

25th November 2013

Agenda Item: 7

REPORT OF THE TEMPORARY DEPUTY DIRECTOR FOR ADULT SOCIAL CARE, HEALTH AND PUBLIC PROTECTION

PROCUREMENT OF CARE, SUPPORT AND ENABLEMENT SERVICES FOR YOUNGER ADULTS

Purpose of the Report

1. To inform the Committee of the work undertaken, in preparation for re-tendering the Care, Support and Enablement (CSE) services and to seek permission to move toward the new hourly rates ahead of the contract award in April 2014.
2. To seek approval for the tender of CSE services (supported living and outreach services) for people with a learning disability, mental health needs, substance misuse, physical disability and autistic spectrum disorders as of April 2014.

Information and Advice

3. The CSE contract provides for support to people who are eligible for social care funded services, which is to say people who have been assessed as having substantial and critical risks to their independence. The level of support which each individual receives is dependent on their assessed level of need, and may range from a few hours of outreach support (support to people living in their own / parental home), to high levels of support round the clock to enable people to live independently with their own tenancy in the community.
4. There are around 550 younger adults who receive supported living and outreach support to help them maintain an independent life in the community. The majority of these people are learning disabled (with smaller numbers who are mentally ill or physically disabled) and these services have been well established over a number of years.
5. The County Council currently has two framework agreements in place for CSE services in younger adults. The standard CSE framework has five different approved provider lists where providers offer a community based support service to younger adults in different service user groups. Overall there are 23 providers across all client groups. The agreement commenced in April 2011, following a competitive tender process. This was a joint tender involving Nottinghamshire County Council's Adult Social Care and Health department and Nottinghamshire Supporting People. The existing framework agreement is due to expire on 31 March 2014.

6. The second framework was commissioned jointly with other authorities across the East Midlands (East Midlands Commissioning for Excellence) in 2008 for providers working with very complex and challenging needs for people with a learning disability and Autism. This was originally commissioned to support people coming out of hospital campus accommodation and is currently being used to support people coming out of secure hospitals, or helping to prevent admission. The framework is due to expire on 31 December 2013 and there is no proposal for another East Midlands contract.
7. The majority of the learning disability service providers also receive funding from the Supporting People Grant (SPG) for housing related support alongside funding from the Council's community care budget. It is proposed that from the award of the new CSE contract the SPG will be transferred completely to Adult Social Care, Health and Public Protection to continue to fund these packages. As this is merely an administrative change to how packages are paid for, it is not anticipated this will impact on the delivery of the service to the service user. However, this funding is included in the scope of this tender.
8. The current community care budget for these services is £22 million for 2013/14. This includes the social care element of packages which are jointly funded with health. The current allocation of SPG for the housing related support services is an additional £3.2 million (2013/14).
9. Some of the key policy drivers include:
 - Promoting Independence – to ensure service users live as independent lives as possible.
 - Delivering outcomes – one of the key components of personalisation is that services are delivered in a way which meets the identified outcomes for each service user. Currently, supported living services are commissioned on the basis of the tasks that need to be completed to meet the service users' assessed needs. Providers are paid for the service they deliver based on the time the care workers spend each week delivering the care to the individual. In future we wish to commission services that are more closely aligned to the outcomes they achieve for service users and carers.
 - Improving workforce development – there is wide recognition that good quality care services require investment in a skilled and trained workforce which is motivated and well supported.
 - Provision of high quality care services – The Care Bill requires councils to ensure that there are high quality social care services available within the local market to meet people's care needs.
 - Implementation of personalisation – local authorities are required to ensure that service users and carers have more control over the services they are able to access and the way in which the services are provided.
 - Budget pressures – The Council needs to find savings and efficiencies in the commissioning and delivery of supported living and outreach services.

10. The current method of commissioning within the existing contractual arrangements are no longer enabling the Council to commission services in the most efficient and cost effective ways. The main issues include:

- Providers are not guaranteed any level of volume, having to bid for individual or small groups of packages. This makes it more difficult for providers without a large amount of existing work to compete on price as they do not know if they will get further work in the future. This lack of certainty over future work also has an impact on delivery of services. For example, it is difficult to put services in place at short notice (i.e. to aid hospital discharge) because providers cannot employ staff ready to pick up work as they do not know when they will next be successful in winning new support packages.
- As the providers operate over large geographical areas, there are additional travel costs to take into account and also issues about recruitment. This is focused on people very local to the service or on people that are car drivers and who have access to a car, thereby limiting their pool of potential care workers, again impacting on their ability to employ sufficient levels of staff.
- Providers are paid by the number of hours they deliver; therefore there is little incentive for them to assist people to regain and maintain their independence and in the longer term to reduce the need for the services. Rather than promoting independence, this has the potential to perpetuate a culture of dependency.
- Providers are not able to consider more effective innovative and creative working arrangements as they are tied to payment per hour of service delivered rather than the focusing on the outcomes they achieve.
- Because there are a large number of providers, it is difficult for the Council to develop productive and effective working relationships with providers.
- Currently the Council is responsible for assessment, support planning, brokerage, monitoring and review of each individual care package. It is an intensive process for the Council in arranging the care packages, overseeing the contracts and monitoring the quality of services and the Council is not always best placed to respond flexibly to changes in service delivery.
- Providers are working in competition with each other rather than developing a collaborative and coherent response to meeting service user outcomes with reduced resources and increasing demands.

Future Commissioning of CSE services

11. In consultation with providers the Council has developed a new model of contracting which will enable it to address some of the key issues with the existing model while still ensuring a good quality service is available to service users.

12. Work undertaken to reach this position includes:

- a workshop with providers about their experiences of working to promote better outcomes for service users

- a workshop with providers to consult on plans for the new contract
- individual meetings with providers to discuss the development of a new contract and seek their views
- an analysis of the strengths and weaknesses of the current service model
- consideration of alternative new models
- forecasting future demand for services
- analysing current spend and consideration of future saving requirements
- benchmarking existing spend against other authorities
- the development of a new hourly rate of £13 per hour as a basis for the new tender and as a rate applicable to all new work commissioned between now and the commencement of the new contracts in April 2014

13. The development of a new framework should meet the following three essential principles:

- a) All services should promote the independence of individual service users;
- b) All services should demonstrate the best value for money; and
- c) Having satisfied the first two principles above, all services should promote service user choice and control

14. In meeting the above principles the commissioning framework should:

- Ensure a procurement saving equivalent to a minimum reduction in the cost of supply of £1 million by 2017. This cost reduction should be achieved without reference to package size or the number of hours delivery and should be viewed as a reduction in provider costs.
- Provide for a reduction in the support agreed through individual support plans. This may be achieved through delivery of outcomes which promote peoples' independence and therefore achieve reductions in support, through incentivising providers to deliver more efficient services or through innovations in practice or service delivery. It is anticipated that this will save £2.4 million over the lifetime of the contract.
- Ensure that services are only commissioned at the level of support required at the time of assessment/support planning and only for as long as those services are required.
- Provide for improved management of the market and supplier relationships.
- Ensure high quality – commissioning and procurement arrangements must provide for a robust process of quality assurance and quality audit to mitigate issues of significant harm and or abuse to vulnerable people.
- Be sufficiently flexible to allocate responsibility for assessment, review and support planning to the most appropriate agency and or individual to ensure that independence and choice can be promoted and business process is streamlined.
- Be responsive to the current and future market requirements which may include; emergency and crisis support, long term support to individuals, the decommissioning

of other forms of care and support, a range of providers to meet the complexity of needs across disability services

A new agent / associate model to promote better outcomes, independence and value for money

15. Contracting with fewer providers and offering them increased volumes opens up the potential for greater efficiencies for both providers and for the Council. The new model will deliver more robust relationships between the Council and providers because it enables:

- better use of Council resources;
- greater and more proactive involvement with the main providers;
- earlier awareness of any difficulties or quality issues and quicker resolution;
- greater sense of working in partnership, with opportunities for providers to have genuine involvement in service development and being more willing to share ideas as they do not need to compete with one another;
- increased stability for providers with the guarantee of all services arranged on behalf of service users within their area;
- providers are able to offer fixed hours contracts for staff (or part fixed/part variable), improving staff recruitment and retention; and
- they would be able to concentrate their service delivery in specific areas and recruit local staff, including care workers who do not drive or do not have access to a car. Also, through economies of scale, providers would be better able to offer more efficient and cost effective services.

