

## **CABINET – 21 DECEMBER 2010**

### **PROPOSED CHANGE TO INTERNAL HOME SUPPORT SERVICE**

#### **Report by Director for Social & Community Services**

#### **Summary**

1. This report sets out the implications for the Oxfordshire Internal Home Support Service of budget restrictions and the new policy of self directed support. It describes the current service and how internal costs are relatively high compared to national and local care markets. The service has become increasingly unaffordable following the introduction of personal budgets, and will not be financially viable beyond 2010/11 due to falling demand.
2. A number of options have been considered to improve the competitiveness of the service. The conclusion has been reached by senior management that, subject to consultation with Service User groups and staff, the service should cease to operate by April 2012. If this proposal is confirmed by Cabinet following consultation, Service Users will be offered a range of alternative support options. Most of the services currently provided will be recommissioned through external contracts or offered by Personal Assistants. Staff will be redeployed, transferred to other providers, given guidance on alternative employment or made redundant if no other option is appropriate.
3. Staff, Service Users and other stakeholders have been informed about the proposed closure of the service, and a period of consultation will take place from January to March 2011.
4. Following a final decision by Cabinet in April 2011, the service would be phased out by April 2012. Service Users would be offered a choice of alternative providers using their personal budgets. The County Council will ensure the quality of support delivered in the future through the contract monitoring and personal budget review process. If support can be obtained for around the national average cost of domiciliary care, annual revenue savings of some £2.5m per year are expected.

#### **Background**

##### **Overview of the Service**

5. 360 care staff and managers are employed in the Internal Home Support Service, delivering care and support to 600 Service Users across a range of provision. The total gross budget is £8m per annum. Services include:
  - Home Support
  - Night Care (Oxford)
  - Laundry

- Community Meals
- Relief to Care
- Extra Care Housing

6. The quality of delivered care is excellent, and customer satisfaction is good. However, the management to staff ratio is relatively high, and Local Authority conditions of service have a major impact on the unit cost, which is now £30 per hour averaged across all services.

#### **Context – The Social Care Market**

7. The Internal Home Support Service budget of £8m represents around 40% of total spending on support at home. The mainstream internal service delivers about 225,000 hours of home support compared with over 570,000 hours of good quality care purchased externally in 2009/10 at a cost of around £13.5m. Competition has increased the independent sector market share over the past 15 years so that external providers now provide 72% of the care for 60% of the budget. External prices are falling as a direct consequence of the introduction of personal budgets. Demand for the in-house service has been falling due to the relatively high cost of the service, and staffing levels have already been reduced by around 35% over the past 3 years.
8. Oxfordshire provides significantly higher levels of in-house domiciliary care when compared across England and comparable authorities. There has been a decline of 39% over the past 3 years in the provision of in-house domiciliary care by similar Authorities. **Annex 1** shows this trend across a standard comparator group.

#### **Personalisation, Self Directed Support and Budget Restrictions**

9. Following the publication of 'Putting People First' in 2007, Oxfordshire has developed a model of self directed support as required by central government. This radical shift in the way welfare services are provided is designed to give a high level of choice and control to individual citizens. Service Users are assessed for eligibility and allocated a personal budget based on their level of need. This budget is calculated using a Resource Allocation System (RAS) formula, which takes account of local financial conditions, and the amount that the council can afford to pay for services. The Oxfordshire formula assumes a cost of £15 per hour for domiciliary care.
10. The implications of the RAS formula and the £15 per hour assumed cost were presented to Cabinet in a report on 20<sup>th</sup> July 2010 (Policy for the Operation of Personal Budgets for Adult Social Care). This report indicated that the average cost of Home Care purchased across a range of Local Authorities was around £15 per hour, and that the Department of Health has advised that £15 per hour was an appropriate rate to be paid. There was a clear statement that Service Users would be directed towards more cost effective forms of provision. Cabinet members were also informed that '*given the current budgetary position and future efficiency savings that are likely to be required, the costs of many services will need to be reduced*'. The RAS policy was later approved by the County Council at their meeting on 14<sup>th</sup> September 2010.

