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Report of: Jayne Ludlam, Executive Director People Services Portfolio, and Laraine Manley, Executive Director Place Portfolio

Report to: Cabinet

Date of Decision: 18 July 2018

Subject: Adults with Complex Needs

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 checked="" type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Health and Social Care; and Neighbourhoods and Community Safety		
Which Scrutiny and Policy Development Committee does this relate to? Safer and Stronger Communities		
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? 315		
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:-		
<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"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."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>		

Purpose of Report:

The purpose of this report is to describe the aims and objectives of the Adults with Complex Needs project, highlight the positive outcomes that will be achieved for both adults with complex needs and the wider community if it is successful, describe the financial model and associated medium-term savings, and to seek approval for this project.

Recommendations:

- Approve the Complex Needs project, including the proposed method of funding using social investment, and outcomes payments of between £100,000 and £200,000 per annum for five years; total outcomes payments of between £500,000 and £1m.
- To approve SCC taking the role of lead commissioner for the commissioning of this service, on behalf of, and in consultation with, partner organisations and (where necessary) entering into appropriate agreements for this purpose with those organisations.
- Delegate authority to the Director of Finance and Commercial Services, in consultation with the Director of Legal and Governance, the Executive Director of People Services Portfolio, the Executive Director of Place Portfolio, and the Cabinet Member for Adult Social Care, to approve the Procurement Strategy and Contract Award for the project.
- 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 Directors of People Services Portfolio and Place Portfolio.

Background Papers:

None

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: Paul Jeffries
		Legal: Tim Hoskin and Sarah Bennett
		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 and Laraine Manley
3	Cabinet Member consulted:	Chris Peace and Jim Steinke
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: 09.07.2018	

1. PROPOSAL

- 1.1 The Adults with Complex Needs service targets two separate but linked cohorts – adults with Severe and Multiple Disadvantage (SMD), and adults with SMD and a particular alcohol need:
- 1.2 The first cohort, Adults with SMD, is comprised of people who have three or more of the following disadvantages:
- Substance misuse
 - Homelessness or accommodation instability
 - Offending or ASB needs
 - Mental health difficulties
- 1.3 The second cohort, adults with SMD and a particular alcohol need, is made up of individuals who repeatedly present at the Northern General Hospital with alcohol related conditions and support needs, and receive unplanned medical alcohol detoxification packages. The project will begin in April 2019, and will run for five years. In this time it's expected that the project will work with 200 adults with SMD, and 386 adults with a particular alcohol need.

Complex Needs project outline

- 1.4 There are a number of relatively small cohorts of adults in Sheffield with multiple, complex, and often recurring needs. This includes: alcohol and drug abuse; homelessness and/or rough sleeping; health and mental health problems; and offending or ASB needs. These individuals typically have much lower wellbeing and life outcomes than their peers, have difficulty engaging with traditional support services, and are also costly to local and central government due to their frequent use of high cost and intensity, and emergency, services.
- 1.5 This is a cohort whose support needs often manifest in ways that are disruptive to the community, such as aggressive or passive street begging, public drinking and associated anti-social behaviour, and use of drugs, including Spice. Therefore, increasing the ambition for, and support available to, this cohort will lead to an increase in positive outcomes for not just this cohort, but also their friends, families, and the wider population of Sheffield.
- 1.6 Currently, these individuals move chaotically between a number of services; their primary contact is often with high cost acute services such as A&E and emergency services, and if they do engage with community provision such as drug and alcohol support this engagement is often short term and sporadic. These services have in the main been commissioned or directly provided to meet a defined need and have not generally been designed to address composite and compounding needs e.g. homeless/mental health/substance misuse/criminal justice. While the commissioned providers work flexibly with this cohort, they cannot provide requisite intensity for this small group, within current resource.

- 1.7 The Complex Needs service aims to support these cohorts by putting in place a model of support where each individual has a single worker who is responsible for coordinating and supporting them to access, all the services they need. Following a period of trust building and promoting engagement, this worker will work intensively with an individual for the short to medium term, supporting them to make contact with, and sustain access to, the community services they require to address their specific needs in the longer term.
- 1.8 The alcohol element of the service will also offer clinical support in hospital and in the community for individuals who have alcohol related admissions and who need support to detox.
- 1.9 If approved, this project will begin delivery in April 2019, and will run for five years. The service will support individuals to reduce the level of chaos in their lives, and facilitate access to the existing community services that can provide longer term support.
- 1.10 In particular, it will target the following outcomes:
- SMD:
- An increase in the number of individuals living in safe, secure and appropriate accommodation.
 - Reduction in the number of unplanned hospital admissions amongst the identified cohort.
 - Reduction in involvement in crime and anti-social behaviour amongst the identified cohort.
 - Improvement in wellbeing.
- Alcohol:
- A reduction in the number of unplanned alcohol-related admissions to the Northern General Hospital amongst the identified cohort.
 - A reduction in the number of re-admissions within 30 days amongst the identified cohort.
- 1.11 The service will act as a centre of expertise for all organisations working with this cohort, and by working intensively with the most chaotic elements of this group it will free up resources for existing services to work more preventatively with other, less problematic service users. It is expected that this service will embed a change in approach to this cohort from the beginning of delivery, in order to make the service sustainable beyond the life of this project.
- 1.12 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.

