

**From:** Richard Smith, Corporate Director Adult Social Care and Health

**To:** Clair Bell, Cabinet Member for Adult Social Care and Public Health

**Subject:** **Development of a Micro Provider Market in Kent**

**Non Key Decision:** **21/00106**

**Classification:** Unrestricted

**Past Pathway of report:** Adult Social Care Governance Board 25 August 2021 and 22 September 2021  
Adult Social Care Cabinet Committee – 1 December 2021

**Future Pathway of report:** Cabinet Member decision

**Electoral Division:** All

**Summary:** The report outlines the proposal to develop a micro-provider market in Kent that can help meet the outcomes of Making a Difference Everyday approach by increasing the choice that people have to receive their care and support, and by developing resilient communities that are able to support people to remain independent.

The report outlines the expected benefits of such an approach as well as the intention to commission a skilled and experienced external provider to work with Kent to develop this market.

**Recommendation(s):** The Cabinet Member for Adult Social Care and Public Health is asked to:

- a) **AWARD** a contract to a provider who can support the development of a micro-provider market in Kent; and
- b) **DELEGATE** authority to the Corporate Director of Adult Social Care and Health to take relevant actions, including but not limited to finalising the terms of and entering into required contracts or other legal agreements, as necessary to implement the decision.

## 1. Introduction

- 1.1 This report details the intention of Adult Social Care and Health to develop a micro-provider market in Kent that can deliver greater choice and control for the people that we support.
- 1.2 A new Adult Social Care Strategy: Making a Difference Everyday has been open for public consultation. The strategy describes our ambition to work differently during the lifetime of the strategy.
- 1.3 Specifically, we will work with people to help them achieve the outcomes that are important to them. Ensuring that any support offer is tailored to the

individual, delivering flexible and creative ways of arranging support and providing a balance between choice, quality and value.

- 1.4 The strategy also describes our ambition to work differently with communities so that people feel empowered to access support from within their communities, for example through the voluntary sector.
- 1.5 The Wellbeing and Prevention Market Position Statement outlines some of the key challenges that the social care and health system will face over the coming years, including increased demand for wellbeing support for older people, mental wellbeing issues related to isolation, support for people living with dementia because of Covid -19 pandemic.
- 1.6 Key aims identified within the market position statement include: reduce duplication and commissioning to fill in the gaps and understanding locality pressures and ensuring adaptive contracting methods.
- 1.7 Research undertaken by the University of Birmingham suggests that micro-providers can offer more personalised support and better value for money than large care providers and are more able to innovate. They can be instrumental in building social connectedness, supporting community infrastructure, and growing creativity, resilience, and diversity within the care sector. Importantly they can also address both geographic and service gaps within the care market as well as supporting recruitment and retention in social care.
- 1.8 By micro-providers we mean individual, sole traders or organisations that employ less than five people.
- 1.9 We believe that micro-providers can play a key role in enabling adult social care to fulfil our vision.

## **2. Background**

- 2.1 This is a completely new approach in Kent which aims to diversify the way we deliver care and support in the community and people's homes, increasing choice and enabling greater flexibility in how people receive care and support.
- 2.2 The development and increased use of a micro-provider market has the potential to release both qualitative and non-qualitative benefits, including
  - Non-Financial – demonstrable improved outcomes for individuals
  - Financial – Demonstrable delivery of financial benefits through cost avoidance (using community rather than commissioned services) and financial savings from using micro-providers and direct payments in comparison to commissioned services,
  - Economic - increased retention within the social care workforce and employment opportunities through sole traders
  - Culture Change – greater use of direct payments as a mechanism to fund care

- 2.3 The approach is being implemented in several other Local Authorities across the country, including Thurrock, Wigan, Wrexham, Cambridgeshire, and most notably Somerset.
- 2.4 In Kent, we want to focus the development of this market in the Care and Support in the Home market through delivery of non-regulated care and support in people's homes. Secondly, we want to increase and develop the range of activities and services delivered in community settings that prevent and delay people entering the social care system or into higher levels of support, such as residential care.
- 2.5 It is important to note that micro-providers will not replace our existing markets, but are expected to work alongside them, diversifying our provider base, filling gaps in provision and offering people more choice about how, where and when they access care and support.
- 2.6 Having spoken to other Local Authorities who have implemented this approach, we have identified the following key areas of activity required to support the development of micro-providers in Kent:
- Identifying gaps within local areas
  - Identifying people to set up micro-providers
  - Provision of advice and support to enable people to set up micro-providers
  - Provision of support and training to new micro providers
  - Development of a register of micro-providers and a quality assurance process
  - Engaging with stakeholders to promote and communicate this approach
  - Signposting people to micro-providers to receive care and support.
  - Building an evidence base to demonstrate impact
  - Delivering a plan to promote sustainability and up-scaling of the approach.
- 2.7 This is a new approach in Kent. As a result, we propose commissioning an external organisation that has a proven track record in developing micro-providers in other areas to work collaboratively with Kent to achieve this ambition.
- 2.8 This approach was agreed by the Adult Social Care Governance Board on 25 August 2021.

