

<b>Cabinet</b>  30 November 2022	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Denise Radley, Corporate Director Health, Adults and Community	<b>Classification:</b> Unrestricted
<b>Direct Awards for Learning Disability Supported Accommodation: Direct Award of Contracts to Outward Housing and Look Ahead Care Support and Housing</b>	

<b>Lead Member</b>	<b>Cllr Gulam Kibria Choudhury: Cabinet Member for Adults, Health and Wellbeing</b>
<b>Originating Officer(s)</b>	Andria Gosling: Learning Disability Commissioning Manager
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Reason for Key Decision</b>	Financial threshold
<b>Forward Plan Notice Published</b>	21 October 2022
<b>Strategic Plan Priority / Outcome</b>	All

## 1. Executive Summary

- 1.1. This report provides a summary of the context and rationale for the recommendation to grant Direct Awards for two contracts. The first is to Outward Housing who will act as the contract provider for three Accommodation and Support schemes in Tower Hamlets namely Albert Cottages, Buxton Street and Fenton Street.
- 1.2. The second Direct Award is to Look Ahead Care Support and Housing who will act as the contract provider to Mary Jones Court an Accommodation and Support scheme in Tower Hamlets.

## **Recommendations:**

The Mayor in Cabinet is recommended to agree to the direct award of two contracts as set out below:

- 1) Authorise the Corporate Director Health Adults and Community to award a contract without competition to Outward Housing for the provision of a supported accommodation building and support service. The service will be delivered from 3 schemes Albert Cottages, Fenton Street and Buxton Street in which adults with Learning Disability will live as well as receive support.

The contract will run for a period of 3 years plus 2 years extension with a maximum annual value of £441,941 for year 1 of the contract. For 3 years the contract value is in the region of £1,402,227 plus any London Living Wage and inflationary increases that are yet to be agreed.

These values may be amended in future years of the contract period to incorporate further inflationary changes. Any changes will be made in line with Corporate agreements and budget availability. The Mayor will be consulted on any changes.

- 2) Authorise the Corporate Director Health Adults and Community to award a contract without competition to Look Ahead Care and Support (LACS), for provision of a supported accommodation building and support service. The service will be delivered from Mary Jones Court from where adults with Learning Disability will live as well as receive support.

The contract will run for a period of 3 years plus 2 years extension with an annual value of £336,987 for year 1 of the contract. For 3 years the contract value is in the region of £1,069,258 plus any London Living Wage and inflationary increases yet to be agreed.

These values may be amended in future years of the contract period to incorporate further inflationary changes. Any changes will be made in line with Corporate agreements and budget availability. The Mayor will be consulted on any changes.

## **1 REASONS FOR THE DECISIONS**

- 1.1 There are many types of care and support models operating in the market and within the Borough, some have separate housing and support managed through a partnership arrangement. The schemes covered in this paper all offer a model of support and accommodation that is integrated. This is similar to the model commonly utilised in other areas of the market, e.g. residential care.

- 1.2 In acting as landlord and support provider at Mary Jones Court, LACS have confirmed to the Council that their model of support for these schemes requires an integration of support and accommodation. They operate a single approach to these buildings and will not enter into a partnership arrangement.
- 1.3 This is also the case at Albert Cottages, Fenton Street and Buxton Street where Outward Housing have also confirmed it is not possible for the housing and support services to be separated and have advised that they are not willing to enter into a Service Level Agreement or Management Agreement with another provider for the housing management functions within their supported accommodation schemes.
- 1.4 This means that it is not possible to tender these buildings and so the only option would be to tender for new buildings to deliver these 40 units of accommodation care and support. This is not the case with the other Learning Disability supported accommodation contract the Borough holds. This contract has separate accommodation and support providers and will therefore be tendered through a procurement process and is not included in this proposal.

### **Market Testing**

- 1.5 In preparation for the procurement of **Mary Jones Court, Albert Cottages, Fenton Street and Buxton Street** in order to identify suitable settings for the delivery of the services and to facilitate wider competition, the Council undertook a market testing exercise in August 2021 where multiple landlord and estate agents were engaged in the searching of available buildings. No alternative suitable locations were found.
- 1.6 During May 2022 the Borough's Housing Options Team were approached in respect of sourcing suitable Learning Disability accommodation that meets HMO and CQC standards. Their search of local landlords and estate agents was unsuccessful. This was due to the lack of suitable in borough accommodation coupled with the buoyant rental market in Tower Hamlets. The scarcity of accommodation in Tower Hamlets is also impacting across Council services who require accommodation.
- 1.7 In September 2022 the Council sought to call off accommodation in borough for complex needs through the Learning Disability Framework. Providers were invited to offer shared or self contained in-borough accommodation. However, Providers were unable to supply any suitable housing stock that would meet the criteria for specialist accommodation.
- 1.8 During the last procurement exercise carried out for these services in 2017/2018 there was no competition and LACS and Outward Housing were the only providers who bid in both tenders. Therefore, to enter into negotiations with LACS and Outward Housing for the direct award of a contract with a term of 3 years plus 2 years extension covering the four integrated schemes, is considered the optimal way to procure these two expiring contracts.

