

Agenda item:

[No.]

Procurement Committee

On 7 July 2009

Report Title: Social Care Spot Contracts (1st April 2008 – 31st March 2009)

Report of **Mun Thong Phung**
Director
Adult, Culture and Community Services

Signed :

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Wards(s) affected:

All

Report for:

Non Key Decision

1. Purpose of the report

1.1. This report is an information report for Cabinet Procurement Committee for information. It is prepared annually to provide Committee with a summary of block contracts and spot contracts for each financial year, comparing activity to the previous financial year. This report covers the financial year 2008/09, and compares to the previous financial year 2007/08

2. Introduction by Cabinet Member

2.1 The Cabinet Member for Adult Social Care and Well-being notes the increase in the value of spot contracts and the explanation as to why this has occurred.
 2.2 The Cabinet Member also notes that this is likely to be an ongoing trend due to the implementation of the Government's Personalisation Agenda

3 State link(s) with Council Plan Priorities and actions and /or other Strategies:

3.1 The Government's Personalisation Agenda will radically change the way in which services are commissioned to clients. These changes will almost certainly negate the need for Haringey to maintain the current level of block contracts

3.2 The Council is required to have implemented the Personalisation Agenda by March 2011

3.3 In delivering Adult Social Care, the role of the Council will change, from a commissioner of services on behalf of residents and/service users to one of ensuring the development of the market to be able to deliver services that service users will wish to purchase using their individual budgets. The Council's role will be to facilitate innovation and availability of services in the market, and support service users in making informed decisions about purchasing the care required to meet their individual needs, deliver good outcomes, and achieve value for money

4 Recommendations

4.1 That Members note the contents of the report.

5 Reason for recommendation(s)

5.1 The report is for Members information

6 Other options considered

6.1 Not applicable

7 Summary

7.1 Contracts for individuals are either 'block' contracts (where a set number of beds or places for services is provided by the contractor at a predetermined price to which the Council may refer users over the contract period), 'framework' contracts (with a predetermined price, which are similar to block contracts but with no guaranteed number of places) or 'spot' contracts (one off contracts meeting an individual's needs). Efforts are made to maximise the use of block and framework contracts where this represents best value for the Council.

7.2 The Council is currently preparing to implement the Government's Personalisation Agenda by the required date of March 2011, which will include user led self assessment and support planning; developing a resource allocation system (linking user need to 'cash'); and individual budgets. This will have a direct impact on the Directorate's Commissioning Strategy and the use of block and spot contracts. The Department of Health has issued guidance to support the

Transformation of social care. It covers:

- The history and policy context and future direction of a 'personalised approach to the delivery of adult social care'
- The proposed development of a programme to support social services authorities in delivering this approach covering the new way of working and the roles and responsibilities of national agencies as well as individual social services agencies
- The Social Care Reform Grant introduced in April 2008 to facilitate the transformation
- References to further information and toolkits to help achieve personalisation

7.3 Working in partnership towards prevention

7.3.1 The guidance emphasises the need to achieve the transformation of social care by working across boundaries to include services such as: housing, benefits, leisure, transport and health; and with partners from private, voluntary and community organisations 'to harness the capacity of the whole system'.

7.3.2 The aim is to ensure a strategic balance of investment in prevention services, which promote independence as well as providing intensive care and support for those with high-level complex needs.

7.3.3 The Joint Strategic Needs Assessment, the Local Performance Framework and Local Area Agreement are seen as fundamental to achieving the vision.

7.4 Timescale

The guidance states that by March 2011, people who use services and their carers, frontline staff and providers should experience significant progress in all local authority areas. The DH expects improvements to be evident between now and then.

7.5 Implementation will require a complete change to the way the Council currently provides Social Care Services to residents which will require wide consultation with stakeholders, new processes to be developed and staff trained in usage of same. In the meantime the Council will need to continue to provide services.

7.6 The Directorate is currently reviewing options regards the Council's domiciliary care block contracts which have a contract end date of 31st March 2010. Market research has been undertaken, reviewing the approaches taken by other local authorities, to delivering transformed social care in preparation for the implementation of individual budgets. Initial indications are that some leading authorities (such as Croydon and Enfield) have already moved successfully away from block purchasing of care, investing in highly effective brokerage and monitoring systems that have maintained and pushed up quality, whilst containing or reducing costs. One Individual Budget pilot authority (West Sussex) has successfully implemented a contract framework that enables individual service users to enter into contracts directly with suppliers.

7.7 Contract Standing Order 6.13 authorises the Director of Adults, Culture & Community Services to award spot contracts whilst requiring that reports on the level of usage are provided to the Executive Procurement Committee.

