

**REPORT OF THE CHAIRMAN OF THE ADULT SOCIAL CARE AND HEALTH
COMMITTEE****TENDER FOR HOME BASED CARE AND SUPPORT SERVICES****Purpose of the Report**

1. To advise Council of the national and local policy drivers relating to home based care and support services and of the work undertaken to prepare for the re-tendering of these services.
2. To seek approval from Council to commence the tender for home based care and support services and for new contracts to be awarded for commencement in April 2014.

Information and Advice**Current Home Based Care and Support and Extra Care Services**

3. The Council currently contracts with 30 Domiciliary Care providers for the delivery of home care and Extra Care services across the County and these contracts are due to end on 31 March 2014.
4. The total spend on home care is approximately £15.24 million per annum with approximately 2,750 service users receiving a service at any one time and the delivery of approximately 21,364 hours of service provision by independent sector providers per week. In addition, there are costs of approximately £800,000 per annum relating to staff who arrange and oversee each of the care packages and for staff who monitor the services, and IT costs of approximately £344,508 per annum for running the current electronic monitoring system which is used to determine payment to the providers.

Current National and Local Policy Drivers

5. There are a number of key policy developments and drivers impacting on the care market nationally and on the delivery of home care services. These include:
 - **Personalisation** - local authorities are required to ensure that service users and carers have more choice and control over the services they are able to access and the way in which the services are provided

- **Outcomes** - services should be commissioned and delivered in a way which meets the identified outcomes for each service user rather than on the basis of the care tasks that are to be undertaken
- **Reablement** - services should seek to help people to regain and retain their independence so that they are less likely to need long term care services or only require a reduced amount of care
- **Demographic changes and the need for specialist and complex care** - as more people are helped to live at home, there is an increase in the need for large and complex packages of care including health care services, end of life care and dementia care being delivered in people's own homes
- **Hospital avoidance and early discharge** - the NHS and local authorities are developing a range of community based services and initiatives to prevent the need for people being admitted to hospital and to ensure that people are discharged from hospital at the earliest opportunity
- **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.
- **High quality care services** - in addition to the above, the Care Bill requires local authorities to ensure that there are high quality social care services available within the local market to meet people's care needs

Local issues impacting on the delivery of home based support services

6. The Council needs to enable service users to exercise choice and control over the services they access whilst also ensuring value for money and sufficient capacity of good quality services within the local market. Service users can exercise choice in a number of ways. The advent of personal budgets means that service users can either have a Direct Payment in which case they can exercise choice by arranging care with whomever they choose. However, their choice will be constrained by the Council's financial allocation for a particular type of service based on an assessment of what the service would reasonably cost. Alternatively, service users can influence the way in which their personal budget is spent but ask the Council to arrange their care through its normal contracting processes. This is known as having a 'managed service'.
7. Whilst the Council has contractual arrangements with 30 providers, there are approximately 70 home care agencies registered with the Care Quality Commission (CQC) within Nottinghamshire. Approximately 40 or so of these agencies are small local providers who have not sought a contract with the Council because they focus on delivering services to people that are self funding or people who arrange and manage their own care through a Direct Payment.
8. In some areas of the County, the contracted providers are able to offer sufficient home care capacity to meet needs of people who request or require a managed service. However, in other parts of the County, particularly in rural areas, the contracted providers are often not able to provide sufficient capacity as they are unable to recruit or retain

sufficient care staff. The lack of capacity amongst the Council's contracted providers has resulted in increasing numbers of service users taking the option of a Direct Payment and making their own care arrangements with agencies and often this is more costly than equivalent services commissioned directly by the Council.

9. As more people are supported to remain living at home for longer and with the increase in the numbers of people who choose to remain at home at the later stages of life, there has been an increase in the need for complex care packages including end of life services. Given the need for higher volumes of service and given the lack of sufficient capacity from contracted providers, the existing contractual arrangements no longer enable the Council to commission services in the most efficient and cost effective ways. The main issues include:

- providers continue to employ their staff on 'zero hour' contracts with no secure or guaranteed number of hours of employment per week and consequently many providers experience a high turnover of staff impacting on their ability to consistently deliver good quality services
- as the providers operate over large geographical areas, they focus their recruitment 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
- as providers are paid on the basis of the time the care workers spend with service users, 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 can perpetuate a culture of dependency
- providers are selective about which care packages they are willing to take
- productive and effective working relationships are difficult to achieve with such a large number of providers
- there are insufficient joined-up commissioning arrangements with health colleagues for health-funded or jointly funded care packages
- outcomes for service users are difficult to evidence and monitor
- there are high internal costs within the Council in arranging the care packages, overseeing the contracts and monitoring the quality of services

