

ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE
3 NOVEMBER 2015

FULL BUSINESS CASE FOR THE JOINT COMMISSIONING OF PERSONAL CARE SERVICES PROVIDED IN THE HOME (HELP TO LIVE AT HOME PROGRAMME)

REPORT OF THE DIRECTOR OF ADULTS AND COMMUNITIES

Purpose of Report

- 1 The purpose of this report is to update members of the Committee on the progress of the Help to Live at Home Programme (HTLAH) in relation to the full business case (FBC) for the HTLAH programme and progression to the procurement stage.

Policy Framework and Previous Decisions

- 2 The HTLAH programme fits with the objectives to meet the County Council's financial targets and to work together with partners to provide more integrated health and social care services as set out in the following:-
 - Leading Leicestershire: Transforming Public Services; Leicestershire County Council Strategic Plan 2014-2018;
 - The Better Care Together Programme.
- 3 The HTLAH programme is included in the County Council Transformation Programme within the 'Work the Leicestershire pound' service transformation area.
- 4 The final report of the Scrutiny Review Panel on HTLAH was presented to the Adults and Communities Overview and Scrutiny Committee on 2 June 2015 and the Cabinet on 16 June 2015. The scope of the review formed part of the wider County Council Transformation Programme. The recommendations of the Panel will be embedded within the programme design and delivery.
- 5 On the 7 October 2015, the Cabinet approved the FBC for the HTLAH programme, as set out in Appendix A to this report and authorised the Director of Adults and Communities, in consultation with the County Solicitor, to negotiate and enter into:-
 - (a) Arrangements under Section 75 of the National Health Service Act 2006 with the East Leicestershire and Rutland (ELR) and West Leicestershire (WL) Clinical Commissioning Groups (CCGs);
 - (b) Any other contractual arrangements necessary, including the award of contracts to providers of domiciliary health and social care services and any arrangements for the transfer or secondment of staff that the County Solicitor considers necessary to give effect to the Section 75 arrangements;
 - (c) It be noted that the Section 75 arrangements may include the provision for the County Council to undertake on behalf of the two CCGs so much of their associated back office functions as may be necessary to enable the County

Council to act as the lead contracting body once these functions and the related timescales have been fully determined;

(d) Subject to the satisfactory conclusion of the Section 75 arrangements, the Director of Adults and Communities, in consultation with the Director of Corporate Resources, be authorised to enter into a procurement process for the new HTLAH service and award contracts for the provision of the service with effect from September 2016.

- 6 The FBC sets out the proposed model of care to be commissioned for health and social care personal care services. This must be approved to ensure that the procurement follows due process and is completed to timescale, with contracts in place no later than the 2016/17 financial year.
- 7 It is necessary to establish formal arrangements in order that the two CCGs may delegate to Leicestershire County Council any functions (to be determined through development of the agreement) relating to the commissioning and procurement of the service, and the undertaking of the associated back office functions under Section 75 of the National Health Service Act 2006.

Background

- 8 The County Council commissions domiciliary care from 150 different providers, 60 of which are also used by the NHS for patients with continuing health care needs where separate contract management arrangements are in place. The large number of providers results in difficulties for commissioners in engaging and managing the local market. The HTLAH programme is seeking to commission from a smaller number of providers in order to develop stronger strategic relationships.
- 9 The existing arrangements do not represent an effective use of resources, and as part of the procurement exercise for the HTLAH service, there will be a single contract between the County Council and independent sector domiciliary care providers for both social care and health care services.
- 10 Through the commissioning of a new integrated service model, the Council is aiming to provide a combination of benefits; to individuals in receipt of care, providers delivering the care, commissioners of the services, across both the NHS and Local Government, as well as delivering system wide benefits by supporting more effective care outside of hospital.
- 11 It is intended that the CCGs will delegate to the County Council those functions necessary to enable it to arrange the required health care including the delivery of rehabilitation care; the delivery of care to people with health care needs and care planning.
- 12 A new joint approach to commissioning is proposed from 2016/17, which will entail rationalising the number of providers to a maximum of 18 and commissioning the new model of care in new locality based Lots¹, through one specification and one contract. The contract will be delivered on a lead contractor basis via a Section 75 agreement with integrated back office functions, so that providers interface with one point of contact, supported by joint contractual and performance management systems as agreed across NHS and Local Authority (LA) commissioners.