7.8 The table below shows that there has been an increase in the cost of spot contracts for the period covered by this report (a full list of the services is available at Appendix A):

| Summary : Adults & Older People Spot Contracts | 2008/2009 | 2007/2008 | Change | % |
|---|------------------|------------------|---------------|----------|
| Spot Nos | 1073 | 1123 | -50 | -4.45 |
| Value £ | £25,581,519 | £24,074,500 | £1,507,019 | 6.26 |

7.9 As the table shows, the number of spot contracts across the range of adult social care provision has decreased (by 4.45%), however the cost of the spot contracts has increased by £1.5 million (an increase of 6.26%).

7.10 It should be noted that all service providers were awarded a 2% inflationary uplift from 1st April 2009. This accounts for £500k of additional expenditure across spot contracted care packages and placements

7.11 The key areas of change are as follows:

7.11.1 An increase in supported living placements across Learning Disabilities and Mental Health.

7.11.2 An increase in cost of day care provision across Learning Disabilities and Mental Health

7.11.3 More complex home care provision in Learning Disabilities Services to maintain clients in the community

7.11.4 An increase in spot purchase of mental health residential. The primary reason for this, is due to a fire at a private residential home in August 2008, with whom the Council had a block contract, resulting in the transfer of 7 service users to alternate residential care. The new placements for these service users are spot contracts.

7.11.5 A number of high need placements in, physical disabilities, mental health and learning disabilities were made during the 2007/08 financial year (20 in total), resulting in a part year effect only in 2007/08. The full year effect of these high need placements is reflected in the 2008/09 expenditure, and accounts for an additional £936k. It should be noted that of these 20 placements, seven are fully recharged to NHS Haringey, and one is jointly funded.

8 Chief Financial Officer Comments

- 8.1 This report shows a decrease in the number of spot contracts but an increase in the average cost per annum. The largest area of cost increase is in residential and nursing spot placements although there has been an decrease in client numbers. This is in line with current policy to reduce the number of clients in residential care by maintaining support for service users within the community as far as possible. As a result we would expect to see an increase in the unit cost of spot purchased residential/nursing placements as service users do not enter this type of service until their condition dictates it's necessity. In addition, there will also be an increase in the cost per client for community based services as shown here under day services.
- 8.2 Whilst activity and costs are in line with expectations Adults Services must continue to ensure that block contracts and Inhouse residential and nursing capacity are fully utilised prior to new spot contracts being considered and must make use of benchmarking information to ensure that these services continue to prove good value for money.

9 Head of Legal Services Comments

- 9.1 The Head of Legal Services notes the contents of the report.
- 9.2 The services which are the subject of this report are not subject to the full application of the Public Contracts Regulations 2006, so there is no requirement to follow a European tendering exercise.
- 9.3 In addition, Contract Standing Order 6.13 (b) confirms that "spot" contracts are not subject to the Council's tendering requirements contained in Contract Standing Orders 8 to 11.
- 9.4 Contract Standing Order 6.13 (c) confirms that the Directors of the Adults, Culture and Community Services and the Children and Young People's Service may award all spot contracts, which shall be reviewed at least annually as part of the review of whether the service provided continues to meet the needs of the service user.
- 9.5 There is a requirement in Contract Standing Order 6.13 (d) for the Director of Adults, Culture and Community Services to submit reports to the Cabinet Procurement Committee detailing the nature, extent and value of spot contracts entered into by the Directorate
- 9.6 For the avoidance of doubt all Contract Standing Orders apply to "block" contracts

10 Head of Procurement Comments

- 10.1 The report shows that of 13 London Authorities the rates paid by Haringey are among the top three in terms of Value for Money.

10.2 The personalisation agenda will continue to reduce the number of Block contracts commissioned by the council as individuals decide upon their own services and this will need to be managed to continue to achieve Value for Money.

11 Equalities and Community Cohesion Comments

11.1 Not applicable

12 Consultation

12.1 Not applicable

13 Service Financial Comments

13.1 Robust financial forecasting is forming a major part of the Council's preparation for the implementation of the Government's personalisation agenda, in particular with the development of a Resource Allocation System.

