Nottinghamshire County Council

Report to Adult Social Care and Public Health Committee

12th June 2017

Agenda Item: 8

REPORT OF THE SERVICE DIRECTOR FOR STRATEGIC COMMISSIONING, ACCESS AND SAFEGUARDING

TENDER FOR OLDER PEOPLE'S HOME BASED CARE AND SUPPORT SERVICES

Purpose of the Report

1. This report seeks Committee approval to commence a tender for generic home care services, including the care provided in the Extra Care schemes. The services would include the following:

   - dementia care
   - end of life care
   - respite care (non-residential)
   - support for people to access community resources.

2. The report also seeks approval for the commencement of a tender for a 24 hour urgent care and crisis/rapid response.

3. Committee is asked to approve the implementation of a new model of service based on the delivery of outcomes and which enables a change in payment arrangements, as of the second year of the contract, to a model of payment for outcomes.

4. The report also seeks Committee approval to build in a process for determining and allocating an annual inflationary increase to the home care and support contracts to take into account cost pressures arising from the increases in the National Living Wage over the contract period.

Information and Advice

Background

The national context

5. There continues to be significant demand for health and social care services arising from demographic pressures with a general increase in life expectancy, including people with multiple and complex health conditions. The national and local policy direction is to support people to live independently in their own homes for as long as possible, to have in place services which prevent avoidable hospital admissions and enable people to be

discharged from hospital promptly, and which support people at end of life to remain at home.

6. Significantly greater numbers of skilled, well-trained and motivated care workers are required across the range of health and care services in order to meet the increasing demand for care and support services. However, nationally there is a lack of sufficient workforce capacity across the health and social care sector, and this is particularly the case in relation to care workers employed in the private and voluntary sectors as a result of unfavourable conditions of employment and relative low status of the work. Over a number of years issues such as zero-hours contracts, 15 minute visits, national minimum wage rates, payment for travel time for care workers, and other terms and conditions of employment have been subject to much national debate.

7. Whilst local authorities have limited powers over the terms and conditions of care workers that are employed by independent sector providers, the Care Act places a statutory duty on councils to facilitate and shape their local care market to ensure there is a diverse range of services available to meet the needs of all people in the area who need care and support. The Care Act also places duties on local authorities to ensure provider sustainability and viability (Sect. 5 (2)(d)) and to ensure that there is continuity of care for service users and carers, including people who fund their own care, during times of business failure. Additionally, the market shaping duties include the role of local authorities in ensuring that fees paid to providers are sufficient to enable them to meet their employer duties and responsibilities, as detailed in section 4.31 of the Care and Support statutory guidance:

> *"When commissioning services, local authorities should assure themselves and have evidence that contract terms, conditions and fee levels for care and support services are appropriate to provide the delivery of the agreed care packages of care and agreed quality of care. This should support and promote the wellbeing of people who receive care and support, and allow for the service provider ability to meet the statutory obligations to pay at least the national minimum wage and provide effective training and development of staff. It should also allow for retention of staff commensurate with delivering services to the agreed quality, and encourage innovation and improvement. Local authorities should have regard to guidance on minimum fee levels necessary to provide this assurance, taking account of the local economic environment." p48.*

8. The state of the home care market has been the subject of national debate over the past 18 months. A number of the larger national home care providers have exited the market entirely, and in some areas providers have handed back contracts to local authorities on the grounds that the hourly rates do not enable them to deliver good quality services and in many cases are not financially viable.

9. The independent regulator of health and social care, the Care Quality Commission (CQC) in its annual report *'The State of Health Care and Social Care in England'* shows that there is increasing instability in the care market as providers face increasing costs and are required to deliver efficiencies whilst trying to maintain good quality services:

> *'Emerging data from our market oversight work also suggests that the profitability of adult social care provision is falling. Since April 2015, CQC has*

been monitoring the financial stability of certain adult social care providers that are considered to be 'difficult to replace', either because they are large national operators (of both care homes and home care) or because they provide specialist services. Our data shows the severe financial strain that local authority funded providers continue to be exposed to…In domiciliary care, we continue to see profit margins being eroded. The primary drivers for this are pressure on fees and increased staff costs driven by higher use of agency staff. Falling profitability could make the sector less attractive to providers, thus reducing the amount of provision and increasing the demand on existing services." p.43

10. Over the last couple of years, the United Kingdom Home Care Association (UKHCA) through the Freedom of Information Act, 2000, has sought information from all local authorities with responsibilities for commissioning social care on the average price paid to home care providers. In their report, '*The Homecare Deficit - A report on the funding of older people's homecare across the United Kingdom (March 2015)'*, the UKHCA published the comparative data broken down into regions. In the report, the UKHCA cited its own 'minimum price for homecare' of £15.74 per hour, to enables providers to meet their legal obligation and the ability to run a sustainable business. This is broken down as 70% for staffing costs, 27% attributed to running the business, and an operating surplus or profit of 3%.

