

REPORT TO: Executive Board Sub-Committee

DATE: 12th October 2006

REPORTING OFFICER: Strategic Director
Health & Community

SUBJECT: Long Term Procurement of Supporting
People Services

1.0 PURPOSE OF REPORT

- 1.1 To request suspension of relevant contract standing orders 2.2-2.6, 2.8-2.13, 3.3-3.6 to extend existing interim Supporting People (SP) contracts for up to twelve months and to enter into negotiations with existing service providers over the continued provision of services to vulnerable groups, subject to the providers being able to demonstrate, to the entire satisfaction of the Supporting People Commissioning Body, that services are of good quality, are strategically relevant and offer value for money.
- 1.2 To request suspension of relevant contract standing orders 2.2-2.6, 2.8-2.13, 3.3-3.6 to proceed with the retraction plan for the reconfiguration of 24hr supported living services (appendix A), which will minimise the risk of loss of service for some of the most vulnerable members of our community.
- 1.3 To seek approval of delegated powers to the Strategic Director, Health and Community, in conjunction with the portfolio holder for Community, to award contracts to existing providers subject to the conditions set out above in 1.1.
- 1.4 To seek authority to tender for Supporting People services in the long term on expiry of the initial full contract.
- 1.5 To seek authority for the Strategic Director, Health and Community, in conjunction with the portfolio holder for Community, to take such action as may be necessary to implement the recommendations detailed below.

2.0 RECOMMENDED THAT:

- (i) **In the exceptional circumstances detailed below, for the purpose of standing order 1.6, that standing orders 2.2-2.6, 2.8-2.13, 3.3-3.6 be waived on this occasion because compliance would result in clear financial detriment to the Council and would result in a market imbalance, placing vulnerable service users at risk of a**

loss of service.

- (ii) The Council extends interim Supporting People contracts for a period of up to twelve months and enters into negotiations with existing service providers to ensure the continued provision of services to vulnerable service users, subject to the providers being able to demonstrate, to the entire satisfaction of the Supporting People Commissioning Body, that services are of good quality, are strategically relevant and offer value for money.**
- (iii) Contract standing orders 2.2-2.6, 2.8-2.13, 3.3-3.6 are suspended to implement the retraction plan for the reconfiguration of 24hr supported living services (appendix A), in order to minimise the risk of loss of service for some of the most vulnerable members of our community.**
- (iv) Delegated powers be approved to enable the Strategic Director, Health and Community, in conjunction with the portfolio holder for Community, to award contracts to existing providers subject to the conditions set out above in 2 (ii) and 2 (iii); on the varied terms set out under sections 3.10-3.13 of this report.**
- (V) Subsequent to the expiry of full Supporting People contracts, granted under a waiver due to the exceptional circumstances set out under 2 (i) and 3.7 in this report, Supporting People services will be procured through a competitive tendering process.**
- (vi) The Strategic Director, Health and Community, in conjunction with the portfolio holder for Community, be authorised to take such action as may be necessary to implement the above recommendations.**

3.0 SUPPORTING INFORMATION

- 3.1** On 19th September 2002, Executive Board gave approval for the Executive Director of Social Care, Housing and Health in conjunction with the Executive Member for Social Care, Housing and Health to award interim contracts to existing supported housing providers in order to afford protection to vulnerable people in receipt of services.

The report submitted to members in 2002 explained that these interim contracts would be replaced by full Supporting People contracts, subject to the findings of a rigorous review to be conducted on each service which would evaluate value for money based on:

- Cost
- Strategic relevance
- Quality

In Halton we have 107 services currently offering the following to vulnerable members of our community, at a cost of approximately

£8m per annum:

- Sheltered housing, floating support, peripatetic warden and community alarm services for older people
- Supported housing and floating support for people with mental health problems
- Supported housing and floating support for adults with learning disabilities
- Floating support for people with a physical disability
- Supported housing and floating support for people with substance mis-use issues
- Supported housing for ex-offenders
- Hostel accommodation and support for women fleeing domestic violence
- Hostel accommodation and support for single homeless and homeless families/ teenage parents
- Support service for gypsies
- Hostel accommodation and support service for care leavers/young people at risk

3.2 The SP service reviews in Halton are now complete. In general, services in Halton were found to be offering a fair to good service. Appendix B to this report indicates the number of service improvements instigated by the Supporting People Team during the review process. These improvements will result in improved outcomes for service users. The service reviews also highlighted potential to reconfigure existing services in order to meet gaps in local needs and to improve value for money by reducing the cost of services. Examples include:

Tender exercise for 5 Supported living services for Adults with Learning Difficulties-

Original Annual SP Contract value	Revised Annual SP contract value	Annual SP saving
335,329	212,192	123,136

Proposed reductions in service costs resulting from service reviews:

Contract for 5 Supported Living Services for Adults with Learning difficulties- Interim price reduction agreed with providers.

