

**12th May 2014****Agenda Item: 8**

## **REPORT OF THE SERVICE DIRECTOR FOR SOUTH NOTTINGHAMSHIRE COMMISSIONING HOME BASED CARE AND SUPPORT SERVICES – PROGRESS REPORT**

### **Purpose of the Report**

1. This report provides an update on the retender for home based care and support services. These services enable people to remain living independently in their own home for as long as possible. The majority of services are provided for older people, including people with dementia.

### **Information and Advice**

2. Increasing numbers of people are arranging and managing their own care and support services through a Direct Payment, however it is recognised that there are a number of people who will continue to require, or prefer, the service to be arranged and managed by the Council on their behalf. The Council is required to tender for these services on a regular basis in accordance with its Financial Regulations and EU procurement rules.
3. On 26 September 2013, Council approved proposals for a new model of home based care and support services including changing the way in which the contracts for the home care services are configured and approved commencement of the tender process. The new model of service has sought to address the need for further capacity to meet increased need whilst at the same time enabling providers to deliver more efficient and cost effective services through economies of scale. The key changes include:
  - a reduction in the number of contracted providers from 24 to 8
  - providers having responsibility for ensuring sufficient capacity to deliver all the required services in a given geographic boundary
  - strengthening preventative work and increasing capacity for hospital avoidance and prompt hospital discharges
  - providing more flexible services that give people greater choice and control over the ways in which their services are delivered to meet their specific outcomes
  - a new, more effective, electronic monitoring system to ensure providers continue to be paid and service users are charged, based on actual delivery
  - streamlined internal processes to enable further cost efficiencies

4. The County Council is the lead commissioner of the services but they have been commissioned jointly with the six county Clinical Commissioning Groups (CCG). The CCGs will commission some of the generic home care and support services but they will be the sole commissioners of the specialist health care services.
5. The procurement process has involved two stages and has included dialogue with the tenderers throughout. Whilst this has resulted in the process taking a longer period of time to complete, it has meant that the Council and health commissioners have been able to consider and take into account the providers' ability to meet their legal responsibilities as employers whilst at the same time being able to recruit and retain sufficient care staff to meet increasing demand for these services. Some of the key issues that have been discussed with the tenderers and taken into account as part of the selection process has included:
  - fixed hour contracts of employment with care staff
  - breakdown of costs, including payment for travel and for travel time
  - recruitment and retention practices
  - choice and involvement of service users and carers in support planning and in delivery of flexible services
  - quality assurance, including the role of service users and carers
  - providers' role in facilitating avoidable admissions and prompt hospital discharges
6. The table below shows which providers have been awarded contracts in each of the geographical areas:

<b>District/s</b>	<b>Provider of the generic home care service</b>	<b>Provider of the specialist complex health care service</b>
<b>Newark &amp; Sherwood</b>	City and County (Sterling)	Castlerock
<b>Bassetlaw</b>	City and County (Sterling)	Ark
<b>Rushcliffe</b>	Agincare	Castlerock
<b>Gedling</b>	Agincare	Ark
<b>Broxtowe</b>	Direct Health	Allied Health
<b>Mansfield &amp; Ashfield</b>	Care UK	Mihomecare

7. The majority of home based services will be delivered by four providers for all social care and most health care packages. Three of the providers are currently delivering services in the county under the existing contracts and the new provider already has a base in Nottingham City.

8. The hourly rates of these providers range from £12.70 to £13.20. Prior to these new contracts being awarded, the average hourly rate with contracted providers was £13.74. The configuration of the new contracts in specific geographical areas means that providers are able to achieve economies of scale, this coupled with the assurance that of all new managed services will be commissioned by that single provider, has enabled the average hourly rate to come down to £12.88.
9. In addition, a further four providers have been awarded contracts to deliver the lower volume specialist, complex healthcare packages which are funded by the Clinical Commissioning Groups. The hourly rates for these services range from £13.63 to £15.98.
10. As indicated in paragraph 5 above, through the tender process providers were required to submit a breakdown of costs. This included the proportion allocated to direct staffing costs and required providers to give assurance on staff pay, including for travel time, at, or above, the minimum wage. This will be one of the areas monitored regularly by the Council.
11. All existing providers have been offered a six month contract extension from the 1<sup>st</sup> April 2014. This is in order to support as smooth a transition as possible of current service users to the new providers over the next six month period. If there are people receiving services remaining on any of the current contracts thereafter, individual temporary arrangements will be put in place with relevant providers only, for the minimum period required.
12. Detailed transition planning is under way with all providers, to ensure that sufficient notice of any change is given to service users and carers to enable a safe, phased, handover that causes minimum disruption. The Council has also facilitated the exchange of information between providers to inform their discussion and to enable the transfer of staff between organisations as, and where, appropriate under TUPE regulations.
13. The Council continues to support and facilitate a diverse market of social care, including for those who fund their own care, or arrange and purchase their care through a Direct Payment from the Council. The Care Bill will make this role a statutory duty for Local Authorities. As such, the transition planning includes discussions with those providers that did not submit a tender or were not successful in being awarded a new contract to confirm and support their future intentions for their business in Nottinghamshire. These providers are being advised of options that may support their future business plans, for example ability to advertise their services across the county at no charge through the Council's ChooseMySupport online directory.
14. It is evident that the demand for home based care and support services continues to increase with high demand attributable to pressures from the acute sector particularly facilitating prompt hospital discharge but also in avoidable hospital admissions hospital avoidance. This, coupled with the extensive tender process, has led to greater recruitment difficulties than usual for providers. To mitigate, this a plan is in place to deliver additional home care capacity in a variety of ways, including individual contract arrangements with providers who do not already have a contract with the Council and accessing Winter Pressures funding from health to purchase additional interim home care services to enable hospital discharges. Current capacity across all independent sector providers and the

