

AGENDA ITEM 10

Title of report : Housing Related Support Savings - Engage Hackney Floating Support Service

BUSINESS CASE

Key Decision No CACH R67

**CPIC MEETING DATE
(2021/22)**

10 May 2021

CLASSIFICATION:

Open with exempt appendix A

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 appendix A is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

If exempt, the reason will be listed in the main body of this report.

WARD(S) AFFECTED

All

CABINET MEMBER

Cllr Christopher Kennedy
Health, Adult Social Care and Leisure

KEY DECISION

Yes

REASON

Affects two or more wards
Spending/or saving

GROUP DIRECTOR

Helen Woodland
Group Director Adults, Health and Integration

1. CABINET MEMBER'S INTRODUCTION

- 1.1. In Autumn 2020, Adult Services Management Team were tasked with making savings across the service, in response to financial pressures. Housing Related Support (HRS) provision as a non-statutory service, was identified as a possible source for delivering efficiencies. This provided us an opportunity to review our service portfolio and commissioners have identified efficiencies that can be made to our floating support contract.
- 1.2. This report sets out the rationale for delivering efficiencies from the Engage Hackney Floating Support Service provided by the Riverside Group.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1. The efficiencies delivered through this negotiation require the consideration and oversight of the Group Director before they can be implemented.

3. RECOMMENDATION(S)

That the Cabinet Procurement & Insourcing Committee is recommended to authorise the efficiencies set out in this report.

4. RELATED DECISIONS

- 4.1. Re-tendering of Housing Related Support (To Include Floating And Accommodation Support) Contracts Key Decision No. Cach P9 <http://mginternet.hackney.gov.uk/mgAi.aspx?ID=32105>

5. OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)

5.1. Housing Related Support (HRS) provision, as a non-statutory service, was identified as a source for delivering possible savings. However it was also noted that as a preventative service, housing related support is an important component of the Council's homelessness reduction response. Through specialist, competitively priced provision, these services enable people with support needs to address those issues, facilitate social inclusion, sustain and/or move onto independence.

5.1.1. Hackney's current pan-borough floating support service launched on 31st October 2019. It represents the integration of several floating specialist support services into a single service. The service, an important component of the Council's homelessness reduction offer, is designed to reduce homelessness, promote peer support, befriending and volunteering, support people with mental health needs, learning disabilities, children and young people in transition to adult services, older people, and deliver interventions to people who hoard. The service is delivered through four levels and one pilot.

- Crisis Intervention
- Long-term low level support
- More intensive specific support up to 2 years
- A resettlement service to help people move from supported to independent accommodation on a time-limited basis
- Deliver an Assistive Technology (AT) pilot - specially allocated £100,000

5.1.2. As with any new contract, embedding the new service involved a lot of activity, e.g. managing TUPE'd staff, establishing links with partners, occupying a new building, etc. Early in the first year of delivery the service was impacted by Covid19, shifting what is essentially a frontline service to online and phone interventions. It also impacted the provider's ability to deliver the AT pilot.

5.1.3. Commissioners are confident that the floating support service will develop into a valuable resource, supporting people to live independently in their own homes and delivering interventions that reduce homelessness. However, compared to other boroughs commissioning the same type of provision, we have over invested in this service. For comparison, LB Islington fund a pan-borough floating support service for £1.35m per annum with the expectation that c700 people will be supported at any one time, compared to Hackney's £2.1m per annum with the expectation that the service will support 1300 people per annum (108 people per month); LB Camden fund a generic floating support service, delivering similar interventions: homelessness support, working with clients who need support with Learning Disabilities, Physical Health, Mental Health, Domestic

& Violent Abuse, Resettlement and Substance Misuse. The service is commissioned to work with c500 people at any one time at an annual contract value of £849,652. Our east London regional partners, LB Tower Hamlets, spend significantly less than all three boroughs, commissioning a floating support service for £503,281 per annum, designed to support all groups, including vulnerable people with complex needs. Interestingly, LB Haringey commissioned a floating support service from the same provider within a similar period. The Haringey service, which started in April 2021, was commissioned to support between 660-750 people per month at an annual contract value of £1.1m. See Appendix A for a detailed breakdown.