Historical SP annual contract value	Proposed new SP annual contract value	Potential annual SP savings
481,061	347,386	133,675

Discussions on the reconfiguration of Generic Floating support services to deliver client specific services, have resulted in

outline agreement to the following:

- Overall savings of **£94,603 per annum** on current contract values. (taking into account potential savings from a linked accommodation based service)
- Efficiency savings through the expansion of existing services to deliver an additional **50 units** of support at no additional cost.
- Introduction of Client specific services for: **Mental Health (40 units), Ex-Offenders (10 units), Teenage Parents and Homeless Young People (20 units) and the Respect Agenda (10 units).**

3.3 Initial discussions regarding the findings of the Supporting People service reviews have taken place with approximately a third of providers. These discussions have indicated a potential gross annual saving of **approx £700,000.**

3.4 In 2004 the Audit Commission identified Halton's Supporting People services as 'high cost'. Taking this into account the SP reviews included:

- Benchmarking of costs against regional and national costs
- Benchmarking costs against services in our CIPFA comparator group
- An analysis of the type of work being delivered in each service and actual time spent delivering support.

The above work has highlighted significant potential for service efficiencies and reductions in service costs, which will ensure that Halton reduces its level of spend and meets the recommendations set out by the Audit Commission.

3.5 The level of funding committed to the supporting people programme on a national level has been the subject of considerable review since the programme was introduced in 2003. Central government has produced two 'Distribution Formulas', both of which indicated reductions in Halton's SP grant and both of which central government has subsequently withdrawn. A third draft distribution formula was proposed in 2005/6 and again this formula indicated a loss of funding for Halton. In October 2006 the Department of Communities and Local Government is expected to publish its National Strategy for Supporting People, alongside its plans for the long term funding arrangements for the programme.

3.6 This report seeks approval to extend interim contracts for a period of up to twelve months and to enter into full contracts, following a period of consultation with providers and subject to the following provisos:

- Services are configured to meet an agreed local need
- Services are good quality, reaching a minimum of level C against the Supporting People Quality Assessment Framework and meeting all quality and performance standards to the entire satisfaction of the SP Commissioning Body

- Services are viewed as offering value to money in terms of the quality and cost of the service
- Expenditure can be met within existing budgets

3.7 Suspension of standing orders is requested on the following basis:

- Compliance with standing orders is not possible as the SP interim contract set out an intension to enter into long term contracts subject to a satisfactory outcome at service review
- Compliance with standing orders would result in clear financial detriment to the Council in that, a mass procurement exercise would be prohibitive in terms of cost and time. The current staffing establishment could not deliver the man hours to undertake the 45 tender exercises needed to cover the 107 services and there is no identified budget to meet the potential administrative costs estimated at £135,000. (£3,000 Per tender exercise).
- Compliance with standing orders is not practicable as a mass procurement exercise could destabilise the provider market and place vulnerable people at risk of loss of service
- An extension of the interim contract would allow officers additional time to undertake further value for money assessments, which will be used to inform negotiations with providers on reduced levels of funding.
- An extension of the interim contract would afford the Authority the flexibility not to renew contracts, should this prove necessary, to contain expenditure within budget.

3.8 A full or steady state contract has been developed by the SP North West Contracts group. Subject to approval by HBC legal services, Halton's SP team propose to adopt the format of the regional full SP contract. The Department of Communities and Local Government see this approach as good practice.

3.9 Supporting People services in Halton are delivered to a wide range of client groups and through a number of types of service. Therefore, whilst the methodology for the service review was generic, recommendations on the continuation of services varies based on perceived risk to the Council and according to the level of vulnerability of the client group.

The findings of the reviews and subsequent risk analysis indicate the need for four recommendations to ensure value for money and the continuation of services.

Detailed information on each service is available from the Supporting People Team. The information below summarises the rational for each recommended course of action.

3.10 **Recommendation 1**

24 hour supported living services for Adults with Learning Disabilities

and People with Severe and Enduring Mental Health Problems.

