

**Committee Name and Date of Committee Meeting**

Cabinet – 18 February 2019

**Report Title**

Commissioning and procurement of a new delivery model for Home Care and Support Services

**Is this a Key Decision and has it been included on the Forward Plan?**

Yes

**Strategic Director Approving Submission of the Report**

Anne Marie Lubanski, Strategic Director of Adult Care, Housing and Public Health

**Report Author(s)**

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**Ward(s) Affected**

Borough-Wide

**Report Summary**

The purpose of a home care and support service is to enable people to remain living at home for as long as possible. The availability of quality home care services are key to supporting people's independence at home in the communities they know.

This report provides an overview of the current home care and support service in Rotherham, particularly the state of the local market in terms of ability to meet current demand for service and the pressures that providers are facing. The report then highlights the case for change, before focusing on the key principles and approaches underpinning a new delivery model for home care and support services. These are to be incorporated into a new service specification produced following a co-production exercise with a range of stakeholders.

The intention is to procure a new model of home care and support through a competitive tender process, with alternative service arrangements in place from November 2019.

**Recommendations**

1. That approval be given to the commencement of a competitive tender process for the home care and support service from April 2019.

2. That it be noted that the new home care and support delivery model has been defined following the completion of a co-production exercise with a range of stakeholders, which informed the specification for the new contractual arrangements.
3. That an update be provided to Cabinet on the outcome of the tender process in due course.

### **List of Appendices Included**

Appendix 1 Commissioning and Procurement of Home Care Services

### **Background Papers**

<http://www.ukhca.co.uk/pdfs/AMinimumPriceforHomecareVersion1020140202.pdf>

<https://www.nice.org.uk/guidance/qs123>

<https://www.skillsforcare.org.uk/NMDS-SC-intelligence/Workforce-intelligence/publications/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx>

### **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

### **Council Approval Required**

No

### **Exempt from the Press and Public**

An exemption is sought for Appendix 1 under Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act 1972 is requested, as this appendix contains commercially sensitive information with regards to hourly rates agreed with providers.

It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information to protect the commercial interests of providers. The body of the report is not exempt.

## **Commissioning and procurement of a new delivery model for Home Care and Support Services**

### **1 Background**

- 1.1 Home care is a way of describing the care and support that people receive in order to support themselves in their home and in the community in which they live. This could be providing personal care such as washing, dressing, and support with daily tasks; and helping people to do things for themselves as far as they are able to build their confidence and skills to achieve their maximum potential for independence.
- 1.2 In Rotherham the existing home care contract is delivered by twelve organisations, seven prioritise delivery to defined geographical zones across the borough. A further five organisations pick up work when the seven zoned organisations are unable to cover. The table in Appendix 1 gives the detail of the providers' contract history, priority zone area, current volume of work and the hourly rate at the point of tender award.
- 1.3 The tender to secure the home care and support services described above took place in 2014. The tender was evaluated on the highest quality and most economically advantageous tenders submitting competitive hourly rates. Initially the contract was awarded to eight home care organisations and in 2016 an additional seven providers were procured to accommodate demand. The contract mobilised home care organisations in 2015 for a three year term with an option to extend for a year. The contract was extended in 2017 and will be terminated on 31 March 2019. An exemption from Finance and Procurement Procedure Rules was authorised in July 2018 to allow for the continuation of the contract beyond its contractual term to allow sufficient time to procure the services. The approval contained the condition that the new competitive tender be publicised in April 2019. New contracts were issued to the incumbent home care market to provide services from April 2019 to 31 October 2019 to cover the proposed tender period.
- 1.4 Since the initial award, two providers have exited the contract, one was terminated as a result of breach of contract in terms of quality and one took a business decision to terminate for commercial reasons.
- 1.5 At present twelve home care providers are on a framework agreement. This 'call off' arrangement enables the Council to purchase home care and support services with no commitment to purchasing pre agreed volumes. It also provides an option to carry out 'competitive mini-tenders' between providers appointed to the framework to achieve cost efficiency where individuals require care packages of high value. This arrangement can support the Council in times of provider failure where a service can be allocated to another provider appointed to the framework when a provider exits, without the need for a competitive tender.