There are many benefits identified to a direct contract award approach:

- It will ensure that the integrated model of support continues.
- The new contract will allow for a sharing of resources across the Outward schemes, Albert Cottages, Fenton Street and Buxton Street. This will support more local flexibility in services and offer greater cost efficiencies in terms of economies of scale and cross scheme working.
- The lack of suitable purpose-built supported accommodation in Tower Hamlets makes moving the service to an alternative location unfeasible and impractical in terms of service users' continuity of care. A direct award minimises disruption to service users and the potential impact moving the services to a new location will have on their health and wellbeing.
- An opportunity to refresh the service model to improve operability and deliver better value for money incorporating all 1 to 1 support hours and offer service users the choice of provider for additional "spot" hours via an Individual Service Fund.
- The development of a new specification will ensure that the provision meets current and future need and allows for contract outcomes to be aligned to key areas of challenge in the Borough.

## **2 ALTERNATIVE OPTIONS**

- 2.1 **Competitive procurement:** This option has been explored however was not deemed suitable due to the lack of competition. Previous procurements have generated only one bid from the incumbent providers and market testing generated no viable alternatives. This option would be resource intensive, and result in the same outcome as a direct contract award, giving the Local Authority less opportunity to inform the model of care and coproduce an enhanced support provision. Details of market testing undertaken is set out in Sections 1.5-1.8.
- 2.2 **Reduce our local number of supported accommodation contracts to exclude these schemes:** This option is not viable. With a total of 58 units of Supported Living accommodation for people with Learning Disabilities across four contracts, the lowest across the North East sub region, the London Borough of Tower Hamlets has an undersupply of supported living accommodation. As a result of the shortage of suitable in borough accommodation options, individuals are moved into out of borough placements, often disconnecting them from their lives, community and family.
- 2.3 The Adults Learning Disability Strategic Priorities set out a number of outcomes and improvements people with Learning Disability said were important to them. Increasing the number of people "Living Locally" is one of

the six key themes and recommendations. This includes developing a greater range of local supported living accommodation options that allow people to live in their own accommodation, closer to their families, friendship networks and local community.

- 2.4 In response to this the borough has developed and opened a 7-unit Learning Disability service for people with high and complex needs and are in the process of refurbishing two sites in the borough for an additional 12 units of supported living accommodation, due to come online in Summer 2023 and Winter 2024 . The Council will need to take a longer-term view on the requirements for learning disability accommodation going forward as in developing its own supported living accommodation, the borough is reducing its future reliance on support providers to identify/offer suitable accommodation options for supported living. This allows for more competition in tendering for contracts and widening the market for new support providers to enter the Borough. It also gives the Borough more control of its accommodation/buildings and who delivers the support within them.

### **Demographics and Occupancy**

- 2.5 Albert Cottages, Buxton Street, Fenton Street and Mary Jones Court are located in Aldgate, Shadwell and Westferry. Approximately 58% of the current occupants are under 50 years of age with 21% in the 26-34 age range whilst 42% are over 50 years of age with 23% of these in the 53-59 age range. Population projections relating to the age structure of the borough expects the population of younger adults to grow slower than that of older adults over the coming years.
- 2.6 62% of the current occupants are white British, 21% are Asian, 13% are African or Caribbean. 72% of occupants identify as male and 28% as female. The average length of stay is 10 to 15 years and 46% of the current occupants have resided within the scheme for this period whilst 33% of occupants have resided within the schemes for up to 2 years. The average utilisation rate across all 4 schemes during 2021/22 was 94%. Vacancies occur within all schemes as people move onto to live independently in the community or where older individuals health needs are such that specialist extra care or nursing care is required.

## **3 DETAILS OF THE REPORT**

- 3.1 The commissioned Learning Disability sector is designed to support service users with Learning Disability for whom the Local Authority have a duty of care, many of whom will have complex care needs; with an emphasis on supporting the transition for service users who may have had a significant admission to institutional care and supporting service users with their journey towards enablement and independence.

