



18 April 2016

Agenda Item: 5

**REPORT OF 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 advises Members of the need to re-tender the home based care and support services and outlines the process and the timescales to be followed.
2. The report seeks Committee approval for the establishment of a temporary 18 month project manager post (Hay Band D) to assist in the delivery of the commissioning and procurement process, to be hosted by the County Council and to be funded jointly between the County Council, the County Clinical Commissioning Groups (CCGs) (not including Bassetlaw CCG), the City Council and Nottingham City CCG.
3. It is proposed that a further report is brought back to Committee in July 2016, once the planning process is near to completion, to seek approval to progress the proposed model of service and to identify the potential financial implications of retendering the home based care and support services.

Information and Advice

Background

4. The total budget for home-based domiciliary care and support is approximately £17.9m for 2016/17 with approximately 1,560 service users receiving a service at any one time (figures relate to March 2016) and the delivery of approximately 22,780 hours of service provision by independent sector providers per week. This includes services commissioned with the four core providers and with other providers on a spot contracting basis. This does not include people who arrange and manage their own home care services through the use of a Direct Payment.
5. In September 2013 Full Council approved the commencement of the tender for home based care and support services and for the new contracts to be awarded for commencement in April 2014. Contracts were awarded to four core providers for home based care and support services, each covering a large geographical area based on district council boundaries. The contracts were let for a period of three years with an option to extend for up to a further two years.

6. These contracts were awarded on the basis that each of the providers would be required to deliver all the services in a specific geographical area including delivery of services which are less attractive due to their location or size of the package. The contracts were awarded to the following providers:
 - Comfort Call – covering Newark & Sherwood District and Bassetlaw District
 - Care UK (recently acquired by Mears) – covering Ashfield and Mansfield Districts
 - Direct health – covering Broxtowe Borough
 - Agincare – covering Gedling and Rushcliffe Boroughs.
7. The above 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.
8. As well as the four core providers, the Council also purchases home care services from a number of other providers on a spot basis as and where needed.
9. In addition to the contracted providers, there are in excess of 150 home care agencies registered with the Care Quality Commission (CQC) within Nottinghamshire. Many of these organisations 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.

Provider capacity

10. Since the award of the contracts and the services commencing in July 2014, the home care providers have consistently reported difficulties in recruiting and retaining care staff. Consequently, the providers have not been able to deliver services at the capacity required to meet demand. As a result, the Council has had to issue spot contracts to agencies as a means of securing services for individuals in a timely way, but this has been at higher cost.
11. The Council continues to offer choice and control to people who are willing and able to manage their own care and support through the use of Direct Payments. However, many people prefer to use their Direct Payment to commission their care and support services directly from non-contracted home care agencies rather than choosing to employ a Personal Assistant (PA). Where such arrangements have been put in place as a result of the lack of capacity from core providers, the Council has had to agree a higher hourly rate as set by the non-contracted agencies.
12. Difficulties in recruiting and retaining sufficient levels of skilled, well-trained and motivated care staff is a national issue as higher numbers of care workers are required across the range of services in order to meet increasing demand for care and support services. It is recognised nationally that there is a lack of sufficient workforce capacity across the health and social care sector, and this is particularly the case in relation to the private and voluntary sector. Locally, this has resulted in the core providers being unable to deliver services at the quantity required by the Council.
13. As a result of the lack of home care capacity, in summer 2015 the Council completed an open book exercise with home care providers and supported living providers in

Nottinghamshire. The exercise showed that the cost to providers for the delivery of home care services has increased considerably since the award of the contracts in 2014 and it highlighted concerns about provider viability and their ability to meet increasing demand. One of the key concerns identified was that the staff turnover across the four core providers had averaged 54% over the previous 12 month period. The main cost pressures to the providers are directly as a result of increasing staffing costs relating to staff pay and terms and conditions of employment. These cost pressures are further compounded by the implementation of the National Living Wage in April 2016. The open book exercise showed that the average cost of the home care contracts with the four core providers was significantly above their average tendered price.

14. 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. The full-year cost of the increase to the Council for home care is £950,000.
15. Since this time, further detailed consideration has been given to the cost implications arising from the National Living Wage, culminating in a report to Full Council in February 2016 where Members approved funding to the value of £9.5m to be applied across the wide range of independent sector care and support services from April 2016. The allocation of this funding across the different services, including home care services, is subject to a separate report to this meeting of the Adult Social Care and Health Committee.
16. Given the on-going concerns about capacity, the Council has been completing a review of the existing services and it is proposed that, rather than extending the current contracts beyond the initial three year period, a further tender process is undertaken to secure new home care services across the County to commence from July 2017. The current contract has been commissioned jointly with the six county CCGs and five of the CCGs are also requesting that new home care services are commissioned through a new tender. Bassetlaw CCG has decided to commission its own home care service for people who meet Continuing Healthcare (CHC) eligibility criteria and for people who are at the end of life. The City Council and City CCG also have a contract, based on a similar model to the County, and they are also planning to re-tender their home care services. Discussions are underway about the option of undertaking a joint commissioning and procurement process with the City Council and City CCG.