11. In November 2015, the UKHCA published a subsequent briefing, *'A Minimum Price for Homecare'*, where it stressed its own minimum rate for home care for 2015/16 was £16.70 per hour, to enable providers to meet their legal obligation in relation to the National Living Wage and other staffing costs, and to run a sustainable business.

The local context

12. The Council and the five county Clinical Commissioning Groups (CCGs) have a contract in place with four core providers for generic home based care and support services, each covering a large geographical area based on district council boundaries. The providers are also required to deliver the care and support services within the existing Extra Care scheme/s in their specific areas and in the new schemes that are currently being developed, as and when they open. In addition to the generic home care contracts, the CCGs have a contract with three core providers to deliver complex health care services under Continuing Health Care (CHC) arrangements.

13. The contracts were let for a period of three years, commencing in July 2014 through to the end of June 2017, with an option to be extended for up to a further two years. The providers agreed to extend the contracts for a further year, up to June 2018, in order for the services to be re-tendered.

14. In addition to the above generic home care services, the CCGs have commissioned specific services aimed at providing short term support to people who are at risk of being admitted to hospital as a result of a crisis but who do not need medical interventions. These include the Emergency Department Avoidance Support Service (EDASS) in mid Nottinghamshire, the crisis response service commissioned by Nottingham West and Nottingham North and East CCGs, and Urgent Community Support Service (UCSS) in Rushcliffe. These services are funded in entirety by the CCGs.

15. In the south of the County, a hospital discharge service was also jointly commissioned by the Council, Rushcliffe CCG, Nottingham West CCG and Nottingham North and East CCG. This service is called the Interim Home Care Service which is a short term service and is currently provided by The Carers' Trust. This service was initially commissioned on a temporary basis in the summer of 2014 during the time of the transition from the previous home care contracts to the new core provider contracts. The purpose of the service was to avoid people having to remain in hospital longer than necessary whilst home care services were being arranged for them. In 2016/17, the Council assumed full funding responsibility for this service which is in part funded through the Better Care Fund and in part through the adult social care base budget.

16. Since the generic home care contracts commenced, the providers have experienced difficulties in recruiting and retaining care staff with high staff turnover. This has had a negative impact on their ability to deliver the required volumes of services and especially their ability to arrange and commence delivery of care services at short notice, and this particularly impacts on people who have had a stay in hospital and who require a home care service to enable them to return home. Also this has resulted in the Council having to commission services from other home care providers on a spot purchasing basis. Over the past 12 months, the numbers of services commissioned on a spot purchasing basis has increased significantly with a 10.28% shift from April 2016 to April 2017, as detailed in the table below. These services are not covered under existing contractual frameworks.

Table: Breakdown of service market share: Core v Spot Providers

District	**Core/Spot**	**Number of Service Users**		**% of Market**	
		April 2016	**April 2017**	**April 2016**	**April 2017**
All	Core	1,059	1,010	66.39%	56.11%
	Spot	536	790	33.61%	43.89%
Total		**1,595**	**1,800**	**100%**	**100%**

17. In accordance with its statutory duties, in summer 2015, the Council completed an open book exercise with home care providers and supported living providers. The purpose of the exercise was to obtain financial information from the providers, with a breakdown of their costs, and also to better understand their cost pressures. The exercise showed that the cost to providers for the delivery of home care services had increased considerably since the award of the contracts in 2014 and it highlighted concerns about their financial viability. Prior to the exercise, a couple of the core providers indicated that they were not able to sustain the contracts at their existing rates.

18. The main cost faced by the providers relates directly to increasing staffing costs in terms of staff pay and terms and conditions of employment. The exercise also showed that the average turnover rate was 50%, with one of the largest providers stating they had a 70% turnover rate during 2014. Providers stated that they were competing with employers in the retail sector where average staff pay was approximately £9.00 per hour. The open

book exercise showed that the average cost to the four core providers was significantly above their average tendered price.

19. The findings of the open book exercise were outlined in a report to Adult Social Care and Health Committee in November 2015 and resulted in the Committee approving a 10% in-year fee increase to the core providers which was subsequently applied from 1 December 2015.

20. In April 2016, Members approved a further 6% increase for home care services to take account of the impact of the National Living Wage (NLW). An increase of 2.6% was applied in April 2017 to take into account the further increase in the NLW.

