

CABINET– 19 MARCH 2019

HOME CARE: OPTIONS APPRAISAL AND RECOMMENDATION TO IMPROVE THE HOMECARE MARKET IN OXFORDSHIRE

Report by Director of Adult Services

RECOMMENDATION

Cabinet is RECOMMENDED to continue with the current care purchasing and provision arrangements and whilst doing so it also commits to:

- (i) support and develop the home care market by creating a new partnership model;
- (ii) developing alternative models of home care;
- (iii) improving outcomes for people receiving reablement and reviewing our arrangements for contingency.

Executive Summary

1. The Council purchases home care for adults from the independent market. There are challenges regarding the responsiveness, cost of care, capability of providers and the stability of the market. The Council purchases less than 50% of the total home care services provided in Oxfordshire, the remainder is purchased by self-funders.
2. Five home care agencies in Oxfordshire exited the market between Autumn 2016 – Spring 2017, following which full council passed a motion asking officers to explore establishing a small flexible home care service. A comprehensive review of all options has been undertaken, which ranged from becoming a large provider of home care to enhancing the status quo. This has included benchmarking the approach of other authorities, which found that in the majority of cases where local authorities continued to deliver an internal provision, it was done so as part of a reablement service.
3. The report also reflects the work we have been doing locally and regionally to strengthen our assessment of the care market and ability to effectively respond to capacity challenges.
4. This options appraisal demonstrates the potentially high cost of providing an internal service, the risk of significantly destabilising what is already a fragile care market in Oxfordshire and the complexity and management support required to run an internal service.
5. The appraisal of the five options that were explored found that they were not likely to meet the challenges within the home care market. They are therefore not recommended approaches at this time.

6. This has led to a recommendation to broadly continue with our current approach to working in partnership with providers whilst undertaking steps to address the challenges outlined above and which are covered in the recommendation section of this report.

Background – Home Care in Oxfordshire

7. The provision of care in a person's own home helps them to stay well and independent; helps avoid admissions to care homes; and helps to support pressures in the NHS by providing care which helps to avoid admission to hospital and to facilitate discharge from hospital.
8. Home care is personal care services provided in a person's own home, it includes help to wash, dress, prepare and eat meals, take medication and carry out day-to-day activities.
9. The Council has a statutory duty under the Care Act 2014 to provide care and support for people at home, following an assessment of eligible needs. The Care Act also places a duty on the council to maintain an efficient and effective care market for the population of Oxfordshire, including people funding their own care.
10. As at 1 July 2018 Oxfordshire County Council paid for 22,000 hours of home care for adults per week, supporting around 2,000 people. This costs approximately £20m a year. Additional home care is delivered via reablement and continuing health care, but the biggest group is estimated to be privately purchased home care purchased by an estimated 3,000 people in Oxfordshire.
11. Most home care for older people is delivered by independent sector providers. The Council contracts with 8 main home care providers under the Help to Live at Home Framework. This framework began in 2016 with the intention of delivering strategic partnerships and lead provider arrangements with Oxfordshire's main providers. 39.8% of care is delivered by these providers with a further 74 accredited providers of care services also operating in Oxfordshire.
12. As demonstrated by the most recent Care Quality Commission ratings, providers in Oxfordshire provide a high quality of care. Providers in Oxfordshire are rated 6th highest quality in the country for older people's services and 9th for all services.
13. On 31 July 2018 the Council transferred 21 staff previously employed by a home care provider into Council employment. This decision was taken following the immediate notice received from the provider that they would no longer be able to provide care for around 70 people. This decision was taken as an emergency response to ensure the continuity of employment for the affected staff and continuity of care for people. These packages of care have subsequently been transferred to external existing homecare providers in Oxfordshire.

14. Oxfordshire County Council directly delivers a small amount of care to 120 disabled children and employs 27 care staff to do so.
15. The Council also commissions an Urgent Response Service which is a small emergency response service contracted through one of our accredited providers. The service provides emergency support to individual service users in a social care crisis, who may otherwise be admitted to hospital or a care home; or where the person's safety, health or wellbeing may be compromised. The Urgent Response Service has an operating capacity of 12 service users receiving emergency care at any one time, but this can vary slightly depending on demand and level of care needed.
16. The Council funds short term rehabilitation and reablement services for people who are fit to be discharged from hospital, but who it is judged may benefit from short term support in their own homes. This reablement service is available to anyone meeting assessment criteria who elects to receive care and is not means tested.
17. Reablement services are provided through a contract with Oxford University Hospitals Foundation Trust's Home Assessment and Reablement Team (HART). This contract is jointly funded and managed with Oxfordshire Clinical Commissioning Group. In 2017/18 the reablement service supported 1,960 people at a cost of £1.243m.