16. All five younger adult areas of work (learning disability, mental health, physical disability, autistic spectrum disorders and substance misuse) would be commissioned from one agent provider per locality who would be responsible for ensuring all new work is undertaken across all younger adults' service areas. The localities are to be determined, however one three locality model would be as follows:

- North – Bassetlaw, Newark and Sherwood
- Central – Ashfield and Mansfield
- South – Broxtowe, Gedling and Rushcliffe

An alternative model may provide for four localities based upon

- North - Bassetlaw
- East - Newark and Sherwood and Rushcliffe
- South – Gedling and Broxtowe
- West – Mansfield and Ashfield

17. An agent provider would be able to deliver between 60-80% of all new work commissioned and they would be expected to sub-contract work to associate providers who would deliver at least 20-40% of the work. For example, an agent may decide to deliver support to certain service user groups but find partners for areas it is less experienced in, or to cover specific locations. The Council has set these parameters based on the amount of work the agent will require to deliver a quality, value for money service and also on the amount that the

associates will require to ensure there remains a vibrant and diverse market in care in Nottinghamshire.

18. An essential part of the tender process will be ensuring the agent and its associates will be able to meet the needs of people within the five younger adult areas of work in the locality. The agent/associates would not have to bid for any work, as all packages of supported living or outreach delivered through a managed budget within their locality will be commissioned with them. They must take all new work and either deliver it directly or through an associate.
19. Initially, support packages would be commissioned by the Council following an assessment of need and the production of a support plan with the high level outcomes agreed with the service user. The cost of the support will not exceed the agent's standard hourly rate based on an assumed number of hours per individual. The agent would then be expected to work with the service user to create a care plan which sets out how the high level outcomes and further individual outcomes will be met. This will not necessarily be based on the number of hours identified in the original support plan but on the most appropriate and cost effective way to deliver the support plan. The Council will in this way work with agents to meet service user's needs in creative and innovative ways that promote independence and reduce the need for paid support.
20. A percentage saving (equivalent to 10% over the first three years with future savings targets to be decided) would be applied at the end of each 12 month period on the total funding given to the provider, as opposed to on each individual package. Any in year savings, or savings over and above the agreed percentage, would be retained by the provider. Individual support packages would be rebased annually to reflect any change in need (in some cases this may be an increased need). It is expected that this annual savings target will be achieved by more imaginative service delivery and the promotion of independence.
21. New work within a financial year would be commissioned at the provider's standard hourly rate set at the start of the financial year.
22. A Contract Implementation Board will be established between the Council and the three agents. The aim will be to develop better partnership working between the Council and the agents. This will ensure the delivery of good quality services that focus on individual outcomes. It will also ensure that efficiencies in the cost of CSE services are delivered.
23. The agent would be expected to ensure the quality of any associate providers and take a lead role in overall quality development of the sector and, market sustainability and relationships with Nottinghamshire County Council.
24. As well as the agent and associate model proposed in this tender, work will continue to support the direct payment sector in the following ways:
 - continuing with the progress made to date to support the development of micro providers – over the past 3 years a total of 57 micro providers have been supported to become established and they are providing care and support to over 860 people
 - further support to the accreditation of Personal Assistants
 - helping people to use a Direct Payment to commission services directly from providers at an hourly rate which offers value for money

- development of 'Choose My Support', a web-based directory providing information to people about the range of services and service providers operating across the County

Transition

25. The Council will work with existing providers to reduce costs and therefore prices to no more than £13 per hour and £35 for a sleep-in (apart from specific circumstances e.g. where TUPE applies) post contract award. The Council recognises that stability is important in the delivery of support so where such an approach is successful a provider will be given the opportunity to continue to provide support to its present service users.
26. The hourly rate of £13 per hour has been calculated on the basis of discussion with local providers. The national Care Funding calculator model of determining costs in the sector provides for a range of hourly rates from £12 per hour to £13 per hour. Within the region other authorities are applying rates of around £13 per hour for example Leicestershire County Council and Nottingham City Council both have rates of £13.20. Officers have met with current providers through the provider forum and have had individual discussions with larger providers who indicate that £13 per hour is an achievable rate. Discussions indicate that a number would be able to reduce to this level and that economies of scale associated with more business would help other providers to achieve these rates.
27. Where an existing provider is unable to commit to working with the Council to improve value for money any existing work will be re-commissioned to the successful agent as part of the tender. Where service users do not wish to transfer to the new agent or an agreed associate, they will be given the option of a Direct Payment at no more than the agent's tendered hourly rate for new work.
28. Where providers are willing to reduce their existing rates before the start of the new contract, they will be preferred providers for new work until the point the new contract is let.
29. Existing providers retaining existing work will be expected to reduce support packages in line with the expectation placed on the agent providers. They will, however, not be offered any new work by way of a managed budget unless they become an associate of the main agent.

