
Meeting: Executive

Date: 6 November 2012

Subject: Commissioning for Outcomes : Development of a Framework Agreement for Domiciliary Care

Report of: Cllr Mrs Carole Hegley, Executive Member for Social Care, Health and Housing

Summary: The report updates the Executive of the retendering of the current domiciliary care block contracts and the proposed contractual arrangements to be adopted.

Advising Officer: Julie Ogley, Director of Social Care Health and Housing

Contact Officer: Elizabeth Saunders, Assistant Director, Strategic Commissioning

Public/Exempt: Public

Wards Affected: All wards

Function of: Executive

Key Decision Yes

Reason for urgency/ exemption from call-in (if appropriate) N/A

CORPORATE IMPLICATIONS

Council Priorities:

The recommendations meet the following Council priorities:

- Promote health and wellbeing and protect the vulnerable
- Value for money

Financial:

1. The current annual expenditure on domiciliary care is approximately £8.2m. It is expected that a retendered service based on a framework will achieve wider coverage and higher quality of service at a more competitive price. As the population increases alongside individual's demands and expectations to stay living longer at home, the annual volume and therefore cost is likely to increase year on year.
2. The new contractual approach will require all providers to use an electronic monitoring system for domiciliary care services that the Council commissions which could deliver further efficiency savings through simplification of invoicing and other processes.

3. Efficiencies and value for money are core to the new arrangements.

Legal:

4. It is clear that the current contractual arrangements are reaching their natural end and provision needs to be made for the ongoing provision of Domiciliary Care.

The use of a Framework agreement in these circumstances does not give rise to any legal issues, on the basis of a comprehensive and transparent procurement exercise.

Risk Management:

5. The activities will be delivered through project management arrangements and overseen by the Domiciliary Care Retender Project Board chaired by the Director of Social Care, Health and Housing.
6. All risks, issues and progress against agreed plans will be monitored by the Project Board. Legal and procurement risks will be managed with the support of the Head of Procurement and the Head of Legal Services. These and all other risks, including failing to deliver Council priorities, financial and reputational risks will be managed through the project risk register.
7. One of the main risks to manage is disruption to existing customers receiving domiciliary care and to the provider market. These will be overcome by a managed transition process to the new contract over a period of time, with only new customers being placed with providers on the framework. Existing customers will be able to stay with their current provider or choose from the newly formed list of providers. A gradual transition will also give greater market stability, as providers will have more time to adjust and amend their staffing levels to suit service volumes.

Staffing (including Trades Unions):

8. Not Applicable.

Equalities/Human Rights:

9. Public authorities have a statutory duty to advance equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
10. The strategic approach has considered domiciliary care provision for all customer groups, including people with a range of needs including dementia care, physical and sensory disability, learning disabilities, vulnerability, frailty and temporary illness.
11. The approach has a positive impact on those people who require domiciliary care as it is focused on delivering high quality care to some of the most vulnerable members of society.

12. National research has highlighted that providers can on occasion fail to meet individual needs, sometimes breaching equality and human rights legislation. In addition, employment practices can fail to meet minimum requirements leading to high turnover of staff and poorer outcomes for customers. This indicates that it is important to ensure that procurement processes achieve the right balance between value for money and quality of care, attract high quality providers of care and that potential providers are robustly assessed against a range of equality/quality of life related factors. Ongoing contract monitoring must also include an assessment of the extent to which this criterion is met.
13. The existing Equalities Impact Assessment will be updated throughout the process and will continue to inform the development of the Framework Agreement.

Public Health:

14. Domiciliary care supports people with personal care tasks and medication to enable them to live more independently and safely in their own homes. It provides social interaction, which combats isolation and maintains emotional and mental wellbeing. The Framework Agreement for domiciliary care should provide opportunities to ensure that a preventative approach is taken by providers to support the health and wellbeing of customers.

Community Safety:

15. Not Applicable.

Sustainability:

16. Not Applicable.

Procurement:

17. A procurement strategy and timeline has been prepared supported by the Corporate Procurement Team to ensure that the market engagement and competition is rigorous, impartial and legitimate in accordance with Council policies and procedures. The strategy aims to identify the most suitable providers and evaluate the services offered against value for money criteria, resulting in a framework arrangement which can be used to draw down services as required.

Overview and Scrutiny:

18. A presentation will be considered by Social Care, Health and Housing Overview and Scrutiny Committee on 22 October 2012.

