Division(s): All

CABINET – 26 May 2015

HELP TO LIVE AT HOME – HOME CARE BUSINESS CASE

Report by Director of Adult Social Services

Introduction

1. The County has 72 home care providers on an Approved Provider List. The number of home care providers has developed in response to the personalisation agenda and a commitment to offer people a range of providers to meet their needs. This care can be purchased privately, with a direct payment, or through a spot purchase arranged by the Council.

2. However, individual spot purchasing does not give the Council sufficient leverage on providers to deliver fast and responsive services, as well as services with a consistent level of quality. Nor does it give providers sufficient assurance of on-going business to encourage them to attract more people into social care by employing staff on permanent contracts.

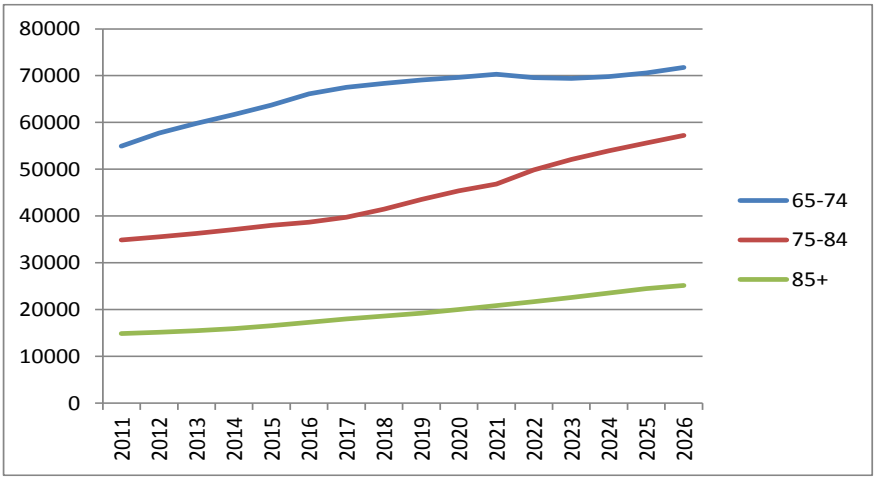
3. The County has developed a workforce strategy, in partnership with other agencies, which indicates that the number of care workers will need to grow by about 750 every year for the next 10 years to keep pace with the growing numbers of people requiring care.

4. In response to the above the Council has commissioned interim block contracts, using the suppliers on the Council's existing Approved Provider List, pending a longer term arrangement. Altogether nine providers have been awarded the contract across twelve contract localities in Oxfordshire. There were no interested providers for two other localities. The interim block contracts will guarantee 80% of new business within each locality to those providers that have been awarded contracts. The remaining 20% of business will be awarded on a spot basis to the other providers on the Approved Provider List.

Business Need

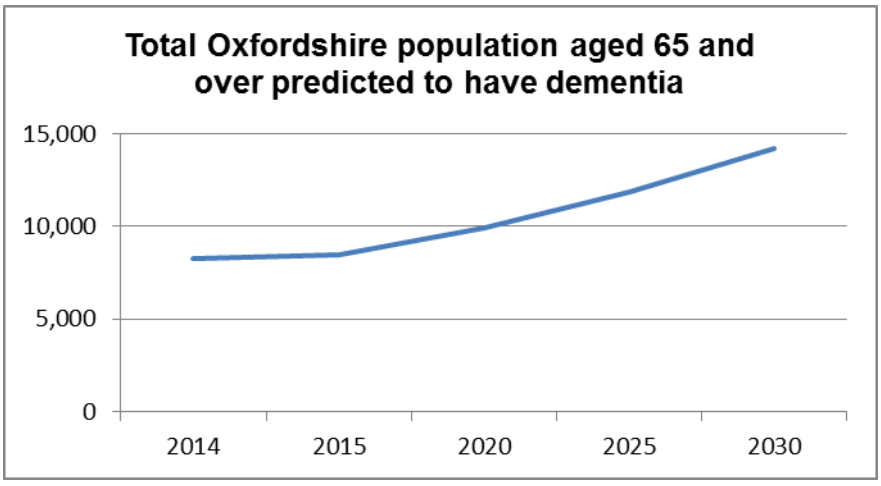
5. The population in Oxfordshire is ageing (see table below) and the County needs to increase the capacity and capability of home care services for the following reasons:
   - Home care can enable people to remain living at home longer and prevent people needing to move to a care home;
   - Home care can prevent people being admitted to hospital;
   - Home care can provide appropriate discharge from hospital so that people are cared for at home.