- 3.2 Comprised of 4 contracts delivered across 7 buildings, the accommodation-based sector delivers two distinct functions; medium/high support complex care and lower level step down provision.
- *Medium/High support function*, delivering intensive one to one or two to one support enabling service users to transition from institutional care, manage their wellbeing including use of medication, enhance their daily living skills, travel training, build resilience and attain their individual care plan goals and outcomes, developing their knowledge, life skills and ability to sustain a tenancy.
  - *Step-down function*; enabling service users to take positive risks around tenancy management including independent management of finances, sustaining a habitable environment, self- medicating and engaging in vocational activities albeit with minimal continued support preparing them to live independently in the community.

### **Context**

- 3.3 The supported accommodation pathway provides accommodation and support to adults with a diagnosis of Learning Disability. Support is tailored to service user's individual needs, with a focus on developing life skills that enable people to move on from supported living to live independently in the community or lower-level accommodation with some support when and if they are ready to do so. This creates a throughput into supported living and assists in achieving moves for people returning to borough from high-cost care or those at risk of placement breakdown. This pathway is considered to be a local, viable alternative to out of borough residential care.
- 3.4 The London Borough of Tower Hamlets has 65 units of supported living within the borough that provide accommodation and support to adults with learning disabilities at an overall annual cost of £2,032,934.
- 3.5 The contracts for which we are recommending a direct contract award; **Mary Jones Court; and Albert Cottages, Fenton Street and Buxton Street** currently deliver an integrated housing and support offer through the providers Look Ahead Care and Support (LACS) and Outward Housing.
- 3.6 At Mary Jones Court the integrated offer comprises LACS being the property owner of the site and therefore responsible for the statutory requirements and general upkeep of the property, alongside providing the in-house care and support to all 20 residents. At Albert Cottages, Fenton Street and Buxton Street the integrated offer comprises Outward Housing delivering all the care and support to the 20 residents in addition to delivering the housing management functions.
- 3.7 Through these three existing contracts, adults with Learning Disabilities are offered supported housing that is safe, effective and which promotes enablement and personalisation. Flexible person-centred support is delivered to service users with a broad range of complex support needs..

- 3.8 Individuals residing within these schemes are offered an assured shorthold tenancy or licence agreement for the accommodation which is integrated with an onsite support offer from the support provider/ landlord. Each individual is required to pay their own rental costs. This is met through Housing Benefit for those who are eligible. The support offered within these schemes includes help to claim Housing and other welfare Benefits. It also promotes flexible and innovative approaches to service delivery, which are driven by efficiency and effectiveness in the use of resources, and which provide a safe alternative for adults with Learning Disability where residential care may otherwise have been considered.
- 3.9 Across these three contracts 40 integrated units of accommodation are offered, 32 of these offering medium to high support and 8 offering low step-down support. These contracts and the services provided within them support the London Borough of Tower Hamlets to improve the quality of life for vulnerable people.

#### **4 EQUALITIES IMPLICATIONS**

- 4.1 Supported Accommodation is an important element of the Learning Disability pathway and Strategic priorities. By providing local Learning Disability focused supported accommodation, local residents are better integrated into local communities. These services support the most vulnerable to access personalised support with the aim to achieving enablement, independence and wellbeing.
- 4.2 The monitoring of these services will include a focus on uptake and experience against the nine protected characteristics, this monitoring will be enhanced through the move to a unified contract enabling better performance management and equity of access.

#### **5 OTHER STATUTORY IMPLICATIONS**

- 5.1 The increasing Learning Disability need within the borough has led to increased spending, at the same time sector costs have increased due to increases in London Living Wage and cost of living crisis.
- 5.2 The increasing complexity of presentation and need over a prolonged period of time and the scarcity of supported living accommodation, particularly for people with high and complex needs, has led to the continued use of out of area placements.
- 5.3 The greatest opportunity for savings in the Learning Disability accommodation budget is to reduce the spend on expensive out of area placements by developing in borough accommodation, particularly where this will improve outcomes for those individuals who have complex needs whose families want them to return to Tower Hamlets to live.

- 5.4 Whilst a Direct Award is proposed there will still be opportunities to seek best value through negotiation and identify areas of efficiency.
- 5.6 The recent announcement of 2023-24 increases to the London Living Wage (LLW) from £11.05 to £11.95 per hour will mean the Borough will need to allow for a review of the contract envelope during the lifetime of the contract. The Mayor in Cabinet is asked to agree the direct award on the basis that a review and uplift of the contract in line with London living wage and inflationary increases envelope is conducted on an annual basis through negotiation with LACS and Outward Housing.
- 5.7 The weekly costs to the Local Authority of placement in these schemes is significantly lower than a placement in residential care, leading to a significant cost avoidance.