13.2 A value for money review in Learning Disabilities Services was undertaken in 2008/09, and AD Commissioning & Strategy is currently meeting with providers to implement pricing reductions. A further value for money review is planned in mental health in 2009/10

13.3 Budget call-overs will continue to focus on ensuring value for money in purchasing/commissioning activity, with Heads of Service working to robust action plans in delivering balanced budget

13 Use of appendices /Tables and photographs

13.1 Appendix A – Benchmark Table

13.2 Appendix B – Comparison between volume/spot contracts in 2007/2008 and 2008/09

14 Local Government (Access to Information) Act 1985

14.1 Not applicable

APPENDIX A – Benchmark table (2008/09)

| 3 Star Authority | Gross Weekly Fee (Older People) Residential | Gross Weekly Fee (Older People) Nursing | Gross Weekly Fee (Older People) EMI Residential | Gross Weekly Fee (Older People) EMI Nursing | Eligibility Criteria Threshold |
|-------------------------|--|--|--|--|---------------------------------------|
| Barking & Dag | £450 (max) | £570 (max) | £470 (min) £532 (max) | | S |
| Bexley | | | | | S |
| Camden | £480 (min) | £800 (min) | £500 (min) | £620 (min) | M |
| City of London | £335 (min) £824 (max) | £533 (min) £1111 (max) | £624 (min) £778 (max) | £678 (min) £822 (max) | S |
| Croydon | | | | | |
| Ealing | | | | | |
| Ham & Fulham | | | | | |
| Hounslow | £323 (min) £530 (max) | £442 (min) £626 (max) | £635 (min) £597 (max) | £480 (min) £652 (max) | |
| Islington | | | | | |
| Ken & Chelsea | | | | | |
| Redbridge | £466 (min) £554(max) | £583 (min) £625(max) | | £583 (min) £583 (max) | S |
| Rich upon Thames | | | | | |
| Southwark | £300 (min) £459 (max) | £500 (min) £671 (max) | £487 (min) £503 (max) | £500 (min) £709 (max) | S |
| Tower Hamlets | £440 (min) £504 (max) | £613 (min) £646 (max) | £472 (min) £504 (max) | £647 (min) £656 (max) | S |
| Westminster | £513 (min) £513 (max) | £624 (min) £624 (max) | £513 (min) £513 (max) | £624 (min) £624 (max) | M |
| 2 Star Authority | | | | | |

| | | | | | |
|-------------------------|-----------------------------------|-----------------------------------|--------------------------|--------------------------|---|
| Barnet | | | | | S |
| Bromley | £385 (min) (shared) £420 (max) | £570 (min) (shared) £590 (max) | £450 (max) | £590 (max) | S |
| Hackney | | | | | |
| Hillingdon | £461 (max) | £614 (max) | | £635 (max) | |
| Kingston upon Thames | £390 (min) £402 (max) | £507 (min) £537 (max) | £437 (min) £437 (max) | £580 (min) £650 (max) | S |
| Lambeth | | | | | |
| Lewisham | | | | | |
| Merton | | | | | |
| Sutton | £406 (max) | £550 (max) | £419 (max) | £574 (max) | |
| Waltham Forest | £464 (max) | £680 (max) | £590 (max) | £680 (max) | S |
| Wandsworth | £405 (min) £540 (max) | £562 (min) £649 (max) | £481 (min) £540 (max) | £581 (min) £675 (max) | S |
| Haringey | £430 (max) | £564 (max) | £482 (max) | £615 (max) | S |

Eligibility Criteria Key:

L Low
M Moderate
S Substantial
C Critical:

There is an informal agreement between local authorities within the North London Procurement Group that all authorities will respect the benchmark figure of the host borough when placing clients to avoid bidding wars and ensure availability of local beds where possible.

Appendix B – COMPARISON BETWEEN VOLUME/COST OF SPOT CONTRACTS 2007/08 & 2008/09

| Service 2007/08 | Data | Total |
|--|---------------------|-----------------|
| (a) Miscellaneous service type | | |
| Adult placement scheme | No. of clients | 12 |
| | Expenditure 2007-08 | £158,157 |
| Hostels and other temporary accommodation- adult | No. of clients | 3 |
| | Expenditure 2007-08 | £14,903 |
| Counselling | No. of clients | 6 |
| | Expenditure 2007-08 | £9,965 |
| Other professional support | No. of clients | 6 |
| | Expenditure 2007-08 | £31,790 |
| Support Worker | No. of clients | 4 |
| | Expenditure 2007-08 | £28,589 |
| Supported housing | No. of clients | 3 |
| | Expenditure 2007-08 | £43,008 |
| Learning Disability Supported Housing | No. of clients | 5 |
| | Expenditure 2007-08 | £191,135 |
| Mental Health Supported Housing | No. of clients | 5 |
| | Expenditure 2007-08 | £32,526 |
| Training College | No. of clients | 7 |
| | Expenditure 2007-08 | £347,173 |
| Not applicable in 2007/08 | | |
| TOTAL NUMBER OF MISCELLANEOUS (SPOT PURCHASE) | | 53 |
| SUM OF MISCELLANEOUS (SPOT PURCHASE) | | £860,039 |