Population projections in the county for age bands 65-74, 75-84, 85 and over
2011-2026



Source: Projections by Oxfordshire Observatory/Insight

6. Furthermore projections of the prevalence of dementia in the older Oxfordshire population (aged 65 and over) estimate that from a 2014 baseline estimate of 8,229 there is likely to be a 21% increase by 2020 and a 72% increase by 2030 (see table below) . Home care can provide an important alternative to a care home, provided that the staff have sufficient skills to address these needs and appropriate assistive technology is put in place.



Source: POPPI: Dementia UK prevalence rates have been applied to ONS population projections of the 65 and over population to give estimated numbers of people predicted to have dementia to 2030

7. The current model of home care in Oxfordshire will not be able to deliver the capacity and capability required to meet future needs as providers do not have the security of future business. As a consequence two workshops were held to develop a new model of home care to respond to future needs. The outcomes of these workshops have informed reports to senior management and relevant politicians. They have endorsed the approach outlined in the paragraphs below.

8. The aims and vision of the new model for home care have been agreed as follows:
   - Keeping people living independently at home;
   - Preventing avoidable admissions to hospital and residential care;
   - Providing a responsive and reliable service;
   - Promoting choice and control (choice over outcomes rather than over provider);
   - Creating a bridge to health care and community support;
   - Promoting physical and mental well-being;
   - Equipping the workforce with the necessary skills;
   - Providing a generic service that is not client group specific, but has a focus on meeting individuals' unique set of requirements/needs;

9. The future home care model will be based on the achievement of outcomes. Essentially these outcomes will either be maintenance outcomes (helping people to remain at home and preventing institutional care) or developmental outcomes (either short term outcomes or outcomes which improve independence over time). It has been recognised that the future home care service will need to have an ethos running throughout of helping people become as independent as possible.

10. The intention is to develop incentives for providers to reduce the level and length of care packages over time, for those who can be enabled to become more independent. A number of models have been explored that incentivise outcomes including those for Wiltshire, Devon and Windsor and Maidenhead.

11. Workforce development is an important issue for the future of home care. The Council's workforce programme has worked in partnership with the Oxfordshire Association of Care Providers, and others, to promote the care sector as a career and help providers recruit and retain staff. A workforce strategy has been developed by the County with an implementation plan to increase the capacity and capability of the workforce.

12. The introduction of an outcomes based approach will need to be supported through the training and development of staff so that they can address the needs of those who have dementia, adopt an enabling approach, provide end of life social care and can install and use assistive technology.

13. In conclusion a new model needs to be developed to meet the future business need for home care in Oxfordshire, which is as follows:
   - Contracting with a smaller number of providers that supply the Council's commissioned services (i.e. in the region of 10 providers across the county, but no more than 15) so that the level of future business can be assured;
   - Approving a small number of providers to work within each of the five geographical localities, which will mitigate the risk of any provider going into liquidation or being placed on safeguarding alert (i.e. up to 5 providers within each locality with some working across more than one locality);

- Use sub-contracting, where appropriate, to ensure that the existing capacity within the home care market is effectively utilised and to encourage the participation of Small and Medium Sized Enterprises (SMEs);
- Adopting flexible cost and volume contracts which guarantee business based on actual delivery;
- Developing outcomes based support plans to enable service users to acquire independent living skills to become more independent, where possible;
- Developing a simple incentivisation model (i.e. rewarding providers for delivering outcomes which enable people to become more independent);
- Developing a long list of home care providers as part of the eMarket place, which can be used by those with a Direct Payment and self-funders and which will meet the expectations of the Care Act 2014 to facilitate and shape the wider care market.

14. The model has been discussed by senior officers in the Council as well as Members and this approach has been endorsed. The Business Case has been approved by the Joint Management Group, which governs the budget for home care.

Overview

Strategic Case

15. The Oxfordshire Joint Strategic Needs Assessment (2014 report) highlighted that the proportion of older people is likely to continue increasing and this will have implications for service demand. In fact the report found that demand for adult social care has been increasing at a faster rate than even that which would be expected by population growth, suggesting that previously unmet need is coming forward.

