

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE – 13/06/2017

Subject:	Re-Procurement of Homecare		
Corporate Director(s)/ Director(s):	Candida Brudenell, Corporate Director for Strategy Katy Ball, Director of Procurement and Children’s commissioning		
Portfolio Holder(s):	Councillor Nick McDonald, Portfolio Holder for Adult Services and Health Councillor Graham Chapman, Portfolio Holder for Resources and Neighbourhood Regeneration		
Report author and contact details:	Clare Gilbert, Commissioning Lead 0115 84163132 Clare.gilbert@nottinghamcity.gov.uk		
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Total value of the decision: £102.879 million			
Wards affected: All		Date of consultation with Portfolio Holder(s): 24/05/17 Councillor Chapman	
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			<input checked="" type="checkbox"/>
Children, Early Intervention and Early Years			<input type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<p>This paper proposes the new homecare commissioning structure from 1 April 2018, and seeks permission to extend the current framework for homecare as well as the accredited provider list from 1 January 2018 until 31 March 2018.</p> <p>The new model builds on the developments to Nottingham City’s homecare over the last year. It seeks to improve outcomes for citizens and to support them to become as independent as possible whilst delivering homecare in a timely manner.</p> <p>Additionally, to allow for the procurement, the paper seeks permission for the cost of extending the current framework from 1 January 2018 to 31 March 2018 at approximately £1.677 million for new packages.</p> <p>The estimated annual cost of externally purchased homecare based on current activity levels and payment rates is £11.238 million. During the life of the contract, Providers will receive an annual uplift that will be based on inflationary and National Living Wage factors. Based on current funding levels, the cost for this service over 9 years will be £101.142 million. Given the intended growth of the homecare sector and the ongoing uplift, it is anticipated that this figure will rise.</p>			

Exempt information:**State 'None' or complete the following.**

An appendix to the report is exempt from publication under category 3 of schedule 12A of the LGA, Information relating to the financial or business affairs of any particular person (including the authority holding that information) because it contains information relating to contractual details and pricing and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because the information it contains information that commercially sensitive and may jeopardise contract negotiations.

Recommendation(s):

1. To approve the procurement of homecare in accordance with the proposed model at Appendix 1, including arrangements for an Accredited Provider List.
2. To delegate authority to the Director of Commissioning and Procurement to approve the outcome of the tender and award contracts from 1 April 2018 for 3+2+2+2 years. Exercise of the option to extend is subject on each occasion to consultation with Director Finance to ensure funding is available within the Council's Medium Term Financial Plan.
3. To delegate authority to the Head of Contracting and Procurement to sign the contracts resulting from the tender process once the outcome is agreed.
4. To approve dispensation from contract procedure rule 5.1.2 in accordance with financial regulation 3.29 to extend the current Homecare Framework Contracts from 1st January 2018 until 31 March 2018 to allow completion of the procurement process and transition to the new arrangements at Appendix 1.
5. To approve dispensation from contract procedure rule 5.1.2 in accordance with financial regulation 3.29 to extend the current CM2000 solution 'CallConfirmLive!' from 1st February 2018 up until 30 June 2018
6. To approve the rate and methodology detailed in paragraph 6.5 of the exempt finance appendix for homecare services from April 2018 and the principles for use of National Living Wage funding contained within the Council's Medium Term Financial Plan.
7. That the Committee note that approval to spend against the Homecare contracts is covered within the Council's Scheme of Delegation for Adult's Care Packages.

1 REASONS FOR RECOMMENDATIONS

- 1.1 The current homecare framework is due to expire on 31st December 2017. The proposal is to extend the framework until April 2018. Demand for homecare tends to be at its highest from December to February and so any change to the purchasing of homecare during this time is likely to add significantly to this pressure.
- 1.2 The new homecare model has been developed in partnership with Adult Social Care as well as health commissioners. See Appendix 1 for more details. It has built upon improvements in the model as detailed in Section 2 below as well being informed by local and national consultation with citizens as well as local homecare providers. Significant work has been undertaken by internal analysts to understand the demand for the homecare. It has also

been informed by the experience of other local authorities who have recently commissioned homecare.

