



Author/Lead Officer of Report: Emma Shepherd, Policy and Improvement Officer

Tel: 0114 205 7464

Report of: *Jayne Ludlam*
Report to: *Cabinet*
Date of Decision: *March 21 2018*
Subject: *Promoting Independence*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Health and Social Care		
Which Scrutiny and Policy Development Committee does this relate to? Health and Adult Social Care Scrutiny and Policy Development Committee		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? 207		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<p><i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i></p>		

Purpose of Report:

The purpose of this report is to describe the aims and objectives of the Promoting Independence project, highlight the positive outcomes that will be achieved for vulnerable mental health service users if it is successful, describe the financial model and associated medium-term savings, and to seek approval for this project.

Recommendations:

Cabinet are asked to:

- Approve the Promoting Independence Business Case, including the proposed method of funding using social investment.
- Delegate authority to the Director of Finance and Commercial Service, in consultation with the Director of Legal Services and Executive Director of Peoples Services Portfolio, to approve the Procurement Strategy and Contract Award for the project, undertake a procurement exercise and subsequently enter into contracts with awarded parties.
- Delegate further decisions about the implementation of this project (insofar as not delegated under the Leader's Scheme of Delegation) to the Director of Commissioning, Inclusion and Learning, in consultation with the Executive Director of People's Services Portfolio.

Background Papers:

(Insert details of any background papers used in the compilation of the report.)

The Promoting Independence Business Case.

Lead Officer to complete:-	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.
	Finance: Liz Gough
	Legal: Tim Hoskin Equalities: Adele Robinson
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission: Jayne Ludlam
3	Cabinet Member consulted: Cate McDonald
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.

Lead Officer Name: Emma Shepherd	Job Title: Policy and Improvement Officer
Date: 12.03.18	

1. PROPOSAL

- 1.1 Promoting Independence is the first in a series of business cases being developed, all of which will aim to improve outcomes for vulnerable people in Sheffield through developing new approaches and innovative solutions to some of the key challenges facing people and services in the city.
- 1.2 The Promoting Independence business case seeks to improve the lives of adults with long term mental health conditions receiving 24/7 residential or nursing care support.

Promoting Independence project outline:

- 1.3 There is a small but static group of adults with mental health conditions in Sheffield who live long term in residential or nursing care, where they receive 24/7 support.
- 1.4 Individuals are placed in 24/7 residential or nursing care because it meets their immediate critical mental health needs. The current system is built around a maintenance approach – with limited opportunities for individuals to build the skills that they will need to live independently in the future. As a result, many individuals are not actively supported to move on to their own tenancy and can remain in these sorts of care settings for many years, even when their mental health has improved. These settings, while they provide a high quality of care, are restrictive and the individuals living in them have limited opportunities to develop their own interests, become more involved in their communities, or move towards volunteering and employment. While it may be necessary for some people to stay in these settings long term, for many others there is an opportunity to support them to become more independent.
- 1.5 The Promoting Independence project will support individuals who are currently living in 24/7 residential or nursing care as a result of mental ill health to move onto supported housing and independent living. It will also work with individuals who enter these care settings during the life of the project. These individuals will be supported to move towards independence, leading to improvements in their wellbeing and quality of life.
- 1.6 If approved, this project will begin in autumn 2018 and run for 5 years, and will result in the establishment of a new service which will work with individuals to identify their ambitions and goals for the future, be this an independent tenancy or gaining a qualification, and support them to move closer towards, and where possible to achieve, these ambitions. The service will support individuals to develop independent living skills, such as the ability to manage a tenancy, while they're living in residential or nursing care, and will then continue to support them to make the transition to greater independence and to sustain this transition.

- 1.7 In particular, the service will target the following outcomes:
- Supporting individuals to move from their current care arrangements into either supported or independent living and to maintain this move for 24 months.
 - Supporting individuals to begin, and complete, a training or education programme that is relevant to their development needs and interests.
- 1.8 As well as resulting in substantially better outcomes for the individuals, if successful, this project should also result in lower costs to the public sector organisations involved. More detail about the proposed financial and delivery mechanism is given in section 4.2 below. Over the lifetime of the project we anticipate that the number of people in long term, residential care as a result of a mental health condition will reduce from 173 to between 105 and 120 by 2024.
- 1.9 A core function of the project is to embed service change, upskill staff and change the culture of 24/7 residential and nursing care. The intention is that at the end of this project the intervention will be embedded within provider culture and delivery, and so some elements of the intervention will no longer be needed. This means that any continuation of this project is likely to have lower costs than those outlined above. If this project is successful, it's recommended that the project becomes mainstreamed. The project should continue to be delivered using an outcomes based approach. This approach would ensure the project, if successful, is able to continue in the longer term, while ensuring that the needs of service users are appropriately met.