## **2. The Current Position**

- 2.1 Approximately 16,000 planned home care hours per week are commissioned for 1,300 people. Around 350 care packages require multiple carers to attend. Payments are made on actual hours delivered with an approximate 10% variance between planned hours and actual hours delivered.
- 2.2 Similar to the national picture the home care market in Rotherham is fragile. Home Care providers operate on tight margins and have a transient workforce. It is estimated that contracted home care providers in Rotherham are currently employing in excess of 640 care workers. The market reports that the majority of the care workers do not hold qualifications at level 2/3 or the Care Certificate as a result of the high turn-over of staff. In the last 12 months, the staff turn-over rate for home care agencies in the Yorkshire and Humber Region was 37.4%. This level of turn-over has implications on providers with regards to recruitment costs, uniform provision, induction as well as training costs. High staff turnover can cause negative experiences for customers as they need to repeatedly explain their needs and given the intimate nature of the service, they can find it challenging to build up rapport and trust with the new care staff regularly allocated to support them.
- 2.3 In Rotherham, the existing service specification details the purchasing of care hours in multiples of 15 minutes. This is allied to the duration of time being estimated to deliver care on a daily basis and agreed in a support plan. The intention is for new model to move away from the 15 minute allocation process and this is detailed below in section 4.9. The commissioning of 15 minute calls in isolation does not promote the principles of personalisation and this practice is not in accordance with National Health Institute for Care Excellence (NICE) guidelines.
- 2.4 The largest cohort in receipt of home care is older people who form 83% of the total recipients of contracted home care. However, the principles of home care can be applied to any cohort. Demand for support for older people is likely to continue in view of the increasing older population. Rotherham's older population (age 65+) is predicted to increase by 4.5% by 2020 with an additional 8% increase from the year 2020 to 2025.
- 2.5 The service activity of contracted home care monitored over recent years shows an increase in dependency on the service with an average increase of 10% per year over the last three years. In 2014/15 13,523 hours were commissioned per week with the existing service activity at 16,196 hours per week. During 2017/18 there were 143 admissions into long stay residential care across all cohorts, with an average of 11 admissions per month. This trend appears to be reducing with 328 long stay residential placements made in 2016/17. This downward trend may account for the increase in the dependency on home care.

- 2.6 A total of 191 people currently use their personal budget as a Direct Payment to purchase care from a commissioned home care provider. 43 people living in extra care facilities are in receipt of home care from commissioned providers. There is also an emergency 72 hour fast response service in operation, providing up to 70 hours of support per week alongside a small carers support service. The fast response service provides home care for a limited period of time to support hospital discharge where there are difficulties in immediately sourcing longer term support and otherwise would lead to a delayed discharge. Though these services are outside of the existing framework agreement, it would be prudent to include them within the scope of a new delivery model.

### **3. Key Issues and the Case for Change**

- 3.1 There are a number of strengths with the existing model of home care and support in that:
- The framework agreement means that in the event of provider failure replacement capacity can be quickly secured. This has been recently used following challenges with the market failure of one national provider operating in Rotherham and alternative provision was sourced through the framework in December 2018.
  - Responses to requests for home care are efficient and capacity within the framework currently broadly meets demand. This is evidenced by the low level of delayed transfers of care (DTC) from the Rotherham Foundation Trust hospital attributed to 'awaiting a care package'.
  - The current model of zoning providers means that capacity is available across the borough including in rural and semi-rural parts of the borough. This approach avoids 'cherry picking' of the best areas.
- 3.2 There are a range of inherent issues with the existing model that will need to be addressed to best meet people's outcomes. The well-publicised failure of a national provider, Allied Healthcare, who also operated within Rotherham, in late 2018, demonstrated the fragility of the existing home care model exacerbated by a challenging financial climate. A future service model must work within the available financial envelope, but on the basis of sustainable hourly rates that enable the terms and conditions for care workers to be improved in turn.
- 3.3 The issues are wider than just the hourly rates paid to service providers with the home care sector having a negative perception in terms of attractiveness for care staff. Skills for Care reported in September 2018 that the national home care sector has an aging workforce (the average age of a care worker is 43 years old), high staff turnover of 37.4%, vacancy rates of 10% and very little external recruitment outside of people already working in the sector. Based on discussions with providers, this picture is mirrored within Rotherham, though obtaining readily available specific statistics for the borough is difficult.