Council's START reablement team is monitored on a weekly basis and prioritised for those individuals with the highest need.

15. The Council has recently completed a tender and is in the process of awarding the contract for a new Electronic Monitoring System (EMS) to CM2000. The EMS tracks the time home care staff enter and leave service users' homes. This then triggers payments to providers and charges to service users based on the actual time staff have spent with the individual service users. Implementation of the new system is being phased for the new home care providers from April 2014.
16. It would not be cost effective to replace the current Infocare system with the new CM2000 system for those existing providers who will not have new contract post April 2014 but who will continue to deliver home care to existing service users over the transition phase. These providers will therefore be required to continue to use Infocare in order to receive payment for the services they deliver. Running two electronic monitoring systems over the 6 month transition period will support monitoring of all the services and ensure that:
  - new and existing providers continue to be paid based on actual hours delivered and the Council does not pay providers for a service that people are not receiving
  - the Council is able to accurately charge service users following assessment of their finances
  - the Council is not required to set up and maintain alternative manual systems, with associated high staffing costs
  - existing providers are not required to change systems at the risk of additional costs

### **Other Options Considered**

17. This report is a progress update only.

### **Reason/s for Recommendation/s**

18. This report is for noting only and there are no recommendations arising from this report.

### **Statutory and Policy Implications**

19. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **Financial Implications**

20. As part of the Council's Corporate Efficiency Programme, an annual savings and efficiencies target of £865,000 has been identified to be delivered as of 2014/15. This is to be achieved through a combination of reduced hourly costs due to economies of scale and through streamlining internal commissioning and external operating processes. Due to the initial additional work to manage the transition in 2014-15, these savings will not be fully realised until 2015-16. In 2014-15 it is estimated £700,000 savings will be achieved.

21. An organisational review is redesigning the process and structures required for internal commissioning and administration of the new model of service. As outlined in the report to Council in September 2013, an element of the overall savings associated with this programme of work includes a reduction in staff posts. Relevant staff and Unions are involved in the consultation process.

### **Implications for Service Users**

22. The new model of home based services will offer service users greater flexibility and choice about how their services are delivered and will promote independence. It is anticipated that providers will be able to offer sufficient capacity to meet increasing demand.

23. As part of developing the new home based services model, the Council supported service users and carers to form an expert lay group. This group was also part of the evaluation team that selected the new providers. They specified some of the questions to ask bidders, as well as being involved in assessing the bids. The group wishes to continue to be involved and will work with the Council to monitor the quality of services and influence their future development.

24. On 25<sup>th</sup> March a letter was sent to service users and carers to tell them which organisations were awarded contracts in their area. It included information on what the change will mean for them and how the Council will work with them to manage the transition as smoothly as possible. In extending the contracts with the existing providers for a period of six months, service users and carers will continue to receive the services that are currently available to them, until the new providers are established to enable a smooth transition and to minimise disruption wherever possible.

### **RECOMMENDATION/S**

It is recommended that:

(1) Members note the award of contracts for home based care and support services to the 8 providers and the plans and progress to date in the implementation of the new home based care and support services.

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### **Constitutional Comments**

25. As this report is for noting only, no constitutional comments are required.

### **Financial Comments (KAS 15/04/14)**

26. The financial implications of this report are contained within paragraph 20 of the report.

### **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.

- None

### **Electoral Division(s) and Member(s) Affected**

All.