

Wiltshire Council

Cabinet

22 June 2010

Subject: Future Contractual Arrangements for the Provision of Care and Support to People at Home

Cabinet member: Councillor John Thomson – Deputy Leader and Cabinet Member for Adult Care, Communities and Libraries

Key Decision: Yes

Executive Summary

Cabinet approval is sought to proceed with the procurement of care and support services for people receiving social care support (in their own homes) from the Council.

Proposal

1. That Cabinet agrees to undertake an agreed procurement process for the securing of contracts with key strategic service providers who will work with the Council to deliver the objectives of the 'Help to Live at Home'(HTLAH) project. (Contracts will be phased in from April 2011.)
2. That delegated authority be granted to the Corporate Director of Community Services (DCS) in consultation with the Cabinet member for Adult Care, Communities and Libraries to authorise the final, agreed procurement approach.
3. That approval of Legal and CPU is sought and granted before any procurement approach is undertaken.
4. That the procurement process is reported to and monitored by both the Transformation Steering Group (TSG) in DCS and the Corporate Procurement and Commissioning Board.

Reason for Proposal

1. A number of existing contracts including those for the provision of domiciliary care end in April 2011. In accordance with the Council's Contract Regulations these contracts are required to be let.

2. In addition there is evidence to support the view that:
 - By extending the range of services provided; and moving to outcome based models of delivery, services to the customer will be improved and;
 - Efficiencies will be achieved through the rationalisation of suppliers/ providers
3. To allow officers within DCS (and broader stakeholders across the Council) the required time to explore all potential procurement options with regards to the 'Help to Live at Home' Project' (HTLAH), Cabinet approval is sought at this time to ensure any project delay is mitigated and to maximise the opportunity to implement the financial savings opportunities.
4. To allow the DCS Contracts team the required timeframe to advertise the finalised tender to ensure service delivery can be implemented on the 1 April 2011.

Sue Redmond
Corporate Director , Community Services

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Key Decision: Yes

Purpose of Report

1. To seek Cabinet approval to proceed with the formal tendering of care and support services that enable people to remain living in their own home.

Background

2. In support of the Council's procurement efficiency savings plans, the Department of Community Services is committed to the significant reorganisation of service delivery to (i) provide improved outcomes for individuals and (ii) release cash savings for the Council.
3. A key area of such reorganisation relates to those services which are provided directly to those individuals living in their own home. (The project to implement this is called "Help to Live at Home" – HTLAH)
4. Currently the Council purchases those services which enable individuals to live in their own home from approximately 300 different service providers (via a combination of 'block' and 'spot' purchasing arrangements). The service types included within these arrangements include:
 - a. Domiciliary Care
 - b. Housing Support
 - c. Supporting People
 - d. Telecare and equipment
 - e. Reablement
 - f. Live in care
5. The total annual value of these contracts in 2009/10 is £23.6 million. Within this 80% of the business is delivered by 20 providers, of these 20, 6 do 50% of all the business.

6. These services are currently all commissioned and contracted separately. The intention is to bring these services into one service specification. The expectation is that this will help to deliver efficiencies in service delivery as well as an improved customer experience from greater continuity.
7. Being responsive to the changing needs of the individual (service user), the current service delivery requirements are subject to up to 1000 changes each month (which consequently need to be reflected in Care First Service Package and SAP).
8. The current market place is made up of a large number of service providers, many of whom provide the same (or similar) types of service provision. In identified areas it is known that up to 30 service providers can be providing similar and/or related services in one post code area.
9. Currently, the Council commissions (or purchases) this care in a prescriptive way, specifying 'hours' and 'tasks' to be completed by the service provider, rather than allowing the individual to 'control' (i.e. determine) the services they receive. Government policy dictates that individuals should take more control of the services they receive; 'how' they are provided; and 'when'.
10. John Bolton, (Department of Health) states¹ that "there needs to be a local set of suppliers (providers) with a range of services and an approach to services that helps people make a real choice. Councils should move away from an emphasis on purchasing services and instead focus on ensuring that there is sufficient supply of the range of services that people may wish to choose, including services that help people to navigate the market for themselves".
11. Following the recent political administration change in national Government, It is understood that the policy approach outlined above (i.e. Social Care Transformation²) remains unaltered.
12. As part of the existing structured project approach under 'Help to Live at Home', it is proposed to commission (purchase) care and support services from a smaller number of providers in a specific geographical location. The commissioning and procurement process will look to maximise the opportunities for small and medium enterprises and voluntary organisations, particularly local ones, to benefit from this opportunity (e.g. the promotion of consortia arrangements). Such a strategic approach to commissioning would enable effective business partnerships to be developed between providers, reduce travel costs and improve the continuity of support people receive. Effectively, one provider would be able to meet a range of customer needs.
13. Other benefits of this 'Help to Live at Home' commissioning and contracting approach are as follows:

¹ Community Care October 08

² As presented to Cabinet, 'Transforming Social Care', Sue Redmond (22 April 2008)

- The quality of outcomes for Individuals will be improved through working only with high quality providers, with simplified, targeted contract monitoring
- The process of choosing and purchasing care and support for the individual will be improved and simplified, as providers will be capable of providing a range of services, according to the needs and requirements of the individual. The support provided will be determined by the outcomes identified by the individual and not be limited to prescribed services
- The reduction in the number of contracted providers will both Improve the economies of scale for providers (leading to lower unit costs) and reduce the percentage of costs currently directed to provider management and administration overheads
- The Department of Community Services will seek to work with other business areas of the Council (e.g. Department of Children and Education) to ensure that the full potential of any contracts are realised.
- This approach will be fit with the Government's 'personalisation' agenda, which requires Councils to give individuals more choice and control over what care they receive and from whom, and requires councils to give greater assistance to individuals funding their own care. Through the provision of these contracts the Council will ensure that those Providers contracted by the Council enable their services to be accessed by those individuals funding their own care.
- Within this commissioning and contracting exercise, a range of preventive services will be secured which will promote an individual's health and well being (which will consequently reduce the requirement for high-cost, traditionally institutionally-based service types (e.g. residential care)
- This commissioning approach will secure services which use person-centred approaches to identify the outcomes that are truly important to – and for – people.

Main Considerations for the Council

14. This strategic approach to commissioning and contracting will help to deliver the objectives of the Help to Live at Home project and deliver cashable efficiency savings because it will be a more efficient and effective way of managing the business.
15. Within this financial savings approach there is the potential to reduce transaction costs as a result of the reduction in the number of contracted providers. The end to end review of these processes that is taking place currently will consider this..
16. The 'Help to Live at Home Project' will be delivered in line with the Council-adopted approach towards 'Category Management' (i.e. the review of current spend, across 'type' of spend with an intention of reducing the Provider base)

17. Contracts will be established for a term of 7 years in duration. These contracts will be subject to proportionate contract management to ensure that the required outcomes and value from the arrangements are secured.
18. Currently this type of care is commissioned by the Council on an hourly basis. It is proposed to move to outcome focused contracts that will specify what outcomes that individuals requires enabling them to have greater control over what services are provided.

Environmental Impact of the Proposal

19. The strategic approach to provider-reduction will maximise the opportunity for co-ordinated journey/visit planning, resulting in reduced mileage and – consequently – carbon emissions

Equalities Impact of the Proposal

20. As part of the project management structure, a comprehensive equalities impact assessment will be undertaken. Key learning from the completion of this assessment will be considered, evaluated and applied to the delivery of the commissioning and contracting process.

Risk Assessment

21. This project is being governed by the Department of Community Services Change Programme. A project manager has been identified to lead the work. A project team will be established that will include representation from Corporate Procurement, Legal services, and Housing to explore the potential for including housing support services within this programme to create the greater efficiencies. The project will report to the Help to Live at Home project board Project Board, which in turn reports to the Department Transformation Steering Group.
22. A comprehensive risk assessment has been established as part of the 'Help to Live at Home' project management. This risk assessment includes consideration of procurement-related issues (which may influence the direction of the project) as well as a consideration of mitigating actions. This risk assessment will continue to be managed in accordance with the corporate policy and is available for inspection.
23. Associated with this risk assessment, a comprehensive and specific de-commissioning strategy (and communication plan) will be developed and implemented.