11. The introduction of a £15 per hour base cost for domiciliary care has highlighted the urgent necessity to improve the value for money achieved from the £8m Internal Home Support budget, with a Unit Cost of £30 per hour. By way of comparison, Leicestershire County Council charges £14 p.h. for home support, across the rural majority of that county where care provision is more expensive than in urban areas (Leicester City is a separate authority). The value for money issue was confirmed in the Cabinet report of 20<sup>th</sup> July: *'Given the financial constraints facing the County Council and the existing need to find further savings to balance the service and resource plan agreed by the County Council in February, officers believe that we must include a target figure in line with best practice'*.
12. An Accelerated Review Programme for existing Service Users was initiated in October 2010, to meet government milestones and efficiency targets. The intention is to transfer 1,800 Service Users onto personal budgets by March 2011. This includes all the current users of the Internal Home Support Service. As the number of personal budgets has increased through this process, the demand for internal home support services provided by the Council has fallen.
13. Service Users and their families, supported by independent Brokers, will have full control over support planning and purchasing before the new financial year. It is extremely unlikely that these new arrangements will generate significant income for the Internal Home Support Service given its high cost. There is also a real risk of the Council double-funding personal budgets and a service which Service Users do not wish to purchase because of the high unit cost.
14. As a consequence of Self Directed Support and the uncompetitive position the service finds itself in, radical change is urgently needed. This would be the case even without the present financial pressures Oxfordshire County Council faces, in common with all councils. Those pressures simply accelerate the need to take action.
15. The direct consequence of high unit costs and the level of budget reductions combined with personal budgets have created a situation where Internal Home Support is unaffordable. The service is no longer considered to be financially viable in its present form. We are confident that there is a range of good quality external providers operating in Oxfordshire who can offer home support to older people and potentially offer employment to some of our former Home Support staff.
- Options Appraisal**
16. A number of options have been considered in order to address the problem of high unit costs in the Home Support Service. In summary these are:
  - (a) Continue current service, run down to a residual service over several years
  - (b) Restructure, reduce costs and Terms and Conditions

- (c) Transfer most staff to external private sector contractors
  - (d) Transfer most staff to a Social Enterprise
  - (e) Transfer some staff, make the remainder redundant
  - (f) Close the service by April 2012, purchase alternatives at £15 per hour
17. Further information about these options is provided in **Annex 2**. More detailed analysis will be undertaken during the consultation period, and additional options may emerge from consultation with staff. The Cabinet report produced in April 2011 will include an updated option appraisal and final recommendations.
18. The proposal, subject to consultation with staff and Service User groups, is to implement **option f** as set out above. If approved by Cabinet, Oxfordshire County Council will no longer provide an internal Home Support Service from April 2012 at the latest. The service itself will cease to operate and the staff will be supported to find alternative employment either within the County Council, as personal assistants or with external care providers, recognising that they are part of a wider market for the provision of social care.

### **Action Taken to Date**

19. When the implications of Resource Allocation System funding became clear, a major project on the future of the Internal Home Support Service was commissioned in September 2010. A Project Initiation Document has been prepared, which provides a more detailed assessment of the costs and risks involved in the proposed closure of the Internal Home Support Service.
20. Discussions have taken place with UNISON on the implications of self directed support and the £15 per hour budget assumption for the Internal Home Support Service. Detailed negotiations will be initiated following Cabinet decision on 21<sup>st</sup> December.
21. Existing Service Users have received a letter from the Director of Social and Community Services about their reviews and the introduction of personal budgets. Users of the Internal Home Support Service were informed on 14<sup>th</sup> December of the proposed closure of the service, and the intention to find alternative provision for their support.
22. Care staff and managers in the Internal Home Support Service have been informed about the implications of self directed support. Managers have had formal briefings that the service may cease to operate by April 2012, subject to consultation with Service User groups and staff, and Cabinet approval.
23. All staff working in the Internal Home Support Service were invited to briefing meetings about the proposed closure on 13<sup>th</sup> December 2010, and letters summarising the proposals were given to all staff.

