Co-producing and determining commissioning requirements	
• Co-production with residents and	Oct – Dec 2018
• Service review and analysis of best practice models	Dec 2018 - Jan 2019
• Issue of a Procurement Intention Notice	Dec 2018
Phase 2 – Governance and decision-making	
• Officer governance and challenge	Jan – Feb 2019
• Cabinet approval of procurement strategies	April 2019
Phase 3 – procurement and mobilisation	
• Development of ITT and specifications	March – May 2019
• Procurement phase launched	May 2019
• Tender submission and evaluation	June – Sept 2019
• Contract awards and governance	Oct – Nov 2019
• Contracts mobilisation	Dec – March 2019
• Service commencement	April 2020

6. CONSULTATION

- 6.1. There will be substantial consultation with residents and providers as part of the development of individual procurement strategies which will be brought to Cabinet in due course. This programme will be broad, seeking to work with service users and other citizens to co-produce the new approach. Internal consultation with key services has been through the Specialist Housing Board which is co-chaired by Adult Social Care and Housing and with representation from across the Council. The Board has membership from the recent Disabled People's Commission and has a planned session on disability and equality awareness and co-production, which will help to inform the way commissioners approach the commissioning, management and evaluation of services.
- 6.2. Incumbent providers have been consulted and the majority are prepared to enter into contract extensions without requiring an uplift. The Council is in discussions with three providers over small uplifts to seven contracts. Where uplifts are justified, budget provision will need to be subject to a separate decision.

7. EQUALITY IMPLICATIONS

- 7.1. As required by Section 149 of the Equality Act 2010, the Council has considered its obligations regarding the Public Sector Equality Duty and it is not anticipated that there will be any direct negative impact on groups with protected characteristics, as defined by the Act, from these proposals. The

extension of these contracts will ensure that the current levels of specialist housing provision are retained for vulnerable groups for the coming year.

- 7.2. Implications completed by: Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

8. LEGAL IMPLICATIONS

- 8.1. As set out in the exempt part of the agenda.

9. FINANCIAL IMPLICATIONS

- 9.1. As set out in the exempt part of the agenda.

10. IMPLICATIONS FOR BUSINESS

- 10.1. There is no adverse impact from this decision. However, when individual procurement strategies are decided upon, consideration will need to be given to the potential impact on SMEs in provider supply chains.
- 10.2. Implications verified/completed by: Albena Karameros, Economic Development Team, tel. 07739 316 957.

11. COMMERCIAL IMPLICATIONS

- 11.1. As set out in the exempt part of the agenda.

12. IT IMPLICATIONS

- 12.1. There are no IT implications identified in this report.
- 12.2. Information management implications are that the contractors will be expected to have a GDPR policy in place and all staff will be expected to have received GDPR training.
- 12.3. As the contractors will be processing sensitive personal data on behalf of H&F Privacy Impact Assessments will need to be completed to ensure all potential data protection risks in relation to these contracts are properly assessed with mitigating actions agreed and implemented. For example, a contract data protection and processing schedule or an information sharing agreement template and a Supplier Security Checklist to ensure the systems used by the contractors comply with H&F's regulatory requirements.
- 12.4. The contracts will need to include H&F's new data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR) enacted from 25 May 2018.
- 12.5. Implications verified/completed by: Karen Barry, Strategic Relationship Manager, tel. 0208 753 3481.

13. RISK MANAGEMENT

- 13.1. There are a number of contracts which expire in March 2019 that if not renewed would give rise to service continuity risk. Direct Awards mitigate the risk of service impact on residents given the ability to continue these arrangements with incumbent providers where this is prudent. The Council has committed to complete a fundamental redesign of the approach in order to deliver better value and this mitigates the potential impact of short-term renewals to providers on the same terms. The Risk Manager agrees that there is a clear need to co-produce new solutions with residents and providers, developing innovative approaches which better meet need, and help to reduce long-term costs across local public services to manage the Council's risk of meeting our local resident's needs and expectations.
- 13.2. Implications completed by: Michael Sloniowski, Risk Manager, tel. 020 8753 2587, mobile 07768 252703.

14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None

LIST OF APPENDICES:

Appendix 1 – Detail of contract extensions (*contained in the exempt part of the agenda*).