
Meeting: Executive
Date: 6 November 2012
Subject: **Commissioning for Outcomes:
Approach to Standards and Quality of Dementia Care, Fee
Levels for Care Homes, and Planned Withdrawal from
Existing Block Contract Arrangements**

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

Summary: This report describes the strategic approach to raising standards and quality of dementia care and linking this to fee levels for care homes. This will be achieved through the linking of the quality accreditation systems and the fee levels paid for local authority funded customers.

This is part of a programme that will create a broader range of options for older people, that bring equity of access across all areas of Central Bedfordshire, through stimulating the market to provide and manage modern extra care housing and higher quality care homes. The local authority will directly contract with providers based on monitored quality and preferences of individual customers. This will create greater choice for people who require this high level of care as has already been developed for people accessing domiciliary and community services.

This report addresses three main areas:

- improving quality of dementia care
- linking quality to care home fee levels
- developing a Framework Agreement for commissioning care home provision.

Advising Officer: Julie Ogley, Director of Social Care, Health and Housing
Contact Officer: Elizabeth Saunders, Assistant Director, Commissioning
Public/Exempt: Public report. Appendices C-E are exempt under paragraph 3 of section 10.4.1 of part G2 of the Council's constitution.
Wards Affected: All
Function of: Executive
Key Decision Yes
**Reason for urgency/
exemption from call-in** N/A

CORPORATE IMPLICATIONS

Council Priorities:

The recommendations meet the following Council priorities:

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

and support the Council's vision for Central Bedfordshire as a great place to live and work.

Financial:

1. The proposed strategic approach is expected to deliver more cost effective and higher quality accommodation-based care over the long term through a wider variety of extra care housing, high quality residential care home and nursing care home services. In 2011/12 the annual expenditure on residential care for older people was £15.67m. If the current levels of residential care provision keep step with anticipated population increases, the annual cost is estimated to reach £43.5m by 2031.
2. The dementia incentive payment will be covered through use of the 2012/13 inflation provision built into the approved budget.

Legal:

3. It is recognised that a change in contractual arrangements is required for the ongoing provision of residential care home places.
4. 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 'Meeting the Accommodation Needs of Older People' Steering Group chaired by the Director Social Care, Health and Housing.
6. All risks, issues and progress against agreed plans will be monitored by the Project Board. Procurement and legal 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. The new Framework Agreement will be the mechanism to develop high quality care and capacity within the local care home market. It will create an environment of collaborative working with providers ensuring a stable market moving forward.

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 care home provision for older people, over age 65. This includes people with a range of needs including dementia care, physical and sensory disability, vulnerability, frailty and temporary illness.
11. The approach has a positive impact on those people who require care home placement as it is focused on delivering high quality care to some of the most vulnerable members of society. National research has highlighted that care home provision can on occasion fail to meet individual needs, sometimes breaching equality and human rights legislation.
12. This indicates that it is important to:
 - develop a variety of supported living options; and
 - ensure that procurement processes attract high quality providers of care and that potential providers are robustly assessed against a range of equality/quality of life related factors.
13. The existing Equality Impact Assessment will be updated at the start of each phase of the programme to ensure that relevant issues are considered and addressed.

Public Health:

14. The proposed strategic approach is entirely consistent with national policy related to the wellbeing of people over age 65. This gives opportunities to improve and maintain higher levels of independence for all people, providing high quality services to people who are frail and with complex needs, as well as supporting emerging approaches for dementia care.

Community Safety:

15. Not Applicable.

Sustainability:

16. Not Applicable.

Procurement:

17. A procurement strategy and timeline has been developed for adoption of a Framework Agreement as the preferred contractual vehicle for future provision of care home services. The Framework will be open to competition and providers will be asked to submit their proposals which will then be evaluated in terms of quality and price. This approach will allow the Council to access the widest choice of services in future and achieve value for money.

Overview and Scrutiny:

18. Development of the Dementia Quality Mark and introduction of the Framework Agreement linking quality with fee levels were considered by Overview and Scrutiny in September 2012. No additional comments or recommendations were received.
19. The subject of this report was presented to Overview and Scrutiny in October 2012.

RECOMMENDATIONS:**The Executive is asked to:**

1. **approve the establishment of a dementia quality accreditation scheme from January 2013;**
2. **approve the introduction of an incentive scheme for all dementia related residential care home payments from January 2013;**
3. **authorise the Director of Social Care, Health and Housing to undertake a procurement exercise and, in consultation with the Executive Member for Social Care, Health and Housing establish a Framework Agreement for engaging with providers of care homes in the future;**
4. **approve the establishment of a quality system for informing general residential and nursing care home fee levels from 2013/14;**
5. **approve the proposals in respect of the Central Bedfordshire Council Procurement Procedure Rules as set out in appendix C;**
6. **approve the proposed arrangements for the current Contract as described in appendix C;**
7. **approve the granting of new leases as described in appendix C.**

Reason for Recommendation(s): For the Executive to approve the proposed strategic approach which will deliver:

- a revised fee level tariff to incentivise provision of dementia care and high quality provision for all care home residents.*
- an opening up of the care home market through the introduction of a Framework Agreement open to all residential and nursing care homes.*

This will support the Council to deliver services to vulnerable and frail people that shifts the balance of care to more personal, flexible arrangements.