- 1.13 At the end of the five years of this project, assuming it is successful, a business case would be made for ongoing investment in the service to some level in order to provide sustainability. The public sector organisations contributing to this project would be consulted with on the impact and efficacy of the scheme, and longer term plans would be put in place to offer an ongoing provision.

Delivery

- 1.14 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 April 2019.
- 1.15 As described in section 4.2.10, the advantage of using social investment in this way is that we do not need to stop or reduce any current services 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 both the wider community, and for a vulnerable and complex group of individuals in Sheffield. 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 and clinicians in SCC, the CCG, STH and SYP: to develop the project.
- Providers: we have had initial general discussions with the local provider community. A specific market engagement event for the Complex Needs project will also be held with organisations interested in providing this service.
- Social investors: We have had general discussions with investors about the project. A specific market engagement event for the Complex Needs project will also be held with investors.
- Service Users: Due to vulnerable nature of this cohort, limited consultation so far taken place with service users. A brief consultation was undertaken by Co:create in July 2017 with potential services users, who generally agreed with the development of a MAT model. 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 As a Public Authority, we have legal requirements under Section 149 of the Equality Act 2010. These are often collectively referred to as the 'general duties to promote equality'. To help us meet the general equality duties, we also have specific duties, as set out in the Equality Act 2010 (Specific Duties) Regulations 2011.

4.1.2 We have considered our obligations under this Duty in this report and the Council is committed to ensuring that all citizens, particularly those who are most vulnerable and face additional barriers, have the information and support they need to access services and make decisions about their lives.

4.1.3 This Project is pursuant to those aims and the general duty as it will contribute to advancing equality of opportunity and eliminating discrimination, harassment and victimisation by developing a bespoke service offer for SMD and SMD with Alcohol Needs cohorts. Research and consultation has identified that of the potential beneficiaries:

- Just over 50% will have a self-disclosed disability (SHNS 2015)

- Around 20% will be women (Lankelly Chase SMD 2015)
- Just over 30% will be from BME Communities
- All will be facing poverty and financial exclusion and poor health.

4.1.4 Organisations funded from this budget will be asked to provide information about the diversity of their beneficiaries in their returns. Where the Council requires a further decision to be made in respect of this information, it would be taken in the usual manner and in line with the Council's constitution / Leader's Scheme of Delegation. Any actions taken or decisions made would include consideration of any equalities implications including equality impact assessments and appropriate consultation to ensure the Council fulfils its statutory obligations.

4.2 Financial and Commercial Implications

4.2.1 The table below summarises the estimated cost of the project and the contributions required to create a fund for the outcome payments:

	SMD £000	Alcohol element £000	TOTAL (5 YEARS) £000
Life Chances Fund contribution	533	926	1,459
SCC/NHS/Police shared contributions	1,597	-	1,597
NHS Contributions only	-	2,784	2,784
TOTAL OUTCOME PAYMENTS	2,130	3,710	5,840

4.2.2 The estimated cost of the project is £5.84m over five years including a commitment from the Life Chances Fund, agreed in principle, of £1.46m. Of this cost, support for the SMD cohort will cost £2.13m, and the service for the alcohol cohort will cost £3.71m. The Life Chances Fund will contribute £533,000 to the SMD element, and £926,000 to the alcohol element.

4.2.3 Modelling suggests that the SMD element may deliver reductions in demand for public sector organisations in Sheffield worth approximately £700,000 per annum, although further work is needed to refine this figure. These figures are based on indicative savings from other areas that have introduced similar programmes, and based on estimating the savings associated with reductions in demand from this cohort. The alcohol element is estimated to deliver net savings of £500,000 to the health system over the life of the project. These savings are drawn from evidence from programmes in other areas.