16. The current estimates of needs and services in Oxfordshire are as follows:

Category of Need	**Number**
Older People whose activity of daily living are limited a lot	24,000
People receiving long term support managed by the local authority	4,000
Estimate of older people receiving intensive (50 hours plus) informal care from a family or friend	5,700
Older People self-funding care home placements	2,100
Older People self-funding care at home	3,400
Needs currently met (local authority; informal; private)	15,200 (63%)
Potential unmet need which could come forward	**37% (8,800)**

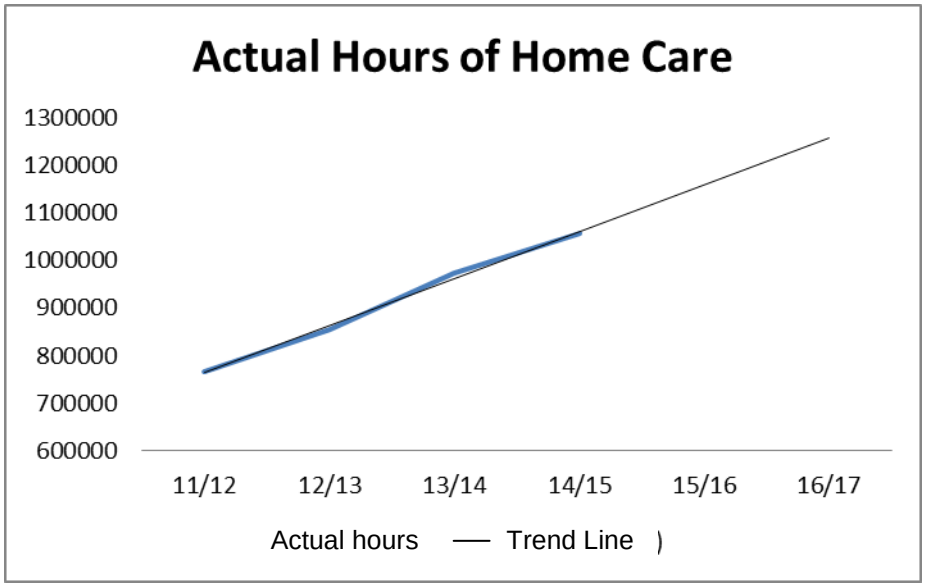
Source: Oxfordshire Joint Strategic Needs Assessment 2014

17. To address current and future needs the Council will need to adopt a different approach to the commissioning of home care services so that the market can respond to the growth in needs as well develop the skills required. Furthermore, the introduction of the Care Act 2014 will result in the Council taking new responsibilities for addressing the needs of self-funders.

Financial Case

18. Oxfordshire County Council spent £19,923,380 on home care during 2013/14 and purchased 1,053,314 hours. The number of people receiving home care arranged by the Council rose by 6.6% in 2011/12, a further 12% in 2012/13, 14% in 2013/14 and a 4% rise in the first 6 months of 2014/15. Those supported by a direct payment rose by 53% in 11/12; 19% in 12/13 and 11% in 13/14. Since April 2011 the number of people receiving home care arranged by the council has risen from 1485 to 2142, with those in receipt of a direct payment rising from 732 to 1473. This represents a 63% increase in people receiving home care in three and a half years.

19. In addition the average size of home care packages is increasing (in terms of hours). This means that costs are rising despite the hourly rate stabilising. The table below shows the projected number of hours based on a trend analysis. This trend shows that by the end of 16/17 the number of home care hours will increase to about 1.22m resulting in a cost to the Council of approximately £23,600,000.



Source: Performance & Information team Joint Commissioning

20. The business case is based on the following:
- Incentives to reduce the size and length of care packages through an outcomes based approach;