5.1.4. In terms of impact on current provision; the service is relatively new and in the volatile climate created by Covid19 has had little time to embed, making this an ideal time to remodel the service in partnership with the provider and stakeholders. Spend across other boroughs demonstrate that Hackney is paying well above the market rate, suggesting that with careful planning the impact on service users should be minimal. It also creates an opportunity to reconsider the appropriateness of funding an Assistive Technology (AT) pilot; during the pandemic, we have seen providers take a creative approach in mitigating the impact of enforced social distancing by utilising digital interventions. The proposed efficiencies include the specially allocated sum of £100,000 to fund the AT pilot. The remodel also presents an opportunity to change the service capacity, bringing it more in line with similar provision which focuses on capacity at any one time as opposed to setting an annual target, reflecting the nature of service and improved value for money.

5.1.5. Negotiations

5.1.5.1. Commissioners met with Riverside's Director of Operations on 18 December 2020 setting out the context for the Council seeking financial efficiencies. They were asked to submit a proposal for delivering those efficiencies by 4th January 2021. Commissioners subsequently met with Riverside on 28 January 2021 to discuss their proposal. Negotiations took account of the need to maintain a focus on the target groups set out in the contract, expectations around outcomes, and improving service capacity. Parties agreed that the new annual contract value would be in place from 1 April 2021.

5.1.6. **BENEFITS REALISATION / LESSONS LEARNED**

Benefits Realisation

Investigating efficiencies has presented an opportunity to improve value for money:

- Bring costs in line with the market. Similar provision elsewhere is commissioned at approximately 50% less than the Hackney service. See Appendix for benchmark data.

- The service was commissioned to work with 1300 people per year, whereas other services are commissioned to work with a certain volume at any one time. Revising capacity to a minimum of 550 people at any one time represents a substantial increase in contracted capacity and value for money. In the negotiation period with the provider, Commissioners explained that a focus on year end numbers failed to reflect a responsive response. Riverside modelled that 530 at any one time would take us to our original contract requirement of 1300 per year. Going forward, the key KPI to measure capacity of service delivery will be 550 at any one time (rather than an annual value).

The Council's expectation is that the service will deliver brief and medium term interventions, e.g. people moving on from supported housing, people moving on from temporary accommodation and people requiring crisis interventions, requiring support for relatively short periods, in the case of these cohorts, up to 6 weeks. Setting a year end target of 1300 people accessing the service per annum (as per the original contract) fails to take account of the dynamic nature of a generic floating support. It is preferable to set a target for minimum capacity at any one time; in this way you contextualise the Council's expectations that for many, there will be a rapid throughput throughout the year, as opposed to focusing on 'footfall' at year end. For example:

1300 per annum = 108 people per month
550 at any one time = a minimum of 550 per month

Lessons Learned

Conducting a benchmarking exercise was key in identifying the market value for this service, providing compelling evidence when entering negotiations early in the life of the contract. Benchmarking data collection should be standardised when procuring services.

- 5.2. **Strategic Context:** An effective floating support service enables the Council to comply with the Care Act 2014, by providing preventative services and increasing the wellbeing of residents. The service also supports the Homelessness Reduction Act 2017 by delivering crisis interventions to those who are threatened with homelessness. The service aligns with the Mayor's priorities, specifically, tackling inequality; making Hackney a place that works for everyone, with affordable homes, job opportunities and first class schools, where no-one is left behind.
 - 5.2.1. The proposals support the Best Value duty of the Council. In addition to the stakeholder consultation conducted during the initial procurement of this service, more recent discussions with other local authorities will ensure greater efficiency.




5.2.2. The financial resources for the revised contract value is set out in Appendix A.

5.3. **Preferred Option:** Proceed with implementing the efficiencies agreed with the Provider as set out in the table set out in section 5.3.2 of this report.

5.4. **ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

5.4.1. The following options were considered:

- Do nothing
- Reduce all HRS contracts by 10%
- Targeted reduction

Option	Advantage	Disadvantage	Recommendation
Do nothing	Provider will continue to receive same level of funding	Efficiencies will not be delivered	
Reduce all HRS contracts by 10%	Same proportion of efficiency delivered across the suite of HRS provision	Some services are funded towards the lower end of the market rate, additional reductions may make delivery untenable	
Targeted reduction	Opportunity to bring funding in line with current market rate, resulting in improved value for money.	Seeking efficiencies within the first two years of the contract may have a negative impact on service delivery but this has been negotiated with provider and a plan is in place	

5.5. **Success Criteria/Key Drivers/Indicators:** The service supports a range of outcomes frameworks: Public Health Outcomes Framework; Adult Social Care Outcomes Framework; NHS Outcomes Framework.