RECOMMENDATION:

The Executive is asked to:

1. **approve the establishment of a Framework Agreement to replace current block and spot contracting arrangements for domiciliary care providers.**

Reason for Recommendation:	<i>A Framework Agreement will enable the Council to shape the domiciliary care market, and give value for money, by commissioning services from a number of high quality domiciliary care providers who are able to meet customer's personalised outcomes, whether customers are publicly or privately funded.</i>
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Executive Summary

19. This report provides an outline of the proposed strategic approach for future commissioning of domiciliary care services. This forms part of the Outcome Based Commissioning approach being delivered by Adult Social Care.
20. A Framework Agreement is being proposed as the preferred contractual vehicle for the future provision of Domiciliary Care services. The Council will seek to establish a Framework Agreement which includes providers who have been assessed for the quality of service and their price, and only providers meeting the high levels of quality will be accepted onto the framework. The framework will run from May 2013 until April 2016.
21. The framework approach will allow the Council to access the widest choice of service from high quality providers and meet commitments to shift the balance of care to more personal, flexible arrangements.

Context

22. The current domiciliary care contract arrangement was inherited from the former Bedfordshire County Council. Block contracts were previously awarded to a small number of providers across 6 geographic areas and guaranteed minimum volumes of work were included in the contracts for each provider. The contracts are due to expire on completion of this retender process.
23. These arrangements need to be reviewed with the move towards more flexible and outcome focussed services. A more appropriate contracting arrangement, that will deliver higher quality, more personalised, domiciliary care, across the whole of Central Bedfordshire, has been planned.

Commissioning for Outcomes

24. Central Bedfordshire Council is committed to shaping the social care market and introducing outcome based commissioning principles. This means focusing on the outcome the person wants to achieve and commissioning services from the open market in direct response to the needs of customers.
25. This work forms part of the Council's new approach to outcome based commissioning, shifting the balance of care away from institutional settings to more flexible and personal arrangements. This complements the approach to standards and quality of dementia care and fee levels for care homes.

26. A complete analysis of the current domiciliary care provision has taken place alongside research into best practice in other areas. This has included comparison of various contracting models as well as how others have dealt with the transition arrangements.
27. The development of a Framework Agreement is the recommended approach to develop this service, ensuring it is fit for purpose. This supporting evidence and data is outlined in Appendix A and B.
28. A full engagement exercise has been initiated involving domiciliary care providers, customers, operational staff and other stakeholders. This has informed the way forward and helped to develop the detail of how the new service will operate.
29. The Council has involved service users and other stakeholders throughout this process. Market sounding has been carried out and the results used to inform the service specification.
30. Existing domiciliary care customers were sent a questionnaire which identified their key priorities for a future domiciliary care service.
31. Following the Executive decision the robust engagement process will continue and existing customers updated via regular newsletters.
32. The engagement process has also identified a number of customers and relatives to be fully involved in the tendering process having learned how valuable this was in the recent extra care tender.
33. This will also include a few customers being trained to enable them to be part of the tender evaluation panel.

Approach to Contracting – Developing a Framework Agreement with Providers

34. If the Executive approve the recommendation then the procurement process will start in November 2012 with an advertisement to all providers to submit their details to join the framework.
35. Providers will be provided with information relating the service requirements and high quality standards expected, and applications will be assessed by a panel in terms of quality and price.
36. Once domiciliary care providers are accepted onto the Framework Agreement customers will have the ability to choose according to known quality and price rankings. This will drive the market to provide high quality services that meet the needs of people across all Central Bedfordshire.
37. It is anticipated that contracts will be awarded in February 2013 to begin in May 2013.
38. The intention is to minimise any disruption to existing customers by only transferring new work through the framework to the new providers. Current customers will remain with their existing providers unless they choose to move.

Conclusion

39. This strategic approach to commissioning domiciliary care will ensure that consistently high quality provision can be delivered across Central Bedfordshire, offering choice and personalisation for customers and a stable and reliable market of providers.

Appendices:

Appendix A: Commissioning for Outcomes: Development of a Framework Agreement for Domiciliary Care

Appendix B: Supporting data analysis of the domiciliary care market

Background Papers: (open to public inspection)
None

Location of papers: (Insert location where papers are held)

Appendix A Commissioning for Outcomes: Development of a Framework Agreement for Domiciliary Care

Introduction

Domiciliary care plays a vital role in enabling people to remain independent, to live in their own homes, avoid admission to residential care and to exercise choice and control. Domiciliary care can be defined as a range of personal care and support delivered by paid carers to individuals in their own homes. It enables independence; supporting individuals and family carers, and can range from 24 hours 'live in' care through to a short call. (Typically calls are at least twice daily). Paid carers help with personal hygiene such as bathing and washing, food preparation getting up or going to bed assistance with medication.