¹A geographical area for which a provider will bid in the procurement process

- 13 The benefits that are expected from the proposals are:-
- (a) Improved outcomes for service users;
 - (b) Home care delivered as a core element of the wider integrated care and support being developed in Leicestershire localities;
 - (c) Improved market management/market development from a commissioning perspective;
 - (d) A more resilient market to meet the changing shape of health and care services and the anticipated increase in demand for community based services to meet future demographic growth;
 - (e) Achieving savings, per the medium term financial plans of NHS through reduced expenditure on Continuing Healthcare (CHC).
 - (f) County Council savings targets of £1m by 2017/18 are achieved.
 - (g) An increase in percentage of those service users who are satisfied with the care and support they receive. This increase will be measured against the 2013/14 baseline of 60.1%;
 - (h) Contain growth in spend to the assumptions made by the Medium Term Financial Strategy (MTFS) and NHS Financial Plans;
 - (i) Support Better Care Fund performance targets to:
 - (i). reduce delayed transfers of care,²
 - (ii). reduce permanent admissions
 - (j) Ensure Length of Stay for patients is less than 10 days. The rationale for this is to reduce the decompensation of patients staying in hospital and to maximise their chances of reablement.
 - (k) Enable the CCGs to achieve a reduction in CHC overspend.
- 14 The service model has been designed to help people achieve maximum possible independence at home, by focussing on reablement. It will support individuals following hospital discharge, or who need more support in the community to avoid an admission to hospital or care home setting. It will reduce length of hospital stay, the number of admissions and long term dependence on inappropriate levels of care that can have a detrimental effect on a person's quality of life and place unnecessary pressure on the resources within health and social care.
- 15 Once the contract has been awarded there will be a transitional phase during which existing service users will need to be reviewed, where appropriate, as they potentially transfer to new providers. While the detail around the transitional costs is not yet available, it is anticipated that resource implications which arise from this will be funded from existing funding streams, where possible.

² Department of Health targets to be refreshed and updated in autumn 2016

- 16 There is an expectation that efficiencies will be made through the integration of back office support services. Work to assess the breadth of opportunities available through the amalgamation of a range of commissioning support functions currently being undertaken by both the NHS and the local authority is still to be fully determined, but could include contracts monitoring and management, purchase orders and payments, brokerage, financial and performance reporting and business support. These are likely to be implemented on a phased basis and may involve the secondment or transfer of staff between the organisations. The partners will make all of the necessary arrangements in this regard.

Section 75 agreement

- 17 The purpose of the Section 75 agreement between the County Council and the two CCGs is to set down the respective parties' obligations in relation to the arrangements entered into by them in order to facilitate the commissioning and provision of personal care services (domiciliary care) provided in the home and will set out:-
- The eligible service users included in the agreement;
 - Arrangements between the County Council and the CCGs for risk sharing for savings;
 - Mechanism for CCGs to make financial contributions for the care they commission;
 - The delegated functions to be exercised by the County Council on behalf of the two CCGs relating to the operational policies and procedures of personal care service delivery and back office support services;
 - The CCGs and the County Council's respective roles and responsibilities to be exercised in the partnership arrangements;
 - The staffing associated partner contributions for invoice payment and compliance arrangements;
 - The partner contributions for the HART reablement service;
 - Review and governance arrangements.
- 18 Progress of the development of the Section 75 agreement will be reported to, and monitored by the HTLAH Programme Board and the Integration Executive (part of the Health and Wellbeing Board substructure and the delivery body for the Better Care Fund and health and social care integration programme).
- 19 It is envisaged that the proposed Section 75 agreement will remain in force for as long as the contract with providers to deliver the HTLAH service is in force, the likely duration to be between three and five years with the option to extend for a further two years on both durations.
- 20 The Section 75 agreement should be signed by the parties before any contract with providers to deliver the HTLAH service is awarded, and the intention is that terms of the Section 75 agreement will be agreed before commencing the tender process itself.

Stakeholder engagement

- 21 Stakeholder engagement has taken place in relation to the HTLAH service, for instance: service user and carer engagement was undertaken as part of the Scrutiny Review Panel event held in November 2014, and in May 2015 qualitative research with older residents about their expectations of the proposed HTLAH service was conducted. The ethos of HTLAH was fully supported and seen as a mechanism for ensuring better co-ordination and collaboration between services with the various facets of the HTLAH service facilitating a better quality of life for individuals.
- 22 Extensive provider engagement has been carried out with the aim of helping the programme in understanding if there were different views on the options from small and large providers. Providers contributed to informing feasibility of implementation of the options and helping to develop the approach to support market readiness for the new way of working, including gauging provider interest in the proposed options. Additionally work has been undertaken to shape market understanding of reablement and working to deliver outcomes. The most recent engagement events aimed to:-
- Help the programme in understanding if Lots are commercially viable and likely to attract bids in the procurement phase;
 - Contribute to informing the development of the provider delivery model as part of the FBC;
 - Help to develop the approach to support market readiness in respect of lead provider, sub-contracting and consortia arrangements.
- 23 We have used the findings and insight from provider engagement and service user engagement as well as the advice of the Scrutiny Review Panel to inform the analysis and recommendations in the FBC. The intention is to continue engagement with all stakeholders who have an interest in the HTLAH service in development of the joint service specification and through to the procurement phase. The intention is to continue engagement with all stakeholders who have an interest in the HTLAH service.