Delivery:

- 1.10 If this project is approved, it is proposed it will be undertaken using a social investment mechanism, more details of which are provided in section 4 below. Delivery will be undertaken by a public or third sector provider(s) following a procurement exercise to secure the provider(s) and their social investment partner, who will provide the necessary up-front investment. We have already had some initial, high level, discussions with investors about this project, and have received positive feedback from them. Assuming the successful completion of a procurement exercise, it is anticipated that delivery would commence in autumn 2018.
- 1.11 As described in section 4.2, the advantage of using social investment in this way is that we do not need to stop or reduce the current service in order to release up-front funds, as these funds will be provided to the service provider/s by the social investor. Therefore there are no immediate changes planned to the existing provision; instead this new service will run alongside existing provision.

2. HOW DOES THIS DECISION CONTRIBUTE ?

- 2.1 This proposal will lead to improved services and outcomes for some of the most vulnerable people in Sheffield – individuals with mental health conditions. As a result, this proposal gets to the heart of the statement at the start of the Council’s Corporate Plan: “We will be the best we can be – as individuals and communities, as a council and as a city. At the heart of what we do, we will focus on people with the greatest need and take early action, as prevention is better than cure. We will make sure the council operates efficiently, and work towards long term solutions to deal with the cuts we face.”
- 2.2 It also takes forward our work on two specific priorities from our Corporate Plan:
- Better Health and Wellbeing: “This means helping people to be healthy and well, by promoting and enabling good health whilst preventing and tackling ill health, particularly for those who have a higher risk of experiencing poor health, illness or dying early.”
 - Tackling inequalities: “making it easier for individuals to overcome obstacles and achieve their potential. We will invest in the most deprived communities; supporting individuals and communities to help themselves and each other, so the changes they make are resilient and long lasting.”
- 2.3 Fundamentally, this project will make a significant positive difference to the life outcomes of a number of vulnerable individuals.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 We have held discussion and consultation with other organisations about this project. This has included with:
- Commissioners in SCC, and in partner organisations: to develop the business case.
 - Providers: we have had initial general discussions with the local provider community. A specific market engagement event for the Promoting Independence project will also be held with providers.
 - Social investors: We have had general discussions with investors about the project. A specific market engagement event for the Promoting Independence project will also be held with investors.
 - Service Users: Due to vulnerable nature of this cohort, consultation has not yet taken place with service users. We intend to work with expert by experience groups to shape the specification for procurement, and to involve experts by experience in evaluating bids.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

4.1.1 This business case will have a positive impact on individuals with disabilities, and on health and wellbeing. It will lead to the individuals in this cohort having greater independence and an improved quality of life.

4.1.2 It will have a neutral impact on all other protected characteristics. An Equality Impact Assessment has been completed – reference number 207.

4.2 Financial and Commercial Implications

4.2.1 The model is predicated on containing future demand and inflationary costs within the existing mental health purchasing budget, with a potential to make some savings in budget terms if future demand is also managed.

4.2.2 It is proposed to fund this project through the use of social investment. This financing model has been chosen because it allows the funding of this new service while still funding the same number of beds in residential and nursing care. Outcomes payments will be made only once savings have been realised in the placements costs. Social investment will also bring a level of rigorous performance management to this project, which is expected to boost the effectiveness of the new service.

4.2.3 The project will cost approximately £3m over 9 years, with the majority of costs accruing in years 2 – 6 of the project. A contribution of £750,000 is being bid for from the Government's Life Chances Fund, which would reduce the total amount of local investment needed for this project (see para 4.2.13 for more information about the Life Chances Fund). This means that if the project is fully successful, the outcomes payments contributed by SCC would be approximately £2.25m.

4.2.4 Modelling suggests that, if successful, the number of people in 24/7 care will reduce from 173 currently to 105 – 120 by 2024, with up to 70 people supported to move to greater independence, resulting in a net reduction on costs of £3m - £3.7m over the period of the project.

4.2.6 The intention is to begin delivery of this project in November 2018 so savings can be realised as soon as possible. We intend to adopt an outcomes based approach to the delivery of this project, and to seek to fund the up-front delivery costs through social investment.

4.2.7 The selection and approval of the delivery provider and the social investment will be subject to a procurement exercise.

Procurement

- 4.2.8 When the Council delivers services it is subject to the 'best value duty. This requires the Council to 'make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.'
- 4.2.9 In addition to this duty and the overarching EU Treaty Principles relating to transparency and equality of treatment, the value of the services in scope is above the OJEU threshold and so requires a number of specific procedural steps to be followed in line with Public Procurement Regulations 2015. The scope of these specific services does however fall under the Light Touch Regime of the Regulations which allows some greater degree of flexibility in procedures to be followed, though without diminishing the core requirements that the tender is undertaken in a fair, open and transparent manner.
- 4.2.10 In undertaking an OJEU compliant tender process, the Council will ensure compliance with the necessary legal and regulatory provisions relating to procurement, whilst encouraging innovation and competition from the market and allowing the Council to choose the optimum solution based on a balance of quality and price.