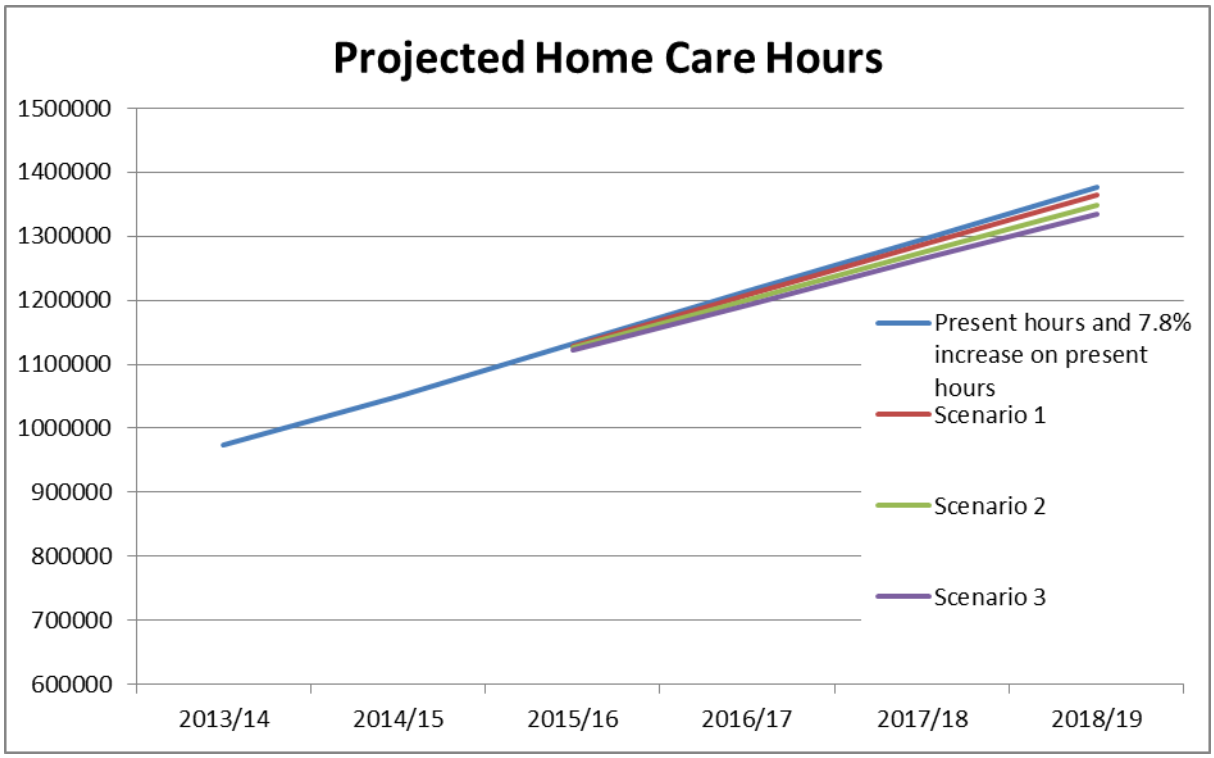
- As a consequence of the above reducing the rate at which overall home care costs increase of over time;
- Keeping people living at home and reducing the number of people who are placed in care homes and who are admitted to hospital;
- Reducing the costs of residential care as a result of keeping more people living at home;
- Potentially delivering lower hourly rates, than those currently paid, based on a competitive process of reducing the number of providers from 72 to about 10;
- Giving providers greater security so that they can employ care staff on guaranteed hours contracts, thus reducing staff turnover and enabling them to invest in learning and developing to deliver an enabling approach.

21. The Wiltshire model provides evidence that care packages can substantially reduce through the introduction of an outcomes based approach, although this service also incorporated reablement. The Wiltshire model shows how outcomes linked to incentives can encourage providers to find creative solutions for clients in their own communities.

22. Some high level modelling has been carried out to illustrate the potential benefit of the new approach in Oxfordshire. Using Adult Social Care data the percentages of all home care packages that decreased, stayed the same, or increased were identified. A number of scenarios were tested, which involved reducing care packages that fell into the 'decreased' or 'static' bands, on the basis that an outcomes based approach would result in these service users becoming more independent. These scenarios were as follows:

Scenario 1	The 104 packages that decreased during the year could be decreased by a further **10%** as a result of an outcomes based approach.
Scenario 2	In addition to scenario 1, **10%** of the 412 reviewed static packages could be decreased by a third as a result of an outcomes based approach.
Scenario 3	In addition to scenario 1, **20%** of 412 reviewed static packages could be decreased by a third as a result of an outcomes based approach.

23. The outcomes of these scenarios are shown in the chart below. This approach not only reduces the costs of home care to the Council, but it also enables staffing capacity to be moved from those who re-gain independent living skills to those who require care services.



24. The Council will not reward providers for what would have happened anyway. Therefore the Council will not agree incentives for care packages which reduce as a result of a social care review. Nor will the Council agree incentives for packages which would ordinarily reduce for other factors (i.e. the difference between the care that is planned and that which is delivered). The Council will only agree an incentive where the provider enables an individual to become more independent, as a result of achieving outcomes in a care plan.

