

**Wards Affected:**

**All Wards**

**ITEM 11**

**CABINET**

**12 OCTOBER 2015**

## **DOMICILIARY CARE SERVICES HOME CARE PROVISION – OPTIONS FOR THE FUTURE**

Responsible Cabinet Member: Councillor Long (Cabinet Member for Health and Wellbeing)

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### **Executive Summary:**

Home Care services are delivered to vulnerable people in Milton Keynes either by Milton Keynes Council Home Care Service or by independent sector agencies commissioned by Milton Keynes Council. In 2014/15 provision of these services accounted for approximately £11.37m of Council expenditure.

Quality home care services are essential to an effective health and social care economy, which aims to enable people to be cared for at home and to reduce the reliance on permanent residential or nursing care and hospital care.

This report is seeking approval to:

- i. tender for external home care services
- ii. explore how the UNISON Ethical Care Charter may be incorporated in to the contract for Home Care services
- iii. carry out a feasibility study into the formation of a Local Authority Trading Company

### **1. Recommendation(s)**

- 1.1 That the commencement of a tender process for the provision of external home care services be approved.
- 1.2 That the decision in respect of the service model and appropriate procurement strategy for the external home care services, be delegated to either the Cabinet member for Health and Wellbeing or a minimum of three members of Cabinet.
- 1.3 That internal home care services delivered to specialist housing schemes in the procurement of external home care services be included and that the decision be delegated to either the Cabinet member for Health and Wellbeing or a minimum of three members of the Cabinet.
- 1.4 That further investigation into the implementation of the UNISON Ethical Care Charter be undertaken and, following financial modelling, the decision to incorporate the Charter into the home care contract be delegated to either the Cabinet member for Health and Wellbeing or a minimum of three members of the Cabinet.

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1.5 That the Joint Commissioning Team, be permitted, working with Milton Keynes Council Home Care Service, to commence a feasibility study to investigate the viability of developing a Local Authority Trading Company (LATCO) model, with the opportunity for income generation.

## 2. Issues

2.1 Home care is a term that is used to describe a range of care and support programmes that aim to help people live in their own homes and maintain their independence.

2.2 Home care currently includes support with domestic tasks, personal care, social activities, rehabilitation and recovery, support for people at the end of their life, and can link in with other services in the community such as supported housing, community health services and voluntary sector services.

2.3 Nationally, there has been a focus on how the local NHS hospitals have been performing, specifically regarding the operation of urgent care services. The NHS is under increasing scrutiny to improve performance and to manage the demand for urgent care. Home care plays a crucial role in the urgent care pathway as a service option to both prevent admission and support safe discharge. There has been increasing demand for home care services in Milton Keynes in recent years with an estimated increase of 41% in activity since 2012.

2.4 In Milton Keynes, the following home care services are provided:

- Reablement at home for people following accident, illness and loss of physical functioning. This service is delivered by Milton Keynes Intermediate Care service. **These services are outside the scope of this paper.**
- Home care services provided by Milton Keynes Council delivered to individuals at home
- Home Care services provided by Milton Keynes Council delivered in specialist housing schemes for people with additional needs including dementia – Flowers House, Courtney’s Lodge and Kilkenny House.
- Home care services provided by independent sector providers and commissioned via a formal procurement process and under contract with the Council.

2.5 Milton Keynes Council currently ensures approximately 9300 hours of care per week, and over 14,000 visits are completed to individuals in the community at an approximate cost of £9m per annum. This is a mix of MKC home care services (internal services) and home care commissioned from independent sector providers (external services). In terms of activity in 2014/15, external services deliver 71% of the care hours, and internal services deliver 29% of the care hours.

2.6 In terms of costs, the standard hourly rate for external home care services in 2014-15 is £14.12 per hour. Due to the differential costs of delivering shorter visits, the average hourly rate for 2014-15 is £17.65 per hour.

2.7 Delivery of internal home care services (excluding care delivered in Flowers House, Kilkenny House and Courtney’s Lodge) costs approximately £23.83 per

hour, not including internal recharges (further financial analysis is currently being undertaken).

