

**LIVING WELL AT HOME: OUTCOME OF TENDER AND AWARD OF CONTRACT**

**Report of the Head of Social Care Commissioning**

*Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.*

**Recommendations:**

- (a) That Cabinet welcomes the approach to securing sufficient, high quality regulated personal care across the health and social care system, underpinned by investment in improved terms and conditions for the workforce
- (b) That approval be given to the contract award recommendations set out in the Report SCC/16/45 noting that, in the case of the South Devon and Torbay Clinical Commissioning Group, the joint contract has been approved by its Governing Body but that the final decision by the NEW Devon Clinical Commissioning Group may not have been taken by the date of Cabinet on 9<sup>th</sup> March
- (c) That should the NEW Devon Clinical Commissioning Group not have determined its position by the date of Cabinet, and/or it subsequently withdraws from the procurement process, that authority be delegated to the Cabinet Member for Adult Social Care and Health Services to award and or amend the contract upon the recommendation of the Head of Service in line with para 2.18 and 2.12 of the Procedures for Tenders and Contracts (Part 5 of the Council's Constitution).

**1. Introduction**

- 1.1 On the 4<sup>th</sup> April 2016 the current Framework Contract for regulated personal care and any associated unregulated support that is part of the same care package comes to an end. Following an extensive process of engagement with providers, service users and carers the "Living Well at Home" contract was advertised for tender on 4<sup>th</sup> August 2015 as a joint contract between Devon County Council, South Devon and Torbay Clinical Commissioning Group (SD&T CCG), NEW Devon Clinical Commissioning Group (NEW Devon CCG). The evaluation process has now completed and the outcome is set out in the attached Part 2 report.
- 1.2 The contract covers 'regulated care and any associated unregulated support that is part of the same care package'. Any care agency which provides personal care needs to be registered and regulated by the Care Quality

Commission (CQC) and is subject to their inspection as well as to the Council's (and its commissioning partners) quality assurance arrangements.

- 1.3 For the purposes of the contract, the county has been divided into 8 Zones (see map at Appendix 1), with a separate contract awarded for each to a Primary Contractor, who will be responsible for ensuring that all commissioned personal care is provided either by themselves or through sub-contractors. A Primary Contractor may be awarded more than one zone.
- 1.4 The total estimated value of the Living Well at Home contracts, including all Commissioning Bodies' spend is approximately £300 million over 7 years (the contracts will each be for a 5 year term with the Commissioning Authorities' option to extend for up to further 2 years).
- 1.5 The Council currently buys in the region of 4100 packages of personal care at any one time and totalling slightly more than 2 million hours of personal care each year. The estimated contract value for Devon County Council is around £210 million over the full 7 years. The value of the contract may vary due to an increase or decrease in the purchase in care volumes. All estimates in this paragraph include the effect of tendered prices They therefore incorporate inflationary effects in 2016/17, including the impact of the National Living Wage. The estimates do not include inflation in future years, which is governed by a mechanism within the contract.
- 1.6 The Council has a duty under the Care Act 2014 to ensure "sufficiency" of markets and the investment in this new contract is crucial to meeting that duty.

## **2. Living Well at Home: context and contract design**

- 2.1 When a service user has an eligible need the Council offers the personal budget in the form of a Direct Payment. This will be unchanged following the introduction of the new contract. Indeed, it is likely to be a growing feature of the social care economy in the years to come.
- 2.2 It is widely understood that, to address the shortage of paid carers, significant improvement to terms of conditions of employment, training and support and career development is required.
- 2.3 The design of the new approach, therefore, has the following objectives:
  - To deliver personalised care with dignity and respect, in which the service user and their families and informal carers take an active part in shaping how that service is delivered to them. It is anticipated that the majority of visits will last around 30 minutes
  - To secure and retain a high quality workforce, which is well rewarded and is paid not just for contact time but for time spent travelling and for any other non - contact time
  - To build a career structure for that paid workforce which is attractive to enter as a career of choice in the context of a competitive labour market
  - To work with a smaller number of Primary Contractors who have the strategic capability to work
    - as partners alongside health and social care commissioners and other providers to deliver seamless care