25. The Council anticipates that at least 10% of all care packages can be defined as 'developmental'. An exercise conducted by Windsor and Maidenhead defined 15% of their care packages as developmental. There is clear evidence that there are some individuals who, following reablement (which supports a service user for up to six weeks following a crisis such as hospital admission), need a longer period of time to become more independent. The key interventions involve supporting people to do things for themselves rather than becoming dependent on a care worker doing things for them.

26. Although the competitive process should result in lower hourly rates it is difficult to predict whether such a decrease will be achieved, particularly as the County will require travel time and travel costs to be included. A report on the funding of home care across the UK (UK Home Care Association) found that Oxfordshire has the highest hourly rates in the UK. Oxfordshire has low levels of unemployment and high housing costs, which impact on the cost of the care workforce.

Preferred Option

27. Three options were considered by the Business Case, which were as follows:
- Do nothing
- In source home care
- Outcomes based framework of suppliers

28. The preferred option is to develop an outcomes based framework of suppliers as it will enable service users to become as independent as possible and improve their well-being. Furthermore the other two options would cost more over time.

Economic Case

29. The economic case is based on the introduction of incentives so that providers reduce the size and length of care package through an outcomes based approach, resulting in lower overall costs to the Council. The Council will support providers by guaranteeing them a volume of business, subject to delivery, so that care staff can be employed on guaranteed hours contracts thus giving greater certainty over capacity. Furthermore, the Council will contract providers to pay staff travel time and travel costs, as well as ensure a minimum level of training.

30. Home care will also divert people from moving into a care home, through adopting preventative interventions. This may involve individuals moving into extra care housing instead of a care home. Therefore, the home care service should reduce the level of expenditure on care homes.

Commercial Case

31. The commercial case suggests that an outcomes based framework agreement is the preferred option to reduce the rate at which home care costs to the Council are projected to increase. The initial cost and volume contracts, under the framework agreement, will be for three years to give providers some security over future business. A further call off could be introduced after three years enabling providers to have a total of six year's business from the framework agreement, subject to performance.

32. The Electronic Time Management System commissioned by the Council will be used to monitor the contract. The Council intends to introduce an outcomes module as part of this system, which will enable the achievement of outcomes for each service user to be reported by the care worker. The Placement Team can carry out validation visits to service users to check whether these outcomes have been achieved.

Opportunities for Innovation and/or Collaboration with Others

33. An innovative outcomes based approach is being proposed to deliver future home care services in Oxfordshire, moving away from the existing time and task approach. There will be incentives for providers to achieve independent living outcomes for service users. The County is currently considering incentivisation options, with the aim of introducing an approach that is easily understood and simple to administer.

Children Education and Families	There is an opportunity to collaborate with Children Education and Families and include home care suppliers for children (as a separate 'Lot'). Currently the Approved Provider List includes home care for children, but it has not been well used. Discussions have taken place with Children Education and Families to generate interest from the market and develop processes for better utilisation of these services.
Other Local Authorities	Oxfordshire has been exploring opportunities for collaboration with neighbouring authorities, in particular Buckinghamshire and Northamptonshire. Discussions have already taken place with both authorities. Buckinghamshire is due to re-commission their home services and introduce new contracts from March 2016. Although it may not be possible to jointly commission home care services it should be possible to work jointly to align the commissioning processes and develop the market.
Providers and service users	Oxfordshire has undertaken a programme of engagement with the provider sector to understand their concerns and to obtain feedback on how to improve the capacity and capability of the care market. The County is also undertaking an engagement process with groups of service users or those who represent service users. Oxfordshire is working closely with Oxfordshire Association of Care Providers, which has been established with grant aid from the Council, to support the care sector.
Health	The Clinical Commissioning Group is involved in the Project Group for the Help to Live at Home service. The intention is that Continuing Health Care funding will fund those service users who require delegated health care tasks. Care workers will received training for these tasks in accordance with the Shared Care protocol, which is a document sets out health care tasks that can be delegated to care workers.