21. Based on the prices submitted by the providers as part of the tender processes during 2013/14, the average hourly rate of the four core providers for the home care service ranged from £12.70 to £13.20 per hour in 2014/15. Following the fee increases applied in December 2015, April 2016 and April 2017, the average cost of home care services across the core providers has now increased to approximately £15.56 per hour, compared to the minimum price of £16.70 as indicated by the UKHCA for 2016/17.

The Budget

22. The Council's total budget for home care and support is approximately £19.7m for 2016/17, which includes £872,000 specifically for the interim hospital discharge service in the south of the County. There are approximately 1,800 service users receiving a service at any one time and the delivery of approximately 20,137 hours of service provision by independent sector providers per week (as at April 2017). This includes services commissioned from the core providers and from spot contracted providers. It excludes people who arrange and manage their own home care services through the use of a direct payment.

The tender planning process for new services

23. As outlined in the previous Committee reports in April and July 2016, the Council and five of the county CCGs have completed a review of the existing services and have been planning the re-tender to secure new home care services across the County to commence from September 2017. Bassetlaw CCG has decided to commission its own home care service for people who meet Continuing Health Care (CHC) eligibility criteria and for people who are at the end of life. The five County CCGs are committed to commissioning home care services for people who are jointly funded by the Council and the NHS through Continuing Health Care (CHC) funding. However, the CCGs intend to review their position within the first year of the contract.

24. The City Council and City CCG have a contract with home care providers on a similar basis to the County, and they are also planning to commence a re-tender of their home care services at the same time. Representatives from the City Council and City CCGs have been involved in the tender planning process to enable the respective commissioning arrangements to be aligned. This is particularly important as the City and the County have contracts with a number of the same providers, and it is critical that the intentions and actions of the County's commissioners do not inadvertently destabilise home care services in the City and vice versa. Also, as part of the integration across

health and social care, there are a number of joint arrangements in place to enable the better planning and discharge arrangements relating to the acute providers. In the south of the County these arrangements include the City Council and City CCG as well as the three south CCGs. It is therefore important to ensure aligned processes to enable seamless services are provided to service users regardless of where they live.

25. In planning and preparing for the tender, the Council has been working in partnership with the core providers to help with the staff recruitment and retention concerns and to gain a better and more detailed understanding of the factors that impact on and make the work more rewarding and attractive to care workers. The areas of focus have included:

- A joint recruitment campaign led by the Council over the 2016/17 winter period
- Consideration of additional cost pressures experienced by providers arising from the Council's contractual arrangements such as payment by the minute, based on direct contact time between the care worker and the people receiving the service
- Consideration of individual commissioning practice where packages of care are arranged on the basis of 'time and task' rather than a more flexible approach focused on the individual service users' identified outcomes
- The development of a couple of pilot projects to test out a model based on commissioning for and delivering outcomes
- A more proactive role for the providers' care staff in agreeing the care plan, in the support planning process and in reviewing the care package
- The use of the electronic monitoring system, CM2000, to inform payment based on minutes of service delivered, and consideration of alternative monitoring systems and processes.

26. The above work has enabled the Council to gain a better understanding of the ways in which providers are required to manage their business locally, arising from the Council's commissioning and contractual arrangement and where different arrangements and requirements would help the providers to make the care worker role more rewarding and attractive, thereby improving retention rates.

27. As a part of the tender process work has also commenced looking at the function of the Community Partnership Officers (CPO) who broker the home care support services and liaise with commissioners. The process has been streamlined and currently work is underway with the Data Input and ICT teams who are exploring the use of an electronic portal that will reduce the process further.

Co-Production

28. As part of the Council's commitment to the co-production of services, an 'Experts by Experience' engagement group has been formed. The group is supported by two Council officers whose role is to promote person centred planning and ensure service user and carer involvement in the design and delivery of services and, where possible, co-production. Representatives of existing service user and carers' groups were approached, including those groups working with the CCGs, to ask if individuals would be interested in becoming part of the Experts by Experience group specifically in relation to the on-going development of home based care services in the County. Alongside this, information was circulated inviting interest through appropriate social media including the Council's intranet and Twitter. The aim was to identify individuals from different

backgrounds who would be willing and able to contribute to the development of the new home care service. Two meetings were held for interested individuals, one in Mansfield and one in Nottingham. From these initial meetings six people volunteered to become part of the group which was formed in late 2016. The group consists of five carers and one service user and they have been working with commissioning staff over the past six months in which time the group has designed a vision statement for the delivery of home care in Nottinghamshire as:

"To support people to live in their own home as independently as possible and with dignity through the delivery of good quality individual care."