Future commissioning of home based care and support and Extra Care services

10. In preparing to re-tender the home based support services, a comprehensive review has been undertaken with staff from the Improvement Programme and Corporate Procurement to consider how any new contracts may be configured so that they most appropriately meet outcomes for services users and carers whilst at the same time delivering annual savings and efficiencies of £865,000. This review has included:

- wide consultation with service users and carers about their experiences of existing services and about what they think is important about the services they access and the ways in which the services are delivered
- analysis of the options for achieving cost efficiencies both in terms of provider unit costs and internal transactional costs
- work with Health partners for the joint procurement of home based services to meet the needs of people who require health care as well as social care services including end of life care
- benchmarking with other similar local authorities and completing a review of how these services are being developed and commissioned elsewhere in the Country
- consulting with providers about supporting a diverse range of services and organisations including small micro-providers to ensure sufficient capacity is included for self-funders and for service users who arrange and manage their own services through Direct Payments

11. As part of the planning and preparation for the tender, the following key issues have been taken into account:

- enhancing the range of services to be commissioned including the availability of 24/7 care services which help prevent avoidable hospital admissions and which facilitate prompt hospital discharges. This is of equal benefit to the NHS in that it enables funding to be diverted away from acute settings to be reinvested in appropriate community based services which are jointly commissioned by the NHS and the Council
- increasing opportunities for further joint commissioning arrangements with GP led Clinical Commissioning Groups
- ensuring there is sufficient capacity within the market, with a stable, competent and well trained workforce, to deliver services to people who have multiple or complex health and social care needs including dementia care and end of life care
- supporting a more stable market of home care providers who are able to deliver affordable, consistent, high quality services
- requiring providers to undertake person-centred support planning to ensure the services are specific to individual needs based on their identified outcomes
- ensuring the services enable people wherever possible so that they can regain and/or retain their independence throughout the time that they require the care and support service
- supporting more people to take control of their own care arrangements wherever possible through the use Direct Payments with due consideration to value for money and cost efficiencies

- ensuring service users and carers are provided with a faster and more responsive service as a result of streamlined internal processes and reduced bureaucracy

Delivering services more efficiently and effectively

12. An options appraisal has been completed to determine the best means of securing high quality home based support services which meet outcomes for service users and carers and which at the same time are efficient and cost effective. This has included visits to, and discussions, with other local authorities where they have been able to improve provider capacity and improve the quality of services. These local authorities report increased capacity where providers have high concentrations of work in a specific geographical area and they report customer feedback demonstrating significant improvements in the quality of the services. The local authorities report improvements as a result of:
 - service users and carers being involved in the development of the service model and service specification
 - an increase in the flexibility of the services and the ways in which they are delivered because they are negotiated with service users and carers on an on-going basis rather than being fixed at the point of the services first being agreed
 - better trained and motivated care staff resulting in a reduction in staff turnover and improved consistency of the staff group and of the services
 - continuous improvement as a result of formal mechanisms for service user and carer involvement not only in the selection of providers but also through active engagement with providers on a regular basis
13. Representatives of the Corporate Procurement team have been directly involved in the review of the home based support services and their advice is that the Council should give serious consideration to adopting a structure that limits the number of providers to one per geographical zone, with a maximum of one per district/borough or similar sized area.
14. This model offers opportunities for lower prices based on economies of scale and offers potential for greater efficiencies for both providers and for the Council as follows:
 - a more robust relationship between the Council and providers including earlier awareness of any difficulties or quality issues and quicker resolution and a 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 the managed services that are arranged on behalf of service users within a defined geographical area
 - providers are able to offer fixed hours contracts for staff (or part fixed/part variable), improving staff recruitment and retention

- locally based 'runs' reducing reliance on drivers and offering opportunities for care workers to walk/cycle thereby increasing the potential pool of staff
 - sufficient opportunities for smaller and/or specialist providers to deliver services for people that are self funders or who have a Direct Payment
15. Corporate Procurement staff also recommend that consideration is given to include incentives within contracts for example for reablement, where providers are able to reduce the level of care and support required by individual service users because they have successfully been able to help them to manage more independently.
16. As indicated above, there are internal costs of approximately £800,000 per annum in the arrangement and day to day management of the services and in the monitoring and quality assurance activities in relation to the 30 providers on the framework agreement. In reducing the number of providers, the Council would be able to streamline processes including individual commissioning arrangements and quality monitoring activities and in doing so deliver significant efficiencies by reducing the number of staff involved in arranging and overseeing the services.
17. Further consideration has also been given to the measures that are required to ensure service users and carers are able to exercise choice about the services that they receive and to ensure that choice of providers is not limited to just those providers with whom the Council has a contract. It is proposed that the Council continues its work to support the development of a diverse local market of care and support providers. This is being achieved through a number of initiatives including:
- 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 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 about the nature and range of services and of providers operating in the County
18. The above initiatives will enable the Council to ensure that there is sufficient capacity in the market to meet the needs of service users who request or require a managed service. At the same time, the Council will continue to support a diverse range of smaller providers who provide a lower volume of service, contained within their local community.
19. As indicated above, the existing contracts with home care providers have been extended for a 12 month period and are due to expire in March 2014. The Council will therefore be required to commence the tender process during the autumn in order to ensure sufficient time for the transition from the current to the new services.

