
Report to: Cabinet

Date of Meeting: 3rd November 2016

Subject: Domiciliary Care Contracts

Wards Affected: All

Report of: Head of Commissioning Support & Business Intelligence

Is this a Key Decision? Yes

Is it included in the Forward Plan? Yes

Exempt/Confidential No

Purpose/Summary

The purpose of this report is to enable Cabinet to make decisions regarding current contractual arrangements and the future procurement of Domiciliary Care services in Sefton.

Recommendation(s)

Cabinet is recommended to note the contents of the report and having given full consideration to all of the information provided, to approve the following:

Extension of existing Domiciliary Care contracts for the period 1st April 2017 to 31st March 2018

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	√		
2	Jobs and Prosperity	√		
3	Environmental Sustainability		√	
4	Health and Well-Being	√		
5	Children and Young People		√	
6	Creating Safe Communities	√		
7	Creating Inclusive Communities	√		
8	Improving the Quality of Council Services and Strengthening Local Democracy	√		

Reasons for the Recommendation:

The Council has current Domiciliary Care contracts in place with four Providers which were awarded from 1st April 2012 following a competitive tendering exercise. The contracts were for an initial set term of five years and included a provision that they could be extended for a further period up to two years from 1st April 2017.

It is being recommended that the existing contracts are extended for an additional twelve month period (1st April 2017 to 31st March 2018) in order to provide stability of provider for service users, allow sufficient time to develop, trial and review a revised outcome based service model and to conduct a new competitive procurement exercise in order to award new contracts from 1st April 2018 onwards.

What will it cost and how will it be financed?

(A) Revenue Costs:

Revenue costs with respect to the period of extension will be met from existing Domiciliary Care budgets. The current cost of commissioned Domiciliary Care is approximately £8.19m per annum.

(B) Capital Costs:

There are no additional capital costs associated with the implementation of the recommendation to this report.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal

Care Act 2014

Care and Support Statutory Guidance

Human Resources

None

Equality See Section 3

- | | | |
|----|--|-------------------------------------|
| 1. | No Equality Implication | <input type="checkbox"/> |
| 2. | Equality Implications identified and mitigated | <input type="checkbox"/> |
| 3. | Equality Implication identified and risk remains | <input checked="" type="checkbox"/> |

Impact on Service Delivery:

Should the recommendations be approved, service delivery would be amended, with formal contract variations as necessary, to test a new outcome based service model which will aim to have a more positive impact on Service Users as it will seek to provide a more flexible and responsive service to them.

What consultations have taken place on the proposals and when?

The Head of Corporate Resources (FD4346/16) and the Head of Regulatory & Compliance (LD3629/16) have been consulted and any comments have been incorporated into this report.

At this present time, consultation with Providers and Service Users has not taken place, however if the recommendations are approved, consultation will take place with them at various stages regarding the testing of an outcome based model of service, the procurement exercise and the implementation of new contracts.

Are there any other options available for consideration?

The following options were considered and rejected;

1. **Do not extend existing contracts and conduct procurement exercise for the awarding of new contracts from 1st April 2017 onwards** – this option was considered but is not recommended as it would mean either maintaining largely the current service specification/delivery arrangements or implementing changes that are untested. Instead the recommended approach enables us to work with known providers to test a new model/approach before procuring longer term contracts to deliver the new model/approach. In addition, one contracted provider has served notice to terminate the contract early, necessitating the identification of a replacement provider during the current contract term. If the contracts were to terminate in April 2017, service users and care workers would face the concern and disruption of two potential changes in provider/employer within a matter of a few months.
2. **Extend existing contracts for an additional two year period** – this was considered but is not recommended as it delays the full open procurement of a new model and possibly the full realisation of benefits from such a model, beyond the 12 months considered necessary.

Implementation Date for the Decision

Following the call-in period for this Decision

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Background Papers:

None.

