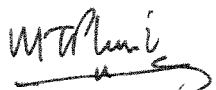


Agenda item:

[No.]

Procurement Committee

On 28 July 2009

Report Title: Commissioning of Domiciliary Care within the Social Care Agenda	
Report of Mun Thong Phung Director Adult, Culture and Community Services	
Signed : 	
Contact Officer : Margaret Allen: 020 8489 3719 margaret.allen@haringey.gov.uk	
Wards(s) affected: All	Report for: Decision
1. Purpose of the report 1.1. To advise Members on the position of the block contract purchasing arrangements for domiciliary care currently in place. 1.2. To inform Members of the impact of the central government Transforming Social Care or Personalisation agenda on the procurement of services 1.3. To recommend to Members the extension of the current contract arrangements by up to 12 months to no later than 31 st March 2011, with delegated authority being granted to the Director of Adult, Culture and Community Services in conjunction with the Cabinet Member for Adult Social Care and Wellbeing to terminate the agreement at an appropriate point within that year.	
2. Introduction by Cabinet Member 2.1 The Government's Transforming Social Care agenda is bold in it's ambition and far reaching in terms of it's implications. For many years Adult Social Care	

Services have struggled with trying to design services and initiatives for residents involved with social care, which are truly directed by them and which focus on the desired outcomes they want to achieve for themselves.

2.2 I believe that giving our local residents direct control over the monies used to support them, finally addresses this challenge. Evidence from the pilot projects indicate that for many, this has liberated their lives and has opened up many opportunities that were closed to them before.

2.3 However, as with any major change there are many who may be anxious or who are simply happy with how their services are currently delivered, provided they are good quality and do what they say they will do. This certainly seems to be the case with some groups of older residents. It may also be the case that for some they may want to embrace the changes and may benefit from them but they need time and support to move to the new way of working. We also need to be very conscious and highly sensitive to the vulnerabilities of those involved and the anxieties of their relatives and carers.

2.4 In addition, we need to acknowledge that there are a number of uncertainties about what differences the changes will make. It is clear, however, that entering another long-term block contract arrangement would run the significant risk of typing the Council into paying for services that residents decide they do not want.

2.5 Within this context I fully support the recommendation to give delegated authority to the Director of Adults, Culture and Community Services and myself to extend the existing block contract arrangements for a short time while these issues are addressed. Given the fact that the Government's framework is still emerging alongside our own, having the flexibility alongside the Director to determine how long the extension should be for will help the Council manage the transition at a pace that is both responsive to the needs of residents, but which does not tie the Council to any unnecessary contract terms that may not be needed.

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

That Members agree to:

- 4.1 An extension of the current block contract and Approved List contracts arrangements by up to 12 months to not later than 31st March 2011.
- 4.2 Give delegated authority to the Director of Adults, Culture and Community Services in conjunction with the Cabinet Member for Adult Social Care and Wellbeing and to terminate the contract at an appropriate point within the year's extension to allow a smooth transition to the new arrangements

5 Reason for recommendation(s)

- 5.1 Agreement of the recommendations will allow the Cabinet Member for Adult Social Care and Well Being and Director of Adults, Culture and Community Services to:
 - Ensure a smooth transition to the new arrangements envisaged under the Government's Transforming Social Care or Personalisation agenda,
 - While protecting the council from entering arrangements for the continued supply of services which might not be needed in their current form.

6 Other options considered

- 6.1 Thinking around the alternatives is well advanced with the weight of evidence, thus far, pointing to the advantages of developing a framework of individual purchasing, similar to Croydon and West Sussex. This being supported by:
 - robust 'on the ground' quality monitoring and spot checking;
 - proactive brokerage and
 - increased market development
- 6.2 More time will be needed to assess this approach, including whether it is right for Haringey residents and on developing the new framework and capacity to manage it. However, the Council may not want to be tied to a fixed extension in existing block contracts in case the pace of change moves more rapidly.
- 6.3 Considering the factors detailed above it is recommended that delegated authority be given to the Cabinet Member for Adult Social Care and Well Being and the Director of ACCS to extend the existing block contracts for up to 12 months