- 1.3 A key consideration around the new model relates to market stability and transition arrangements. Work with lead providers has led to increasing take up rates of packages and improved co-operation and flexibility. Leads and supports now have 60% of the market. Any model that departs from this approach may lead to greater fragmentation and less market influence. Where a citizen has to move from their current homecare provider to a new provider, a review will have to be undertaken by adult social care. There is currently only limited reviewing capacity within this team. Under the Care Act the citizen is entitled to choose their own care. If they do not want to change provider they can choose to take a Direct Payment and directly pay for the service themselves.
- 1.4 The Invitation to Tender for the new service will be issued in July 2017 with the new services appointed in October 2017. The new contract will be operational from the 1st April 2018. Given the disruption caused to service provision from re-procurement, the proposal is to have the option for a 9 year contract. However, given the rapidly changing landscape in relation to homecare and the development of the Sustainable Transformation Plan, the contract needs to be able to respond flexibly. It will therefore include a break clause in the specification and contract for six-month for any reason and a three month break clause for financial difficulties.
- 1.5 Since January 2012 the local authority has used the CM2000 solution 'CallConfirmLive!' (CM2000) to monitor the real-time provision of home-care services to citizens by external providers. At present all providers on the Nottingham City Local authority 'Care At Home Framework' are required to use the CM2000 Monitoring system. This is the method by which the Strategic Commissioning Service monitor contract compliance for approximately 20 external providers, and by which the visit data is captured that enables the Fairer Charging and Finance teams to invoice citizens and pay providers. The current contract with CM2000 expired in January 2016 and a Delegated Decision in March 2015 agreed to extend the support and maintenance agreement on a yearly basis until January 2018. This was done to coincide with expiration of the 'care at home framework' so that any future reporting solution could be procured based on the requirements of the new home care model. This 2 year extension was to the value of £400,000 (revenue).
- 1.6 The new homecare contract is due to be implemented April 2018 and it is not intended to continue to use CM2000 as part of the new model. In order to ensure a smooth transition to new monitoring and reporting arrangements it is recommended that approval be granted to extend the CM2000 contract from Feb 2018 up to a maximum of June 2018 with the proviso that it may be brought to an end in March/ April depending on the new reporting/monitoring requirements and the complexity to implement. This extension beyond the Delegated Decision would be for a minimum of £30,000 and a maximum of £60,000 (based on previous costs of approx. £15,000 per month).

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The annual gross cost of external homecare in the financial year 2016/17 was £11.356million. However, over this period there has been growth in Care, Support and Enablement (CSE) and Direct Payments. Furthermore, homecare can be purchased by citizens through Direct Payments and the estimated value is currently £2.237m. It is not possible to identify what element of CSE growth may be attributable to it being used as an alternative mechanism for the delivery of homecare. CSE is currently being re-commissioned and referral pathways for this service will be tightened to ensure that it is not being used inappropriately. The cost of homecare was increased to £15.25 in September 2016 in response to pressure within the market as Providers were unable to recruit and retain staff and in order to provide regional consistency by aligning with County rates.
- 2.2 Based on January to March 2017, the average number of new packages picked up by external homecare is 133. This equates to 1,905 new commissioned hours per month. On the 1st April 2017 the total number of packages was 1421 and 18,953 hours were being commissioned by external homecare.
- 2.3 The last homecare framework was issued in December 2014. This was based on geographical zones for leads and providers who were paid by the minute (known as time and task) for homecare undertaken. Whilst this approach did achieve short term savings, the time and task approach did not support citizen to be more enabled and they felt that their care was rushed. Care workers were not able to deliver the interventions that they felt was needed and payment by the minute meant that payments to carers were very variable. This has had a detrimental effect on recruitment.
- 2.4 A further factor that impacted on the success of the model was the lack of transition plans to move packages to the new framework providers. This led to a fractured market which has been difficult to manage and provided an insufficient number of packages for lead providers to develop a cost effective business model. Currently there are three tiers of providers; leads and supports at £15.25 per hour, accredited providers at £15:20 per hour and spot contracts which are individually priced. This has meant that leads and supports have not been able to develop sufficient capacity and have not been able to respond quickly to providing packages for citizens coming out of hospital.
- 2.5 This combination of factors, alongside a national homecare crisis led to a significant increase in citizens waiting for homecare. As well as the impact that this had on the citizens themselves, this resulted in delayed transfer of care from hospital which in turn led to delays within the Urgent Care System due to the lack of available beds.
- 2.6 In order to address this issue a number of initiatives were undertaken. These included expanding the internal homecare service, Nottingham City Homecare (NCHC), and strengthening an alliance between lead and support providers. The expanded NCHC, alongside short term funded provision paid for by resilience funding for urgent care, now picks up all new homecare cases from both the hospital and the community, whilst external providers receive several

days' notice of new packages. Internal and external providers meet fortnightly to discuss issues and to re-configure care runs where relevant. This has improved responsiveness and flexibility. The number of waits for homecare has reduced from 140 in August 2016 to approximately 14 in April 2017. There has also been a significant reduction of delayed transfers of care over the last three months.

2.7 The Sustainable Transformation Plan places great emphasis on moving resources from acute settings to the community. This will mean that homecare will need to be robust and be able to grow to meet this challenge.

2.8 Citizen engagement

A programme of consultation and analysis was undertaken to understand what good homecare looks like from a citizen perspective. This took place in April and May 2017 and included:

- A citizen engagement event at the Council House
- Obtaining citizen questionnaire feedback from current providers
- A broad range of consultation events with citizens and carers Analysis of national documentation, for example NICE guidance, feedback from the UK Homecare Association and CQC advice about what to look for from good homecare provision

Key themes from consultations were that:

- Good homecare:
 - Helps citizens to feel independent
 - Is friendly
 - Is not rushed
 - Is provided by a consistent group of carers
 - Provides the right gender of carer if delivering personal care to maintain dignity. This is especially the case in some specific cultures
 - Provides carers who can communicate with the cared for if there are language or disability requirements in relation to communicating
 - Provides carers who offer practical advice and support
 - Provides carers who will liaise with the family
 - Provides carers who are trained and knowledgeable about the citizen's specific needs e.g. diabetes
- Citizens feel that current homecare in Nottingham is of a good standard
- Some citizens felt their slots were too short or somewhat rushed
- Loneliness and isolation are recurrent issues for citizens
- Whilst citizens appreciate continuity in the care workers, moving to a new provider did not elicit anxiety as long as the process was managed and that there was good communication with the citizen and their family / carers
- There is ambivalence towards taking a Direct Payment. Some thought it was a good idea; others thought it would be too much hassle and responsibility.