Funding Outcomes Payments

- 4.2.4 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. Further information about social investment is provided in section 4.2.7 to 4.2.9.
- 4.2.5 SMD:
- 4.2.5.1 The financial benefits of the SMD element are expected to fall to SCC, the CCG and South Yorkshire Police (SYP), through reduced pressure on housing and homelessness services, a reduction in non-elective hospital admissions, and a reduction in criminal offences and police callouts.
- 4.2.5.2 It is recognised that this is a group of people who we – as local public services – are all interested in, and therefore this project should be a true test of partnership working. Work done to date indicates that there will be measurable reductions in demand and identifiable savings options across the public sector. However, at this stage, without further work and engagement with providers and investors, it is not possible to be confident on the precise split of savings across each organisation.
- 4.2.5.3 Therefore, an arrangement has been proposed whereby these three organisations make a commitment to fund this project at this stage, but further work is undertaken over the coming months to agree the precise value of each organisation's contribution.
- 4.2.5.4 A straight three way split between SCC, the CCG and SYP would mean a contribution, from each organisation, of approximately £110,000 per annum for five years. It's proposed that SCC commits at this stage to £100,000 - £200,000 of outcome payments per annum, to allow headroom for more accurate reconciliation of financial contributions between these three parties. We are discussing these contributions with CCG and SYP separately.
- 4.2.5.5 Work will then continue through lead officers from each organisation to reach agreement on the precise breakdown of outcome payments.
- 4.2.5.6 Cabinet should note that under this model of financing, outcomes payments will only be made by these commissioners if pre-agreed outcomes for individuals in the cohort are delivered.
- 4.2.6 Alcohol:
- 4.2.6.1 The financial benefits, and therefore the outcomes payments, for this part of the project fall to the health system. SCC will act as the lead commissioner for this element of the service, as well as the SMD element of the service. As part of developing the Procurement Strategy, due consideration will be given to any arrangements that need to be established between the partners to manage risks and responsibilities.

Social Investment

- 4.2.7 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 project 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.
- 4.2.8 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 will 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 will stretch further.
- 4.2.9 Our intention is for these financial arrangements to operate over several years: government's commitment is to contribute to outcomes payments for this project 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.

Procurement

- 4.2.10 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.'
- 4.2.11 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.
- 4.2.12 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.

4.3 Legal Implications

- 4.3.1 The project will involve the delivery of services through a new delivery model. The contract structure for this model is that there will be a services contract, under which the Council (as lead commissioner) will pay the Contractor as and when specified outcomes are achieved, on a payment-by-results basis. The DCMS has produced a template contract for this, which the Council will use as the basis for its contract with the Contractor. As payment is to be on the basis of outcomes, the setting and measurement of those outcomes will be of critical importance.
- 4.3.2 The Council's contract may 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 Given the recommended role for the Council as lead commissioner, it will be necessary to review, and as necessary develop current arrangements with the Council's commissioning partners, to ensure that the costs and risks are appropriately shared, by further agreement if necessary.
- 4.3.4 The Life Chances Fund support, currently made on an 'in principle' basis will need to be confirmed prior to the Council incurring relevant costs and risks.

5. ALTERNATIVE OPTIONS CONSIDERED

- 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 public sector budgets, has been considered. For the SMD cohort, resources have been secured to establish a nine month pilot multi-agency team in order to test out this method of delivery. However, getting this in place has been, and remains, challenging and illustrates the challenge of getting upfront resource, particularly for the medium-term. The agreement with commissioners and providers is that this is only a short term pilot and at the end of the pilot period staff would return to their substantive roles. As this has been achieved by re-allocating current resources, no alternative funding methods have been made available, or have been identified, for the long term funding of a multi-agency team.
- 5.3 If no intervention is put in place for this cohort, it's expected that these cohorts will continue to access services in an ad hoc and unplanned way, continue to have poor outcomes, and their support needs will continue to manifest in ways that are disruptive to people around them, such as aggressive or passive street begging, public drinking and associated anti-social behaviour, and use of Spice.

6. REASONS FOR RECOMMENDATIONS

6.1 The option of creating a new service, funding through a social investment model, is preferred for a number of reasons:

6.2 If successful, the service will result in a reduction in behaviour that is disruptive for the community, whilst also support a cohort of complex adults to achieve improved outcomes. These outcomes are:

SMD:

- An increase in the number of individuals living in safe, secure and appropriate accommodation.
- Reduction in the number of unplanned hospital admissions amongst the identified cohort.
- Reduction in involvement in crime and anti-social behaviour amongst the identified cohort.
- Improvement in wellbeing.

Alcohol:

- A reduction in the number of unplanned alcohol-related admissions to the Northern General Hospital amongst the identified cohort.
- A reduction in the number of re-admissions within 30 days amongst the identified cohort.
- 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).

6.3 The new service will be established without requiring any immediate disinvestment from current provision (effectively allowing 'double running' for a number of years).

6.4 If successful, it is expected that this approach will result in a net saving to the public purse.