SP reviews on these services indicate that the services are high cost and that SP grant is currently funding the provision of care in addition to housing related support. These findings concur with findings in the Audit Commission Inspection of the SP programme in 2004 and an internal audit report on SP conducted in 2005.

The SP team in partnership with colleagues in St Helens and Halton PCT and Adult Social Care have agreed a plan to reconfigure services, which seeks to limit disruption to service users and their carers and looks to maintain stability in the provider market by minimising the risk of large scale change.

In view of the extreme vulnerability of these client groups and the extent of the change required, Halton's SP Commissioning Body have submitted a copy of the proposed retraction plan (attached as Appendix A) to the Department of Communities and Local Government requesting special dispensation to continue to fund these services at the current level for up to 2yrs. Verbal approval has been given on the understanding that Halton will reconfigure these services within 2yrs by:

- Carrying out a re-assessment of all clients in receipt of a service
- Investigate alternative funding sources, including increased section 64 funding and Independent Living Allowance

It is intended that this process will be conducted throughout 2006 and 2007. This will lead to discussions with providers over the potential to reconfigure services or the need to tender for the service. The project will reconfigure services to meet local need and identify overall savings to the Authority, which will facilitate the phased retraction of Supporting People funding.

Services re-commissioned through tender or negotiation will be offered a two-year Joint Supporting People and Social Care contract.

Members should be aware that the above category includes the provision of 24hr-supported housing by Community Integrated Care and Alternative Futures. Due to the nature of the agreement between Halton PCT and the above organisations regarding the purchase of the property, the loss of the service contract also carries with it a potential loss of accommodation. The risk of a potential need for large-scale alternative accommodation will be factored in to any action taken in respect to these services.

3.11 Recommendation 2

Sheltered housing and community alarm services.

The majority of these services are low cost and as such present a relatively low risk to the Council. It is therefore recommended that

these services be awarded full SP contracts for three years with an option to extend this to five years. All full contracts would be awarded subject to providers demonstrating quality and value for money to the entire satisfaction of the SP Commissioning Body.

3.12 **Recommendation3**

Short-term services.

These services are viewed as high risk to the Council in terms of cost and in public accountability.

It is therefore recommended that these services be offered full contracts for 2yrs with an option to extend this to three years. All full contracts would be awarded subject to providers demonstrating quality and value for money to the entire satisfaction of the SP Commissioning Body.

This also includes:

- Long term low level support services for people with mental health issues and adults with mild to moderate learning disabilities.

3.13 **Recommendation 4**

Services under development.

HBC Peripatetic Warden and Community Alarm Service and Halton Housing Trust Sheltered Housing Schemes.

The above services have substantially altered since the introduction of SP in 2003. Both services are in the process of reconfiguring following recommendations for change set out in a Best Value Review and the establishment of Halton Housing Trust.

As both services are still in a period of change, the profile of the service is likely to change over the next couple of years.

It is therefore proposed that these services are offered a two-year contract, with an option to extend this to five years.

- 3.14 On expiry of the full term contract issued under the terms of this waiver, it is proposed that subsequent contracts will be procured through a competitive tendering process.

4.0 POLICY ISSUES

- 4.1 The reconfiguration of Halton's generic floating support services is a target set out in the 5yr Supporting People Strategy. The strategy set out an intension to reduce the number of units of generic floating support, replacing the lost units through the introduction of client specific floating support services, at no additional cost. Initial discussions indicate that this target can, not only be achieved, but

could result in an expansion of services and reduced costs.

5.0 FINANCIAL IMPLICATIONS

- 5.1 Halton's current spend per annum on SP services is £7.9m. By targeting providers identified during review as high cost, initial discussions with a third of providers have identified potential savings of over £700,000 per annum. If achieved, the savings will ensure that Halton retains a good level of service at a significantly reduced cost.

6.0 RISK ANALYSIS

- 6.1 Sections 3.5 and 3.7 of this report identify the risk in relation to a potential change in the level of funding received from central government and the Authorities contingency position.
- 6.2 Section 3.10 of this report highlights a potential loss of accommodation in relation to two providers. This risk will be factored into any actions taken in relation to these services.

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 None

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
5yr Supporting People Strategy	1 st Floor Chester Buildings Grosvenor House Halton Lea Runcorn	Angela McNamara
Data base of Supporting People services	1 st Floor Chester Buildings Grosvenor House Halton Lea Runcorn	Angela McNamara