**Options for current Service Users**

24. If the final decision of the Cabinet is to confirm that the Home Support Service will cease to operate, Service Users with personal budgets will have the following main options:
- To purchase an independent sector service using a Direct Payment
  - To purchase a contracted external domiciliary care service via the Council
  - To recruit a Personal Assistant with support from the Council or a Broker
  - To make other arrangements for support using their personal budget

**Options for Oxfordshire County Council Internal Home Support staff**

25. If the service is phased out over a period of about a year, posts would be deleted in stages. The following main options may apply for staff:
- Redeployment to a suitable vacancy within Oxfordshire County Council
  - Work as a Personal Assistant, directly employed by the Service User
  - Open-market recruitment by external contractors
  - Recruitment into the 'Shared Lives' service
  - Voluntary/compulsory redundancy and/or early retirement if applicable

A set of Frequently Asked Questions for staff has been produced in relation to the service changes and the available employment options.

**Transfer of Undertakings (Protection of Employment) (TUPE).**

26. Legal advice has been obtained in respect of this complex area of employment law. In summary, it is considered that TUPE regulations will only apply to a limited number of the staff. The service would be ceased for financial reasons, and the funding will be used for hundreds of separate personal budgets. Individual Service Users will in future make their own decisions about how they spend those budgets, and no major 'undertaking' is transferring. If TUPE is deemed to apply in some cases, this will not affect the fundamental decision to cease the service on financial grounds. It will reduce the short-term efficiency savings.

**Recommissioning**

27. A preliminary commissioning review has been undertaken of the range of services currently provided by the Home Support Service. If these services are to be contracted by the Council in some form, they will be included in the Home Support tender which is currently being constructed, or in subsequent tenders. Replacement services would be put in place from July 2011 onwards.

**Future Consultation and Communication**

**Staff Consultation and Support**

28. Subject to the decision of Cabinet, detailed consultation will begin with staff about the proposal, their alternative employment options and the terms and timing of any redundancy programme. The Staff Support Service has already been involved in arrangements to offer assistance to staff who may be distressed by the potential loss of jobs.

### **Service Users**

29. Informal consultation on the Policy for the operation of personal budgets in Oxfordshire and the likely impact on internal services has already taken place with the Service User and Carer Reference Group and Provider Reference Group. Further consultation with these groups will take place in the New Year. The Oxfordshire Local Involvement Network (LINK) will also be briefed and consulted about the proposed changes to domiciliary care arrangements, and the impact on Service Users.
30. Service Users will be notified of proposed changes to the service, and will be individually involved about their choice of alternative provision as part of their reassessment/review.
31. Our experience of personal budgets so far indicates that the number of people affected by the closure is likely to reduce as people take the opportunity to make their own arrangements for the provision of their care and support. We estimate approximately 500 Service Users are likely to be directly affected by this proposal. This figure is lower than the number of current Service Users because some Users will choose alternative Providers during the review programme, prior to the operation ceasing. Numbers will be further reduced by natural turnover, and a freeze on new allocation of hours from Internal Home Support before the phased run-down takes effect.

### **Communications Strategy**

32. A Communications Strategy has been produced to co-ordinate information across a wide range of stakeholders.

### **Timetable and next steps**

33. The approximate proposed timescale for closing the service is:

<b>ACTION</b>	<b>DATE</b>
Consultation with staff and Service Users	January to March 2011
Redeployment of some managers for initial efficiency savings, interim restructuring	December 2010 to March 2011
Second report to Cabinet following consultation	19 <sup>th</sup> April 2011
Phase 1 reduction of service	February to June 2011
First phase transition of Service Users	February to June 2011
New external domiciliary care contracts begin	July 2011
Phase 2 run-down of service	August to December 2011
Final transition of Service Users to chosen provision	August 2011 to April 2012
Service ceased, all posts deleted	By April 2012

### **Corporate Policy**

34. The proposal to cease providing this internal service is fully consistent with corporate policy to streamline service delivery and achieve better value for public services. It is intended to achieve cashable savings of some £2.5m per annum after any one-off redundancy costs. The changes would also align with

central government policy that Councils should become primarily commissioning organisations rather than providers of care services.