7 Summary

- 7.1 Haringey's two existing block contracts and 24 Approved List contracts for externally provided domiciliary care will expire in March 2010. Haringey's externally contracted domiciliary care services are worth approximately £7 million per annum, delivering approximately 370,000 care hours per year to approximately 1,000 highly vulnerable residents (most are over 65)
- 7.2 80% of the externally contracted care hours are purchased through two block contracts. The two block contracts commenced in late 2003 and have already been extended twice by the Procurement Committee. The revised contract end date is 31 March 2010.
- 7.3 In addition about 20% of care hours are purchased from 2-3 local providers through spot purchasing. This arrangement is used only where the block providers are unable to respond to the demand at the given time.
- 7.4 However, the Government's Transforming Social Care Agenda will radically change how such services will be purchased. The changes will residents who wish to take on the organisation of their services to purchase these themselves and to use the funds available innovatively, not just on the services currently provided. The impact of this change is uncertain, although experience from pilot authorities that at least a significant minority will choose to move away from current arrangements.
- 7.5 The Government wants all residents (by April 2011) needing social care to have direct control of the monies used to purchase their care. Within this context any long term block contracting will present a significant financial risk to the Council, in the event that residents choose to use their personalised budgets on other services.
- 7.6 The changes will mean that residents with individual budgets will be able to choose: -
- The type of service they want
 - Who will provide it
 - How it will be delivered
- 7.7 They will not be restricted to suppliers nominated by the Council, as long as the provider is registered by CQC. Residents can also choose to employ directly their own carer if they wish.
- 7.8 Extensive market research points to a competitive supplier base and a move by leading local authorities away from block contracting. It should be noted that there are over 20 local suppliers of domiciliary care, within three miles of Wood Green, who have been rated by the Care Quality Commission (CQC) as offering excellent or three star services. However, under the Council's current

contracting arrangements local residents only have access to five suppliers, with a very limited choice as to what those suppliers can offer.

- 7.9 A further extension on existing contracts may be needed to protect supply to existing service users, while the new arrangements are put in place. This needs to be considered within the context that residents needing care will be confronted with many significant changes in how their care is delivered next year and these changes need to be well planned and at a pace they can manage.
- 7.10 The quality of services being provided under the contracts listed at Appendix A is considered to be of a high standard and would continue to be closely monitored by the Contracts Team under the terms of those contracts to ensure continued quality of services and value for money.
- 7.11 Robust monitoring arrangements are already in place to ensure that the providers continue to maintain a good, value for money service.
- 7.12 The transforming social care agenda will offer residents direct control over the monies used to purchase the services they need. This will enable greater choice and flexibility and offer residents from diverse backgrounds and with diverse needs and wants, the opportunity of securing services that they have tailor made to meet their needs. This includes their ethnic, language and cultural needs; their religious needs and social beliefs and their individual lifestyles. The implications for the level of service that will need to be purchased are not yet clear. It is likely that the level of change initially in the volume of service purchased may be small, and grow as residents become more confident with the new arrangements. It is also probable that some residents will choose new providers not currently used in the authority, where these are seen as providing a higher quality service or one that reflects particular religious or cultural needs.
- 7.13 While we anticipate that the initial change in volume will be small, tying the Council into new block contract arrangements would run a significant risk on the Council being contractually obligated to pay for services, that residents have chosen not to use.
- 7.14 Further work is also needed to understand what suppliers are able to offer, including on quality and whether the market is able to respond to the emerging data on what local residents are likely to demand and purchase.
- 7.15 Contract Standing Order 13.02 allows the Cabinet to 'vary or extend a contract providing that to do so is consistent with the provision of Financial Regulations'. Should Members agree to the proposals set out in this report it would allow the Lead Member for Adult Social Care and Wellbeing and Director of Adult, Culture & Community Services the flexibility to either continue to commission or decommission services as necessary depending on need identified by the consultation and preparation as set out in this report

8 Chief Financial Officer Comments

- 8.1 This report recommends that the two main domiciliary care contracts and 24 approved list provider contracts/agreements are extended for a further year to 31st March 2011.
- 8.2 For the two main contracts this will require a maximum financial commitment of up to £5,137,112 based on Framework-I commitments. This will be met through existing care purchasing budgets and is included in reported financial monitoring figures. These figures do not allow for inflation during 2010/11. The contracts state that inflation is at the discretion of the Council.
- 8.3 However, with the successful introduction of Individual Budgets in the context of the Personalisation Agenda it is likely that over time usage will decline. The contracts allow for a reduction in use, but value for money will need to be reviewed regularly to ensure that these contracts are still the best use of available resources.
- 8.4 The guaranteed minimum volume with each of these providers is 50,000 hours per annum. Volumes in 2008/09 were a total of 359,294 across the two block contracts. The number of hours provided by these contracts has been at a fairly constant level for some time and would require a significant reduction to fall below minimum guaranteed levels. These contracts will be monitored closely to ensure that hours do not decline to such a level. The contracts allow for variation should the need arise.
- 8.5 The 24 approved provider contracts will require a maximum financial commitment of £1.06m. Again, it is likely that the requirement for this type of service will decline. However, the Council has no minimum contract value with these providers.