### **Risk Management Implications**

- 5.8 To have insufficient provision of accommodation suitable for the needs of people with Learning Disabilities within LBTH would leave the council exposed to risk, particularly for the people currently being supported in these schemes. Buildings used for supported accommodation are required to meet House in Multiple Occupation (HMO) standards and Care Quality Commission requirements. Sourcing buildings that meet these thresholds in Tower Hamlets is challenging due to the shortage of building stock supply.
- 5.9 Holding a contract with LAHC and Outward Housing will enable appropriate contractual arrangements to be put in place which will reduce risk, achieve service user outcomes and improve performance.

### **Crime and disorder reduction implications**

- 5.10 Providing supported accommodation services to vulnerable adults who are at risk of exploitation will reduce crime and disorder by providing specialist care and support to those with complex needs.

### **Safeguarding implications**

- 5.11 Within all Supported Accommodation settings there are clear requirements and responsibilities to ensure all staff are trained in Safeguarding at a level commensurate with their role and that this training is regularly reviewed.
- 5.12 All services have the required policies in place which align with the London ADASS Safeguarding Guidelines and comply with GDPR and Data processing requirements. This is subject to monitoring and inspection by Commissioning and CQC, regarding confidentiality of information about service users and the protection of service users, which is known, understood and adhered to by the staff employed or engaged by the Service (including without limitation: volunteers).



## **Rationale for Longer Term Contracts**

5.19 The benefits, advantages and risks associated with longer term contracts include:

- Longer term contracts allow for longer term stability and continuity across these contracts as we know that good quality supported accommodation in Tower Hamlets is scarce.
- The supported accommodation market within Tower Hamlets will take time to develop and it may take some time before we see new providers entering the market, if at all. We therefore need to preserve and secure the accommodation that we have for as long as possible. Should the market change this could potentially adversely impact the ongoing availability and viability of the existing accommodation and services.
- The rental market and house prices in London and Tower Hamlets make the development of supported accommodation a less attractive option. Longer term contracts would allow the Council to retain the existing accommodation for longer.
- The ongoing cost of living and energy crisis is likely to impact the adult social care staffing sector if salaries are not increased in line with inflation, providers are already finding it difficult to secure experienced and competent staff and this is likely to continue. Longer term contracts offer providers greater stability and ability to offer staff long term benefits and training opportunities.
- The Authority gets greater provider commitment and buy in as longer-term contracts allows the Authority to work with providers to deliver our longer term vision whilst secure best value.
- Tendering contracts is a resource and labour-intensive exercise for all departments involved. The use of longer-term contracts means less procurement and use of resources which can be better utilised elsewhere in the system.

## **Rationale for Best Value**

5.20 This new contract will support the Local Authority to address the challenges associated with delivering a cost effective and person-centred Learning Disability Service with the opportunity to improve outcomes for people receiving services and ensure the service can deal with future cost pressures.

5.21 The two contracts will sustain the 40 units of accommodation within the Learning Disability portfolio and accommodation pathway as a better value alternative to residential care/accommodation.

## **Benchmarking**

- 5.22 Benchmarking on the cost of the services has been undertaken to ensure the Council continues to achieve best value for money in the current market.
- 5.23 The average weekly unit cost for an out of area placement is approximately £1,700, compared to the existing average weekly unit cost in borough of £504 for these contracts. The difference in price can, in the main, be attributed to the fact that out of borough costs are for residential care provision, including the rent and food costs which are not included in the costs of the in borough supported living schemes. Benchmarking the hourly rates against the Learning Disability Framework Lots (where the average hourly rate £19.66) as well as our neighbouring boroughs; Newham, Hackney and Waltham Forest (where the average hourly rates are in the region of £20) have established that the average hourly rates proposed for these schemes of £20.63 is comparable.

### **Social Value**

- 5.24 LACS and Outward Housing already deliver considerable social value impact as part of the current contractual arrangements through the employment and training of local residents and providing good standard accommodation for our service-users. The direct contract award negotiation will be an opportunity to further strengthen the social value impact as we look to drive ambition in employment and upskilling of our local residents and develop joint working support arrangements with our local small and medium enterprises (SMEs).