### **Financial Implications and Risks**

35. There are two known areas of financial uncertainty for the Council.
- (a) The costs of redundancy and early retirement for up to 320 staff. This number is fewer than the current staff base of 360, because some staff will have been redeployed or transferred prior to the service ceasing in 2012. Others will have left through natural turnover. Preliminary estimates indicate that the one-off cost of redundancy in 2011/12 could be up to £3m, which would be funded from the corporate Efficiency Reserve, subject to approval by Chief Finance Officer of specific cases. This fund is designed to pay for large redundancy costs which cannot reasonably be met by individual Directorates. The full amount will be accounted for in 2010/11 (the financial year in which the decision will be made), even though most of the payments would not be required until 2011/12. The ongoing potential revenue savings of up to £2.5m year-on-year amply justify this initial expenditure.
  - (b) If TUPE is held to apply to some staff, there will be an ongoing additional revenue cost for some years, which will reduce the overall efficiencies. Detailed estimates will be produced as the project develops, but there will still be significant savings on the unit cost.

### **Staffing Implications**

36. Many of the staff have given extensive service to the Council and their Service Users for a long period of time. Every effort will be made to find alternative employment for staff who are made redundant and wish to remain in the care sector.
37. Staffing reductions will be managed as far as possible with natural turnover and redeployment. Where redundancies are unavoidable these will be dealt with in a timely and sensitive manner in line with the Council's Redundancy Procedure. The potential scale and the overall estimated costs of redundancies across the Internal Home Support Service have been discussed with Strategic Human Resources. Approval will be sought for individual redundancies from the Head of Service and with the concurrence of the County Council Human Resources Manager at the appropriate time. Pension estimates will be obtained for any that require early release of pension (for employees 55 or over in the pension scheme) and these may be subject to approval by the Pension Benefits Sub-Committee.
38. Advice and guidance will be made available to staff in relation to their alternative employment options. Particular encouragement will be given for staff to become Personal Assistants. This type of support is developing rapidly across the country, as it gives Service Users much more choice and control over their service delivery, at a significantly reduced cost.

**Impact Assessment**

39. A preliminary Impact Assessment has been completed in relation to the proposed closure of this service. A more detailed version will be produced following consultation, and presented to Cabinet in the April 2011 report.

**RECOMMENDATIONS**

40. **The Cabinet is RECOMMENDED to**
- (a) agree in principle that the internal Home Support Service will cease to operate by April 2012 at the latest, subject to the outcome of consultation with Service User groups and staff; and**
  - (b) request a further report in April 2011 on the outcome of the consultation programme with Service User groups and staff**

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Background papers: Nil

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**ANNEX LIST**

Annex 1 - Position of Oxfordshire in relation to other LAs in provision of domiciliary care

Annex 2 – Options Appraisal



## POSITION OF OXFORDSHIRE IN RELATION TO OTHER LOCAL AUTHORITIES IN PROVISION OF DOMICILIARY CARE

The purpose of this annex is to provide some background analysis of the level of in-house domiciliary care in other authorities.