Other Options Considered

30. The option to continue the approach the Council has used in the last two tenders. The process will involve the re-tendering of a new framework agreement, through which successful organisations will be given approved provider status. Once approved, providers will be able to bid for call-off contracts for individual packages of support. Each provider will be invited to bid for work by submitting an hourly rate for the activity in an open auction process. Such a process would ensure providers bid a competitive rate to be the successful bidder for each package.
31. This option is however, not being recommended. A call-off framework contract of this nature cannot deliver the required savings and promotion of better outcomes. Providers are not guaranteed any new work which means they cannot plan ahead, do not have the economies of scale that a large volume can bring and does not allow the Council to develop strong partnership arrangements given the continued large number of providers. For example it will be very difficult to work with providers to promote the independence of service users, so

reducing the need for paid support, when there are multiple providers who are in competition with each other.

32. A further option is to have just one agent to cover the whole of the County, rather than three based in localities. This would deliver additional volume that would give the agent considerable opportunity to plan good services and competitive prices. However it would be a more risky option because the Council only has a relationship with one agent. If the agent provided poor quality, went bankrupt or was a bad partner the Council would not have many options to replace the agent with another provider. By adopting the preferred agent model described above the Council is managing better, the risks of a sole agent. If one of the three agents proposed in the model above need to be replaced there would be two other agents with whom the Council could divert business.

Reason/s for Recommendation/s

33. The Council needs to make a significant level of savings required against the CSE contract (to be achieved by a combination of price and package size reductions). The agent/associate model will facilitate the promotion of independence of service users, deliver price reductions and ensure that quality will be maintained to a high standard. By offering significant volume to providers this will ensure that economies of scale will enable lower prices whilst ensuring the provider is able to afford to employ a good quality workforce, paid above minimum wage and with sufficient support around training, management etc. to deliver a good service. By having a small number of agents the Council should benefit from strong working partnerships to deliver its objectives in a challenging medium term financial environment. These strong relationships will help the Council in working in new ways with providers to promote better outcomes and more independence, in more innovative and creative ways.

Statutory and Policy Implications

34. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, 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.

Crime and Disorder Implications

35. The safeguarding of vulnerable adults and the prevention of crime to disabled people will be a feature of the tender specification, and will form a central element of the on-going contract monitoring process.

Financial Implications

36. A tender process is required as the projected expenditure is above the threshold as per the Public Contracts Regulations 2006. This is a Part B service and will be tendered in accordance with E.U Regulations for Part B services. This process will ensure that best value is achieved, and that overall costs for the services commissioned fall within the

appropriate budgetary constraints. Using a different model will make an already challenging savings target even more difficult.

37. These amounts are included within the Adult Social Care, Health and Public Protection budget setting process and where relevant, are noted within budget pressures estimates for the period.
38. Over the lifetime of the contract, the Council is seeking to save around £3.4 million of gross expenditure. This consists of £1 million from price reductions, and £2.4 million from reviewing packages of support over the three years of the contract (10% of current expenditure as per the outline business case presented to policy committee in November 2013).

Human Resources Implications

39. The tender process will be managed by the appropriate personnel in the Joint Commissioning Unit and Corporate Procurement. There are therefore no personnel implications outside current existing arrangements.

Public Sector Equality Duty implications

40. This procurement process will be aimed at developing services for, and reflecting the needs of learning disabled people, people with mental health needs and people with Asperger's Syndrome, from all sections of the community. Where appropriate, services will be developed to meet the needs of individuals from specific ethnic or other minority groups.

Implications for Service Users

41. The procurement of supported living will promote independence and better outcomes for people who use services and their carers.
42. Where existing providers are unable to meet required cost reductions, some service users will need to change provider or move to a Direct Payment and accept less service or 'top up' to the cost of the existing provider.

RECOMMENDATION/S

It is recommended that the Adult Social Care and Health Committee:

- 1) Approves the continued work with Care Support and Enablement providers to reduce hourly rates to £13 per hour in line with the anticipated tender price in April 2014.
- 2) Approves the tender of Care Support and Enablement services from 1 April 2014, based upon the procurement of the locality based agent and associate model.

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Constitutional Comments (NAB 7/11/13)

43. The Adult Social Care and Health Committee has authority to approve the recommendations set out in this report by virtue of its terms of reference.

Financial Comments (KAS 13/11/13)

44. The financial implications are contained within paragraphs 36-38 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

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