29. The Experts by Experience are currently developing their own Charter which is a clear statement about what good home care should look like and attempts to define how to give home care in Nottinghamshire 'a caring X factor'. The group is in the process of defining where they will be able to contribute and add value through their expertise and influence. The group will take a proactive part in the selection of the new providers and have asked to play a direct role in the quality assurance and audit of the new providers once the new services commence. Additionally, to date, the group has been involved in a range of workshops and initiatives, including:

- representation on the home based care programme board
- the development of service specifications
- the development of the rapid response and hospital discharge service including the tender process
- drafting, setting and marking specific questions for the tender

30. Another area of work has been facilitation of a number of focus groups with front line staff in the locality teams who are involved in the day to day commissioning of the services. This has included evaluation of the current core provider model including what has been effective and what has hindered or prevented the model from delivering the required capacity such as service users opting to have Direct Payment. This has included consideration of factors affecting rural areas, and the value brought by small micro-providers particularly in some of the more rural locations in the County.

Commissioning and delivering for Outcomes

31. As referred to in **paragraph 25**, the Council has been working with one of the core providers on a pilot which is to commission more personalised care services which focus on and better meet the outcomes of people who require the service rather than being determined and arranged purely on the basis of the tasks that the care workers need to undertake with or for the service user. The pilot is being run in Ashfield and Mansfield by Mears, which is the core provider in those areas. Mears is drawing on its experience of delivering an outcomes based model in other parts of the country.

32. Commissioning for outcomes requires a significant change in the way the home care services are arranged and the role played by the Council's own social work assessment staff as well as the way in which the services are delivered by the provider and their care workers. The model requires the provider to play an active role in the care planning process which has traditionally been the domain of social work staff. The provider is involved in determining how each individual package of care is delivered with the aim of

supporting people to regain and/or maintain their independence by putting in care and support which helps them to do as much for themselves as they can, rather than completing care tasks for them.

33. In this model of service delivery, the provider is empowered to deliver services in a flexible way, working to the strengths of the service user. So for example, a service user may be feeling unwell on a particular day and may require more tasks to be completed for them but on other days may be able to do more for themselves with the care workers having a more supportive role. When first starting a package of care and support, the care workers may need to spend more time with the service user to help them to become more confident in the tasks they are completing but the aim will always be to seek to reduce the direct care provided by the care workers over a given period of time. This could include spending some time with an individual to take them or accompany them in accessing a community activity whilst they gain the confidence to undertake the activity without support from the care provider.

34. Evidence from reablement services shows that if supported appropriately and encouraged to do so, more people are able to regain some of their independence and in many instances, to stop requiring care altogether or significantly reducing the amounts required over a longer period of time. Home care and support providers can play a key role in supporting people to remain independent if they are given the opportunity to provide and deliver care more flexibly.

35. As well as playing a key role in the care planning process, the provider is empowered to work with health and social care professionals in the day to day oversight and co-ordination of the care and support being delivered. As part of integrated working the CCGs have developed local Care Delivery Groups based around clusters of GP practices, and which include health and social care staff working together in terms of care coordination. The home care providers have an important and valuable role in linking directly into these integrated teams as part of care planning and reviewing processes.

36. A significant element of the outcomes based model involves the care provider taking a much more active role in supporting people's overall health and wellbeing with a view to reducing their need for funded care and support, thereby delivering a more cost effective as well as a more personalised service which enables individuals' specific outcomes to be met. This does require health and social care staff and the care providers to work together to manage people's expectations so that from the start, service users and their families are advised that the care and support may only be in place for a given period of time to help and support the service user whilst they recover from illness and/or a stay in hospital.

37. In order to enable the providers to deliver an outcomes based model, the payment processes and arrangement need to change from payment for task based activities to flexible use of allocated and agreed time per individual package of care. One way of changing this arrangement is to pay the provider the full indicative weekly budget of a specific number of service users with a requirement that the provider will achieve a reduction in this budget over a given period of time through successful reablement where appropriate for users' needs. Any reductions in packages would be made in discussion

with the service user and their family, and in agreement with the relevant social care and health care staff. This is currently part of the pilot being run by Mears.

Payment processes and fee rates

38. As part of the review and revision of the home based care service specification, officers from the County and City Councils, and from the CCGs, including finance representatives, have formed a working group to consider the future payment models and fee rates which should help to secure financially viable and sustainable contracted home care services. The delivery of the care services will be based on the principles of promoting independence and re-ablement, and which reduce the requirement of long term care. The aim is for the services to be delivered on the basis of people's identified outcomes rather than focusing solely on the completion of care tasks.