Resources Implications

- 24 The County Council currently commissions £25m worth of domiciliary care from the independent sector, using spot purchase style contracts. In addition, a further £11m is spent jointly by ELR CCG and WL CCG for recipients of CHC. This combined spend on independent sector provision forms the scope of the procurement to create the outcomes based integrated service model.
- 25 The current MTFs identifies savings of £1m from 2017/18. As the County Council already undertakes reablement on service users the savings are dependent upon the outcome of the procurement. The key financial risks of the procurement include: the ability of the market to re-organise itself into a much smaller number of providers reducing the unit cost for domiciliary care, reasonable unit costs proposed for reablement activity and the ability of providers to implement the living wage in a cost effective way.
- 26 Transferring activity to the independent sector will require a review of the in-house provision to reflect the reduction in activity. Further risks to the savings arise from Health patients who receive reablement. As people's eligibility for CHC is reduced

remaining needs are likely to be met by social care. There is an agreement in principle that costs will not transfer between organisations. To facilitate this, a risk sharing agreement will be agreed between the County Council and CCG's.

- 27 The programme implementation costs are expected to be in the region of £600k over the two years of the programme. This relates to project management, engagement, procurement and ICT requirements. Further costs, of approximately £500k, will be incurred to transition County Council service users to their new provider. These costs are being shared between the County Council and CCG's. Redundancy costs relating to the current in-house reablement provision could be incurred, but these are dependent upon demand for the service and levels of natural wastage. The County Council's share of costs can be met from existing budgets or funds that have been earmarked for transformation expenditure.
- 28 The Director of Corporate Resources and County Solicitor have been consulted on the contents of this report.

Timetable for Decisions (including Scrutiny)

- 29 It is intended that the HTLAH service will be in place no later than the 2016/17 financial year. The procurement will commence in January 2016, with service commencement anticipated for September 2016. The contract(s) will commence between September 2016 and February 2017, dependent on any Transfer of Undertakings (Protection of Employment) due diligence requirements prior to service commencement.

Background Papers

- Report to Cabinet: 7 October 2015: Full Business Case for the Joint Commissioning of Personal Care Services Provided in the Home (Help to Live at Home Programme)
[http://politics.leics.gov.uk/Published/C00000135/M00004504/AI00045323/\\$FullBusinessCaseforHelptoLiveatHome.docxA.ps.pdf](http://politics.leics.gov.uk/Published/C00000135/M00004504/AI00045323/$FullBusinessCaseforHelptoLiveatHome.docxA.ps.pdf)
- Report to Adults and Communities Overview and Scrutiny Committee: 2 June 2015 - Final Report Of The Scrutiny Review Panel On Help To Live At Home
[http://politics.leics.gov.uk/Published/C00001040/M00004272/AI00044026/\\$HelptoLiveatHomeScrutinyReviewPanelFinalReportv3.docA.ps.pdf](http://politics.leics.gov.uk/Published/C00001040/M00004272/AI00044026/$HelptoLiveatHomeScrutinyReviewPanelFinalReportv3.docA.ps.pdf)
- Report to Cabinet: 16 June 2015 - Final Report Of The Scrutiny Review Panel On Help To Live At Home
[http://politics.leics.gov.uk/Published/C00000135/M00004228/AI00043924/\\$4HelptoLiveatHomeCabinetcoverreport3.docA.ps.pdf](http://politics.leics.gov.uk/Published/C00000135/M00004228/AI00043924/$4HelptoLiveatHomeCabinetcoverreport3.docA.ps.pdf)
- Leading Leicestershire: Transforming Public Services; Leicestershire County Council Strategic Plan 2014-2018;
http://www.leics.gov.uk/leics_strategic_plan.pdf
- The Better Care Together Five Year Strategic Plan 2014-2019
<http://www.bettercareleicester.nhs.uk/EasysiteWeb/getresource.axd?AssetID=31816&servicetype=Attachment?AssetID=31816>

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None.

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List of Appendices

Appendix A – Full Business Case for the Help to Live at Home Programme

Relevant Impact Assessments

Equality and Human Rights Impact Implications

- 30 This report concerns the delivery of personal care services in the home to older people, people with disabilities and mental health problems who are aged 18 years and over, people with long term conditions and complex care needs which enable them to achieve the maximum possible independence at home.
- 31 The initial Equality and Human Rights Impact Assessment (EHRIA) was completed in January 2014 and reviewed by the Adults and Communities Departmental Equalities Group (DEG). This document was reviewed in February 2015 as part of the development of the outline business case for HTLAH and was deemed to be fit for purpose.
- 32 A joint impact assessment has been developed to better reflect the integrated status of HTLAH and an updated document was reviewed by the County Council's DEG in July 2015 as part of the development of this FBC.
- 33 The DEG has determined that, in order to present a more robust EHRIA that could demonstrate how appropriate engagement with user groups and service providers will be incorporated into the final design and delivery of the model, a further update to the EHRIA, relating specifically to the health dimensions would be a beneficial step to inform the FBC and development of the service specification.