### **3. Procurement Process**

- 3.1 To understand the market of organisations that could support the development of micro-providers we published a Prior Information Notice on both Kent Business Portal and UK Find a Tender Service between 20 July 2021 and 2 August 2021.
- 3.2 All providers who expressed an interest were sent a draft version of the service specification and invited to meet with us.

- 3.3 As a result of the Prior Information Notice and subsequent meetings, six of the 22 providers that registered an interest in relation to the PIN have demonstrated the necessary understanding of the specification to apply for a contract.
- 3.4 Based on this and in recognition of the contract value, we are following a light touch regime using competition and negotiation. We will use a standard selection questionnaire (SSQ) to down-select providers. Those providers who pass the SSQ stage will be invited to tender (ITT) for the contract.
- 3.5 Using the light touch regime allows us to reduce both the SSQ and ITT from 30 days each to 10 days each. This approach risks limiting our market and the number of providers who apply for the contract. However, given that we have previously published a PIN to the market, shared a draft specification and met with interested providers, we believe that we have mitigated this risk.
- 3.6 This approach was agreed by the Adult Social Care Governance Board on 22 September 2021.
- 3.7 The contract will be let for two years. Based on conversations with other local authorities, this is an adequate time to implement the approach and embed it as business as usual within the Council.
- 3.8 The contract will focus on the development of a micro-provider market.
- 3.9 It will recognise the different legal entities that are available to micro-providers, such as sole traders and Community Interest Companies.
- 3.10 Based on feedback from providers during market engagement, the provider will also support individuals to constitute themselves less formally – if the overall objective of the organisation supports the outcomes identified in the contract. This would, for example, enable informal community groups to constitute themselves more formally, but without requiring them to become registered businesses.
- 3.11 The contract will require a provider to work alongside adult social care to promote the use of micro-providers, develop an action plan to implement the approach at pace and scale, develop a plan for longer term sustainability and provide a final impact assessment to demonstrate achievement of benefits.

3.12 The procurement timetable is outlined below:

Activity	Timelines
Standard Selection Questionnaire issued	20 October 2021
Standard Selection Questionnaire returned	3 November 2021
Evaluation and shortlisting	4–5 November 2021
Invitation to Tender (ITT) issued to shortlisted providers	8 November 2021
Invitation to Tender (ITT) returned by shortlisted providers	19 November 2021
Tender evaluation and moderation, including potential clarification and negotiation meetings	22-25 November 2021
Potential issue of Invitation to submit Final Tender	26 November 2021
Potential Final tender return	3 December 2021
Potential Final tender evaluation and moderation	6-7 December 2021
Issue award letters	8 December 2021
Governance	8-17 December 2021
Contract award	20 December 2021
Mobilisation	January to April 2022
Service Commencement	2 January 2022

#### 4. Financial Implications

- 4.1 Contain Outbreak Management Funding (COMF) has been sought and agreed for this project. Due to the requirements that this funding is spent by 31 March 2022, the project and associated contract will be funded by COMF until that date. From April 2022 and for the rest of the contract, this will be funded from Market Sustainability funding.
- 4.2 The project costs include costs associated with the contract, seed funding and marketing / promotional activity.
- 4.3 The contract costs are £633,000 for a two-year contract. This is the full value of the contract.
- 4.4 Seed funding has been identified as an enabler for the development of micro-providers. Criteria for this fund will be developed with the commissioned provider, but is likely to focus on purchasing of equipment, license or registration fees, initial rental of venues and other factors that might create a barrier for micro-providers within the first six months of being established.
- 4.4 Funding has been allocated to marketing and promotional activity. In areas, such as Somerset, where micro-providers have developed and grown significantly, there has been a corresponding focus from the Council on raising awareness of the approach and actively communicating it. Allocating funding to these efforts will raise the profile of this approach, both with people and small groups who would like to establish themselves as a micro-provider, but also people who would like to engage with their services.

4.5 Financial profile is outlined below:

Year	Year 1		Year 2	Total
Funding	COMF	Market Sustainability		
Period	Jan – Mar 22	April 22 – Dec 22	Jan – Dec 2023	
Seed funding	£30,000	£90,000	£120,000	£240,000
Marketing budget	£8,000	£9,000	£12,000	£29,000
Contract costs	£134,508	£213,642	£284,850	£633,000
<b>Sub - Total</b>	<b>£172,508</b>	<b>£312,642</b>	<b>£416,850</b>	<b>£902,000</b>

4.6 As outlined above, the development of micro-providers in Kent has a total project cost of £902,000. The contract value is £633,000.

4.7 Return on investment in relation to the development of micro-providers in Kent has been profiled using information provided by Somerset Council.

4.8 Somerset Council invested £160k in the development of micro-providers over two years, with an additional investment of £70k for a third year. They focused on the provision of regulated care and support in the home and started in 2014.