| Service 2008/09 | Data | Total |
|--|---------------------|-------------------|
| Adult placement scheme | No. of clients | 5 |
| | Expenditure 2008-09 | £92,558 |
| Hostels and other temporary accommodation- adult | No. of clients | 4 |
| | Expenditure 2008-09 | £11,310 |
| Counselling | No. of clients | 2 |
| | Expenditure 2008-09 | £903 |
| Other professional support | No. of clients | 4 |
| | Expenditure 2008-09 | £9,707 |
| Support Worker | No. of clients | 8 |
| | Expenditure 2008-09 | £69,760 |
| Supported housing | No. of clients | 1 |
| | Expenditure 2008-09 | £3,746 |
| Learning Disability Supported Housing | No. of clients | 17 |
| | Expenditure 2008-09 | £306,989 |
| Mental Health Supported Housing | No. of clients | 10 |
| | Expenditure 2008-09 | £150,522 |
| Training College | No. of clients | 7 |
| | Expenditure 2008-09 | £473,335 |
| Independent Living Scheme | No. of clients | 1 |
| | Expenditure 2008-09 | £22,299 |
| TOTAL NUMBER OF MISCELLANEOUS (SPOT PURCHASE) | | 59 |
| SUM OF MISCELLANEOUS (SPOT PURCHASE) | | £1,141,129 |

| Service 2007/08 | Data | Total |
|---|---------------------|-------------------|
| (b) Day Care | | |
| LD Day Care | No. of clients | 66 |
| | Expenditure 2007-08 | £945,286 |
| MH Day Care | No. of clients | 8 |
| | Expenditure 2007-08 | £25,784 |
| OP Day Care | No. of clients | 102 |
| | Expenditure 2007-08 | £290,755 |
| PD Day Care | No. of clients | 16 |
| | Expenditure 2007-08 | £72,562 |
| Substance Misuse Day Care | No. of clients | 21 |
| | Expenditure 2007-08 | £43,971 |
| TOTAL NUMBER OF DAY CARE USERS (SPOT PURCHASE) | | 213 |
| SUM OF DAY CARE USERS (SPOT PURCHASE) | | £1,378,357 |

| Service 2008/09 | Data | Total |
|---|---------------------|-------------------|
| LD Day Care | No. of clients | 68 |
| | Expenditure 2008-09 | £1,012,427 |
| MH Day Care | No. of clients | 11 |
| | Expenditure 2008-09 | £42,083 |
| OP Day Care | No. of clients | 77 |
| | Expenditure 2008-09 | £256,779 |
| PD Day Care | No. of clients | 16 |
| | Expenditure 2008-09 | £83,790 |
| Substance Misuse Day Care | No. of clients | 13 |
| | Expenditure 2008-09 | £35,778 |
| TOTAL NUMBER OF DAY CARE USERS (SPOT PURCHASE) | | 185 |
| SUM OF DAY CARE USERS (SPOT PURCHASE) | | £1,430,857 |

| Service 2007/08 | Data | Total |
|----------------------|---------------------|----------|
| (c) Home Care | | |
| LD Home Care | No. of clients | 4 |
| | Expenditure 2007-08 | £74,340 |
| MH Home Care | No. of clients | 1 |
| | Expenditure 2007-08 | £13,015 |
| OP Home Care | No. of clients | 6 |
| | Expenditure 2007-08 | £72,576 |
| PD Home Care | No. of clients | 5 |
| | Expenditure 2007-08 | £192,205 |

| Service 2008/09 | Data | Total |
|-----------------|---------------------|----------|
| LD Home Care | No. of clients | 4 |
| | Expenditure 2008-09 | £150,160 |
| MH Home Care | No. of clients | 2 |
| | Expenditure 2008-09 | £14,249 |
| OP Home Care | No. of clients | 8 |
| | Expenditure 2008-09 | £69,476 |
| PD Home Care | No. of clients | 3 |
| | Expenditure 2008-09 | £83,188 |

| | |
|--|-----------------|
| TOTAL NUMBER OF HOME CARE USERS (SPOT PURCHASE) | 16 |
| SUM OF HOME CARE USERS (SPOT PURCHASE) | £352,136 |

| | |
|--|-----------------|
| TOTAL NUMBER OF HOME CARE USERS (SPOT PURCHASE) | 17 |
| SUM OF HOME CARE USERS (SPOT PURCHASE) | £317,073 |

