

North Tyneside Council

Report to Cabinet

Date: 13 August 2012

ITEM 5(i)

Title: Procurement of
Domiciliary Care from
February 2013

Portfolio(s): Public Health and Adult
Social Care

Cabinet Member(s): Councillor Les
Miller

Report from Directorate: Community Services

Report Author: Jacqui Old, Head of Adult Social Care Tel: (0191) 643 7317

Wards affected: All wards

PART 1

1.1 Purpose:

The purpose of this report is to seek Cabinet approval to undertake a competitive tendering exercise in accordance with the Council's procurement rules, and to establish a Framework Agreement and an Accredited List for the provision of domiciliary care services across the Borough, as outlined in paragraph 1.5.7 of this report. Cabinet approval is required in line with Contract Standing Orders, as the estimated contract value over its lifetime will exceed £500,000.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) Authorise the Head of Adult Social Care, in consultation with the Cabinet Member for Public Health and Adult Social Care, the Head of Legal, Governance and Commercial Services, the Strategic Director of Finance and Resources and the Principal Procurement and Commissioning Officer, to undertake a competitive procurement exercise and establish a Framework Agreement and Accredited List for domiciliary care services, for a period of two years with an option to extend for up to a further two years.
- (2) Authorise the Head of Adult Social Care to set a unit rate/s for the service, taking into account the need to ensure the future sustainability of the service as set out in paragraph 1.5.8.

1.3 Forward Plan:

This report appears on the Forward Plan for the period 1 August 2012 to 30 November 2012.

1.4 Council Plan and Policy Framework

This report relates to the Council Strategic Plan 2012-15 Priority 1 – Sustaining our front line services within the Council, but only spending what we can afford.

1.5 Information:

Background

1.5.1 Domiciliary care:

Domiciliary care helps people to live independently in their own home by providing care and support services that are flexible and responsive and designed to meet each individual service user's needs.

Domiciliary care can be provided as: an alternative or precursor to more dedicated support i.e. extra care or residential care; to prevent a hospital admission; or to support an early hospital discharge. The availability of high quality flexible domiciliary care support is seen as one of the cornerstones to enabling individuals to remain living independently at home for as long as possible and therefore there is a need to ensure that a robust home care market is procured and is sustainable in the longer-term.

1.5.2 The current service delivery model:

The current framework contract for domiciliary care has been in operation for almost 5 years, and despite working relatively well overall, a pre-procurement service review suggests that some improvements to service delivery can be achieved by re-structuring our current approach to commissioning this service. Additionally, the North Tyneside LINK has produced a report which highlights a number of key issues in respect of the current service model, specifically with regard to: continuity of carers; the potential use of Individual Service Funds (ISFs); communication; and addressing the emerging personalisation agenda. These issues have been taken into account in terms of the proposed procurement exercise.

The current contract was awarded in 2008 and was subsequently extended for a further two year period in 2011, in line with the terms of the contract.

North Tyneside was one of the first authorities in the region to move to arranging service delivery on a geographical or 'zoned' basis. As a result in 2008, we reduced the number of providers from 14 to 6 and awarded contracts on a Cost and Volume basis with each provider paid a guaranteed 500 hours per week. This represents approximately 50% of the total volume of business for each of the six contracted providers, with additional hours purchased on a 'spot' basis in line with required needs and at the same rate as the block contract. Currently there are two providers working into each of the geographical zones, with the exception of Wallsend, where there is one.

Since 2008 and the award of the contract, Adult Social Care has moved forward with the implementation of the personalisation agenda and the roll-out of personal budgets. Following an assessment of need, a service user can receive their allocated funds, i.e. their personal budget either via a Council Managed Budget or via a Direct Payment. The way in which a person receives their funds dictates and to some extent restricts which service provider they can receive support from.

Where the Council arranges the service on behalf of the service user, the service is provided by one of the current Framework providers, whilst service users who receive a Direct Payment can choose to use any provider that they wish, whether or not they are under contract to the Council, as depicted in Fig.1 below.