- 3.4 The low job satisfaction is in part driven by the 'time and task' model which means that care workers are constantly battling against the clock to get to the next visit, regardless of the fluctuating needs of the people they are supporting. This transactional approach does not allow for personalisation or emotional reward and the travel costs associated with the approach also make alternative sectors such as retail more attractive propositions. It is imperative that existing valuable care worker resources are used most appropriately.
- 3.5 The case for change highlighted above is well established and a number of local authorities have put in place alternative delivery models to move away from the 'time and task' model. This has helped inform the principles and approaches for the Rotherham model, though the detail applied in this report has emerged through co-production following an ongoing series of engagement sessions, both formal and informal with a wide range of stakeholders including,
- people in receipt of home care services through telephone surveys
  - members of the public at Rotherham Show
  - existing contracted providers
  - wider providers through soft market testing sessions
  - a range of Adult Care and Rotherham CCG staff
  - Community Nursing and Occupational Therapy staff

#### **4. The Proposed New Delivery Model**

- 4.1 The ambition for high quality home care and support service will only be achieved through a co-produced, best practice led model. The development of a revised home care model will complement the emerging Target Operating Model (TOM) for the Adult Care Directorate. The TOM will take into account whole system requirements and the required integration with health partners to develop reablement led provision, embed strength based approaches and create further multi-disciplinary working. The new home care and support offer will be part of a spectrum of solutions ranging from low level or no cost solutions to complex targeted and specialist services. It is essential that the development of a new model of home care and support dovetails with wider system developments across the Directorate and is aligned to the requirements of health partners.
- 4.2 The challenges faced by Rotherham's providers, the quality of provision, escalating demand and the financial pressures faced by the Council cannot continue to go unaddressed. If the Council is to sustain a vibrant home care market capable of delivering high quality care in Rotherham, then the Council needs to act to support a lower proportion of the population for less of their life, re-able and innovate to provide alternatives to formal high cost care. A new home care model will contribute to reduce demand by delivering high quality skilled flexible care and support only as long as it is needed.
- 4.3 A proposed new delivery model for home care and support presents an opportunity to address the issues highlighted in the case for change and will embed the adult care vision that the Council

*‘Will act together to support the residents of Rotherham to live full active lives; to live independently and to play an active part in their local communities’.*

Effective home care and support will enable people to remain at home longer, live independently and enable them to access community assets to maintain health and wellbeing. The model fits with the personalisation and prevention (reduce, prevent, delay) agenda contained within the Care Act 2014 in addition to reducing demand for formal care services and therefore costs.

- 4.4 The aim of the new delivery model is to increase positive user experience through attracting prospective care workers to make home care a real career choice and aspire to careers in social care and health. Attracting motivated workers with the right values reduces pressure and costs for providers to continuously recruit and train the workforce. The proposed model has been adopted in other local authorities providing a platform of experience and learning that the Council can build on.
- 4.5 The proposed service specification is under development. It is being informed through the application of best practice from elsewhere and most crucially through the outcome of a co-production exercise with key stakeholders informing the content. The core element of the proposed new delivery model is the adoption of the principles and approaches.
- 4.6 The Principles of the new model are:
- The promotion of independence through continued reablement
  - A recovery ethos for all individuals in receipt of the service
  - Provider care staff are entrusted to manage the ‘envelopes of time’ for individuals
  - Provider care staff are seen as part of a multidisciplinary team
  - There is a high level of trust between all parties involved in the care and support for an individual in receipt of the service
- 4.7 The Approaches of the new model are:
- Assessment and provider care staff apply strength based approaches when completing Support Plans
  - The individual in receipt of the service determines the desired outcomes and all support plans are person centred
  - Options to use equipment, assistive technology or digital solutions are explored as part of the support planning process
  - Provider staff are confident and competent to use or work alongside equipment, assistive technology or digital solutions
  - Provider staff make best use of community assets as part of their care and support offer for individuals in receipt of the service
  - Learning and development is available to provider care staff