Executive Summary

20. This report provides an overview of the work to be undertaken by the Council to secure good quality care for some of its most vulnerable residents. This requires the Council to address issues relating to quality and access to appropriate care services across Central Bedfordshire and to ensure that the social care market is able to meet current care needs and the growing demands of the future. The Council must address the care needs of the whole care population and not just those who are publicly funded.
21. The focus will be on raising the standards of support and care offered to all older people who live in residential and nursing care homes. This will be achieved by the introduction of two quality systems, the first introduced in January 2013 for provision of specialist dementia care, and the second introduced in 2013/14 covering all other care home services. These will replace the star rating system, which is no longer operated by the Care Quality Commission (CQC).
22. These two quality systems will become the basis for how residential and nursing care homes receive payment for local authority funded customers across Central Bedfordshire. This will be achieved by linking quality ratings to the fee tariff paid.
23. The fee tariff will be part of new contracting arrangements with care home providers. The Council will introduce a Framework Agreement with any qualifying provider that commits them to achieving quality standards in return for a designated tariff. Local authority funded customers will therefore have a much wider choice of care home, meeting the commitment to shift the balance of care to more personal, flexible arrangements.
24. Existing customers will continue to be supported through changes to current arrangements, and will continue to receive the care of their choice, while these new services are put in place.

Context

25. Central Bedfordshire Council has made a commitment to support the most vulnerable and frail members of its population. It is known that people want to be supported to stay at home and the Council is developing domiciliary care and community care services to achieve this aim, including alternatives for frail older residents that prevent the need to enter a care home. However, for those people with needs that exceed what can be supported in this way, such as those with complex needs and dementia, the Council needs to ensure that these are met through high quality care in modern, safe care home environments with staff that have specialist knowledge and skills.

26. Information has been gathered from a wide range of sources to ensure a robust system is established. This has included forecast demand data from the Joint Strategic Needs Assessment (JSNA), audits of current quality in local care homes, and a survey of care providers. Initial feedback from providers is encouraging, with the majority agreeing that there is a need to financially reward high quality services with a specific target on dementia care.
27. In recognition of the added costs of supporting people with advanced signs of dementia, there will be an incentive payment for providers who qualify for the dementia accreditation scheme (appendix A). This additional payment will support on-going high quality care, allowing, for example, improvements to staffing/resident ratios, specialist staff training, and regular maintenance or replacement of high wear and tear items.
28. The general residential and nursing care home fee levels 2012/13 inflationary uplift has been set aside to implement the incentive payment for dementia accreditation scheme (appendix B). While care home providers have welcomed the additional payment, concern remains about the general care home fee levels reflecting rising workforce costs, such as, increases to the national minimum wage and impacts of the working time directive. This will be explored further during 2013/14.

Commissioning for Outcomes

29. Central Bedfordshire Council is introducing outcome based commissioning; actively moving the focus of commissioning onto what the individual person wants to achieve to improve their quality of life and supporting them to make informed choices about their care and how it is provided. This will shift the balance of care towards more personal, flexible arrangements in turn moving away from traditional institutional approaches. This will involve:
 - (a) an accreditation and incentive scheme for dementia care to improve quality, meeting the medium term plan that a minimum 60% of dementia care will be rated as good or excellent;
 - (b) fee levels paid for local authority funded customers to be clearly linked to the quality provided by each care home based on a four level structure of 'excellent', 'good', 'adequate' and 'poor' (appendix A);
 - (c) a Framework Agreement for residential and nursing care homes as the contractual mechanism for allowing customers choice in where they live.

Accreditation System for Dementia Care in Care Homes

30. The Dementia Quality Mark has been developed and will help the Council achieve the medium term plan that by 2014, a minimum 60% of dementia care is rated as good or excellent. It will be the basis of a continuous improvement programme that drives excellence in care home provision across Central Bedfordshire.

31. Standards have been developed that offer transparency of the Council's expectations for what it requires from a provider offering specialist dementia care. Once accredited, Council officers will monitor to ensure quality is maintained and in return the provider will receive an additional incentive payment. The outcome is that residents and their families can be assured of appropriate high quality care. If the Executive approve the recommendation, then implementation will commence in January 2013.

