

CABINET – 21 JUNE 2011

Development of Independent Living Services for People with a Learning Disability

Report by Director for Social & Community Services

Introduction

1. This report describes two significant and linked developments in services for people with a Learning Disability, which seek to improve cost efficiency whilst recognising that people want to have more control over their lives, including where they live and how they spend their days. These developments should encourage a wider choice of these services in the future. Efficiency savings of £500k in 2011/12 rising to £1m in 2012/13 were approved by Council in the Business Strategy for 2011/15. The first phase of these efficiencies will be achieved by management restructuring. A planned reduction of 12.5 FTE in 2011/12 will achieve the necessary short-term cost reductions with minimal impact on front line services. Further efficiencies are sought in the second phase by outsourcing the Supported Living and Daytime Support services, which employ around 285 staff on a gross budget of £7.8m. This report seeks Cabinet approval in principle for outsourcing, and for a consultation programme involving key stakeholders on the options and process for outsourcing, prior to formal procurement procedures being undertaken.

Background

Commissioning Strategy and Social care market

2. There are approximately 2,000 people over 18 with severe to moderate Learning Disabilities known to services in Oxfordshire. People with a learning disability make use of a wide range of services. These include supported living, daytime support, residential care, specialist health support, employment and respite care. There is a mix of service provision from statutory providers – including Social & Community Services, and from the independent sector.
3. These services are under severe demographic and financial pressure. Increasing demand comes particularly from young people with more complex needs, and people living longer with specialist health needs. Expectations from Service Users and their families for higher quality and more choice are also increasing. The Learning Disability Commissioning Strategy provides the framework for meeting the needs of increasing numbers of people with complex needs, using person-centred approaches, and within available resources. This is currently under review.

Internal Services provided by the County Council

4. A substantial element of services for people with a Learning Disability is provided directly by Council staff. The Independent Living Service employs

284 staff who support around 450 Service Users on a gross budget of £7.8m. This activity is in two main areas:

- Supported Living Service -118 staff and 105 Service Users, with a gross budget of £3.5m. This represents around 15% of the local supported living market.

- Daytime Support Service -166 staff and 342 Service Users, with a gross budget of £4.3m. This service supplies around 65% of the local Day Support market.

Feasibility Study - 2010

5. An extensive feasibility study was undertaken in 2010 to ascertain potential areas for efficiency savings, and led to the current management restructuring.

Efficiency Savings Targets

6. The Social & Community Services Business Strategy for 2011/15 (approved by Council in February 2011), sets out the need to make efficiency savings of £500k in 2011/12, rising to £1m. in 2012/13. The management restructuring and outsourcing proposed in this report are designed to achieve these savings, progressively improve quality of service through the use of specialist providers and extend choice for individuals.

Rationale for Outsourcing

7. The Social & Community Services Directorate has progressively reduced the proportion of social care directly provided by the Council since the Community Care Act reforms in 1993. The external market has developed substantially over that period, to the point where around 90% of all care and support services funded by the Council will be provided externally by April 2012. The most recent local policy development was a decision in April 2011 to close the internal Home Support Service and purchase all domiciliary care externally. 77% of all services (by value) to people with Learning Disability are currently provided by the independent sector in Oxfordshire.
8. Senior management capacity in the Directorate has been substantially reduced for reasons of efficiency savings over the past 2 years. As the external market has developed, it is no longer appropriate for the Directorate to duplicate the level of specialist expertise that can be found in external organisations where the core business is the provision of services and in particular management and training infrastructure. Those organisations will inevitably have higher levels of specialist knowledge of service provision and regulation because that is their main concern. The priority of Social and Community Services Leadership Team must be in commissioning and monitoring services, rather than to provide those services directly.
9. There is now a wide range of good quality, cost effective providers for Supported Living, who currently supply 85% of the market in Oxfordshire. All of these providers have already been through a rigorous tender process, and are able to take over any transferred services with relatively limited additional procurement. The market for Daytime Support is less well developed, with

around 35% of services provided externally by value. Seven capable Providers have been identified and awarded framework contracts for the provision of Day Support. Five of these already provide some services within the County. The development of alternative suppliers will be a key objective of the procurement process for Daytime Support.

10. It is not expected that there will be significant short-term savings from outsourcing, because it is likely that salaries and conditions of service will be protected by the Transfer of Undertakings legislation (TUPE) in most cases. However, there would be a reduced risk of the Council paying for services no longer required by Service Users with a Personal Budget. Longer-term savings may be achieved as new staff are recruited. It is anticipated that there will be some management and organisational savings immediately and further cost savings as staff turn over.
11. In line with Government guidance, Oxfordshire is extending choice and control for people who use services through the introduction of personal budgets. People who use the Council's day services and supported living services are in the process of receiving assessments and allocated budgets. In most cases people are not currently choosing to take this through a Direct Payment but continue to ask the Council to arrange services on their behalf. The proposed outsourcing would build on this approach by involving people who use the services and their carers in choosing which of the providers on the framework will support them in the future. Some of these choices will need to be group decisions, for example by locality, but service users and carers will be central in the decision making. We expect this to lead to an increased number of good quality providers operating in Oxfordshire particularly in day service provision. This increases choice, and provides the potential for individuals to develop new solutions with these providers using their personal budgets.

Safeguarding

12. We have robust processes in place to protect the safety of individuals being supported by the external organisations which would take over the running of these services. They are all rigorously assessed during the procurement process and meet the quality criteria to be awarded framework contracts with the County Council. Part of this assessment evaluates their ability to support people to remain safe, through risk assessment, adherence to safeguarding processes, and recruitment, training and supervision practices. Once contracts are awarded, regular monitoring is carried out by quality monitoring officers in the Commissioning and Contracting Team. This involves the review of policies and records, and interviews with the service users, staff and families. Providers are required to deliver an action plan to address any improvements required and this is monitored by the Commissioning Team. The quality monitoring officers also provide support to providers to address areas of weakness and to continually improve their services.