Benefits

34. The benefits of the preferred option are as follows:

- As a result of having fewer providers the Council can guarantee a certain level of business and enable providers to employ staff on guaranteed hours to deliver the capacity required;
- To ensure sufficient capacity to deliver services the Council will encourage sub-contracting arrangements;

- Through having a relationship with fewer providers the Council will be able to develop and shape the future care market more effectively;
- Incentives will help providers move to an outcomes based approach as it will be in their interests to introduce such a change;
- Ultimately the overall costs of home care should not increase at the same rate as the current model, as people will become independent more quickly;
- Through having a relationship with fewer providers the Council has the opportunity of supporting these providers to identify the training needs of their workforce and to increase capacity to meet future demand.

35. There are also considerable benefits for service users, including;
- Enabling them to become as independent as possible and lead a more fulfilling life;
- Engaging service users with other support services including local community services as well as other support available locally e.g. good neighbours;
- Reducing the costs of care for those that make a financial contribution to their care package.

Critical Success Criteria

36. The critical success factors for the preferred option are as follows:
- Generating the level of capacity needed for the future, particularly in rural areas.
- Meeting enhanced response targets to start or restart urgent care packages within 24 hours, as well as planned care packages within 48 hours.
- Reducing the length and intensity of care packages, where individuals have developmental needs.
- Preventing people moving into care homes by providing a responsive community alternative.
- Reducing the number of non-elective admissions to hospital.
- Reducing the overall cost projections for care packages under the current model.

Tolerances and Constraints/Risks

37. The main constraint involves changing a culture where care staff work on the basis of a task and time approach, to that where staff work on the basis of outcomes. This change will require staff to develop new ways of working. As the Council will be contracting with fewer providers it will be easier to communicate the new approach. However, there are a large number of care workers to train in this new way of working and the resources available for such training may be limited.

38. The strategic risks are as follows:
- The Council may be unable to meet its statutory requirements due to only having a few providers
- Insufficient resources to train staff to deliver an enabling approach

39. The operational risks are as follows:
- Too few providers to deliver the capacity required (this could be mitigated through sub-contracting)
- Risks where the selected providers become financially unviable or are suspended due to safeguarding issues

Social Value

40. The procurement of the service will involve an assessment of social value that a provider could offer. Social value will form one of the award criteria for the contract. Providers will have an opportunity to include proposals such as the use of apprenticeships, sub-contracting with Small and Medium sized Enterprises or other aspects that may enhance the social value of their bids.

41. The procurement of the home care service itself is intended to add social value, as an outcomes based approach will enable people to live more fulfilling lives and will help to reduce isolation by linking people into community services.

Affordability

42. In assessing affordability it will be necessary to take account of the impact of home care on the whole system. Home care, including home care provided within an extra care housing setting, can prevent people from moving into a care home as well as prevent non-elective admissions to hospital. The prevention of admissions to care homes will have a direct impact on the spend from the pooled budget, whilst the spend on hospital admissions sits outside the pool.

43. Over the past three years the number of admissions to care homes has increased, and is likely to continue to do based on population forecasts, showing nearly a 40% projected increase over the next 10 years of people aged 85 or above.

Admissions	Residential Care Homes	Nursing Homes
2011-12	240	311
2012-13	237	345
2013-14	259	367

Data sourced from OCC Performance & Information team – Joint Commissioning

44. An outcomes based home care service has the potential to reduce the length and intensity of a care package. If the number of admissions to care homes can be reduced by 10% each year then savings of £1.1m p.a could be generated.

45. This analysis does not include the benefits to the health system, in particularly delaying or preventing, admissions and speeding up discharge. A home care services which is based on outcomes and incentivisation should motivate

providers to take steps to prevent client 'falls', as well as promote the installation of assistive technology. Also dementia training will enable care workers to identify dementia earlier and understand what steps need to be taken. The reduction of costs to the health service may be considerable.

5. Commercial Aspects

Outcomes Based Specification

46. The service specification will require home care to deliver personal outcomes for service users. There will be two types of outcomes:
    - Developmental outcomes
    - Maintenance outcomes

47. The service specification will include key performance indicators for both these outcomes. The key performance indicators relating to developmental outcomes could include the reduction of and length of time for care packages. The key performance indicators relating to maintenance outcomes could include the proportion who end up in residential care and are admitted to hospital.

48. The Council is currently carrying out work to incorporate outcomes into the social care assessment forms. These outcomes may be a mixture of predetermined outcomes and free text outcomes related to the needs of service users.