39. Part of this work has entailed undertaking a detailed analysis of current payment arrangements particularly focusing on where these arrangements have created difficulties in enabling the providers to deliver services in accordance with people's identified outcomes. One example is how the electronic call monitoring system informs the levels of payment to providers, based on the time the care worker spends in direct contact with the service user in completing physical tasks such as getting the service user washed and dressed or getting a snack or hot drink ready for them. This often prevents care workers from delivering services in a more flexible way, which may vary from day to day depending on how well the service user is feeling and how much they are able to do for themselves on that day. The current payment arrangements drive the providers to work on the basis of completing tasks rather than on helping the service users to achieve their identified outcomes.

40. Another area of consideration has been payment levels for short visits. The UKHCA recommends that commissioners should make a minimum payment of 30 minutes per visit. This is a matter frequently raised by the core providers, particularly where they have a high number of service users in the rural areas of the County where considerable travel time is required. Providers state that this is a frequently cited reason for high staff turnover.

41. Many councils have now moved to a positon where they will pay providers for a minimum of 30 minutes per visit, as recommended by the UKHCA. Providers have stressed that this approach will help the services to become more sustainable and will help with staff retention. In adopting this in Nottinghamshire, there will be a significant impact on the cost of home care services. Using existing statistical data on the numbers of visits of a 15 minute duration and calculating the impact of increasing payment for these visits to 30 minutes would equate to an additional cost of approximately £700,000 per annum based on current hourly rates.

42. Through the open book exercise completed in 2015, the Council has gained a much better understanding of how the providers' costs are configured as well as their cost pressures. This knowledge will help inform the tender process and the award of contracts regarding the tendered prices to ensure the rates are realistic and viable in that they reflect providers' actual costs and which should enable the providers to deliver services which are sustainable.

Options of commissioning and payment models

43. A number of different options have been considered by commissioners including feedback received from local and national providers through a number of market sounding events and activities. Some of the viable options are outlined below.

Option 1: Guaranteed Level of Payment

44. This option entails commissioning a fixed volume of services and paying providers for the full volume of hours required, regardless of levels of delivery. This model operates on the principle that the Council is aware of the volumes of services required which is relatively stable and predictable, and on the basis that existing providers are able to consistently deliver at least 85% of commissioned hours. The guaranteed payment could therefore be fixed at the 85% level, with additional payments being made retrospectively as and where the provider delivers over the 85% of commissioned hours.

45. Whilst there are some merits in adopting this model as it will offer higher levels of security to providers which would enable them to recruit staff on a salaried basis, it does not provide the necessary incentives for the providers to deliver efficiencies through successful reablement. Also, as part of its personalisation agenda, the Council continues to support people to manage their own care and support through the use of Direct Payments and increased use of Personal Assistants. The CCGs, as early adopters of Integrated Personalised Commissioning, are supporting individual service users to arrange their own care and support through the use of Personal Health Budgets. The Council and the CCGs are also considering and looking at alternative ways of commissioning services through the use of Individual Service Funds (ISFs)[1]. Additionally, over the course of the contract period, the CCGs may not wish to continue to commission their element of jointly funded packages of care from the core providers. Therefore, it is anticipated that the volume of services commissioned through the core provider contracts may reduce over time. As such, guaranteed payment for commissioned hours is not considered to be the best option.

Option 2: Payment based on achievement of outcomes

46. This option entails the identification of key outcomes and payment levels being based on the providers' achievement of those outcomes. Some of the outcomes considered include the following:

- Changes to the size of packages as a result of re-enablement and promoting independence
- Timeliness of response when new packages of care and support are required
- Consistency and continuity of care workers
- User and carer satisfaction through monitoring activities including those undertaken by the Experts by Experience

[1] Individual Service Fund (ISF) is when someone wants to use their individual budget to buy support to manage their care package from a care provider. ISFs mean that the money is held by the provider on the individual's behalf and the individual decides how it should be spent. The provider is accountable to the individual and commits to spend the money only on the individual's service and on the management and support necessary to provide the management service.

- Avoidance of hospital admissions.

47. Whilst there is much documented about the value of commissioning and payment for outcomes, at the current time, there is little evidence that any local authorities have been able to successfully adopt a payment model based on measuring and evaluating the successful delivery outcomes. It is very difficult to measure the impact of the home care service in meeting outcomes. In part this is because many factors impact either positively or negatively on people's outcomes being realised and home care providers may not have any control over many of these factors.

Option 3: Percentage of payment 'top sliced' from overall budget

48. This approach involves top-slicing a percentage of the available budget and then holding it in reserve. Outcome measures are set and agreed with the provider who then has to achieve the agreed outcomes in order to get paid the reserved funding. If they do not achieve the outcomes they do not receive the additional reserved amount. However, as with Option 2 above, it is difficult to ascertain what factors are contributing to the delivery of outcomes and therefore it is difficult to align any element of the payment to the successful delivery of outcomes.

