

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	2949
Author:	Peter Morley
Department:	Strategy and Resources
Contact:	Peter Morley (Job Title: Commissioning Manager, Email: peter.morley@nottinghamcity.gov.uk, Phone: 01158765163)
Subject:	Reprocurement of Homecare
Key Decision (decision valued at more than £1million):	Yes
Key Decision (decision affects 2 or more wards):	Yes
Total Value:	£109.824 million (Type: Revenue)
Decision Being Taken:	<ol style="list-style-type: none">1) To approve for the procurement of homecare services in accordance with the model attached from 1 April 2018 for a period of up to 9 years at a cost of £101.142 million2) To approve the extension of the current framework for homecare as well as the accredited provider list from 1 January 2018 until 31 March 2018 at a cost of £1.677 million3) To approve dispensation of 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 at a cost of £0.075 million4) Agree the hourly rate for homecare from 1st April 2018, as detailed in exempt finance advice, as a cost of £6.930 million over the life of the contract

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.

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 and 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.

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.

The Invitation to Tender for the new service will be issued in September 2017 with the new services appointed in December 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.

The annual gross cost of external homecare in the financial year 2016/17 was £11.356million. However, over this period there has been a growth in the internal provision of homecare and an increase in the use of Direct Payments for homecare. This now has an estimated value of £2.237m per annum.

The cost of homecare was increased to £15.25 per hour 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.

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.

Based on January to March 2017, the average number of new packages picked up by external homecare is 133 per month. This equates to 1,905 new commissioned hours per month. On the 1st April 2017 the total number of packages was 1421.

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 citizens to be more enabled and they felt that their care was rushed. Care workers were not able to deliver the interventions that they felt were needed and payment by the minute meant that payments to carers were very variable. This has had a detrimental effect on recruitment.

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 £15.56 per hour, accredited providers at £15.50 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.

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.

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.

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.

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).

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 £75,000 (based on previous costs of approx. £15,000 per month).

Briefing notes documents: Appendix 2 - Reprocurement of Homecare.docx

Other Options Considered: Do Nothing. This option is rejected as legally the framework ends and a new contractual arrangement is required.

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.

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.

Background Papers:

Published Works: 11.1 Care Act 2014
Delegated Decision: Ref 1908 Two Year Extension of CM2000 'CallConfirmLive!' Contract (signed 27/03/2015)

Affected Wards: Citywide

Colleague / Councillor Interests:

Any Information Exempt from publication: Yes

Exempt Information:

Description of what is exempt: Financial advice/comments.

An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972

3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The public interest in maintaining the exemption outweighs the public interest in disclosing the 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.

Documents exempt from publication:

Exempt Finance comments.docx, Appendix 1.docx

Consultations:

Date: 03/04/2017

Other: Citizens and Providers of services

A programme of consultation and analysis was undertaken to understand what good homecare looks like from a citizen and provider perspective. A number of events took place between April and May 2017

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

N/A

Equality:

Please login to the system to view the EIA document: EIAHomecareRecommissioning.doc

Social Value Considerations:

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

Decision Type:

Leader's Key Decision

Subject to Call In:

Yes

Call In Expiry date:

28/09/2017

Advice Sought:

Legal, Finance, Procurement, Equality and Diversity

Legal Advice:

The Legal Services team will support the Procurement and Commissioning teams to develop the contract for Homecare provision in accordance with the Procurement Advice below. This will include agreeing the terms and conditions to ensure the contracts contain the necessary flexibility proposed in this report. In addition advice has been sought from specialist external legal advisers (Browne Jacobson) who have provided advice and suggestions to improve the accountability of the provider under the contract.

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 may be considered as necessary modifications which are permissible under the Public Contracts Regulations.

The briefing document describes a model for a contract which includes a Provider Alliance. Legal Services have discussed this proposal with the report author and the challenges to deliver this outcome, such as providers raising issues such as confidentiality and data protection as restrictions which would prevent them from working in alliance, have been recognized.

Advice provided by Andrew James (Team Leader Contracts and Commercial) on 15/08/2017.

Finance Advice:

The value of this decision is detailed in appendix 2 and totals £109.824 million.

It should be noted that all values are estimates based on current activity levels and prices and costs will change to reflect actual service delivery. The contractual arrangements will carry no guarantee of work and approval to spend against the homecare contracts are covered within the council's scheme of delegation for adults care packages.

Commissioners and management should ensure that mechanisms are in place to report and monitor homecare activity and spend through not extending the CM2000 solution to support:

- . Management of spend within the funding envelope for Adult Social Care within the Council's Medium Term Financial Plan (MTFP).
- . Finance returns enabling citizens to be accurately charged their assessed contributions towards care provision.
- . Payment of homecare providers based on care delivered.

The proposal within the commissioning model to move to banded groupings of care provision will need further analysis to ensure the final agreed bands do not result in increased payments to providers above the current funding levels contained in the Council's MTFP. Alternative provider payment mechanisms will also need to consider the reporting and monitoring arrangements for homecare services.

The homecare rate of £15.25 for lead and support providers, £15.20 for accredited providers was increased on 1st July 2017 to £15.56 and £15.50 respectively to ensure stability in the market.

This decision seeks exemption from Section 5.1.2 of the Council's Contract Procedure Rules in accordance with Section 3.29 of the Council's Financial Regulations to allow extensions to current contracts. In the circumstances outlined in the reasons for the decision, this recommendation is reasonable.

By procuring services that meet the needs of local people through the most economic, efficient and effective means and procuring homecare services at a fixed price that is deemed sufficient to cover provider costs, value for money will be delivered.

Procurement Advice:

The proposed procurement of homecare services 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 establishment of an accredited list of homecare providers will be through a fair, open and compliant process and will ensure that providers listed meet the required 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.

Advice provided by Jo Pettifor (Procurement Team Manager) on 08/08/2017.

Equality and Diversity Advice:

It is imperative that the diverse needs of people with differing faiths and cultural norms are built into any contracts. NCC will have failed in its Public Sector Duty if equality of access in all its forms is not adequately met. Advice provided by Adisa Djan (Equalities and Diversity Consultant) on 08/08/2017.

Signatures:

Jon Collins (Leader of the Council)
SIGNED and Dated: 19/09/2017
Candida Brudenell (Corporate Director for Strategy and Resources)
SIGNED and Dated: 19/09/2017