

**HOME CARE CONTRACT**

*To:* **Adults Committee**

*Meeting Date:* **13 July 2017**

*From:* **Executive Director Children, Families and Adults**

*Electoral division(s):* **All**

*Forward Plan ref:* **For key decisions** *Key decision:* **No**  
**Democratic**  
**Services can**  
**provide this**  
**reference**

*Purpose:* **To provide an update on update on the recent Home Care tender process.**

*Recommendation:* **The Committee is asked to note the content of the report and to comment as appropriate.**

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|--------------------------------|------------------------------------------|
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## 1.0 BACKGROUND

1.1 The Home and Community Support Contract for Older People and Physical Disability is due for renewal in November 2017. It comprises approximately 1,300,000 hours of care for 3,000 people living at home with substantial levels of need. It has an annual contract value of £20.6 million. As such, it is a major contributor to independent living and health and wellbeing. It is recognised by commissioners that there is a need to move away from the current delivery model (i.e. time and task delivered primarily by a limited number of strategic providers), in order to increase supply and improve effectiveness. The consequence of current shortfalls in capacity is that there is a waiting list for domiciliary care for service users in the community and in hospital. There is also very limited choice of provision for service users and carers. In order to reduce potential duplication and to maximise use of resources, a strategic decision was taken to extend this tendering exercise to include all service user groups. (That is, in addition to Older People and Physical Disability, the following service user groups were also included: Children, Learning Disability and Mental Health). It was also agreed with the Clinical Commissioning Group (CCG) that they would become partners in this process. The full details are set out in paragraph 2.1.4.

## 2.0 MAIN ISSUES

2.1.1 **Service Shortfall:** In order to ensure our commissioned home based services are effective, an examination of current activity levels for Older People and Physical Disability has taken place. This has shown that while progress has been made on reducing the pending (waiting) list for home care, this is not keeping up with increasing demand linked to demographic change. There is an average weekly shortfall of 1,737 hours equating to 161 people in need of home care that is not currently available. It should be noted, however, that most of these individuals are in receipt of care but are awaiting additional services following a change in circumstances. For instance, of this number, 92 are receiving a service awaiting a change, including 57 people awaiting discharge from reablement to mainstream home care services. It is clear that while Independent Sector Providers (ISP) have responded positively to the challenge of increasing demand, the gap between demand and supply continues to grow.

2.1.2 **Best Practice:** In order to meet this challenge, extensive research has taken place to consider best practice in home and community support. Amongst others the following approaches have been examined in detail:

- Outcomes Cased Commissioning
- Procurement approaches, including the operation of a dynamic Purchasing System
- The development of micro-enterprises (examined the work of Community Catalysts in the West Country)
- Direct Payments
- Locality based delivery models, such as the Buurtzorg Health model in Holland
- Contracting and procurement approaches
- Electronic Call Monitoring

2.1.3 **Co-production:** In addition a number of co-production and engagement events have taken place involving independent providers, service users, and carers. This work has included significant feedback from the Older People's Partnership Board, the Carers Partnership Board and from Health Watch. Through this process an approach has emerged which

focuses on promoting independence and delivering improved outcomes. The challenge we have is to create a commissioning framework that supports new initiatives and in particular an outcomes focus, without seriously destabilising the current market or increasing the Council's financial risk.

**2.1.4 Integration:** To reduce duplication and inefficiency, the opportunity has been taken to bring a number of different services together through this procurement exercise. The process has been extended to include Learning Disability, Mental Health and Children's Services. Additionally, the Clinical Commissioning Group is also now included. The total value of the contract is set out in Table 1 below. Work is also happening with Peterborough

**Table 1**

| <b>Service</b>                                                     | <b>Contract Value (£)</b> | <b>Hours p.a.</b> |
|--------------------------------------------------------------------|---------------------------|-------------------|
| Older People, Physical Disabilities                                | 20,600,000                | 1,300,000         |
| Learning Disability                                                | 5,700,000                 | 350,000           |
| Children                                                           | 255,000                   | 9,700             |
| <b>TOTAL for CCC</b>                                               | <b>26,555,000</b>         | <b>1,659,700</b>  |
| Cambridgeshire and Peterborough Clinical Commissioning Group (NHS) | 5,100,000                 | Not available     |
|                                                                    |                           |                   |

City Council to ensure that processes are aligned and that reciprocal arrangements are in place to enable use of each other's service provision. The broad approach to the procurement has been to provide a generic specification for all services. There are also specialist lots which will receive a premium in order to incentivise specified outcomes. Examples include:

- a transition service to support timely discharge from hospital, and
- the delivery of specified delegated health tasks

**2.1.5 Procurement:** The procurement process commenced on 10 March 2017 and is currently underway. A strategic decision was made to replace the existing Framework Contract with a Dynamic Purchasing System with the aim of bringing more providers into the market. The main difference is that the former is a closed framework involving a limited number of strategic providers, whereas the latter is an approved list of providers which opens every three months to enable new providers to join. The Dynamic Purchasing System (DPS) also has a competitive element for allocation of care packages - where there is more than one provider available - is based on a combination of price and "fit" for individual requirements. Within the new model, there is the scope to delegate more direct responsibility to providers to deliver outcomes. There is also the opportunity to bring "micro enterprises" (small scale providers supporting one or two service users) into the DPS at any stage during the life of the contract. The intention is to support initiatives like the Neighbourhood Cares pilots that are based on the Buurtzorg model. Other features of the contract include an extension from five to ten years to offer certainty to providers to encourage them to develop. We have also built in Electronic Call Monitoring and Quality monitoring through the use of a Service User Panel.

**2.1.6 Savings:** The procurement exercise has a modest savings target of £306K pa for older

people and £71K pa for Learning Disability in the current financial year. This will be achieved by the introduction of a ceiling and floor rate of £16.22 per hour and a floor rate of £14.17 per hour. Additionally, the approach includes the establishment of a formula to meet national living wage requirements. The overall savings will also be supported by rationalising existing transition services, known as car rounds. The bids to date have been encouraging, from a financial planning perspective and all have been within the cash envelope.

**2.1.7 Timetable:** The tendering exercise began on 9 March 2017. The first phase resulted in 55 bids, including several from service providers who are new to the Council. Most existing providers submitted bids. However, a second bidding round commenced on the 5 June 2017 to enable a small number of existing providers - who had inadvertently failed to submit bids - to do so to avoid service disruption. The tender process will close on 4 July 2017 and contracts will be awarded at the end of August 2017. The implementation phase will commence in September 2017 and be completed by 1 November.

**2.1.8 Development Activity:** In addition to the tender process, a development programme is underway to support the delivery of home care. This work includes:

- establishment of a Home Care Brokerage by November 2017
- implementation of a scheduling system to support the allocation of care packages
- recruitment and retention

### **3.0 ALIGNMENT WITH CORPORATE PRIORITIES**

#### **3.1 Developing the local economy for the benefit of all**

The following bullet points set out details of implications identified by officers:

- Home care is a major source of employment in Cambridgeshire
- Approximately 10,000 staff are employed in the direct provision of care in the County

#### **3.2 Helping people live healthy and independent lives**

The report above sets out the implications for this priority in paragraph 1.1.

#### **3.3 Supporting and protecting vulnerable people**

The report above sets out the implications for this priority in paragraph 1.1 and 2.1.

### **4. SIGNIFICANT IMPLICATIONS**

This report is an update and therefore this section does not need to be checked by other Officers

#### **4.1 Resource Implications**

The report above sets out the implications for this priority in paragraph 2.1.4.

## 4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

The report above sets out the implications for this priority in paragraph 2.1.5.

## 4.3 Statutory, Legal and Risk Implications

The following bullet point set out details of implications identified by officers:

- A risk log has been developed to support the tender process.
- Business continuity is the key risk identified. This has been addressed through offering providers a continuation of existing work previous contract terms until there is a change of circumstances.
- The second bidding round and phased implementation set out in paragraph 2.1.7 will also support business continuity.

## 4.4 Equality and Diversity Implications

*There are no particular issues identified*

## 4.5 Engagement and Communications Implications

The following bullet points set out details of implications identified by officers:

- A communication plan has been developed and implemented.
- Examples of activity undertaken are included in paragraph 2.1.3.

## 4.6 Localism and Local Member Involvement

There are no particular issues

## 4.7 Public Health Implications

Home care services are commissioned to support frail older people and children and adults with long term admissions to remain living at home.

| Source Documents                                                                                                      | Location                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Business intelligence report on Home Care Demand and Capacity</b><br><b>Business Intelligence Workforce Report</b> | Andy Mailer<br>Business Intelligence Manager<br>Cambridgeshire County Council<br>01223 715699<br><a href="mailto:andrew.mailer@cambridgeshire.gov.uk">andrew.mailer@cambridgeshire.gov.uk</a> |