The current contractual arrangement is no longer fit for purpose as it is not future proofed in terms of personalisation and customer choice. It is not delivering sufficient capacity across Central Bedfordshire nor is it delivering consistently high quality services. This paper proposes a new contractual arrangement in order to address these issues, improving quality, choice and capacity, in a way which causes minimal disruption to customers.

This work forms part of the Council's new approach to outcome based commissioning, shifting the balance of care away from institutional settings to more flexible arrangements, and complements the Residential Futures Programme.

Background

Central Bedfordshire Council inherited historic block contract arrangements from the previous legacy authority consisting of 5 block providers who were given a guaranteed volume of work. Over time these have now reduced to 2 due to subsequent acquisitions, and they now account for some 40% of the current provision. The remainder of the provision is delivered by 40 or so other providers who receive work on a spot contract basis.

Current Customer Base and Market Analysis

Over the last 3 years the number of state funded domiciliary care customers has remained fairly constant at around 1000, but the hours delivered have increased slightly. This fairly steady overall picture belies the fact that there is a larger than expected turnover in customers locally, as high as 50 to 60% per annum. This high turnover occurs mainly in older people who represent 840 of the total customer base. In other customer groups the turnover is less and their numbers are increasing steadily. However, as numbers of older people grow, the numbers requiring domiciliary care, both privately and publicly funded, will also increase.

Overall the Council spends about £8.2m per annum on domiciliary care, at an average cost of £14.51 per hour, with each customer receiving 11 hours of care per week. When the market is analysed by looking at clinical commissioning group locality areas, differences in spread of providers, hours commissioned and unit costs emerge. The attached charts give more details of these trends and analysis.

The Council has retained and expanded its own reablement function, which aims to offer every new customer a period of reablement. In 2012 some 800 people went through a period of reablement. The service offers up to six weeks intensive assessment and support to people in their own homes, with the aim of helping them regain their independence and minimising the need for ongoing support from the Council. This has proved successful with 50% of customers no longer requiring domiciliary care services post reablement.

The number of people opting for personal budgets and direct payments has increased steadily to almost 60% and this number is likely to increase further. However, at least in the short term there are likely to be a high number of older customers who will opt for the Council to arrange their care for them.

The area also has a high proportion of private customers. Figures from providers range from 20% to 60%. Based on this information the private domiciliary care market is estimated to be 42%, which is above the national average of 35%.

The current pricing structure is complicated with differing rates paid depending on when and where the care is provided and with ad hoc supplements. Customers currently have little choice over who provides their care as cases are offered to the blocks first then to available providers through the brokerage team.

Desired Outcomes

- Stability and resilience of supply across all of Central Bedfordshire which offers:
 - More choice for all customers
 - High quality personalised care
 - Specialist services
 - An ethos of reablement
- Best value for the Council and individuals
- Access to those self directing their own support
- Simple transparent pricing structures
- A standard quality monitoring framework using outcomes
- More collaborative relationships with providers
- Streamlined processes
- A smooth transition to the new contracting arrangement

Research and Contracting Options

The Project Team have researched other areas of good practice and examined the various contracting models as well as how others have dealt with the transition arrangements. Visits were made to Hertfordshire, Warwickshire and Brent (as lead authority of the 7 borough West London Alliance). These visits were invaluable in discovering how others have retendered, what contracting arrangements were adopted, and to benefit from lessons learned. The team were also able to use the expertise of the Eastern Region Procurement Lead and to learn from the recent experiences of other commissioning leads in Luton and Bedford.

Common themes emerged, such as needing to shape the market in the light of personalisation, thinking carefully about transitional arrangements, ensuring the capacity of supply, needing to find local solutions for gaps, developing back office systems to understand the market and deal with the allocating, recording and payments for care provided, and how to measure quality.

Contracting arrangements varied between traditional models, typically a mixture of block and spot contracts, to newer models such as framework agreements of various types, approved provider lists or no contracts at all. A block contract is where a supplier is guaranteed a certain amount of work at a set price which is paid for whether that work is carried out or not. A spot contract is an individual contract where the price can vary. An approved provider list is where providers have been through a vetting process and work is given to any provider on the list. A Framework Agreement is a general term for agreements with providers who have gone through a full tendering process. It sets out the terms and conditions under which specific purchases can be made (such as price) but places no contractual obligation on the Council in terms of specifying how much work will be given to them. These models are summarised in the table below