5.6. Whole Life Costing/Budgets:

Whole Life Contract Value - Engage Hackney Floating Support Service							
	2019/20 (5 months)	2020/21	2021/22	2022/23	2023/24	2024/25 (7 months)	Total
Adult Commissioning HRS Budget	£833,333	£2,016,667	£1,820,000	£1,254,083	£1,283,083	£758,333	£7,965,499

5.7. Consultation/Stakeholders

An independent consultation exercise was carried out to ensure that all residents, and especially those hardest to reach, were given the opportunity to comment when this service was commissioned.

Partners were consulted prior to discussions to renegotiate the contract price. Every effort has been made to ensure the contractual obligations and stakeholder cross-cutting objectives will be sustained throughout the life of the contract.

5.8. Risk Assessment/Management:

Risk	Mitigation
Provider unable to deliver efficiencies	Commissioners completed a benchmarking exercise, identifying that current unit costs were significantly higher than the market rate for similar provision in London; specifically Haringey's recently commissioned floating support service that is also delivered by Riverside Group.
Reduction in annual contract budget may lead to a decrease in service capacity	Benchmarking data suggested that capacity reduction would remain the same. This will be reinforced through robust performance management
A reduction in staffing levels may impact service delivery	Commissioners will work closely with the provider to ensure service users are not impacted as the service transitions to a new staffing structure.

5.9. Market Testing (Lessons Learnt/Benchmarking):

Prior to entering into negotiations, Commissioners collected benchmarking data which provided valuable information regarding delivering efficiencies. A detailed breakdown is set out in Appendix A.

Key findings - Benchmarking Data for Housing Related Support Services					
	LB Hackney	LB Islington	LB Tower Hamlets	LB Camden	LB Haringey
Total spend - Floating support	£2.1m	£1.35m	£503,281	£849,652	£1.1m

5.10. **Efficiencies:** The renegotiated contract will deliver efficiencies of £2,384,501.

6. SUSTAINABILITY ISSUES

6.1. Procuring Green

The biggest impact for this service will be the transport needs of staff visiting individuals in their own homes or temporary accommodation. The provider has committed to promoting sustainable travel, supporting the use of public transport, using skype-calls where appropriate and offering a Cycle-To-Work Scheme. The environmental impact of all purchasing is assessed by the Provider's specialist procurement team. Wherever possible they are committed to procuring locally, supporting local businesses. Riverside is ISO 14001-accredited.

6.2. Procuring for a Better Society

The service is committed to generating meaningful employment for people who are using or exiting the service. Specific elements include:

GOALS Training: Motivational tool to empower and engage Clients in work/work-like activity.

Peer Mentors: Encourage Clients to develop employability skills and form effective relationships, supported by robust training and supervision.

GROW Programme: Two Project Assistant roles (GROW) for individuals with lived experience of worklessness, mental ill-health or homelessness, offering a springboard back into employment with additional training, coaching and mentoring to build workplace confidence, resilience and skills.

Working with Education Providers: Riverside will offer student social-workers and trainee health and care students the opportunity to undertake service placements where appropriate supervisors are available.

Riverside will work with local schools/colleges to support curriculum development. This will provide an opportunity to integrate work-experience, homelessness prevention and citizenship education through partnership.

6.3. Procuring Fair Delivery

Although the service can be accessed by all members of the community, it is designed to respond to individual needs across each of the equalities strands. The Provider is a London Living Wage employer and has policies and procedures in place to ensure compliance with the Modern Slavery Act 2015.

6.4. Equality Impact Assessment and Equality Issues

Taking account of the full Equality Impact Assessment (EIA) conducted as part of the original HRS recommissioning project and there being no change to the provision, specifically capacity and expected outcomes, there is no foreseeable adverse equalities impact arising from these efficiencies.