Option 4: Commissioning for outcomes and phasing in a payment model based on the learning from the pilots

49. As outlined in **paragraphs 31 – 37** above a pilot is currently being run in Ashfield and Mansfield by Mears which is based on the commissioning and delivery of outcomes. There is a further pilot due to commence shortly in Broxtowe with another core provider, Direct Health, which is also based on the delivery of outcomes. A key element of each of these pilots is consideration and testing of different payment processes based on the delivery of a number of outcomes. Finance colleagues within the Council are meeting with their counterparts from the provider organisations to discuss and test some payment models.

50. One option is to commission the new home care services based on delivery of outcomes, and then to apply the learning from the pilots to develop an outcomes based payment model and to introduce this in a phased approach. Lessons learned from previous tenders is that the procurement process itself can cause disruption to service users and their families, and to providers and their care staff and that the changes required as a result of tender processes take some time to settle. The Council can anticipate a number of the factors that contribute to or add to the disruption and so mitigating actions can and would be put in place to minimise the disruption. One key learning from the previous tender has been the difficulty in changing significantly the model of service delivery at the same time as transferring large contracts from an exiting provider to a new provider.

51. Given the difficulties experienced by the current providers and the high numbers of services being commissioned on a spot basis, it is timely to undertake a tender on the basis of some significant changes to the model of service delivery, based on outcomes, and changes in the payment processes. However, it may be prudent to phase some of the changes so that they are not all required or implemented at the start of the contract period.

52. In order to successfully implement a phased approach, the commissioners need to be clear from the onset, in the tender documentation and service specification, what the requirements and processes will be for the first year of the contract and what will change in the subsequent years both in relation to the commissioning arrangements and in the service delivery requirements.

53. The added benefit of this approach is that the Council will be able to work in partnership with the new providers from the onset to discuss and agree how the changes will be instigated and to jointly problem-solve any potential difficulties or barriers, taking the learning from the delivery and payment for outcomes model currently being piloted in Ashfield and Mansfield and being developed in Broxtowe.

54. It is therefore proposed that the Council proceeds with Option 4 with the delivery of outcomes being instigated at the start of the new contracts and with payments based on outcomes being phased in at the start of the second year of the contract. There is evidence that this approach is applied effectively in other public sector contracting arrangements such as property management where the payment model is changed only after the new contracts have commenced and the new service provider and new service requirements have had time to bed in.

The services to be procured and the procurement process

55. Following Committee approval in July 2016, the Council has successfully set up the first stage of the Dynamic Purchasing System (DPS). The DPS is a two stage process where, during the first stage, a wide range of providers are selected as accredited providers of home care and support services. To date 71 providers have successfully registered on the DPS.

56. The DPS has been put in place to cover a period of 10 years, and will be open throughout this period allowing new providers to apply to join the DPS and to tender for home care contracts with the Council and CCGs, thereby allowing new providers to enter the local market. This offers greater flexibility to the commissioners in the event that existing providers cannot sufficiently meet demand or in the case of concerns about the quality of the care services. It also allows for small and micro-providers to be registered so encouraging a diverse and more robust market that can respond to specific service needs or in a specific geographical area. The DPS will also permit contracts to be awarded with different start and finish dates. The DPS will reduce the time it takes to undertake the tender for specific services as the initial selection will not be required. The Council can now proceed to use the DPS for the award of specific contracts including the generic home care contracts.

57. It is proposed that the Council now commences a tender for generic home care services, including the care provided in the Extra Care schemes. The services would include the following:

- dementia care
- end of life care
- respite care (non-residential)
- support for people to access community resources.

58. It is proposed that at the same time the Council also tenders for a 24 hour urgent care and crisis/rapid response. This service entails responding to urgent referrals for assistance for people already in receipt of a home care service but who have had an unexpected incident which requires a quick response and where the main home care provider is unable to respond. This includes calls for assistance with continence problems in the night or people with dementia who may wander and occasionally need somebody to ensure their safe return home. This service is linked to a Telecare system.

59. In order to continue to rationalise the numbers of contracted providers and to encourage and support efficiencies through economies of scale, it is proposed that the Council will continue to use a core provider model but that the geographical areas are broken down further to cover smaller areas which have historically been hard to cover but where smaller and micro-providers have successfully been able to deliver the required services. This will enable contracts to be awarded to a range of large and small providers.

Electronic Call Monitoring

60. As detailed above, the current services operate on a time and task basis requiring detailed monitoring of contact time between provider staff and service users. The Council has a separate contract in place with an electronic call monitoring provider, CM2000, and the core providers are required to use CM2000 as the call monitoring system which determines the payments that the Council makes to the providers The existing contract with CM2000 is due to expire in March 2018. Feedback from the current core providers is that the CM2000 system is expensive and unwieldly and it does not allow for or reflect some elements of the work undertaken by the provider's staff including the time taken by staff to gain access to or entry into a service user's home.