Types of Contracts

Contract Type	Contract Length	Ability to only pay for care delivered	Predictable Price	Complete CBC coverage	Market Stability	Shapes Market	Improves Quality	Flexibility and choice for customers	Performance management	Administration
Spot	Any	Yes	No	No	No	No	No	Yes	Difficult	Complex
Block	Any	No	Yes	Yes	Yes	No	Limited	No	Easy	Easy
Preferred Provider List	Any	Yes	No	No	No	No	No	Yes	Difficult	Difficult
Framework Agreement	4 years max	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Easy	Easy

Recommended way forward for Central Bedfordshire

Considering all the options the recommended way forward is to adopt a Framework Agreement for domiciliary care. A Framework Agreement combines many advantages of other models and has the following benefits

- It allows the market to be shaped and developed through having a locality focus, working collaboratively with providers to ensure comprehensive coverage.
- The Council will gain a stable price for the duration of the contract and achieve value for money.
- Providers are given stability as all new work is only awarded to providers who are part of the agreement.

- Customers can be given choice and personalised care.
- It allows the Council and providers to respond flexibly to changing needs.
- It will drive up the quality across the area for all customers, whether they are Council or privately funded, by awarding new work to the best providers.
- It allows the Council to introduce electronic monitoring across the board.

Transition Arrangements

The other key factor is how transitional arrangements are handled, both from customers' and existing providers' standpoints. Current turnover indicates that the Council should allow existing customers to remain with their current providers and only apply the framework to new customers or where customers wish to change provider. This is backed up by recent customer feedback stating that 90% of them wished to keep their current carers. With previous provider changes, the Council had to undertake reviews of every customer before making changes. It would be helpful if this can be avoided because of the cost of undertaking these reviews as well as the potential disruption and upset to customers. The turnover of customers means that new work can be offered to the market which will shape itself gradually allowing new carers to be recruited to where the work is awarded. Other areas who adopted this approach found that it minimised disruption and enabled a smooth transition.

APPENDIX B: Supporting data analysis of domiciliary care market

The data below is taken from a variety of sources

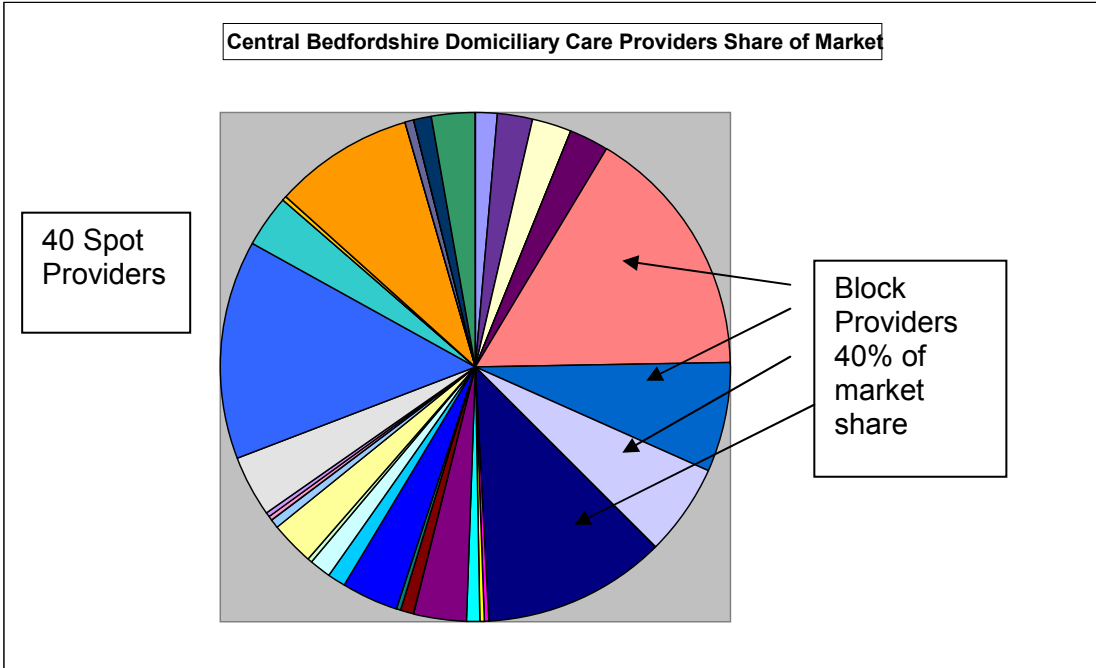
EXTERNAL DOMICILIARY CARE

Description	Current Budget £
Older People Ampthill	1,875,882
Older People Biggleswade	1,653,675
Older People Dunstable	2,235,640
Older People Leighton Buzzard	1,066,092
Physical Disability - Packages	1,328,623
Mental Health Team	39,240
TOTAL EXPENDITURE	8,199,154