Background: Oxfordshire's Home Care Market

18. In 2016-17 Oxfordshire's home care market experienced a period of instability with 5 home care providers exiting the market at short notice. These providers cited a range of reasons for their decisions, including inability to recruit and financial sustainability.
19. When providers exit the market in an unplanned way, the Council retains our statutory responsibilities in relation to people receiving care and must ensure that people are supported whilst alternative arrangements are put in place. Usually, the Council works with other care providers to facilitate and support the transfer of staff and people to another provider but, in some cases, this has meant that Council employees have been required to deliver home care in the short term to support continuity of care whilst this transfer takes place. These interim arrangements can have a significant impact on the council in terms of both cost and their effect on business as usual work.
20. In July 2018 a provider exited the market with immediate notice and the Council chose to transfer these staff into our direct employment. This decision was taken as a temporary measure in the context of a home care market which was under typical seasonal pressure caused by the summer holiday period and the service users have subsequently been transferred to existing external home care providers.

21. There is an increasing view that the home care market nationally is fragile and lacking in stability. This is evidenced in Oxfordshire by the number of providers who have exited the market. Home care providers are also communicating that recruitment challenges in particular are limiting their ability to grow and sustain their businesses.
22. Oxfordshire's tight labour market and low unemployment continues to create major recruitment challenges for all sectors not least the caring industry. The home care market in Oxfordshire has faced major challenges for some time leading to insufficient capacity in the market which impacts on people being able to access these services in a timely way.
23. The ability of the market to grow in response to demographic pressures is also key for the Council's ability to meet people's needs. Another concern for some providers is how they can effectively run their business and maintain or improve quality standards within tight margins. This has seen some providers choosing to either increase or concentrate solely on their private customer base, where the provider has greater control over the price paid for care, in order to sustain their business.

Key Issues: Home care in Oxfordshire

24. The current key issues regarding home care for Oxfordshire and the Council are capacity, responsiveness, price, and capability.

Responsiveness and Capacity

25. Once a person is assessed as requiring home care, the Council's Sourcing and Placements Team look for a provider with availability to deliver the care. Initially the Help to Live at Home Providers are approached, followed by the other providers that provide care in the area where the person lives.
26. The volume of care purchased by this team in 2016-17 increased by 12%, however in 2017-18 the volume of care purchased remained stable. This indicates that the home care market is plateauing and, whilst the Council's demand for care linked with demographic pressures continues to increase, the market is not consistently able to respond to this.

Price

27. In addition to the challenges in sourcing home care, the average hourly cost of long-term care purchased by the Council is increasing. According to UK Homecare Association data Oxfordshire pays higher rates than other Councils in the South East.
28. The rise in average price of care and increasing numbers of people for whom care is being sourced is indicative of a tightening market for home care services in the County.

29. Other than the notably high hourly rate paid by the Council for home care, there is no evidence that Oxfordshire is unusual in having to work harder to find care providers. 54% of Councils across the UK report difficulties in finding home care, with only 7% of Outer London authorities deeming they have enough older people's care to meet demand.

Capability

30. As Oxfordshire's population ages, people are living longer with a range of needs with which they need support. These needs are increasing in acuity and often include healthcare tasks, some of which can be delegated to home care workers providing the correct training has taken place.
31. It is also increasingly likely that complex equipment may be needed, particularly to support people with moving and handling requirements.
32. Meeting these increasingly complex and diverse needs not only takes more time, but also requires home care workers to have a greater range of training and willingness to work with this client group. Relative to other jobs paid at a similar level, this may lead the workforce to consider that working in home care is a more challenging role and encourage them to seek employment in other sectors.
33. Home care providers are therefore required to invest increasing amounts of resource in ensuring they have recruited the right staff and provided the right training, and staff must be willing and capable to undertake these more complex care packages. This is reported by providers as a challenge affecting recruitment and a factor in the rising cost of home care.