| Service 2007/08 | Data | Total |
|------------------------|-------------|--------------|
|------------------------|-------------|--------------|

| (d) Care home placements | | |
|---------------------------------|---------------------|------------|
| LD Nursing Home | No. of clients | 12 |
| | Expenditure 2007-08 | £984,242 |
| LD Residential Care | No. of clients | 150 |
| | Expenditure 2007-08 | £8,179,274 |
| LD Residential respite | No. of clients | 6 |
| | Expenditure 2007-08 | £126,508 |
| MH Nursing Home | No. of clients | 12 |
| | Expenditure 2007-08 | £300,921 |
| MH Nursing respite | No. of clients | 1 |
| | Expenditure 2007-08 | £1,080 |
| MH Residential Care | No. of clients | 134 |
| | Expenditure 2007-08 | £3,656,724 |
| OP Nursing Home | No. of clients | 82 |
| | Expenditure 2007-08 | £1,699,842 |
| OP Nursing respite | No. of clients | 4 |
| | Expenditure 2007-08 | £9,793 |
| OP Residential Care | No. of clients | 285 |
| | Expenditure 2007-08 | £4,794,492 |
| OP Residential respite | No. of clients | 26 |
| | Expenditure 2007-08 | £40,142 |
| PD Nursing Home | No. of clients | 23 |
| | Expenditure 2007-08 | £553,627 |
| PD Nursing respite | No. of clients | 5 |
| | Expenditure 2007-08 | £36,631 |

| Service 2008/09 | Data | Total |
|------------------------|-------------|--------------|
|------------------------|-------------|--------------|

| | | |
|---------------------------|---------------------|------------|
| LD Nursing Home | No. of clients | 10 |
| | Expenditure 2008-09 | £1,164,789 |
| LD Residential Care | No. of clients | 156 |
| | Expenditure 2008-09 | £8,697,197 |
| LD Residential respite | No. of clients | 3 |
| | Expenditure 2008-09 | £67,316 |
| MH Nursing Home | No. of clients | 10 |
| | Expenditure 2008-09 | £369,316 |
| Not applicable in 2008/09 | | |
| MH Residential Care | No. of clients | 146 |
| | Expenditure 2008-09 | £4,714,361 |
| OP Nursing Home | No. of clients | 65 |
| | Expenditure 2008-09 | £1,415,650 |
| OP Nursing respite | No. of clients | 3 |
| | Expenditure 2008-09 | £3,208 |
| OP Residential Care | No. of clients | 273 |
| | Expenditure 2008-09 | £4,800,502 |
| OP Residential respite | No. of clients | 19 |
| | Expenditure 2008-09 | £27,297 |
| PD Nursing Home | No. of clients | 17 |
| | Expenditure 2008-09 | £506,878 |
| PD Nursing respite | No. of clients | 3 |
| | Expenditure 2008-09 | £20,136 |

| | | |
|--|---------------------|--------------------|
| PD Residential Care | No. of clients | 24 |
| | Expenditure 2007-08 | £672,467 |
| PD Residential respite | No. of clients | 19 |
| | Expenditure 2007-08 | £109,152 |
| Substance Misuse Residential | No. of clients | 2 |
| | Expenditure 2007-08 | £21,792 |
| Substance Misuse Respite | No. of clients | 56 |
| | Expenditure 2007-08 | £297,281 |
| TOTAL NUMBER OF CARE HOME USERS (SPOT PURCHASE) | | 841 |
| SUM OF CARE HOME USERS (SPOT PURCHASE) | | £21,483,968 |

| | | |
|--|---------------------|--------------------|
| PD Residential Care | No. of clients | 19 |
| | Expenditure 2008-09 | £619,819 |
| PD Residential respite | No. of clients | 18 |
| | Expenditure 2008-09 | £32,355 |
| Substance Misuse Residential | No. of clients | 5 |
| | Expenditure 2008-09 | £26,831 |
| Substance Misuse Respite | No. of clients | 65 |
| | Expenditure 2008-09 | £226,803 |
| TOTAL NUMBER OF CARE HOME USERS (SPOT PURCHASE) | | 812 |
| SUM OF CARE HOME USERS (SPOT PURCHASE) | | £22,692,461 |

(e) summary

| Service 2007/08 | Data | Total |
|-----------------|---------------------------|-------------|
| | Total No. of clients | 1,123 |
| | Total Expenditure 2007-08 | £24,074,500 |

| Unit cost per client | Service 2008/09 | Data |
|----------------------|---------------------------|------------|
| | Total No. of clients | 1,073 |
| | Total Expenditure 2008-09 | 25,581,519 |