Trends in Domiciliary Care Market

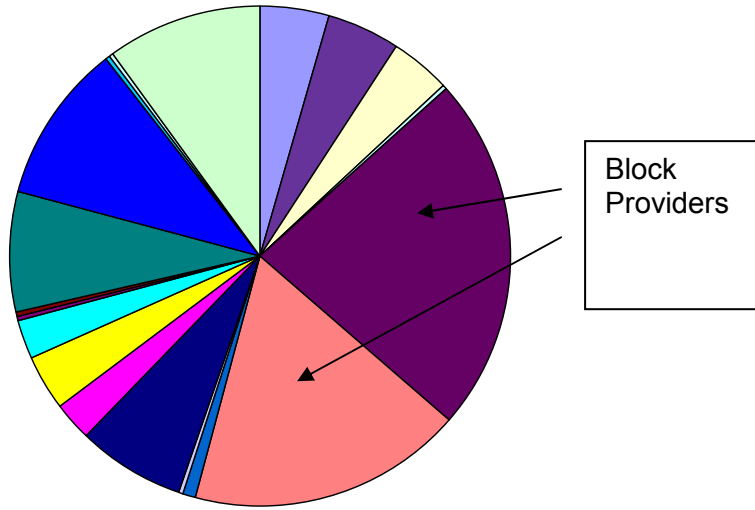
Total no. of customers	2009- 10	2010- 11	2011- 12
Includes extra care and in house services	1,724	1,680	1,714
No. of Hrs per Annum	669,659	685,468	723,664

Charts showing Market Share of Providers across Central Bedfordshire and by CCG Area

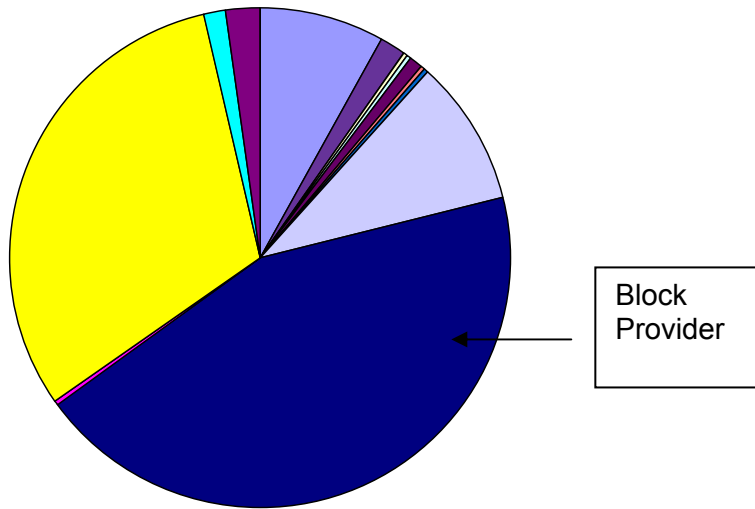


As a whole the market appears quite balanced but when it is broken down by local areas differences occur, showing that the blocks are too dominant. Providers will nominate which of the four areas they wish to service. This will allow for different rates in each area to take into account rural factors.

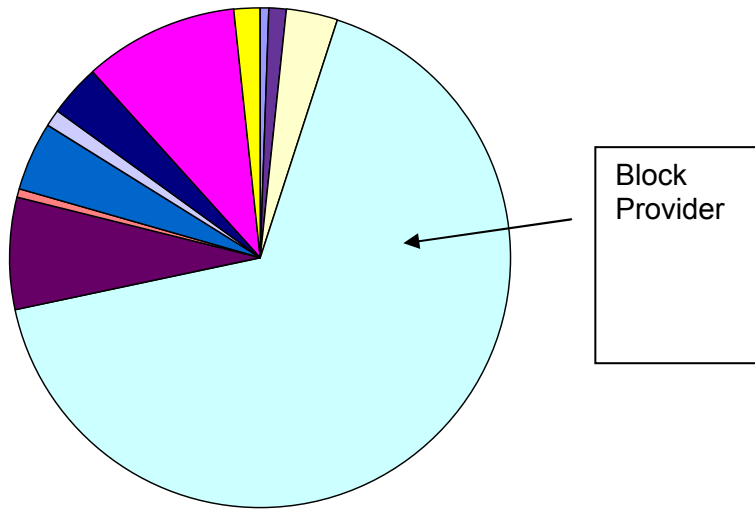
Chiltern Vale PBC Providers Share of Market



Ivel Valley PBC Providers Share of Market



Leighton Buzzard PBC Providers Share of Market



West Mid Beds PBC Providers Share of Market