20. A robust transitions plan will be put in place to ensure that any changes to services arising from the tender process will be managed carefully to minimise any disruption to service users and carers in relation to their care and support service.

Other options considered

21. There is a legal requirement for the Council to undertake a re-tender of the home based support services. Consideration has been given to awarding contracts to the same number of providers and to opening up the framework agreement to include more than the current 30 providers. However, as noted above, there are already approximately 70 home care agencies registered with the CQC in Nottinghamshire. Despite the large number of providers, this has not equated to sufficient capacity to meet increasing needs.
22. The Council has a duty to ensure that it commissions services in the best ways possible to achieve high quality services which at the same time provide value for money. In accordance with Corporate Procurement advice, and in discussions with other councils, it is clear that there is greater potential for providers to deliver services at lower cost where the contractual arrangements enable them to achieve greater economies of scale.

Statutory and Policy Implications

23. This report has been compiled after consideration of implications in respect of finance, the 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

24. In accordance with the expressed wishes of service users and carers, more people are being supported to stay at home for as long as possible. In order to meet increasing need for the services it is imperative that the Council commissions high quality services, which are cost effective and which provide value for money.
25. As indicated above service users and carers state that it is more important for them to have choice and control about the ways in which the services are delivered than to have a choice of different providers. The services to be commissioned will require providers to deliver person-centred support planning so that their services are arranged on the basis of the outcomes identified by service users and carers.
26. As well as awarding a framework agreement to a number of providers, the Council will continue to develop and support a diverse market through on-going work with micro providers and with the accreditation of Personal Assistants in order to ensure that there are a range of options for people who want to arrange their own care through the use of a Direct Payment and for self-funders.
27. Staff from the agencies that do not win the contract will have the option to move to the successful provider. The Council will work with the agencies to transfer staff if required, so there is minimum disruption to service users.

Financial Implications

28. The new contracts may be configured so that they most appropriately meet outcomes for service users and carers whilst at the same time delivering annual savings and efficiencies of £865,000.

Equalities Implications

29. The home based support services to be commissioned through the proposed tender process will seek to meet the needs of the most vulnerable adults and older people in Nottinghamshire. The Council is seeking to ensure that people who require a managed service have the same opportunities to access personalised services as those people to arrange their own care and support services.
30. The revised service specification will enable the Council to change the way in which individual services are commissioned so that they are not based on fixed tasks but are flexible and are tailored to meet the outcomes identified by service users themselves and by their carers.
31. As well as undertaking consultation with service users and carers, an Equality Impact Assessment has been completed. This will be reviewed following the tender process and in advance of the implementation of the new contracts.

Human Resources Implications

32. As outlined in paragraph 16 above, by reducing the number of contracted providers, the Council will be able to reduce the numbers of staff that are required to arrange and oversee the services and to monitor the providers, thereby delivering savings and efficiencies through reduced internal costs. The reduction in posts will be phased over a 12-18 month period to enable full implementation of the new contracts as of April 2014. Post reductions will be managed through existing vacancies and voluntary redundancies or through redeployment opportunities wherever possible.
33. The Trade Unions have been consulted and have raised some concerns about the implications for employees; these will be discussed with them further as the full details are established.

RECOMMENDATION/S

It is recommended that:

- 1) Members note the work undertaken to review existing home based care and support services and to plan for the re-tender of these services.
- 2) Members approve the commencement of the tender for home based care and support services and for new contracts to be awarded for commencement in April 2014 as set out in the report.

**COUNCILLOR MURIEL WEISZ
CHAIRMAN OF THE ADULT SOCIAL CARE AND HEALTH COMMITTEE**

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Constitutional Comments (LM 12/09/13)

34. The recommendations in this report fall within the remit of Full Council

Financial Comments (CLK 17/09/13)

35. There are no financial implications contained in this report.

Background Papers

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.

- a. Report to Adult Social Care and Health Committee – 9 September 2013
- b. Where the heart is: a review of the older people's home care market in England, October 2012.
- c. Close to home: an inquiry into older people and human rights in home care.

Electoral Division(s) and Member(s) Affected

All.