61. In moving to an outcomes based service, it will no longer be appropriate to have a call monitoring system which is based on time and task activities where other activities in support of the service user cannot be logged, for example regular activities such as liaising with social care and health care staff, with family members, care and support planning and undertaking a reviewing role.

62. Currently, colleagues in ICT are developing and implementing a monitoring and rostering system which is being piloted with the in-house START (Short Term Assessment and Re-ablement Team) service. The system will provide an improved facility to monitor and record work undertaken by START's care staff. The system provides real-time feedback of locations of staff and helps the service in relation to staff rotas and will enable service users or their families to be contacted where a care worker is delayed on another home visit. The new providers will continue to be required to return electronic monitoring data to the Council and it is anticipated that during the first year of the contract this monitoring information will still inform payment levels to the providers. During the first 12 months of the contract, the Council will work with the providers to test and agree payment processes which are based on the delivery of outcomes. This will involve the use of a new digital system called Acorn which is currently under development within the Council which will enable information to be shared between the Council, the providers' care workers and service users and their families or carers. The de-commissioning of CM2000 will also enable the Council to realise some savings.

Timetable for procurement and award of new contracts

63. Consideration has been given to the best time to commence the tender process given that the process will create uncertainty for service users and carers, current providers and their staff who may be concerned about the implications of a change in their service provider or more importantly a change in their care workers. Whilst there is no ideal time to undertake a tender process, health and social care commissioners agree that it is best to avoid a transfer process from one provider to another to take place in the middle of winter when the demand for services is particularly high, including for people who have had a stay in hospital and who require services to be available when they are ready to return home.

64. As such, it is proposed that the tender commences in early autumn with a view to new contracts being awarded in January 2018 with a six month transition period so that the new contracts can commence in July 2018. The different activities are outlined in the table below.

Stage	Date
Further market sounding engagement events with existing and prospective providers	June 2017
Commence the procurement	September 2017
Bidders' day and closure of tender clarification period	October 2017
Closing date of tender submissions	November 2017
Evaluation of tenders	December 2017
Notify all bidders of the outcomes of their tenders and award contract to successful providers	Early January 2018
Contract award	January – February 2018
Transition from current providers to new providers	February – May 2018
Commencement of new service	July 2018

Other Options Considered

65. The Council is required to tender services on a routine basis in accordance with its Financial Regulations and EU Procurement Rules. The Council has the option of extending the current contract with the core providers for up to a further year from July 2018 to July 2019 at which point the contracts would have to be re-tendered.

66. It is evident that despite fee increases applied in December 2015, April 2016 and April 2017, the core providers continue to experience considerable difficulties in the recruitment and retention of care workers and this continues to impact on their ability to deliver the required volumes of service and there continues to be a significant reliance on

the use of spot purchasing arrangements which are not currently under any formal contractual framework. This is creating on-going difficulties in enabling the Council and the CCGs to secure the required services. As such, it is prudent to commence the tender over the current financial year in order to address these concerns.

67. The work undertaken with the current providers shows the need to change some of the current contractual terms and conditions to help the providers to deliver a more flexible service. The Council is keen to start commissioning services based on people's identified outcomes, rather than on a time and task basis. This should result in a better experience for service users and carers who require home care and support services. An outcomes based commissioning and delivery model will also enable the care workers to provide a more responsive service which takes account of service users' changing and fluctuating needs and which will proactively involve them in the care co-ordination of the service together with health and social care staff, all of which would contribute to the care worker role becoming more attractive and fulfilling.

Reason/s for Recommendation/s

68. The core providers are not currently able to provide the required capacity of home care services. Since the award of the contract in 2014, there have been a number of significant changes, including the introduction of the Care Act 2014 and the further emphasis on personalised care, such as the implementation of Integrated Personalised Commissioning. These changes require a change in the way in which the services are commissioned and delivered.

69. Providers have also experienced significant cost pressures impacting on their ability to deliver a financially viable and sustainable service. Given these significant changes, it is necessary to commence the retender at the earliest opportunity in time for new services to commence in summer 2018. The County CCGs are keen for the home care and support services to be re-commissioned.

Statutory and Policy Implications

70. This report has been compiled after consideration of implications in respect of finance, public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Implications for Service Users

71. The Council has a statutory duty to ensure there is sufficient provision of a diverse range of services to meet people's social care and support needs. The aim of the tender process is to enable the Council to commission sufficient volumes of home care services and to ensure these services are sustainable and are able to meet current and future needs.