If a person receives a Personal Budget as:

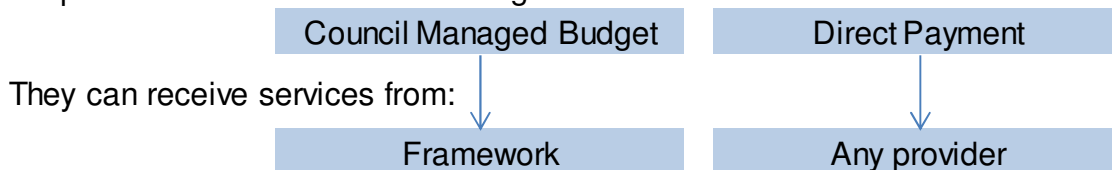


Fig.1

The current contract does not support children, disabled children or the parent/carers of disabled children, whose provision up until now has been provided by the in-house team due to the low volume of work. However, the new contract for service will be expanded to include support to this client group, allowing the in-house service to focus entirely on its reablement function.

1.5.3 The local population and the demand for the service:

Current demand

There are approximately 1200 service users receiving the service at any time. The number of service users has increased in recent years, due to the increasing older people population, in particular those who are over 85, which now represents 44% of total customers. Within the four geographical zones, there is more or less an even distribution of service users, with the exception of the North West of the Borough, which contains 32% of our total service users.

Approximately 370,000 hours' support was provided in 2011/12. This equates to over 7,100 hours per week, with the total number of hours of support provided increasing by over 25,000 hours from the previous year.

Future demand

It is anticipated that demand for this service will continue to increase. This is due in part to changing demographics and an increasingly ageing population, but also because of the increasing frailty of people accessing the service and the increasing number of individuals who are being supported to live independently as opposed to moving into a residential setting.

During the period 2008 to 2033 the number of older people is expected to increase by 48.8% (from 40,400 to 60,100). It is anticipated the proportion of the over 60 population will particularly increase in Killingworth (North West) and North Shields (South East). In January 2012, 32% of all service users resided in North Shields; 24% in the North West; equating to 376 and 283 service users respectively.

Additionally the number of people we support with dementia is increasing. Currently there are approximately 2622 people with dementia living in North Tyneside, of which approximately 40% have very high needs. The number of people with dementia is predicted to increase by 23% by 2022, increasing the number of people who will require support from Social Care.

1.5.4 The current rates policy:

Existing rates are set against time bands for visits that last 15/20 minutes, 30 minutes, 45 minutes and 60 minutes. Visits that are over 60 minutes are paid at a pro rata rate of the hourly rate. A call monitoring system is currently used to record the actual times that are spent in a person's home.

15 / 20 mins	30 mins	45 mins	60 mins	Over 60 mins
£4.70	£7.05	£9.30	£11.27	£11.27 pro rata

1.5.5 Reasons for change:

The current contracts for service come to an end in February 2013 and a future model must be agreed and a tendering exercise undertaken prior to this date.

As previously noted, North Tyneside Council has been innovative in previous commissioning exercises. It was one of the first councils in the region to introduce geographical areas within the borough and to reduce the total number of providers. This helped to reduce the cost paid to service providers, reduce the resource required within the Council and has had no evidenced adverse impact on the quality of the service delivered. Other councils are adopting this approach and therefore North Tyneside must look at other innovative ways of maintaining and improving the quality of the service and potentially reducing the cost of the service.

The Council is working with reducing budgets and therefore the future service delivery model must take this into consideration and aim to achieve efficiencies and best value for money.

In line with the Government's drive for personalisation and the target for all social care customers to be in receipt of a personal budget by 2013, any future service model must also ensure that we are able to offer service users more choice and control. However, this is somewhat at odds with the option of reducing the number of providers and awarding bigger contracts in order to reduce prices.

1.5.6 Requirements of future service delivery model:

Taking account of the issues identified with the existing model and the changes needed to address the personalisation agenda, any future service delivery model must aim to:

- Ensure outcomes are the focus of the service
- Provide individuals with confidence in the services they are purchasing
- Offer service users choice and control and fit with the Government's personalisation agenda, including the introduction of Individual Service Funds
- Enable service users to receive a Personal Budget and determine how best to use it
- Provide good quality care and support
- Have a clear contract monitoring process that links to a strong performance management framework
- Ensure value for money is achieved with a fair Rates Policy.

1.5.7 Proposed future service delivery model

Through the procurement exercise, Adult Social Care proposes to procure:

1. A new Framework arrangement, with up to six providers:

- Two providers will work in the North West of the Borough and two in North Shields, reflecting the increasing demand and service pressures in those areas, with the remaining two providers working in Wallsend and Whitley Bay;

And:

2. An Accredited Provider list:

- Those providers who are not awarded a Framework Contract but pass the quality threshold set in the procurement exercise, will be included on an Accredited List, thereby increasing the number and range of providers available to provide domiciliary care services in the Borough for those customers who choose to use an ISF or a Direct Payment.