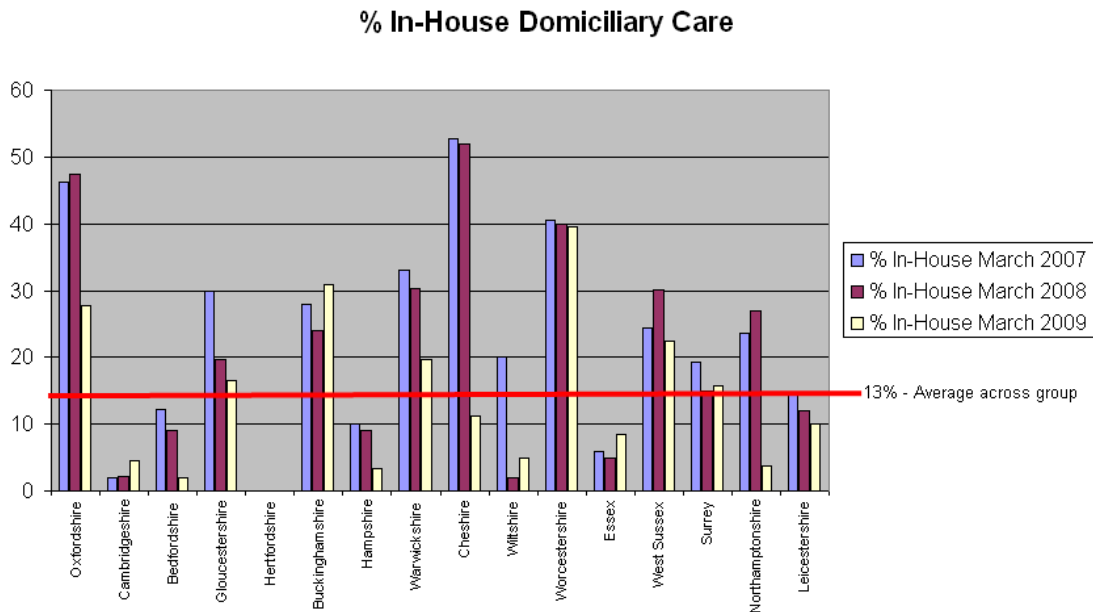
All local authorities report on their numbers of home care staff but this does not necessarily reflect 'home support' as it includes services such extra care housing, supported living, reablement and first response.

Currently of the 153 authorities 9 have no registered in-house domiciliary care providers. These are: Brent, City of London, Harrow, Lambeth, Medway, Richmond upon Thames, Sefton, Solihull and Southwark. Source: (Care Quality Commission webpage August 2010)

From the last published Self Assessments, 16 authorities claimed at March 2009 to be providing no in-house domiciliary care. These 16 are: Bexley, Blackburn with Darwen, Brent, Camden, City of London, Croydon, Harrow, Herefordshire, Hertfordshire, Lambeth, Manchester, Redbridge, Sefton, Southwark, Torbay, and Wirral.

This may be a larger group than the first group because people here may use a local tighter definition of domiciliary - i.e. more relevant to what Oxfordshire are doing.

The graph below shows the trend over the past three years when Oxfordshire is compared to its comparator group.



The table below show the latest available data from the published Self Assessment on in-house domiciliary care. The table shows the comparator authorities for Oxfordshire. The overall trends from the data are:

- Decline of 39% over the past three years in the provision of in-house domiciliary care with authorities who are similar to Oxfordshire
- Decline of 30% over the past three years in the provision of in-house domiciliary care in England
- Oxfordshire is still a significantly higher provider of in-house domiciliary care when compared across England and comparable authorities

<i>9GN111.0 - The percentage of supported adults that are supported by 'block', 'spot' or 'in-house' contract - Domiciliary care.</i>	<b>% In-House March 2007</b>	<b>% In-House March 2008</b>	<b>% In-House March 2009</b>
<b>Oxfordshire</b>	<b>46.2</b>	<b>47.4</b>	<b>27.7</b>
Cambridgeshire	2.0	2.2	4.5
Bedfordshire	12.1	9.0	2.0
Gloucestershire	30.0	19.6	16.5
Hertfordshire	0.0	0.0	0.0
Buckinghamshire	28.0	24.0	30.8
Hampshire	10.0	9.0	3.4
Warwickshire	33.0	30.2	19.7
Cheshire	52.8	51.9	11.2
Wiltshire	20.0	2.0	5.0
Worcestershire	40.6	40.0	39.5
Essex	6.0	5.0	8.4
West Sussex	24.3	30.1	22.4
Surrey	19.2	15.0	15.7
Northamptonshire	23.7	27.0	3.8
Leicestershire	14.4	12.0	10.0
<b>Average IPF comparators</b>	<b>22.6</b>	<b>20.3</b>	<b>13.8</b>