Sourcing Options

49. As the Council wants to contract with fewer providers, a framework agreement provides the most flexible arrangement in terms of procurement. The Council intends to enter into a framework agreement with selected providers and then call off services using a cost and volume contract. The intention is to guarantee providers business, subject to delivery.

50. The selected providers will be called off from the framework agreement for a minimum number of hours within each locality. This approach will enable the Purchasing Team to deploy the capacity in the most efficient way so that productivity is increased (i.e. reduce the amount of travel time). The Council is currently exploring the most appropriate IT system to effectively manage the scheduling of care packages with providers to increase productivity.

51. The proposed Lots for the framework agreement are shown below (based on District/City Council boundaries). There is a separate Lot for home care provided within an Extra Care Housing setting, as some providers only supply this type of service. There is also a Lot for home care for CEF, where it is estimated that there is a demand for 3 or four providers working across the County specifically with children.

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5
Home care (adults)	Up to 5	Up to 5	Up to 5	Up to 5	Up to 5
Extra care housing	Up to 10 providers				
CEF	3 or 4 providers				

52. Some capacity could be reserved for mini-competitions where there are highly complex packages for certain individuals requiring a high intensity of staffing. Where this is the case the Council would carry out a mini-competition with providers in the relevant zone.

53. One of the problems with a conventional framework agreement is that providers are fixed for the term of the framework, unlike a dynamic purchasing system (where providers can be refreshed). The home care market can change over time, with excellent providers becoming less effective and businesses going into liquidation. The Council will have the ability to suspend providers from the framework agreement and, where necessary, terminate the agreement. However this will impact on the capacity of the framework agreement.

54. Therefore, it is proposed that the Council procures a dynamic framework agreement. This is a hybrid arrangement whereby an individual Lot can be opened up to the market, should the number of providers reduce. This may not happen that often, but will allow the Council the ability to refresh individual 'Lots' without needing to retender the whole framework agreement.

55. This approach has been discussed with legal services who consider that such an approach falls within the new 'light touch' EU regime that covers social care. More detailed work will need to be carried out with legal services, including the process for refreshing the framework agreement.

Payment Mechanisms

56. Providers will be paid on the actual hours that are delivered against the contracted number of hours set out in the call off order placed. Providers will be able to submit different hourly rates for each locality to take account of the variations in the employment market across the County.

57. In addition providers will receive an incentive where individuals achieve their outcomes and become more independent. The Council is also considering the use of penalties, where a care provider does not pick up a package in the required timescale.

Risk Allocation and Transfer

58. Although some authorities have transferred the risk of incentives to providers (for example an 80% upfront payment, with a further 20% payment related to

the achievement of outcomes), this arrangement will not be appropriate for Oxfordshire. The analysis of the care market in Oxfordshire shows that there is very little appetite to increase capacity, unless there is guaranteed work at very little risk to the provider. Although penalties could be introduced for non-performance, this market would not respond favourably should financial risks be shared in relation to the achievement of outcomes.

Contract Length

59. Providers will be contracted onto the framework agreement for a four year term, with an option to extend for another two years. The initial cost and volume contracts will be called off for three years to give providers some security over future business. At the end of the three year term the Council could have an option of extending the contracts for further three years, only for those that have performed effectively during the term of the initial call off.

Staffing Implications

60. There are unlikely to be TUPE implications due the fact that most care staff are employed on zero hours contracts (Skills for Care data shows 53% of the workforce). Furthermore, we have been advised that due to the fragmented nature of the work those that are employed on guaranteed hours are unlikely to create TUPE implications.

Equalities Assessment

61. There has been a Service and Community Impact Assessment carried out for the implementation of the proposed framework. This assessment has identified that the majority of existing service users will not be adversely affected by any changes. There is likely to be a positive impact, as existing and new service users will be supported to maximise their independence and well-being.

Implementation Timescales

Tasks	**Dates**
Joint Management Group	February 2015
Commercial Services Board	February 2015
Soft Market Testing	January - May 2015
Project Group Meetings	January - July 2015
Development of tender documents	March - July 2015
Tender process	July-September 2015
Evaluation	October 2015
Award	December 2015
Contract start	April 2016

RECOMMENDATION

62. It is recommended that Cabinet agrees the proposed Oxfordshire model for home care

JOHN JACKSON
Director of Adult Social Services

Contact Officer: Shaun Bennett: Commercial Services and Market Development Manager

May 2015