### **How Quality is Measured**

- 5.25 Learning Disability supported accommodation services have been commissioned to deliver high quality, recovery focused support to improve the quality of life for vulnerable, socially excluded people through the delivery of supported housing that is safe, effective and which promotes independence through personalisation and enablement.
- 5.26 The support provision delivered by LACS and Outward Housing provide accommodation within services that are registered locations with the Care Quality Commission (CQC) and that meet CQC requirements in key areas such as the 13 Fundamental Standards of Care (Click [Here](#) to access) and Right Care Right Support Right Culture (click [Here](#) to access).
- 5.27 Both providers have received an overall rating of “good” in their last CQC inspections. The reports can be accessed [Here](#) for LACS and [Here](#) for Outward Housing.
- 5.28 Contract management includes site visits and contract meetings to review performance. Collation, analysis and reporting of key performance data is undertaken quarterly together with regular incident and complaint monitoring. The data and information captured is used to measure the quality and effectiveness of each contract and ensure that services are meeting the required performance targets and outcomes. Performance data captured to date highlight the services exceeding performance targets around staffing (at

100%) and utilisation levels (at 94%). Good outcomes are being achieved for service users in areas of health where 100% of service users have a health action plan and medication review and community activities where 95% of service are engaging in education training and employment activities.

5.29 The contract specifications for all services within the sector define targeted outcomes/outputs related to recovery and resettlement. Providers achievement of these help us to measure the effectiveness of services in areas such as;

- Facilitating hospital discharges and registered care discharges
- Reducing the use of registered care and hospital admission
- Maximising positives moves to lower-level supported housing or independent accommodation
- Supporting service users to manage their health and wellbeing
- Supporting service users to be free from physical and emotion abuse, harassment or neglect
- Effectively contributing to the management of risk
- Working in partnership to provide rapid response to individual support needs.

5.30 The sector aims are achieved by delivering personalised and co-designed packages of support which promote long-term independence and provides a holistic approach enabling service users to realise personal, psychological, social, vocational and clinical outcomes.

## **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

6.1 The report seeks approval for a direct award for 2 contracts for Learning disability Supported Accommodation for a period of 3 years plus 2 years extension, through 2 providers.

6.2 The 2022/23 block contract value for Outward Housing: Albert Cottages, Fenton Street and Buxton Street, is £405k, and no inflationary uplift was awarded on these contracts for 2022/23. The provider has requested an inflationary uplift of 9% for 2023/24 (inclusive of London Living Wage uplift which accounts for 8.14%), accounting for a £36k increase, taking the block contract value for 2023/24 to £442k.

6.3 The 2022/23 block contract value for Look Ahead Care and Support: Mary Jones Court, is £309k, including an inflationary uplift of 7% which was awarded on these contracts for 2022/23. The provider has requested a further inflationary uplift of 9% for 2023/24 (inclusive of London Living Wage uplift which accounts for 8.14%), accounting for a £28k increase, taking the block contract value for 2023/24 to £337k.

- 6.4 Funding for inflationary uplifts will need to be met from within any inflationary allocations to the HAC budgets for each financial year built into the Medium Term Financial Strategy

## **7. COMMENTS OF LEGAL SERVICES**

- 7.1 The Council has a legal duty to provide this care. Also, the individuals to whom the care is provided have a right to continue to live in their existing home. The owners of the properties have mandated that the level of care can only be provided by them as the care to which the residents have become accustomed and need is integrated with the housing provision services. This means that the Council cannot run a competitive exercise for provision of the care as the Council and the residents would lose access to the properties in the event that someone other than the property owners won a tender for the care part of the services.
- 7.2 In other circumstances the Council is legally required to subject the services it purchases to competition. However, the circumstances outlined above show that if the Council attempted to run a competitive exercise no competition could be achieved due to the nature of this purchase. Therefore, the Council does not intend to act anti-competitively. It is performing an award without competition due to the nature of the market and the subject matter of the purchase which restricts competition.
- 7.3 The Council will benchmark the costs (and any future uplifts during the contract period) against other similar competitively procured services to ensure that the economy part of the Best Value Duty is achieved. There will be a contract in place with a clear specification which will be monitored to ensure service quality which will ensure compliance with the efficiency and effectiveness limbs of the Best Value Duty.
- 7.4 The people who currently reside at the properties are likely to have protected characteristics for the purposes of the Equality Act 2010. A decision to competitively procure the service would have a disproportionate effect on these people when compared to people without a protected characteristic. It is not clear how such disproportionate effect could be rebalance in another way to maintain compliance with the Equality Act

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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- None

### **Appendices**

- None

**Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- None

**Officer contact details for documents:**

N/A