2.9 Provider engagement

A comprehensive programme of consultation was undertaken with providers, both during the ongoing operation of the current contract and through

bespoke activity to find the views of providers with whom the Council does not currently contract. This took place between March and May 2017 and included:

- A provider event at which around 20 organisations were represented
- Ongoing consultation meetings with all current lead providers on a fortnightly basis, as part of contract management
- A questionnaire for current lead and support providers carried out either over the telephone or face to face
- Consultation with the UK Homecare Association who have canvassed the views of a large number of providers nationally in regard to how commissioners can make processes and models more conducive to good outcomes in homecare provision

Key themes from consultations were:

- There is general positivity around the proposed model of 6-8 weeks of stabilisation in the internal team before packages are offered out to external providers.
- A positive response to the idea of block contracts for a percentage of commissioned hours, with cost and volume to top up – This provides cash flow stability for providers.
- Providers reported that a major issue for them is the lack of flexibility in the time at which they deliver a package of care. If they were able to be more flexible they would be able to make runs up more easily. The message to citizens and internal staff needs to be strong that people will not necessarily get a call at exactly the time they have asked for.
- A positive attitude towards exploring more ways for providers to work together as part of an alliance, including the potential of sharing functions such as training and recruitment.
- A willingness to explore having their staff trained by health professionals to carry out more complex health procedures.
- Commissioners should be taking a longer term approach to how they commission services – potentially 10 years rather than a framework of 4 years.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Do Nothing. This option is rejected as legally the framework ends and a new contractual arrangement is required.
- 3.2 Have no lead providers and procure all homecare through an accredited list with packages allocated on a first come, first serve basis. This would support consistency with current arrangements as all providers could move onto this list. It would also significantly reduce the need for new reviews. However, this option was rejected as it would not support the development of strong market relations. There are currently 23 different providers which mean that it is difficult to provide strong quality oversight.
- 3.3 Commission only leads and supports. Whilst this has the benefit of creating a strong market for successful providers and will enhance performance management and alliance arrangements, it will require at least 40% of citizens to be reviewed. Many citizens may choose not to change from their current provider and so will elect to take a direct payment. It also means that, if the leads and supports are

unable to pick up packages, there is no alternative resource. For these reasons, this option was rejected.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

4.1 See Exempt appendix 2 for Financial Comments

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

Procurement Observations

5.1 The proposed procurement will be undertaken by the Procurement Team through a process compliant with EU and UK Procurement Regulations (Light Touch Regime) and the Council's Financial Regulations. The proposed establishment of an accredited list of homecare providers will be through a fair, open and compliant process and will ensure that providers listed meet adequate quality standards. The proposed extension of the current contractual arrangements will allow time for the completion of the procurement process and transition to the new model, at a time of high demand and pressure upon homecare services. Therefore dispensation from financial regulations for operational reasons is supported from a procurement perspective.

Jo Pettifor, Category Manager – Strategy & People. 31/05/17

Legal Comments

5.2 The Legal Services team will support the Procurement and Commissioning teams to develop the contract for Homecare provision in accordance with the comments above at paragraph 5.1. This will include agreeing the terms and conditions to ensure the contracts contain the necessary flexibility proposed in this report. It is understood that the dispensations sought are for the minimum period required to enable the new arrangements to be put in place. The two contract extensions are either below the applicable financial procurement threshold or can be considered as necessary modifications which are permissible under the Public Contracts Regulations.

5.3 Appendix 1 describes a model for a contract which includes a Provider Alliance. There will be challenges to deliver this as providers may raise issues such as confidentiality and data protection as restrictions which would prevent them from working in alliance.

Andrew James, Team Leader (Contracts and Commercial) 01/06/17

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)

6.1 Not applicable

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 By effective zoning of providers, homecare can be undertaken on foot or by public transport. This supports the employment of a large, local, entry level work force which is supported by the Employment Hub.

8 REGARD TO THE NHS CONSTITUTION

- 8.1 Not applicable

9 EQUALITY IMPACT ASSESSMENT (EIA)

- 9.1 Has the equality impact of the proposals in this report been assessed?

Yes

X

Attached as Appendix 3, and due regard will be given to any implications identified in it.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

- 10.1 Provider and Citizen Homecare Engagement Reports

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

- 11.1 Care Act 2014

Delegated Decision: Ref 1908 Two Year Extension of CM2000
'CallConfirmLive!' Contract (signed 27/03/2015)