This will mean that in future, following an assessment of need, a service user will be able to receive their allocated funds, i.e. their personal budget, either via a Council managed service, an ISF or a Direct Payment, and the way in which they receive their funding will dictate which service provider they can receive support from, as depicted in Fig.2.

If a person receives a Personal Budget as:

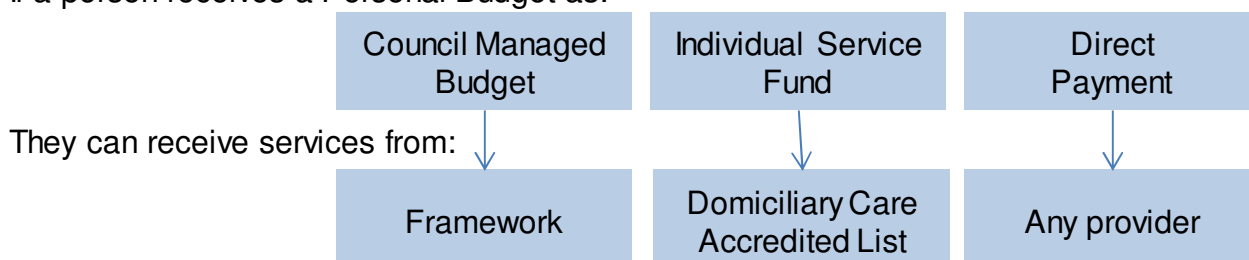


Fig 2.

Both types of contract will be underpinned by an outcomes based service specification and a robust performance and quality management framework, that will ensure that all of our customers, whether they receive a directly managed service, or choose to take a direct payment and manage their own service, can be confident in terms of the quality of service that they can expect.

1.5.8 Future rates policy:

In terms of agreeing a rates policy, the Council has two options to consider:

- Let the market set the rate and tender based on a mix of price and quality
- Set a rate that the Council is prepared to pay, and tender based on quality

The Rates Policy that is adopted must ensure that:

- The market is able to sustain itself across the four year contract period
- Rates are sufficient that they cover wages; operating costs; travel time and travel costs; recruitment; training and supervision; registration
- Rates are competitive and providers can compete in the open market
- Rates are comparative to those set by other local authorities in the region whilst avoiding the difficulties that some of these local authorities are facing

- It enables providers to meet their additional costs via new legal responsibilities regarding pensions
- It enables providers to account for expectations made through national minimum wage legislation
- It recognises changes in costs such as the increase in petrol prices.

Other local authorities in the region are experiencing difficulties where their set rate is being criticised by National Minimum Wage Advisors because providers are not able to cover their costs and in some cases are being asked to operate differently. This has been due to a combination of the authority itself, setting the rate too low at the tendering stage, and also of procurements where authorities have tendered on price and providers have submitted deliberately low prices to gain a foothold in the market.

It is therefore recommended that the future rates policy is fixed by North Tyneside Council and that the Council adopts a reasonable rate that achieves best value for money and provides service users with choice, control and flexibility over the services they receive and ensures that the sustainability of the market longer-term.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Agree the recommendations set out at section 1.2.

Option 2

Not agree the recommendations set out at section 1.2.

1.7 Reasons for recommended option:

Option 1 is the recommended option.

Cabinet is recommended to agree the recommendations set out in paragraph 1.2 and authorise the Head of Adult Social Care to undertake a competitive procurement exercise, setting a rate/s for the service and to establish a Framework Agreement and an Accredited List for domiciliary care.

This will enable Adult Social Care to put in place contracting arrangements with providers that:

- Broaden the provider base and offers more choice and control to service users in line with good practice and the personalisation agenda;
- Increase the number of providers who can deliver a service which minimises the risk to the Council in relying on a small number of providers; and
- Is complemented by a strong performance framework and contract management arrangements.

1.8 Appendices:

None.