- with community and voluntary sector organisations to help to connect often isolated people with other community support
  - Supporting an integrated approach to service and market development, together with greater responsiveness and efficiency across the health and social care system
  - To innovate and secure the greatest possible efficiency and value for money.
- 2.4 Anyone who has a service in place at the start date of the new contract will *ordinarily* retain their current provider. An important feature of this tender is our intention to maintain service continuity for service users and business continuity for providers. However we will consider transferring existing services to the new contract if
- Quality is poor
  - The needs of the service user change substantially
  - The cost of the existing service is excessive
  - Supply can be better secured for everyone by rationalising some visits e.g. by combining unproductive scattered visits by several providers to the same location
  - A current provider exits the market

In all such cases we will talk carefully with service users and their families before making any change and they would always have the option of taking a Direct Payment and making new arrangements of their choice.

- 2.5 Current providers can make an agreement with a Primary Contractor to transfer their business to the new arrangements if this is to their mutual benefit and that of service users.
- 2.8 The new Primary Contractor is contractually bound to accept all new referrals and to provide care in all circumstances. Liquidated damages apply if they do not deliver and commissioners are able to source the care themselves. This underpins the accountability for the Primary Contractor to meet need.
- 2.9 The Primary Contractor can either deliver the care itself or subcontract, flowing down our Terms and Conditions, and is responsible for managing the brokerage, quality, and sufficiency of the supply chain. The Primary Contractor is paid for care delivery by an hourly rate and an annual Primary Contractor payment. This separates their role as supply chain manager from the cost of care and means that the price paid to sub contractors will be highly visible to all.
- 2.10 A joint contract and relationship management team has been agreed and the commissioning partners will invest significant effort in ensuring the success of the contract. In so doing we will develop our relationships not just with Primary Contractors but with their sub-contractors and the wider market.

### **3. Options/Alternatives**

- 3.1 A full options appraisal was carried out prior to deciding to follow this approach, including simply reverting to a full spot market. None of the options considered were assessed as being likely to deliver the outcomes intended from this contract.

#### **4. Financial Considerations**

4.1 The financial impact of the contract is set out in the Part 2 report.

#### **5. Sustainability Considerations**

5.1 Securing a viable, sustainable market is core to the Council's duties under the Care Act 2014. The contract represents a substantial investment in securing that market and is designed to achieve maximum efficiency (which should also bring environmental benefits through reduced travel).

5.2 This is a market that requires a long term commitment between commissioners and providers and sustained investment if it is to deliver the objectives described above. This has underpinned the design of the contract.

#### **6. Equality Considerations**

6.1 A full impact assessment has been undertaken at all stages of this commissioning process. The contract explicitly required that the full range of needs is met and this formed a key part of the evaluation of the tenders. It therefore meets our equality duties

#### **7. Legal Considerations**

7.1 The requirements of the Care Act 2014 have been considered and taken into account in the formulation of the recommendations set in the Part 2 report.

#### **8. Risk Management Considerations**

8.1 The difficulty of securing supply has been highlighted as a major risk over the last two years, with a significant likelihood of it increasing without the actions set out in this report. Whilst it will take some time to address that risk, it is our assessment that confidence in reducing or eradicating it will be enhanced following contract award. This is as a consequence of increased provider accountability for delivery, underpinned by improved investment and a determined approach to contract and relationship management.

8.2 The corporate risk register will be updated following the decisions taken today.

#### **9. Summary/Conclusions/Reasons for Recommendations**

9.1 The Living Well at Home contract represents a step-change in our approach to this area of business. It has been carefully designed, taking advantage of experience across the country. It is fully integrated across the health and social care systems, it represents a significant investment in this market and, crucially, in its workforce. It will increase the control of service users in the way care and support is delivered to them and redefine the relationship with providers as strategic partners. It will innovate and underpin the strategic intent of both health and social care to enable people to live independent lives in their own homes.

Tim Golby

**Electoral Divisions:** All

**Cabinet Member for Adult Social Care and Health Services:** Councillor Stuart Barker

**Strategic Director, People:** Jennie Stephens

LOCAL GOVERNMENT ACT 1972: LIST OF BACKGROUND PAPERS

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BACKGROUND PAPER                      DATE                      FILE REFERENCE

*Impact Assessment:*

<https://drive.google.com/file/d/0B5uL2sCifa47cklxcFI2N3BBQUE/view?pref=2&pli=1>

# Appendix 1