9 Head of Legal Services Comments

- 9.1 Adult, Culture and Community Service Directorate ("the Directorate") is requesting an extension of contract for two block and 24 Approved List domiciliary care contracts from 1 April 2010, for a period of up to twelve months.
- 9.2 The services are Part B services under the Public Contracts Regulations 2006 so there is no requirement for them to be tendered in Europe.
- 9.3 The Procurement Committee has power under CSO 13.02 to approve extensions of contract.
- 9.4 In addition, it has power under S.15 of the Local Government Act 2000 to delegate its functions to officers.
- 9.5 The Head of Legal Services confirms that there are no legal reasons preventing

Members from approving the recommendations contained in this report.

10 Head of Procurement Comments

- 10.1 This recommendation is in line with the Procurement Code of Practise
- 10.2 This recommendation will keep Haringey's fees within the 2008 price band from our neighbouring authorities. I would recommend that the service negotiate with both major providers to see if there are any efficiencies that can be made by them before these extensions are awarded to ensure VFM
- 10.3 This recommendation minimises the risk of contracting for services that will not be required by our residents. It allows for full consultation with our residents before we go to the market and ensures that we are not tied into block contracts that may not be fully utilised.
- 10.4 The performance of the current contracts is considered to be of a high standard and ongoing contract monitoring throughout the extension period will ensure that this continues.

11 Equalities and Community Cohesion Comments

- 11.1 Current contracts require providers to comply with all relevant legislation.
- 11.2 An Equalities Impact Assessment covering the Transforming Social Care Programme is underway.
- 11.3 Early indications from demographic and usage data suggests that certain groups, who may need and benefit from care, are not accessing and using current services. This needs examination.
- 11.4 A new approach to supply development and management will be needed to ensure that most resident demands can be met. This includes improved and consistent customer feedback approaches.

12 Consultation

- 12.1 Consultation has been undertaken internally with the Director of Adult Culture and Community Services, AD Commissioning & Strategy and AD Adult Services, as well as Corporate Procurement Unit. Briefings have also been provided to Lead Member Adult Social Care and Well-being and Lead Member for Resources
- 12.2 The new arrangements needed to support residents with individual purchasing decisions will take time to develop and implement, taking account for resident consultation and involvement.

- 12.3 A 'Core Design Group' is in place overseeing the commissioning process for the domiciliary services, which includes representation from the Council's Adult Care Management, Commissioning and Procurement Services. The group includes senior representation from NHS Haringey and the Third Sector. Over half the membership comes from local resident forums, including the Older Persons Forum.
- 12.4 A supplier reference group is in place to engage suppliers in the design of services and the new processes needed for Transforming Social Care.
- 12.5 Through the Transforming Social Care Pilots, residents have been engaged in the planning groups and in developing and testing the proposed systems. These will be used in developing the new approach for the purchasing of domiciliary care.
- 12.6 However, work is needed with the 1,000+ users of domiciliary care and other residents on how they want the new approach developed. This is a key reason for seeking an extension.

13 Service Financial Comments

- 13.1 The Personalisation Agenda will transform the way in which services for clients are commissioned and will negate the need to keep the existing level of block commissioning placements. During the transition between 'traditional' service provision and personalisation, the Council will need to maintain existing arrangements. The timetable for change expects to offer all new clients personalised services by April 2011 and the extension being sought is for the period April 2010 to no later than end March 2011.
- 13.2 The current costs of the contracts with the two main block domiciliary care providers, fall within the unit cost range paid by neighbouring authorities (see appendix B) and is considered VFM. Inflation uplifts for these contracts are at the discretion of the Council. The contracts are funded from the Care purchasing budgets and there is specific budgets within Adults Services to fund the extension for a further 12 months.

14 Use of appendices /Tables and photographs

- 14.1 Appendix A – List of Contracts to be Extended
14.2 Appendix B – Value for money

15 Local Government (Access to Information) Act 1985

15.1 List of background documents:

- Department of Health: Putting People First: A Shared Vision and commitment to the transformation of Adult Social Care, January 2008
- Social Care Institute for Excellence: Personalisation: A Rough Guide, October 2008
- Department of Health: Commissioning for Personalisation: A framework for Local Authority Commissioners, 2008
- Social Care Institute for Excellence: Personalisation briefing for Commissioners, June 2009
- Social Care Institute for Excellence: Personalisation briefing for Home Care Providers, June 2009
- Haringey Strategic Partnership: Haringey's Community Engagement Framework, June 2009

These documents are available from Commissioning & Strategy, ACCS by contacting:

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Wood Green, London N22 7SG
Tel: 0208 489 3328
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15.2 Exempt information under Schedule 12A of the Local Government Act 1972, namely:

Information relating to the financial or business affairs of any particular person (including the authority holding that information).