### **Independent Sector Provision**

- 2.8 In 2012, Milton Keynes Council moved to structure and formalise the mixed economy of home care providers from the independent sector. The Council introduced a Preferred Provider List (PPL), which resulted in 15 successful care providers being suitably qualified and experienced to deliver care services to vulnerable adults.
- 2.9 Over time, the PPL has been rationalised due to mergers, acquisitions and provider withdrawal. As a result of increased demand, MKC has commissioned additional capacity from 4 providers on a spot purchase basis.
- 2.10 Therefore, there are currently 17 independent care providers, delivering 371,473 hours of care at a cost of £6.6m per annum. The current contract is due to expire on 2nd September 2016.
- 2.11 Following a review of home care services, the following challenges have been identified in relation to the operation to date of the PPL:
- Increase in demand over the lifetime of the current contract has resulted in shortage of capacity.
  - Increased complexity of need – with an increase in care packages requiring 2 carers per visit, and meeting the needs of people with complex co-morbidities.
  - Staff recruitment and retention in the context of a buoyant local economy
  - Challenges in providing sufficient levels of service in some of the northern more rural areas of Milton Keynes
  - Turbulence in the independent sector market – mergers and acquisitions and some providers withdrawing their services.
- 2.12 In view of the above, changes to existing external home care services are recommended. Therefore, permission is requested from Cabinet to:
- Begin a procurement exercise to commission home care services for a new contract to start on 3<sup>rd</sup> September 2016, through a formal tender process; a contract term of four years with an option to extend for a further two years is recommended.
  - In order to establish the appropriate changes that best overcome the identified challenges whilst providing better services for service users, it is necessary to carry out further evaluation of the best service model and financial modelling. Consideration is being given to the potential of offering external home care services as a series of lots and to introduce payments for shorter visits on a pro-rata basis. Initial modelling has indicated this has the potential to save the Council approximately £400,000 per annum however more detailed work is required. Cabinet is therefore asked to approve that the final service configuration is delegated either to the portfolio holder, or three Cabinet members, based on these evaluations. Benchmarking will be conducted to consider:
    - Services configured by geographical area for the bulk of home care provision. These areas will be determined using data to map both

current and future demand. It is anticipated better value can be achieved through reduced travel times.

- Specialist home care for people with dementia and complex health and social care needs, including end of life care and commissioned across MK
  - Specialist home care delivered to the residents of MKC extra care housing schemes at Flowers House, Kilkenny House and Courtney's Lodge
  - Continuing Health Care services, commissioned in conjunction with the Clinical Commissioning Group and commissioned across MK with funding arrangements based on analysis of current and anticipated provision
  - Short term Reablement and recuperation for 4 weeks to minimise the need for ongoing home care – commissioned across MK
  - Night Care provision between the hours of 10pm – 7am and commissioned across MK.
  - Provision for children and young people and commissioned across MK.
- Undertake detailed financial modelling to establish a definitive hourly rate for care taking into consideration the issues below:
    - The financial implications for the Council on specifying that external providers need to pay care workers the Living Wage
    - The effect of implementation of the UNISON Ethical Care Charter, which may improve recruitment and retention of staff, improving capacity
    - The implications of the European Court of Justice ruling regarding the inclusion of travel time for workers that have no permanent base.
  - Following full evaluation of the cost implications, it is requested that the decision of whether to include the above elements into the contract is delegated to the portfolio holder or three Cabinet members.

### **Milton Keynes Council Home Care**

- 2.13 Milton Keynes Council has an internal home care service that provides care and support to people in their own homes. In 2014-15, the MKC home care service delivered 107,836 hours of care, at a cost of £2,569,805.
- 2.14 The Home Care Review identified the opportunity for the Council to generate income through the development of a Local Authority Trading Company. In keeping with the Council commitment to developing a co-operative council, it is recommended that there is involvement of service users in the governance of this LATCO.
- 2.15 This option can potentially deliver many benefits to the Council and would deliver positive outcomes for service users. There is opportunity for the LATCO to generate income from the self-funder market.
- 2.16 A strategic objective for MKC is to further develop the personalisation model of care by increasing the number of people who are supported to manage their own care via a direct payment. The LATCO would be able to promote itself to people in receipt of direct payments, also contributing to the generation of income.

- 2.17 A comprehensive feasibility study would be required to fully understand the potential costs and benefits of this service model. Benchmarking would suggest a two year timescale is required to complete the full process from decision to trading.
- 2.18 The internal home care service also provides more specialist care to the Council's extra care housing schemes at Flowers House, Kilkenny House and Courtney's Lodge. This cost the Council approximately £2,232,934 in 2014-15. It is proposed that this provision is externalised and included in the formal tender process outlined above in paragraph 2.12 to provide further savings to the Council.