- 4.8 The new delivery model will combine the effective elements of the existing specification and these will be reflected in the new service specification. One key element is the continuation of the effective organisation of providers against a geographic footprint (zones). This supports an interface with assessment teams and health services i.e. community nurses.
- 4.9 The new model will need to incorporate flexibility to meet local needs in each zone. This will give surety of income to providers and incentivise the use of employment contracts for provider care staff. This would only be introduced when the volume of service required in each zone has levelled into a regular pattern. Electronic call monitoring will be a requirement to assure the Council of service delivery and this would link to payment systems.
- 4.10 Personalised service delivery against agreed outcomes where providers arrange services to be delivered at dates and times preferred by the individual and their families and continue to meet their obligation where critical call times are required.
- 4.11 Providers will play a much more pivotal role in the organisation of care arrangements and will be involved in the review activity. In this model provider reviews can result in adjustments to care packages to benefit the individual and increase opportunity for cost efficiency for the Council in situations where needs have positively changed.
- 4.12 A model of service delivery with a reablement emphasis where providers reable individuals to reduce care packages following a period of formal (free to the individual) reablement. This would ensure that the provider has the capacity to meet demand for new service requests and involve the provider proactively in demand management. This will also actively encourage the use of equipment, assistive technology and ensure that community asset solutions are explored as part of the wider package.
- 4.13 Increasing the hourly rate paid to providers to be in line with The Chartered Institute of Public Finance and Accountancy (CIPFA) family neighbour local authorities and in-line with the other South Yorkshire local authorities, ensuring that rates are sustainable throughout the initial contract term and in line with the financial envelope. A revised hourly rate, specified within the contract documents will ensure that the providers care staff are appropriately remunerated. The cost of this will be balanced by right sizing care packages and preventing escalating dependency.
- 4.14 Engaging the existing home care workforce in a targeted Learning and Development Programme and continuing to work with the Rotherham and North Nottinghamshire College Group (RNN) to further develop the Health and Social Care syllabus for students aged 16+ to encourage entry to the profession.



## **5. Options considered**

- 5.1 An exemption from going to competitive tender on the open market was authorised in July 2018 with the condition that a competitive tender is publicised in April 2019. New contracts were issued to the incumbent home care market to provide services from April 2019 to 31 October 2019.
- 5.2 In lieu of the exemption period coming to an end on 31 October 2019, it is necessary to undertake a procurement process for the home care and support service. The proposed procurement approach is defined below within section 8 of the report.
- 5.3 There is no option to further extend the exemption period under the Public Contract Regulations 2015, ruling out a continuation of the service without a procurement process.
- 5.4 There is the option to tender and continue with the existing model, but as highlighted in the case for change under section 3 of the report, this may lead to challenges with market sustainability. Maintaining a traditional approach potentially makes the Council's offer less attractive to perspective providers and care workers. Challenges with recruitment and retention of care workers will ultimately lead to a poorer quality of service for customers.
- 5.5 The option to apply the proposed new delivery model in the tender process, encompassing the principles and approaches contained within section 4 should enable the Council to positively and proactively respond to the challenges highlighted in section 3 of the report.

## **6. Consultation on proposal**

- 6.1 There is no requirement for formal public consultation to take place with regard to the implementation of a new delivery model for home care and support. However as a matter of good practice, a co-production model has been used to inform the future model.
- 6.2 The proposed new delivery model for home care and support has been co-produced with a range of internal and external stakeholders and this is referenced throughout the report. The input from various interviews, workshops and focus groups has been used to inform the content of the service specification. This is in line with good practice for commissioning and supports the Adult care vision - *We will act together to support the residents of Rotherham to live full active lives; to live independently and to play an active part in their local communities.*

## **7. Timetable and Accountability for Implementing this Decision**

- 7.1 The tender process will commence in April 2019 and it is expected that the evaluation and tender award process will be completed to enable contract commencement from November 2019.

## **8. Financial and Procurement Advice and Implications**

### **8.1 Financial Implications**

8.1.1 The outcome of the tender exercise will be modelled to understand the impact on Council budgets and on the Council's Medium Term Financial Strategy.

8.1.2 Proposals contained within this report to commission new services from 2019 are not expected to achieve cost efficiencies, directly from the procurement process, as it is likely that submitted hourly rates in the tender process will exceed existing rates. Any future efficiencies will come from applying strength based approaches to assessment and effective reviewing of people in receipt of services, where levels of needs have changed through reablement or positive changes in circumstances.