Financial Implications

24. The potential value of these contracts, £23.6m, represents a significant reconfiguration of Council spend .v. activity.
25. Within the commissioning and procurement project development, officers are currently finalising the potential benefits to be realised. In accordance with the Corporate Benefits Realisation policy, identified benefits will be recorded, assessed and monitored against project outcomes,

Legal Implications

26. The significant reduction in contracted Providers will require the consideration and effective management of those issues relating to the potential transfer of staff (TUPE) The effective management of the procurement process as well key support from both the Council Human Resource and Legal Sections will be required.
27. Further exploratory work will be undertaken to determine whether the scope of this project may also include the out-sourcing of current in-house provision. In the event of any such activity it will be understood that legal obligations relating to the potential transfer of Council staff (TUPE)³ will require consideration. Again, HR and Legal support and involvement will be sought in the event of any such consideration. In accordance with the Council's Contract Regulations any confirmed intention to out-source such services will be subject to specific consideration by Cabinet (September 2010).
28. As identified, the final procurement approach with regard to this activity has yet to be determined. However, it is understood that any final decision as to the procurement project plan will require authorisation by Legal services. (Legal Services have identified an appropriate Legal Officer to support and advise within the project development.
29. As above, the Council's Corporate Procurement Unit are (and will continue to be) fully engaged within this activity. Again, any procurement project plan will require final authorisation by CPU.

Options Considered

30. A number of potential contracting approaches are currently under exploration and consideration, with each option being subject to a comprehensive option appraisal exercise and risk assessment. Options will be presented and agreed by the Department's Transformation Steering Group. The identified options include:
 - a. **Do nothing:** A number of existing contractual arrangements come to an end in March 2011. No strategic approach to replace these

³ Transfer of Undertakings (Protection of Employment)

arrangements may contravene the Council's Contract Regulations, as well increasing the risk to the Council (e.g. financial control and performance levels).

- b. **Service delivery to be undertaken directly by the Council (I.e. In-House):** The Council may consider delivery of the required services via direct provision. It is generally considered that it is not the business of the Council to directly deliver social care services, both in terms of strategic objective and financial cost. However, a fuller consideration will be developed as part of a final options appraisal.
- c. **Block contracts:** These are the traditional basis of securing capacity within the market-place. However, moving forward, 'block' contracts will not provide the required flexibility to allow for the successful implementation of Personal Budgets. Also, uncertainty about volumes will increase the price and could result in payments for voids.
- d. **Cost / volume contracts:** A combination of some guaranteed work (with prices agreed for additional work) will give the Council sufficient value in terms of volume; share of the risk with the Provider of these new arrangements; whilst enabling variations to be reflected as these new services bed-down.
- e. **Strategic Partnering:** A 'open-book' accounting process to contract management, which sees both the Council and the Providers taking responsibility for – and sharing – issues in relation to profit and loss. Via a Partnership Board, this approach will allow for a reflexive and adaptive contractual approach which will respond to the changing circumstances and demands of the social care market

Conclusions

- 31. The 'Help to Live at Home' project represents a key, once only, opportunity to realign services to achieve both improved outcomes for individuals and (cashable) efficiency savings for the Council.
- 32. Undertaken successfully, the project represents a key opportunity to raise the profile of social care delivery in Wiltshire and demonstrate the Council's commitment to the achieving efficiencies whilst improving outcomes for individuals.
- 33. Members are requested to authorise the Corporate Director to proceed with implementing these proposals.

**Sue Redmond,
Corporate Director, Department of Community Services**

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Background Papers

The following unpublished documents have been relied on in the preparation of this report:

None