1.9 Contact officers:

Sheila Watson, Strategic Commissioning Manager OP and PD, Adult Social Care, tel. (0191) 643 7007

Leanne Fairbairn, Commissioning and Procurement Manager, Adult Social Care, tel. (0191) 643 7015

Sarah Heslop, Manager Legal Services, Commercial Team, tel. 643 5456

Alison Campbell, Finance Business Manager, tel. 6437066

1.10 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

- (1) Revisiting Home Care: Service users and providers perceptions of home care in North Tyneside. North Tyneside LINK, March 2012.
- (2) Care is not a commodity. UKHCA Commissioning Survey, UKHCHA, July 2012.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The cost of providing domiciliary care has grown year on year, because both the number of service users and the number of hours of support provided have increased.

The rates policy was amended and rates paid to providers reduced in May 2011.

In 2011/12 the service cost approximately £5.7 million.

It is anticipated that the new contract can be delivered within current rates. If this is not possible then a further report will be brought back to Cabinet for a decision before the contract is awarded.

2.2 Legal

The range of services to be provided under the proposed Framework Agreement and Accredited List are categorised as “Part B” services for the purposes of the Public Procurement Regulations 2006, therefore strict procurement rules do not apply. However, the procurement of the Framework Agreement and Accredited List must be in compliance with the basic principles of transparency and equal treatment as set out in the EC Treaty.

As the value of each of the contracts as a whole exceeds the threshold of £500,000, this procurement requires Cabinet approval. Any procurement process will be undertaken in accordance with the Council’s Contract Standing Orders and EU and UK public procurement requirements. An award will be based on the most economically advantageous tender and the successful tenderer will be appointed on terms and conditions approved by the Head of Legal, Governance and Commercial Services.

2.3 Consultation/community engagement

A comprehensive consultation and engagement programme has been undertaken with staff and management groups, service users, carers and the public, current service providers and potential service providers in the wider market, some of which has been undertaken by organisations independent of North Tyneside Council. The findings of national consultation

exercises and recent research have also been utilised in informing the development of the recommended service delivery model.

2.3.1 Internal Consultation

Internal consultation on the proposals of the report have been undertaken with: the ASC Senior Management Team; the Personalisation Board; and social work teams.

2.3.2 External Consultation/Engagement

External consultation on the proposals of the report has been undertaken with:

- Service users and carers by North Tyneside LINK (see reference to LINK Home Care report in 1.5.2);
- Service users and carers. Four consultation sessions were undertaken during April and May in North Shields, Wallsend, Whitley Bay and Longbenton, facilitated by the Community and Health Care Forum (CHCF);
- Current service providers on the framework and prospective service providers. 2 consultation events were facilitated by Adult Social Care in April, which were attended by 70 providers; and
- Other local authorities in the region to benchmark North Tyneside's position.

The key issues identified within these consultation sessions have been used to develop our approach to service design and rates policy and include: the need to ensure continuity of carers, for which we propose to introduce a specific performance measure; increasing the choice of providers, which we propose to do by procuring a Framework and Accredited List; ensuring that the market is sustainable, which we propose to do by setting a fair rate; and increasing the flexibility and personalising services for our customers, which we propose to achieve through the increased use of Direct Payments and ISFs.

2.4 Human rights

The proposals and actions contained in this report support the following Human Rights principles:

1. Right to liberty and security
2. Right to respect for private and family life
3. Freedom of thought, belief and religion
4. Protection from discrimination
5. Freedom of expression.

2.5 Equalities and diversity

The use of a Framework Agreement and Accredited List for the provision of domiciliary care services will promote choice, respect and recognition. The procurement process and service specifications will be used to assess and monitor the values and practices of providers in relation to equal opportunities.

An Equality Impact Assessment has been undertaken.

2.6 Risk management

Undertaking this procurement exercise and establishing a Framework Agreement and Accredited List will ensure that effective market testing is undertaken and that the Council is able to attract more providers into the market place and increase choice and control for service users.

Undertaking this procurement exercise will ensure new contracts are in place by 2013. Appointing to a Framework and an Accredited List will increase the number of providers and minimise the risk of the Local Authority being reliant on a small number of providers

Risks have been considered and evaluated. Actions that could be taken to mitigate the risks have been identified. During the process of contracting, risks will be discussed with the Risk Champion, evaluated and actioned as appropriate.

2.7 Crime and disorder

There are no crime and disorder implications directly arising from this report.

2.8 Environment and sustainability

There are no environment and sustainability implications directly arising from this report.

PART 3 - SIGN OFF

- Strategic Director(s)
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Strategic Manager, Policy & Partnerships
- Chief Executive