4.9 An evaluation undertaken in June 2020 highlighted the following:

- On average, micro-enterprises in Somerset are delivering 33 hours of care per week, supporting 6 people at an average cost of £15.68 per hour. 30.4% of micro-enterprises are funded via direct payments.
- Somerset now has 867 micro-enterprises supporting 5,895 people per week and seen 43.6% increase uptake in direct payments.

4.10 In relation to financial benefits, the evaluation noted that:

- Through 32 micro providers Somerset achieved an annual saving of £134,712.
- This figure was then scaled up across all 223 micro-providers in the county to produce an estimated annual savings of £1,464,226 against commissioned services and using direct payments.
- Based on 797 micro-enterprises they have achieved £5,470,608 annual savings against commissioned services and £2,299,174 savings from direct payment recipients compared to commissioned services.
- This is based on commissioned services being on average £19.68 and people who use micro providers receive a direct payment of £14.15.

4.11 Using the above, we have identified several ambitious targets for Kent as follows:

- Year 1 (from April '22): 60 micro-enterprises and if based on the same assumptions as Somerset potential savings **£269,424**.
- Year 2 (from April '23): 223 micro-enterprises and if based on the same assumptions as Somerset potential savings **£1.4 million**.
- Year 3: 416 micro-enterprises and if based on the same assumptions as Somerset potential savings **£4 million**.

4.12 Based on the above, we would expect to see a significant financial return on our initial investment.

## **5. Legal implications**

5.1 Given that this is a new approach for Kent, legal advice is being sought to clarify that the existing terms and conditions for adult social care contracts are adequate for this new model. These conditions would be applied both to the provider contracted to work with the Council to develop this market, and micro-providers who deliver services through a direct contracting relationship with adult social care.

## **6. Equalities implications**

6.1 A full Equalities Impact Assessment has been undertaken.

6.2 The assessment identified opportunities for positive impacts across all protected characteristics. This is due to the ability of micro-providers to develop, small, locally based services that reflect local need across all demographic groups. Removing barriers that people might experience in joining mainstream services due, for example, to transport issues, language or cultural issues. For example, adults living in rural areas, adults with sensory issues.

6.3 As a result, micro-providers will offer care and support to all adults living in Kent, with a particular focus on groups most at risk of requiring further support from statutory agencies, reflecting their diversity and range of needs and aspirations. This will include those disproportionately impacted by Covid, such as the black, Asian and minority ethnic communities, adults living with dementia who have experienced cognitive decline due to isolation.

6.4 One of the key actions identified from the EQIA was to make sure we communicate and promote the benefits of micro providers through a range of communication channels, including both digital and non-digital methods. To achieve this we have identified funding within the project budget for marketing and promotional activity to raise awareness of this resource.

## **7. Data Protection Implications**

7.1 A full Data Protection Impact Assessment has been undertaken and is currently with Data Protection Office for comment. No data will be collected until this assessment has been signed off by the Corporate Director of Adult Social Care and Health.

## 8. Conclusions

- 8.1 The Making a Difference Everyday approach outlines a commitment from adult social care to put the person at the centre of their care. Providing innovative and flexible care and support that enables people to achieve *their* outcomes and goals.
- 8.2 At the same time, adult social care is facing challenges in relation to demand that have been exacerbated by the impact of the Covid-19 pandemic on people's mental and physical wellbeing.
- 8.3 Adult social care believes that the development of a micro-provider market in Kent can offer people more choice about how, when and where they receive their care and support, as well as helping to manage demand by diversifying the existing care and support market.
- 8.4 Specifically, micro-providers have increased ability to be flexible, innovative and demand led in the care and support that they can provide, operating on a more local footprint and responding to local needs.
- 8.5 This is a new approach in Kent and, as such, we want to work with an organisation that is skilled and experienced in developing this type of market. We are currently tendering for such a provider with an aim to have a contract in place for 2 January 2022.

## 9. Recommendation

9.1 Recommendation(s): The Cabinet Member for Adult Social Care and Public Health is asked to:

- a) **AWARD** a contract to a provider who can support the development of a micro-provider market in Kent; and
- b) **DELEGATE** authority to the Corporate Director Adult Social Care and Health to take relevant actions, including but not limited to finalising the terms of and entering into required contracts or other legal agreements, as necessary to implement the decision.

## 10. Background Documents

Wellbeing and Prevention Market Position Statement

[https://www.kent.gov.uk/\\_data/assets/pdf\\_file/0003/123762/KCC-Wellbeing-Prevention-Market-Position-Statement.pdf](https://www.kent.gov.uk/_data/assets/pdf_file/0003/123762/KCC-Wellbeing-Prevention-Market-Position-Statement.pdf)

University of Birmingham - Does Smaller Mean Better? Evaluating Micro-Enterprises in Adult Social Care

<https://www.birmingham.ac.uk/research/activity/micro-enterprises/index.aspx>



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