The commissioning and tender planning process

17. The County Council will remain the lead agency for the contract and will lead the tender process. The CCG Commissioners will be key partners in the commissioning and contractual arrangements. People who use services and their carers will also be key players in the process, including in the development of the service specification and the model of service delivery. A reference group is being established, comprising people who use health and social care services, and their carers, for this purpose.
18. Work has already been undertaken to consider the lessons learned from the previous tender process. This includes:

- a review of the current core provider model
- the planned intention to utilise sub-contracting arrangements
- the tender evaluation process and the contract award criteria, including the hourly rates submitted by tenderers
- the application of TUPE transfer rules
- the planned intention to commission services which are outcomes-focussed
- the use of the electronic monitoring system
- the implementation of the provider portal
- the interface with the prevention and early intervention service which was commissioned in 2015.

19. Part of the planning process includes a review of the types and range of services to be commissioned within the context of the requirements laid out in the Care Act 2014. It is anticipated that the following services will be included:

- home care, including dementia care, end of life care and jointly contracted health commissioned services
- hospital discharge provision
- extra care
- respite care (non-residential)
- carers support services
- social inclusion activities
- 24/7 urgent care and crisis/rapid response
- 24/7 social care response to telecare.

20. It is proposed that a temporary Project Manager post (Hay Band D) is established full time for an 18 month period to co-ordinate and support the commissioning process. The post would be jointly funded by each of the commissioning partners. The County Council's contribution to the cost of the post would be approximately £23,000 over the 18 month period. If approved, the post would be hosted by the County Council.

21. The timescale for delivery of the programme is detailed below. It is anticipated that the transition period will be over a six month period commencing in January through to June 2017 after which the new contracts will have had time to become established.

Stage	Date
Market sounding engagement events with existing and prospective providers	June 2016
Commence the procurement with the publication of the OJEU notice	September 2016
Bidders' day and closure of tender clarification period	October 2016
Tenders returned	Early November 2016
Evaluation of tenders	November and December 2016

Stage	Date
Notify all bidders of the outcomes of their tenders and award contract to successful providers	Early January 2017
Contract commencement	Late January 2017
Transition from current providers to new providers	January to June 2017

Other Options Considered

22. The Council has the option of extending the current contract with the core providers for up to a further two years beyond June 2017. However, the Council believes that continuation of the current contract would not provide adequate levels of home care services to meet needs and enable timely hospital discharges. There are also concerns that there is a lack of home care provision to enable swift hospital discharges.
23. As a result of the limited capacity from the core providers, the Council is having to commission a significant volume of home care through spot contracting arrangements and this is at a higher hourly rate than the services delivered through the core provider contracts. The Council has also had to negotiate higher hourly rates where people have requested a Direct Payment in order to secure more timely home care services and have sought to purchase their home care from non-contracted agencies.

Reason/s for Recommendation/s

24. 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 implementation of the NLW. Given these significant changes, it would be timely to allow the contract to end without extending it and to re-commission the services. The County CCGs are keen for the home care services to be re-commissioned.

Statutory and Policy Implications

25. 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

26. 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.

27. The re-tendering of home care and support services is likely to impact on some people who currently receive home care from the core providers. However, the Council will work with the providers to ensure that, where there is to be a change of providers, that the transition is managed carefully to ensure continuity of care and to limit any disruption to people who are using the services.

Human Resources Implications

28. It is proposed that a temporary project manager post is established for an 18 month period, on a full-time basis, to support the completion of this complex project and to enable it to be managed effectively and to deliver the required outcomes within very tight timescales. The cost to the Council would be £23,000 over the 18 month period. The post holder would be employed by the County Council but would operate in a partnership capacity across each of the commissioning organisations.

Financial Implications

29. As outlined above, the current budget for home care services is £17.9m. The average hourly rate across the core provider contracts is currently £14.20 per hour. This rate is due to increase pending approval from Members to allocate a 6% increase to the core providers, backdated to 6 April 2016, in recognition of cost pressures relating to the National Living Wage.
30. As part of the tender planning process, detailed consideration will be given the various options relating to the determination of the hourly rate. This will include consideration of various options such as setting a fixed rate as is currently applied in the Care, Support and Enablement Contracts for supported living services; setting of fixed rates based on specific geographical areas and contract lots; the setting of floor and ceiling rates as a guide to acceptable fee levels.
31. The £23,000 cost of the County Council's share of the Project Manager post for 18 months will be funded from departmental reserves.

Public Sector Equality Duty Implications

32. 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) notes the need to re-tender the home based care and support services and the process and the timescales to be followed.

- 2) approves the establishment of a 1 fte temporary 18 month Project Manager post (Hay Band D) to assist in the delivery of the commissioning and procurement process, to be hosted by the County Council and to be funded jointly between the County Council, the City Council and the City and County CCGs
- 3) receives a further report in July 2016 once the planning process is near to completion to seek approval to progress the proposed model of service and to identify the potential financial implications of retendering the home based care and support services.

Caroline Baria
Service Director, Strategic Commissioning, Access and Safeguarding

For any enquiries about this report please contact:

Cherry Dunk
Group Manager – Quality and Market Management
T: 0115 9773268
E: cherry.dunk@nottscg.gov.uk

Constitutional Comments (SMG 30/03/16)

33. The proposals in this report fall within the remit of this Committee.
34. The Employment Procedure Rules provide that the report to Committee include the required advice and HR comments and that the recognised trade unions be consulted on all proposed changes to staffing structures (and any views given should be fully considered prior to a decision being made).

Financial Comments (KAS 06/04/16)

35. The financial implications are contained within paragraphs 29 to 31 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.

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

Equality Impact Assessment

Electoral Division(s) and Member(s) Affected

All.

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