Social Investment:

- 4.2.11 Given budget pressures, it's challenging for public services in Sheffield to reallocate existing spending lines to fund new interventions. Therefore, we expect the provider/s up-front cost of delivering this intervention to be borne by socially motivated investors ('social investors'), and this money will be repaid as positive outcomes are achieved for this cohort. The cost of these outcome payments will be met by Sheffield City Council (SCC), and any savings realised by this project will also accrue to SCC. However, other parties to the mental health pooled budget, such as the CCG, will share in the risks of this project.
- 4.2.12 Social investors include charitable foundations, private investors with a philanthropic purpose, and one organisation set up by Government for the express purpose of investing money to improve the lives of people in the UK (Big Society Capital). They do not usually include for-profit private organisations, and there is no intention as a result of this business case that any such organisation would be investing in these services. Social investors target a modest financial return for their investment – this is driven not by a motive to make money or profit; it is more to cover their risk that they will not recoup some of their money – note that investors are only paid if outcomes are delivered and therefore aren't guaranteed to recover the full costs of their investment.
- 4.2.13 As a result of concerted effort, we have successfully received in principle commitment from central government, through the Life Chances Fund, to contribute towards outcomes payments and some associated costs. The Life Chances Fund contribution would more than cover social investors'

targeted financial return; meaning a residual portion of central government's contribution to go towards funding interventions, through the mechanism of contributing to outcomes payments. As such, local public services' contributions to this would stretch further.

- 4.2.14 Our intention is for these financial arrangements to operate over several years: government's commitment would be to contribute to outcomes payments for this business case until 2024/25. This will allow us to take a medium-term view of how the service is delivered and not be over focussed on year-to-year financial challenges.

4.3 Legal Implications

- 4.3.1 Essentially, the report recommends delivering current services through a new delivery model. The contract structure for this model is not the same in all cases. However, there will generally be a services contract, under which payment is made when specified outcomes are achieved, and the DCMS has produced a template contract for this. As payment is to be on the basis of outcomes, the setting and measurement of those outcomes will be of critical importance to all parties, and they will have to be developed and agreed through the procurement process. Draft outcomes have been prepared for the purpose of the business case.

- 4.3.2 The Council's main contract is likely to be with a special purpose company, which will enable the social investor to protect its interests by taking appropriate security and controls. The special purpose company will in turn contract with the service provider/s.

- 4.3.3 As the business case also has implications for other contributors to the pooled budget, current arrangements will be reviewed to ensure that the risks are appropriately shared, by further agreement if necessary.

- 4.3.4 The Life Chances Fund contribution will be on terms, with which the Council will be required to comply, and it is possible that these may impact on certain procurement or delivery issues.

5. **ALTERNATIVE OPTIONS CONSIDERED**

(Outline any alternative options which were considered but rejected in the course of developing the proposal.)

- 5.1 Social investment is a relatively new tool that is available to local authorities to help fund new services where there is a demonstrable positive impact on outcomes from the intervention. However, it is not a panacea, and for some issues there are better ways of investing in new service models.

- 5.2 In this case, the option of delivering this project through a traditional fee for service model, funded up-front through SCC budgets, has been considered. However, these budgets are under significant pressure, and it has not been possible to identify any way to refocus existing spending

to enable this without a significant negative impact on existing service provision.

- 5.3 If no intervention is put in place for this cohort, it's expected that the number of people living in 24/7 residential or nursing care will remain static, and individuals will continue enter residential care and go onto live in this accommodation for many years. Many will only leave the service when they turn 65 and age out of the cohort. It's expected that the cost of these placements will continue to rise, reaching over £6m per annum by the 2024/25 financial year.

6. REASONS FOR RECOMMENDATIONS

- 6.1 The option of creating a new service, funding through a social investment model, is preferred because:

- If successful, the service will result in a cohort of vulnerable adults achieving greater independence in their lives. Specifically, individuals will be:
 - supported to move from their current care arrangements into either supported or independent living and to maintain this move for 24 months.
 - supported to begin, and complete, a training or education programme that is relevant to their development needs.
- The new service will be established without requiring any immediate disinvestment from current provision (effectively allowing 'double running' for a number of years).
- If successful, this approach will result in a net saving to the public purse of £3m - £3.7m over the lifetime of the project (net of outcomes payments to be made to repay the up-front social investment).