A full EIA can be found here: <http://mginternet.hackney.gov.uk/documents/s62080/120918%20Final%20CACH%20M95%20HRS%20Appendix%204.pdf>

7. PROPOSED PROCUREMENT ARRANGEMENTS

7.1. Contract Management: The contract will be managed through the Quality Assurance team, which form part of the Adult services Commissioning team. Contracts will be monitored under the Councils contract monitoring policy. Stakeholders will remain part of the contract management performance, e.g. formal contract management meetings, satisfaction surveys and feedback through partnership meetings.

7.2. Key Performance Indicators:

The service is monitored against person-centred outcomes:

Outcome	Client Outcomes	Target
Economic wellbeing	clients supported to seek, secure and maintain paid employment this quarter?	65%
	clients supported to maximise their income through access to all eligible benefits this quarter?	95%
	clients who were supported to manage their finances and reduce dept this quarter?	80%
Enjoy and achieve	clients supported into or maintaining training/education this quarter?	10%
	clients who engaged in volunteer / peer support / advocacy work this quarter?	20%
Be healthy	clients with an identified need who were supported to engage with an appropriate service?	100%

	clients whose mental health improved as a result of the support provided?	80%
	clients whose physical health improved as a result of the support provided?	80%
	clients showing a reduction in drug or alcohol use this quarter?	70%
Stay safe	clients in settled accommodation who have successfully maintained that accommodation?	95%
	clients who have been supported to move out of a Pathway service into settled accommodation?	100%
	clients who have been supported to move out of temporary accommodation and into settled accommodation?	100%
	clients who have moved into settled accommodation and are sustaining it?	100%

8. COMMENTS OF THE GROUP DIRECTOR FINANCE AND CORPORATE RESOURCES

- 8.1. The recommendation of this report is to authorise the contract efficiencies agreed for the Engage Hackney Floating Support Service via direct negotiation with the provider Riverside Group. The original total contract value for the service was £10.35m for the period October 2019 to October 2024, with the revised total contract value negotiated at £7.96m. A total contract efficiency of £2.38m will be delivered over the life of the contract period. Further details on the efficiencies achieved across the contract period is reflected in Appendix A.
- 8.2. The expected impact on service provision is minimal, as the efficiencies are through improving value for money, rather than reductions to service provision. As highlighted in Section 5 of this report, a detailed benchmarking exercise was completed, which identified that the current unit costs for the contract were significantly higher when compared to the market rate for similar provision across London.
- 8.3. Furthermore the contract negotiation also presented other efficiencies which include increasing service capacity, improving outcomes and maintaining focus on target groups as set out in the contract. The contract efficiencies agreed are supported and the revised contract value will continue to be funded from the Housing Related Support budget within Adult Services.

9. VAT Implications on Land & Property Transactions

Not applicable.

10. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE SERVICES

Paragraph 3.3.16, 6. of Part 3 of the Constitution (Responsibility for Council and Executive Functions) states that Cabinet Procurement Committee will review contract variations as set out in Contract Standing Orders. Contract Standing Order 4.8 makes allowance for a variation to be approved by Cabinet Procurement Committee if the total cost of the contract is above £2m. Therefore this Report is being presented to Cabinet Procurement Committee for approval.

The contract efficiencies proposed in this Report also assist Cabinet Procurement Committee in meeting its function under paragraph 3.3.16, 2. of Part 3 of the Constitution to ensure the Council's procurement processes deliver Value for Money (VFM) outcomes.

11. COMMENTS OF THE PROCUREMENT CATEGORY LEAD

- 11.1 This contract variation is supported as it represents a simple efficiency saving with no change to the contract specification. The significant reduction in the contract price constitutes a key decision and the total cost of the contract (before and after the variation) exceeds £2M, therefore the variation is presented to the Cabinet Procurement Committee for approval in alignment with Contract Standing Order 4.8.
- 11.2 The report describes the process which has been undertaken to secure the reduced contract price and ensure that service delivery is not negatively impacted. This re-negotiation of the contract price supports delivery of savings for Hackney Council and the Best Value duty.
- 11.3 As noted in the report, ensuring appropriate benchmarking of service costs at procurement stage will ensure value for money is maximised at the point of award of future contracts.

APPENDICES

Exempt Appendix A: Financial Resources for Revised Contract.

EXEMPT

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

Description of document (or None)

None

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