Options appraisal: the future of home care

34. In response to the challenges outlined above, the Council has considered the commercial options available to deliver home care, including whether the Council should enter the market as a direct provider of care.
35. The Council has previously employed home care staff through the internal Home Support Service. The service operated county wide with three main bases employing c.315 staff (including back office staff) providing services to c.3,500 service users. The service managed some ancillary services such as Extra Care Housing and the Laundry Service. As part of efficiency savings, the service closed in 2010.
36. The potential options for the future delivery of home care are:
- a. Continuing with the current purchasing and provision options - no change option
 - b. The Council enters the market as a **large-scale provider of care** - to provide a significant volume of the home care services it will purchase

- c. The Council enters the market as a **small-scale provider of care** - alongside the current c.80 providers.
 - d. The Council enters the market as a **provider of reablement services** - whilst continuing to purchase the bulk of long term care from private providers
 - e. The Council enters the market as an **emergency provider of last resort** - continuing to contract externally for reablement and long-term home care but creating capacity to intervene to address service failure or other emergencies
37. Detailed work has been undertaken to consider each of the options above, considering the available data regarding service provision, future demand, practical and logistical issues relating to service design, and the costs of each option.
38. Following appraisal of the options described above, conclusions regarding each option are described below using the following terms

- Suitability*** the effectiveness in addressing one or more of the challenges the Council faces;
- Feasibility*** the relative ease of delivery of the option and evidence of the options being delivered elsewhere and;
- Acceptability*** a view on the financial, strategic and political impact of implementing the option

Option A: No Change

Suitability

39. The Council has a range of contractual arrangements in place, including with lead providers under the Help to Live at Home Framework and spot contracts with approved providers. These arrangements are well established and are currently used as the basis upon which care is purchased and it is possible that that these arrangements could continue going forward.
40. However, the recent market instability and ongoing undersupply indicates that these arrangements are not delivering at the necessary level to meet the capacity and capability challenges ahead. The current arrangements **may only be suitable assuming that sufficient alterations are made** following the recommendations outlined below.

Feasibility

41. Adult social care has committed to implement a programme of review/reassessments designed to ensure that homecare capacity is allocated in line with the Council's core offer of support. In delivering this, we will need to ensure that the contracting, purchasing and provider relationships are streamlined. The current arrangements **will only be feasible if sufficient alterations are made.**

Acceptability

42. The current model of contracting and purchasing homecare has not resulted in market expansion this is likely to be linked with broader factors such as the supply of workforce, and the strength of the Oxfordshire self-funder market. In terms of managing future capacity, capability and spend within homecare the current arrangements **may only be suitable if sufficient alterations are made.**

Option B: The Council enters the market as a large-scale home care provider

Suitability

43. By re-entering the market for direct provision of services the Council would have greater control over deployment of resources and, by potentially providing better pay and conditions, could positively influence workforce capacity in the sector.
44. If the Council were to declare this option as our intention, providers may choose to hand back contracts immediately believing that commercial viability in Oxfordshire in the medium to long term is significantly compromised. This will significantly increase the risk of service failure, one of the factors the Council hopes to address.
45. This short to medium term risk of destabilisation means that this option **is not suitable.**

Feasibility

46. Traditionally rapid growth or entry into any market is achieved by acquisition of existing providers and contracts and TUPE of staff. Except in the event of business failure and step-in, public sector procurement rules make this difficult to achieve without the Council paying a significant premium to the existing businesses. The alternative is to grow a business directly or via an arm's length trading company. In either case setting up the business will require significant investment, resources and expertise. A business delivering 75% of the existing Council business would require 1,200 FTE care workers (1,500 staff) with a management team of c50-60 and take a minimum of two to three years to implement.
47. With the resources and capability currently available to the Council it is unlikely that this option could be delivered at scale within two years therefore this option **is not feasible.**

Local Authority Trading Company (LATC)

48. The option of creating a Local Authority Trading Company has been considered but it is clear that this would not necessarily address some of the key issues in relation to responsiveness, price and capability.
49. Where a local authority wishes to trade or do things for commercial purposes, it must do so through a company.

50. In order to ensure transparency and competitiveness with the private sector and to avoid breaching the state aid rules, the company must not be subsidised by the authority. There would also be significant additional overheads for the governance, legal and accounting requirements and structures that would need to be put in place to support and manage the company.
51. To create a new LATC in Oxfordshire, we would need to recruit care workers and actively work to retain that workforce on an on-going basis. The workforce challenges locally mean that is likely to be very difficult and is likely to impact adversely on other local providers who we know are already working hard to maintain their current workforce.

Acceptability

52. It is unlikely that the Council or an arm's length company created by the Council would be able to manage costs as effectively as a commercial provider.
53. Delivery of homecare works best with localised delivery at a community level, which counteracts any economies of scale from a countywide service. This remains true even where delivery is achieved via an arm's length company, which typically operates with lower staff and on costs than councils. Management overheads remain high to deliver countywide coverage.
54. Detailed benchmarking figures from other local authorities are difficult to obtain; as the costs are dependent on scale, the nature of the service, and local employment and market conditions. However, we are aware from regional networks with colleagues in other authorities that working figures in excess of rates paid through external contracts are commonplace.
55. For this reason, further consideration of full or partial implementation of this option **is not acceptable**.