### **3. Options**

- (a) Re-tender for the same PPL model currently provided. This is not recommended due to the challenges outlined in paragraph 2.11
- (b) Agreement to:
- (i) proceed to tender for external home care as discussed above in paragraph 2.12
  - (ii) explore the options for a Local Authority Trading Company via a full feasibility study
  - (iii) conduct further financial modelling of the implementation of the UNISON Ethical Care Charter.

It is recommended that option b be approved.

### **4. Implications**

#### **4.1 Policy**

The provision of home care will progress the following outcomes and priorities within the Corporate Plan 2012/16:

(c) Outcomes

Everyone in Milton Keynes will:

- Enjoy happy and fulfilled lives within their local communities
- Be safe from harm and neglect
- Stay independent for as long as possible
- Achieve their full potential
- Empower people through choice and control
- Enjoy personal dignity and respect

(d) Priorities:

Develop cost effective models of support and care for vulnerable people that:

- ensure they regain and maintain independence
- Deliver choice and control for individuals requiring support by providing preventative, community based approaches and outcome focused personalised care and support

It will also deliver the notions of Living well and Ageing Well under the Joint Health and Wellbeing Strategy 2015-18.

## 4.2 Resources and Risk

The costs of the contract for externally provided home care are contained within the revenue budget. Expenditure during 2014-15 was an estimated £6.6m. Expenditure on internal home care delivered to specialist housing schemes in 2014-15 was £2.2m. However, through effective modelling and commissioning it is anticipated greater value, capacity and quality can be achieved resulting in savings in residential and nursing care placements. In addition the introduction of true pro-rata payments for shorter visits may result in savings of approximately £400,000 per annum. This will need to be considered against the introduction of the living wage and the European Court of Justice Ruling regarding payment for travel time. The implications of these will be included in the financial modelling as referred to in the report.

Current demographic data indicates an increase of 38% in the population of over 65's between 2015 and 2021 presenting a future pressure for the sector and the Council. This pressure will need to be considered as part of service mapping and modelling

N	Capital	Y	Revenue	N	Accommodation
N	IT	N	Medium Term Plan	N	Asset Management

## 4.3 Carbon and Energy Management

Not Applicable

## 4.4 Legal

### **Relevant Law**

The Council has statutory social care responsibilities under the Care Act 2014. A procurement exercise for a contract for home care services would enable the Council to comply with these statutory responsibilities.

Under the Public Contracts Regulations 2015, a procurement of the home care services would fall under the Light touch Regime, which provides flexibility in relation to the procurement process that can be followed. It is a requirement to advertise the contract to the European Market through an advert in the Official Journal of European Union or through a prior information notice where the value of the contract is 750,000 euros or £625,050. Based on the value of the current contracts, it is expected that the value of the new procurement will be above the Light touch Regime threshold.

### **Risks**

The development of a procurement strategy including deciding on the appropriate procedure to procure the home care coupled with the proposals to incorporate the Unison Ethical Care Charter, including the living wage provisions all carry financial implications for the services. The Unison Ethical Care Charter living wage provisions would also need to align with the Council's policy on the living wage. The procurement strategy will also determine how the Council meets demands for the services across the borough and thereby whether it complies with its enhanced statutory duties under the Care Act 2014.

The proposal to externalise home care services which currently provide more specialist care to the Council's extra care housing schemes at Flowers House, Kilkenny House and Courtney's Lodge is likely to have TUPE consequences.

**Delegation**

This report seeks Cabinet approval to commence tender in principle subject to further delegated decisions in relation to the matters stated therein such as the procurement/commissioning strategy and the implementation of the Unison Ethical Care Charter. Under the scheme of delegation, Cabinet has the options to delegate to the Cabinet member as requested **OR** to delegate to a Committee of Cabinet **OR** to reserve any of the matters proposed to be delegated for itself as it deems appropriate under the circumstances.

**LATCO – feasibility study**

In relation to the proposal to commence a feasibility study for the formation of a Local Authority Trading Company, the general powers of competence under the Section 1 Localism Act 2011 empowers local authorities to be able to do anything that an individual can do, subject to limitations placed by other legislation. Under Localism Act 2011 and under section 95 Local Government Act 2003, local authorities are not able to trade or do things for a commercial purpose save through a company. The feasibility study would help to inform whether it is desirable for the Council to proceed with the formation of a company to enable proposed trading.

4.5 Other Implications

Y	Equalities/Diversity	N	Sustainability	Y	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder

Background Papers: Milton Keynes Council Home Care Review & Options Appraisal. September 2015