Background

1. The current Domiciliary Care contracts in Sefton commenced on 1st April 2012 following a competitive tendering exercise. Contracts were awarded across six areas of the borough to a total of four Providers. Two Providers deliver services in one contracted area each and two Providers deliver in two areas each.
2. The contracts have an initial term of five years and included in the contract is the option to extend the contracts for an additional period up to two years from the initial end date of 31st March 2017. The contracts also allow for variation of the service specification as necessary.
3. As part of work on reviewing current Domiciliary Care arrangements and alternative ways of working, it has been identified that there is scope for implementing revised models of service including a more re-abling and outcome-based commissioning model. This model involves moving away from a 'time and task' service model whereby services are commissioned on a prescriptive basis with the commissioner detailing specific support tasks to be conducted and the days/times that they should be conducted on.
4. In addition, within the last 12 months the Overview and Scrutiny Committee *Care Services (Domiciliary) Working Group* has identified scope for reviewing existing service delivery arrangements and Cabinet has approved the implementation of Stage 1 of the Ethical Care Charter and exploration of the implementation of Stages 2 and 3 in respect of domiciliary homecare services. These matters could be considered and progressed as part of the service review.

Extension of Existing Contracts

5. In line with the Council's Contract Procedure Rules an evaluation of the current contracts has taken place and the recommendation is to extend the contracts for a further twelve months. The extension would therefore be for the period 1st April 2017 to 31st March 2018.
6. The period of extension is proposed in order to allow for the development, testing and review of new service delivery models with known contractors who are familiar with service users and the borough, ahead of a new competitive procurement exercise for new contracts which would commence on 1st April 2018.
7. It is recognised that some Providers have recently faced service capacity issues, this is an issue being experienced across the North West region. In 2016/17 Sefton Council increased fee rates to Providers above contractual obligations, in order to take into account issues such as the National Living Wage and it is hoped that, together with ongoing consultation with Providers, this will help reduce such issues in the future. It is considered that the 12 month extension should further assist with stability in a currently difficult market.
8. In addition to the above, one Provider has served notice on their contract (affecting one contracted area and with effect from 12th January 2017) and arrangements are currently taking place to transfer the contract to the designated back-up Provider in line with the contractual arrangements stipulated in the 2012 tender exercise. Work undertaken by the Council and the outgoing/incoming providers, since service of notice, has enabled an earlier contract transfer to occur in November 2016. Any extension to contracts will therefore also apply to the new Provider and prevent service

users and care workers facing the uncertainty and disruption of two potential changes of provider/employer in a matter of a few months.

Testing of a New Service Delivery Model

9. During this period of extension, work on developing the new model will take place. This work will be conducted with the existing contracted Providers in order to understand the effectiveness of the model and identify any operational issues. The Council will utilise the provision to vary the service specification within the contract as necessary to effectively test a new model of delivery.
10. The testing of the model will also include engagement with Service Users and their carers, families and advocates in order to ensure that any future model is focused on meeting needs and ensuring positive outcomes for Service Users are achieved.
11. As part of the testing, a financial analysis of the implications of adopting the model will take place in order to ascertain the implications on the Adult Social Care budget and to inform the future procurement exercise.
12. During this period work will also take place to review existing service delivery arrangements such as the current 'split' of the borough into six contracted areas and the current mechanisms for commissioning services which are based on each area having a main Provider who is obliged to accept all referrals and a back-up Provider who can accept referrals should the main Provider be unable to.

Future Procurement Exercise

13. Following testing and review of the new model a new competitive procurement exercise for contracts informed by the proposed work detailed above will be undertaken.
14. In addition to the above work, Cabinet has also approved the commissioning of a Market Analysis exercise. This will include the Domiciliary Care sector and will include an analysis of fee levels and the individual elements (such as staff costs) that form overall fee levels.
15. This combined information will be used to ensure that the future procurement is based on a robust new service model and a comprehensive understanding of the Domiciliary Care Market.
16. It is envisaged that, following development, testing and review of the new service model, any procurement exercise would need to commence by July 2017, in order to allow a sufficient implementation period for new contracts, including ensuring that Service Users are made aware of the changes and are supported in managing the change.
17. The precise details of the future procurement exercise (e.g. process, tender evaluation criterion, period of contracts, award of contracts etc.) will be informed by the testing, review and market analysis work referred to above and will be set out for approval in a subsequent pre-procurement report to Cabinet.