Action Taken to Date

13. A project team has been established to manage a potential outsourcing programme under the direction of the Interim Deputy Director, Adult Social

Care.

14. Managers affected by the restructuring were informed at a series of meetings from 23rd May. Following informal consultation with Members, front line staff were told of the management reductions and outsourcing proposals at meetings from 31st May. Service Users and families have also been informed by letter of the proposals to consult on outsourcing.

Communication Strategy

15. A detailed Communications Plan has been prepared to ensure that all key stakeholders are informed of the proposals, and given an opportunity to contribute to the procurement specification as appropriate.

Consultation Programme

16. The consultation on management restructuring started on 23rd May. New management arrangements are expected to be implemented by the end of September 2011. No Cabinet approval is required, as the savings have already been agreed in Business Strategy for 2011-15.
17. These changes come at a time of rapid shifts in social care markets. The role of the Council as commissioner is to ensure that appropriate services are available, not to provide them directly. The Consultation exercise will include an opportunity to review the need for specific services, the range of support available and the willingness of Service Users to purchase those services using Personal Budgets.
18. Subject to approval by Cabinet of the principle of outsourcing these services, a Consultation exercise will be conducted with all key stakeholders to assist with developing the specification for procurement of external supply. The main elements for consultation will include:
 - The principle of outsourcing
 - Commissioning intentions for both Services
 - Potential development of Social Enterprise
 - Process and timescales for procurement
 - Options and models for alternative services
 - Redundancy arrangements for staff if applicable
 - Support available for staff and Service Users

Timetable and Next Steps

19. The range and diversity of services require a complex and extended procurement and transfer process. It would not be feasible to outsource both services simultaneously while maintaining quality and consistency of supply. The approximate outline timetable for efficiency savings and outsourcing is as follows. At this early planning stage a four month contingency period has been allowed which may affect the final transfer date of November 2012 set out on the next page. This may be modified following consultation:

ACTION	DATE
Decision in principle by Cabinet	21 st June 2011
Joint consultation programme for Supported Living and Daytime Support	July-September 2011
Report to Cabinet on outcome of Consultation	18 th October 2011
Procurement for Supported Living services	November 2011 - April 2012
Transfer of Supported Living services	June - August 2012
Daytime Support procurement	February - July 2012
Daytime Support transfer	September – November 2012
Contingency	December 2012 – March 2013

Financial and Staff Implications

20. The management restructuring will involve the reduction of 8 FTE posts in Daytime Support and 7.5 staff in Supported Living services. 3 additional Support Co-ordinator posts will be created in Supported Living, resulting in an overall net loss of 12.5 posts. There has been full consultation with UNISON about these reductions
21. The intention of the outsourcing programme is to re-provide most of the current services through external contracts. While the actual number of staff required to run these external services is not known at this point, it is anticipated that there will be jobs available for most of the support staff currently employed by the Council, and that most staff are likely to transfer with protected conditions of service under TUPE (Transfer of Undertakings – Protection of Employment) arrangements. If TUPE does apply, it will not be possible to achieve significant revenue savings in the short term in respect of those posts

Social Enterprise

22. Support for the Social Enterprise model is growing from central and local government, when outsourcing of public services is under consideration. This model will be actively reviewed in the Option Appraisal, but will only be recommended if it achieves best value for the Council and for Service Users. The development of a competitive Social Enterprise may well take longer than the period currently allowed in the Project. This model is not yet well-developed in Oxfordshire, and does not feature in the current framework contracts. Any transfers of staff to such an organisation may take place after April 2013.

TUPE

23. The preliminary commissioning intentions for the two services indicate that most services would continue in the same locations after transfer, and at approximately the same volume. In this case, there is a reasonably strong likelihood that TUPE will apply to the transfer, and that staff conditions of service would be protected. However, it will not be possible to give any firm assurances to staff until after any procurement exercise has been completed, as the new providers may wish to introduce significant efficiency changes which would affect the way services are delivered, and the skills required. Further details of the TUPE position will be given in the next Cabinet report.

Key Risks

24. The key risks that have been identified at this point are:
- Staff unwilling to transfer to external Providers, may mean an increased number of vacancies arising as we approach the transfer dates.
 - Loss of morale and loss of staff over extended procurement period would impact the delivery of services.
 - TUPE not applying to some staff
 - Delays due to development of Social Enterprise model
 - Impact of reduced transport availability on Day Support income

A full risk evaluation and mitigation measures will be included in the October 2011 Cabinet report

Impact Assessment

25. A preliminary impact assessment has been undertaken. This will be updated following consultation.

RECOMMENDATION

26. **The Cabinet is RECOMMENDED to**
- (a) **Agree in principle to the outsourcing of Supported Living and Daytime Support Services, subject to the outcome of consultation.**
 - (b) **Note the proposed reduction of 12.5 FTE management staff through voluntary and compulsory redundancy, to achieve efficiency savings already approved by Council in February 2011.**
 - (c) **Request a further report in October 2011 from the Director of Social and Community Services on the outcome of Consultation and the process for procurement of alternative services**

JOHN JACKSON
Director for Social & Community Services

Background papers:
Service Profile
Feasibility Study
Consultation programme
Communications Plan
Impact Assessment

Contact Officer: Martin Bradshaw, Assistant Head of Service, Tel: (01865) 323683

June 2011