Option C: The Council enters the market as a small-scale provider of care

Suitability

56. By entering the market on a smaller scale, the Council could obtain some direct control over service delivery. This would enable the Council to directly deploy staff (where capacity allowed) to pick up priority packages or step into emergency situations. It is possible that the Council as a homecare provider could be more successful in recruiting and retaining staff.
57. However, if the Council were to declare this as our intention and begin to recruit staff it is possible that we would recruit staff who are already working in the market for other providers; this would therefore not result in a net increase in capacity within the market. We are also aware that the complexities of running a homecare organisation – including roster management, visit scheduling, sickness cover, managing the safeguarding risk, ongoing recruitment & training – over a 7-day service require suitable management and support structures which are not currently within the Council's current or future operating model.

58. Given the undersupply of homecare, it would not be possible for the Council to protect capacity within the service to respond to emergency situations, it is likely that the service would be 'blocked' with long term service users thus not increasing responsiveness.
59. We therefore do not have evidence the Council acting as a provider in an already plural market would bring additional capacity or stability, for these reasons this option **is not suitable**.

Feasibility

60. As a smaller scale provider, the Council could employ fewer staff members and have reduced management overheads. Whilst this potentially easier to set up, the acquisition route is subject to the same public-sector procurement challenges; and a route via direct recruitment of staff is likely to be protracted due to workforce challenges. Should the Council choose to operate county wide, a small-scale homecare service would have low efficiency due to staff travel time. For these reasons this option is considered **not feasible**.

Acceptability

61. Management overheads would be likely to make the unit cost of a small service prohibitive, combined with potentially low efficiency resulting from county wide travel.
62. It is also likely that this option would destabilise the Council's relationships with existing home care providers, as the Council would be in direct competition in the market. This would derail the Council's plans to work collaboratively with providers. For these reasons this option is considered **not acceptable**.

Option D: The Council enters the market as a provider of reablement services

Suitability

63. This option would allow the Council direct control over the performance of the service, service design, resource prioritisation and outcomes. This option **may be suitable** to address the concerns about the effectiveness of the reablement pathway and maximising reablement outcomes for people.
64. However, this option does not address the problem in securing longer term home care services on its own, or increasing stability in the market place **this option would need to be part of a wider strategy to address supply of home care**.

Feasibility

65. The Council would be setting up a business employing c150 people and delivering a significant volume of care over 7 days with rapid response times. This option would be easier to implement than Option A but still requires significant effort and time to prepare and implement. Each option requires costing, taking into account the associated impact on outcomes and service design. This option **is feasible**.

Acceptability

66. This option would need to be considered in the wider context of the desire to move towards an Integrated Care System in Oxfordshire and be mindful of the current commissioning arrangements.
67. Plans for alternative delivery mechanisms and a business case for implementation would need to be worked up. Whilst this option will allow the Council full control over an important strategic area of service deliver, **this option on its own is not a full response to the problems** in the long-term home care market.

Option E: The Council enters the market as an emergency provider

Suitability

68. A team of care workers designated to provide emergency response directly employed by the Council would allow the Council direct control over these staff, and allow the staff to be deployed flexibly where necessary. This option requires the emergency provider to have staff with spare capacity with which to respond to service failure.
69. This model works with maximum commercial efficiency where it is part of a larger service where staff downtime can be minimised by deployment on other tasks. As a standalone service there is a high degree of inefficiency if staff were not deployed in a planned way, resulting in a high unit cost.
70. Therefore, it is likely that arrangements with existing providers would be a more economically advantageous way of achieving the same objectives and therefore this option is **not suitable** as a standalone option.

Feasibility

71. Management and infrastructure arrangements to develop this option would be lower than for options 1 and 2, given the smaller size of the team. However, the capability to deploy these staff effectively thus ensuring that home care workers – a valuable resource in Oxfordshire – are utilised with maximum efficiency would need to be put in place. This option is considered **not feasible** as a standalone service.

Acceptability

72. It is unlikely that this option would deliver greater efficiency than arrangements currently in place under contracted arrangements. Therefore, this option is considered **not acceptable** as a standalone option.

Financial and Staff Implications

73. The budget implications of each option are explained above, where these are known. Further work would potentially be required to reconfigure total spend on home care once the preferred option for future delivery is known.
74. Any proposals to change the way home support is provided need to ensure the most effective use of funding available and should not increase the costs being

incurred by the council unless there were other efficiencies achieved as a result.

Equalities Implications

75. The Council's obligations to meet people's assessed needs, and our broader strategic responsibility to ensure market sufficiency for people who fund their own care will be met under each of the options above. Therefore, the options above do not disproportionately affect any group of people.

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Background papers: Nil

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