Quality System for Care Homes

32. Following establishment of the Dementia Quality Mark Scheme, the principles will be expanded across all residential and nursing care home provision in Central Bedfordshire. This will ensure transparency of the Council's expectations for delivering high quality care and person-centred outcomes for all people living in care homes. This quality system will be clearly linked to level of remuneration for local authority funded care home customers (appendix A). Implementation will commence in 2013/14.

Approach to Contracting – Developing a Framework Agreement with Providers

33. Providers will be invited to enter onto a Framework Agreement with the Council. This will be the contractual mechanism for joining the quality systems with the remuneration received for local authority funded care home customers. Procurement process will start November 2012.
34. Using the principles of any qualifying provider, the Council will advertise the required quality standards, the fee levels to be paid across the four-band structure, and the accreditation/compliance requirements. This transparency will signal the new approach and our emphasis on achieving quality for vulnerable customers.
35. Once care homes are accepted onto the Framework Agreement, local authority funded customers will be able to exert choice in where they live based on known quality of service and locality preferences. This in turn will drive the market to provide high quality services in locations that meet the wants of people across all Central Bedfordshire.

Fee Level Setting for Care Home Placements

36. The approach to fee levels has been developed from the existing system into a four-band structure based on annual quality monitoring ratings of 'excellent', 'good', 'adequate' and 'poor'. This system will reward high quality provision and incentivise all providers to strive towards and then maintain high quality (appendix A).
37. The Council will consider making inflationary uplifts to the set fee levels from 2013/14.

Conclusion and Next Steps

38. This strategic approach will ensure that consistently high quality residential and nursing care home provision can be delivered by the private and not-for-profit market across Central Bedfordshire for the years to come. It will be achieved through the linking of the quality accreditation systems and the fee levels paid for local authority funded customers. This in turn will provide greater choice for the people who have high levels of care needs which are better provided in a care home setting.
39. The next steps are:
- (a) Agree the proposed incentive payment for the dementia accreditation scheme (appendix A); implement January 2013.
 - (b) Agree the proposed fee levels for the four-band quality structure of 'excellent', 'good', 'adequate' and 'poor' (appendix A); implement 2013/14.
 - (c) Deliver the Framework Agreement contractual arrangements for 2013/14.
 - (d) Engage with existing care home providers to explain the changes and timescales for introducing these new contractual arrangements.

Appendices:

- Appendix A Proposed Care Home Fee Levels for 2013/14
- Appendix B Financial Profile Regarding implementation of Dementia Incentive Fee Payment in Care Homes

Exempt appendices C - E

Background Papers: (open to public inspection)

None

APPENDIX A

Central Bedfordshire Care Home Rates: Weekly Fee Levels for 2013/14

	Band 0 (poor) *	Band 1 (adequate)	Band 2 (good)	Band 3 (excellent)
Residential Care	£438.64	£457.06	£468.48	£480.00
Nursing Care	£456.76	£475.94	£487.83	£500.00

* Placements are not made in 'poor' rated residential or nursing care homes.

Dementia Accreditation Scheme: Weekly Incentive Payment for 2013/14

Dementia Accreditation Scheme Incentive Payment	£15.00 **
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** each eligible resident must have a formal medical diagnosis of dementia

APPENDIX B

Financial Profile: Implementation of Dementia Incentive Fee Payment in Care Homes

a) Central Bedfordshire Council - Care fees 2010/11

Rating	0	1	2	3
Residential Care Home	438.64	457.06	468.48	480.00
Nursing Care Home	456.76	475.94	487.83	500.00

Current Total Spend – £18,337,000 (includes Block Beds)

b) Additional Expenditure as part of Dementia Accreditation Scheme

Year	Dementia Clients	Percentage Increase	Monetary increase per person per week	FYE Annual Cost of Increase (£)	Revised Total Spend (£)
2012	279	3.1%	£15.00	218,000	18,555,000
2015	131 (projected number of extra clients 2013/14 to 2015/16 financial years)	3.1%	£15.00	103,000	18,658,000
Total	410	3.1%	£15.00	321,000	18,658,000

Total Cost of application of 3.1% increase by 2015 - £321,000

NB

1. The £15 per week dementia incentive payment for people diagnosed with dementia through either a memory service assessment (provided by SEPT) or advanced assessment determination (some GP's are able to provide) equates to an uplift of 3.1% on current average fee rates. This average rate is calculated as an average across the residential and nursing gross weekly cost of £478 per week.
2. The calculation of £218K extra cost increase for 2012/13 is based on full year effect if all the current service users who are flagged on the Swift system as experiencing dementia had the incentive payment applied from 01.04.12.
3. On projected new numbers of people with dementia who are likely to be eligible for the incentive payment the additional annual cost breakdown for each of the years up to 2015/16 (based on no increase to the 3.1% applied in these years) is:
 - a. 2013/14: £23K
 - b. 2014/15: £40K
 - c. 2015/16: £40K