England	24.6	21.8	17.2
East Midlands	39.0	33.0	23.5
Eastern	13.4	12.3	9.3
London	15.4	15.9	11.9
North East	25.9	21.6	15.0
North West	27.2	20.1	13.1
South East	21.5	19.7	17.7
South West	27.5	26.3	19.4
West Midlands	26.2	23.6	21.9
Yorkshire and Humber	38.2	32.5	31.4

Inner London	14.8	19.8	11.5
Outer London	15.7	13.4	12.1
Metropolitan Districts	34.3	27.6	23.1
Shire Counties	25.1	25.2	20.2
Unitary Authorities	23.3	18.7	14.3

## OPTION APPRAISAL SUMMARY

<b>OPTION</b>	<b>IMPACT- USERS</b>	<b>IMPACT - STAFF</b>	<b>RISKS</b>	<b>5 YR SAVINGS</b>
A. Continue current service, run down to a residual service over several years	No change immediately but severe impact as the risk becomes reality.	Progressive reduction in hours. Voluntary redundancy. Does not address the viability of the internal service.	Collapse in demand, sudden loss of supply as staff leave due to reduced hours.	Nil
B. Restructure, reduce costs and Terms and Conditions Implement Feasibility Study savings of £1.3m, maintain services in-house	No change to service delivery, less access to managers. Service users would not be able to pay for the care from this source (although they would be able to pay for care provided by external agencies or personal assistants).	Significant changes to terms and conditions; redundancy of managers. Does not address the viability of the internal service.	Terms and conditions lead to high staff turnover; service is still too expensive for personal budgets	£6.5 million over five years
C. Transfer most staff to external private sector contractors - 80% of staff to external block contracts, TUPE applies.	Limited impact as service users still receiving similar level of care through same carers. However, care providers are unlikely to be willing to provide the care on this basis.	Limited impact if staff transferred to external providers with protected terms and conditions. Significant impact if providers are not interested in doing this (most staff made redundant).	External providers not willing to take on TUPE staff; TUPE inflates external market making it too expensive for personal budgets.	£9 million over five years
D Transfer most staff to a Social Enterprise – likely that TUPE would apply	Service users exposed to risks if this untested arrangement is unsuccessful. In addition, service users would not be able to pay for their care if	Limited impact initially as staff transferred to new social enterprise provider with protected terms and conditions. However, potentially leaves staff	Untested approach in Oxfordshire; unknown whether people would use with their personal budget; competing against a skilled external market. In addition,	£9 million over five years

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	they want to purchase this from the new organisation (although they would be able to buy that care from other providers or personal assistants)	exposed to significant risks in the longer term. This approach does not make the service viable.	the new organisation would have the same problems as the internal service namely that its costs would be significantly greater than alternative providers.	
E. Transfer some staff, make the remainder redundant - Transfer 50% of staff under TUPE, remainder are made redundant	Significant impact to users as will involve changing provider and changes of carer	Significant impact as staff made redundant or transferred to external provider	External providers not willing to take on TUPE staff; unclear whether TUPE could be applied in a selective way	£9.4 million over five years
F. Close the service by April 2012, purchase alternatives at £15 per hour	Significant impact to users as will involve changing provider and changes carer. However, this approach ensures that care providers are clear about the cost of home care and will need to provide care at that cost.	Significant as staff will have to find alternative employment through external providers or as personal assistants	£15 hourly rate may not be delivered by the new home support providers; PA provision may not be accepted by Service Users. However, these are general risks that apply to all service users under self-directed support. If these risks emerge then the County Council will have to take action to ensure that good quality care is available.	£13.9 million over five years