72. Through the use of the Dynamic Purchasing System, the Council and the CCGs will be able to accommodate sufficient numbers of home care providers under one contractual framework. This will also enable smaller organisations, including micro-providers, to be

included in the arrangements to help to support a diverse range of providers who will be able to deliver smaller volumes of services, including in more rural parts of the County.

73. The re-tendering of home care and support services may impact on some people who currently receive home care from the core providers if those core providers choose not to tender for the services or if they do not meet the quality thresholds. If and where this is the case, the Council will work with the providers to ensure that the transition is managed carefully so that any disruption in services is minimised through appropriate mitigating action.

Human Resources Implications

74. A review will be undertaken over the next six months of the role and responsibilities of the Community Partnership Officers within the Quality and Market Management team to ensure they are able meet the new model of home care and support services.

Financial Implications

75. As outlined above, the Council's budget for home care services is £19.7m which includes £870,000 for the interim home care service. The average hourly rate across the core provider contracts is currently £15.56 per hour. The hourly rates for services commissioned from providers on a spot purchasing basis is also £15.56 per hour.

76. The increased cost pressures experienced by home care providers, primarily related to staffing costs, is well documented. Evidence from other local authority areas is that providers have submitted hourly rates which are not sustainable and which does not enable them to recruit and retain sufficient care staff. Some of these providers have exited the market, having terminated their contracts with councils, whilst other providers have taken a more selective approach and handed back contracts to councils where they are no longer financially viable. It is therefore imperative that the Council is able to secure contracts which enable the providers to deliver a good quality, consistent service with the capacity that is required.

77. It is anticipated that the tender process will result in additional cost pressures to the Council, related in part to the tendered hourly rates, and in part to changes in the configuration of the contracts such as payment for a minimum of 30 minutes per visit and payment for time related to non-direct care, such as care coordination activities as part of the outcomes based commissioning model. Over time, it is intended that the service model will enable delivery of savings and efficiencies as people are routinely supported to become more independent and to appropriately manage their own care and support needs wherever possible.

78. Through the tender process, the Council will evaluate tender submissions both on the basis of the tenders' experience of delivering high quality services and also on the basis of hourly rates which accurately reflect actual costs. As in the last tender process, tenders will be required to submit full details of their costs including a breakdown of their direct and non-direct staffing costs. Contracts will be awarded on the basis of realistic and viable price submissions with value for money considerations.

79. In order to ensure the contracted price for the home care and support services remains viable for the duration of the contract period and enables the providers to deliver services to the capacity required, it is proposed that an annual inflationary increase is built into the contract terms and conditions. The annual inflationary increase would need to reflect the particular costs in this market which are predominantly an increase in the National Living Wage and associated National Insurance and employer pension contributions. A significant proportion of these costs is factored into the current Medium Term Financial Strategy.

Public Sector Equality Duty Implications

80. The nature of the services to be commissioned mean they will affect older adults and people with disabilities, including people who have multiple and complex health and social care needs. The Council has completed an Equalities Impact Assessment to consider the implications of the tender process on people with protected characteristics and to identify and put in place mitigating action to ensure that these groups of people are not disadvantaged as a result of the tender process.

RECOMMENDATION/S

That the Committee:

1) approves the commencement of a tender for generic home care services, including the care provided in the Extra Care schemes. The services would include the following:

- dementia care
- end of life care
- respite care (non-residential)
- support for people to access community resources.

2) approves the commencement of a tender for a 24 hour urgent care and crisis/rapid response.

3) approves the implementation of a new model of service based on the delivery of outcomes and which enables a change in payment arrangements, as of the second year of the contract, to a model of payment for outcomes.

4) approves the proposal to build in a process for determining and allocating an annual inflationary increase to the home care and support contracts to take into account cost pressures arising from the increases in the National Living Wage over the contract period.

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Constitutional Comments (CEH 31/05/17)

81. The recommendations fall within the delegation to the Adult Social Care and Public Health Committee.

Financial Comments (NDR 31/05/17)

82. The financial implications are set out in paragraphs 75 to 79 of the report. There are potential financial risks as the market continues to change and payment rates will have to be considered carefully if a sustainable service is to be delivered.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Tender for Home Based Care and Support Services – report to Full Council on 26 September 2013

The Social Care Market: Provider Cost Pressures and Sustainability – report to Adult Social Care and Health Committee on 30 November 2015

Annual Budget 2016-17 – report to Full Council on 25 February 2016

Tender for older people's home based care and support services – report to Adult Social Care and Health Committee on 18 April 2016

Tender for older people's home based care and support services – report to Adult Social Care and Health Committee on 11 July 2016

Equality Impact Assessment

Electoral Division(s) and Member(s) Affected

All.

ASCH470