8.1.3 The Council currently spends around £11.3m on contracted home care (all cohorts).

### **8.2 Procurement Implications**

8.2.1 The Home Care Support services described within this report would be classified as Social and Other Specific Services ("SOSS") as defined in the Public Contracts Regulations 2015 ("the Regulations"). The value of the estimated expenditure over the life of the agreement means that the Regulations will apply and an OJEU advertised opportunity must be undertaken, albeit through a Light Touch Regime (LTR).

8.2.2 When procuring under the LTR, Contracting Authorities need to be able to demonstrate compliance with the principles of transparency and equal treatment, however they have the flexibility to tailor and design their own procedures.

8.2.3 Dynamic Purchasing Systems are a procurement vehicle identified in the Regulations, which allows new Providers to join the agreement at any time. In this instance the pre-fix of the term '*Pseudo*' is used to identify the services are being conducted under the LTR and may include some flexibilities not contained in the main Regulations.

8.2.4. The procurement of these Services will therefore be conducted in compliance with the European and domestic procurement law and the Council's own Financial and Procurement Procedure Rules.

## **9. Legal Advice and Implications**

9.1 Proposals in this report support the Council's compliance with legal obligations encompassed in the:

- Care Act 2014 – requires local authorities to ensure the provision or arrangement of services, facilities or resources to help prevent, delay or reduce the development of needs for care and support.
- Care Act 2014 – to support; carers, people who use personal budgets and people going through transition from children’s services into adult services.
- Care Act 2014 - introduced new duties on local authorities to facilitate a vibrant, diverse and sustainable market for high quality care and support.
- Public Services (Social Value) Act (2012) to promote social value under the Public Services.

## **10. Human Resources Advice and Implications**

- 10.1 There are no direct human resource implications for the Council as a result of the proposals contained in this report as any potential transfers of home care staff would be between external organisations – outgoing home care service providers transferring eligible staff to the incoming providers as part of the mobilisation of the new contractual arrangements under Transfer of Undertakings (Protection of Employment) Regulations 2006.

## **11. Implications for Children and Young People and Vulnerable Adults**

- 11.1 The new delivery model for home care and support outlined in this report and the co-produced service specification will improve the service offer for all of the adult cohorts supported by the Council. Proposals contained within this report support positive steps to meet objectives in the Council Plan to develop alternatives to traditional care, maximise independence and stimulate the market requirement in terms of the Joint Health and Wellbeing Strategy (Priority 2) Promoting independence and self-management and increasing independence of care for all people.
- 11.2 Children’s Services are out of scope for the purpose of the service specification and the procurement exercise and therefore there are no direct implications for Children and Young People as a result of the proposals.

## **12. Equalities and Human Rights Advice and Implications**

- 12.1 The proposals in this report support the Council to comply with legal obligations encompassed in the:
- Human Rights Act (1998), to treat everyone equally with fairness dignity and respect with a focus on those who are disadvantaged as a result of disability and
  - Equality Act (2010) to legally protect people from discrimination in the wider society.

### 13. Implications for Partners

- 13.1 The proposed new delivery model for home care and support has been co-produced with a range of stakeholders as indicated at section 4.6. The intention is to jointly procure with the Rotherham Clinical Commissioning Group (CCG) as their home care contract is due to expire within the same time frame as the Council's. This will however be as a separate lot in order to ensure that the service quality provided to the CCG meets clinical thresholds and best meets the needs of people funded through Continuing Health Care (CHC). Funding for this service will come directly from the CCG.

### 14. Risks and Mitigation

- 14.1 The home care market is showing signs of distress. The well-publicised market failure of a national provider, Allied Healthcare, who also operated within Rotherham, in late 2018, demonstrated the fragility of the existing home care model. It is envisaged that the new delivery model will mitigate some of the risks posed, in terms of care provider financial viability and workforce. This is documented in section 4 of the report.
- 14.2 There is also a financial risk that the new framework could be unaffordable within existing resources. This will be identified from the tender evaluation process and will include the determination of funding options to ensure that any agreements can be met from within existing allocated resources

### 15. Accountable Officer(s)

Nathan Atkinson, Assistant Director – Strategic Commissioning.

Approvals obtained on behalf of:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp	04/02/19
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	01/02/19
Assistant Director of Legal Services (Monitoring Officer)	Dermot Pearson	01/02/19
Assistant Director of Human Resources (if appropriate)	Kay Wileman	21/01/19
Head of Procurement (if appropriate)	Karen Middlebrook	22/01/19

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