

**From:** Graham Gibbens, Cabinet Member Adult Social Care and Public Health

Andrew Ireland, Corporate Director for Social Care, Health and Wellbeing

**To:** Adult Social Care and Health Cabinet Committee  
11 September 2015

**Decision No:** N/A

**Subject:** **OLDER PERSONS RESIDENTIAL AND NURSING CONTRACT**

**Classification:** Unrestricted

**Past Pathway of Paper:** OPPD Divisional Management Team - 7 May 2015,  
Social Care Health and Wellbeing Directorate Management Team - 10 June 2015

**Future Pathway of Paper:** N/A

**Electoral Division:** All

**Summary:** To inform the Adult Social Care and Health Cabinet Committee of the progress to date to establish new contracts for nursing and residential care homes from 1 April 2016 in line with the end of the current contracts and to seek comments or recommendations relating to the Cabinet Member decisions that will be required in due course.

**Recommendation(s):**

Members of the Adult Social Care and Health Cabinet Committee are asked to:

- a) **CONSIDER** and **COMMENT OR MAKE RECOMMENDATIONS** to the Cabinet Member on the progress to date and pricing schedule decision.

## 1. Introduction

- 1.1 Through 2014, the 12 year old residential and nursing care home contracts were re-let using a two stage procurement mechanism which first reviewed care home costs through a cost model. This re-set the guide prices for residential, residential high and nursing care. The contracts commenced in October 2014 and expire on 31 March 2016. The reason for the short contract was to ensure there was sufficient understanding of the market and to prepare for the impact of the changes brought in by the Care Act 2014.
- 1.2 This contract covers approximately £100m of spend on older persons care home provision. The resource required to establish a contract with a suitable contractual term is substantial and will include representation from all areas of the business, led by Strategic Commissioning in Social Care Health and Wellbeing.

- 1.3 The implications relating to price impacted by the Care Act 2014 phase 2 were due to be known officially in October 2015. However on 17 July 2015 The Minister for Care and Support announced that this part of the Act will be deferred until 2020. This has changed the nature of the level of work planned for the contract; however there is still significant work to do to shape a contract that will have a longer term, possibly five years with an option to extend for a further three, and provide a position after a period of levelling through the existing contract.
- 1.4 Other areas of work that need to take place through preparing to let the contracts include:
- the need to account for individuals who are able to use direct payments to purchase residential care, if it is confirmed this will come into effect
  - agreeing how care home placements are purchased including the long term and short term arrangements
  - developing a pricing strategy
  - developing the procurement strategy and plan for approval at Procurement Board
  - reviewing the Key Performance Indicators and Quality measures
  - reviewing the ranking system

## **2. Key Issues**

- 2.1 The options presented in 2014 for contracting involved either a Framework (which was discounted due to the limitations of new entrants joining the contract through the length of the contract) or a Dynamic Purchasing System (which was favoured due to the nature of transparency of decision points through the process and how it met the commissioning strategy developed to maximise choice, quality and have a clear process for cost. Additionally providers can join a Dynamic Purchasing System throughout the contract term and change ranking based on key performance indicators.) Procurement colleagues are exploring all options to be analysed to determine the route to market for the new contract for 2016, which will be agreed by Social Care, Health and Wellbeing Directorate Management Team (DMT) prior to approval from Procurement Board.
- 2.2 The establishment of the guide prices in July 2014 has received considerable of negative feedback from a high number of residential and nursing care providers. A key part of the establishment of the contract will need to balance the impact of transformation against the guide prices for services.

## **3. Commissioning Strategy**

- 3.1 The Commissioning Strategy requires development however the key principles are:



- **Offer real choice and give control to the users:** Residents and their families will be given choice and good quality information about the types of care homes available to them within the area where they choose to live. This will include transparent and accurate information regarding the cost of the placement and any 'third party top ups' or additional contributions that may be expected of them as well as an indication of the quality of the care home as assessed by KCC and the Care Quality Commission. This principle will be implemented through the KCC Online Care Directory which will be a comprehensive source of information, advice and guidance on all available services, not just those contracted to KCC and will be available in other formats for those who cannot obtain information online.
- **Reduction in bureaucracy:** A joint approach to commissioning and contracting for outcomes will lead to a reduction in duplication of effort across health and social care statutory and public agencies. This will mean that these agencies should agree to collect one set of Key Performance Indicators (KPIs) from care home providers and share them across health and social care agencies.
- **Promote dignity and quality:** Providers should have a clearly laid out set of quality expectations in the revised contract that promote the dignity and well-being of all residents.
- **Develop and use an evidence base:** KCC Commissioning will provide accurate and up-to-date data on the purchasing patterns for long and short term care placements across the older persons residential and nursing sector to enable commissioners and providers to easily establish what is being purchased in terms of the level of need of residents being referred for residential/nursing care placements, at what price and in which areas of Kent. This management

information will be an invaluable tool to inform providers business strategy and planning and for KCC to fulfil its market shaping duty under the Care Act.

- **Coproduce, listen and act:** KCC will listen to the views of those that are using the services i.e. residents of care homes and their families in developing a set of outcomes for residential and nursing care in Kent. These will be an integral part of the new service specification and contract from 1 April 2016.
- **Innovate, be bold and think differently:** Commissioning for outcomes will need to take into account that the model of care and types of provision will need to change during the lifetime of any contract. Therefore, in the contract from April 2016, flexibility will be required to allow providers to deliver new models of care that cross the traditional boundaries between residential/nursing and homecare. It will not be desirable to set prescriptive and restrictive service specifications or contract terms and conditions that could stifle service innovation.
- **Ensure diversity, sustainability and quality of the market:** The commissioning strategy will need to support KCC in its market shaping duty under the Care Act 2014.
- **Incentivise and pay for results:** KCC will explore with providers a system whereby they can be rewarded for evidence of improved quality and/or performance.
- **Ensure VFM and that 'Every Penny Counts':** The centralised purchasing model will ensure that price is clearly linked to the needs of the individual; families and residents are given clear information about any financial contribution that is expected of them; and that there is a clear auditable process to agree and collect any contributions due to KCC.

3.2 The strategy links directly to the KCC Strategic Vision published in March 2015 and one of the key strategic outcomes of "Older and vulnerable residents are safe and supported with choices to live independently". Key outcomes that this strategy will support include the following:

- Families and carers of vulnerable and older people have access to the advice, information and support they need
- Older and vulnerable residents feel socially included
- Residents have greater choice and control over the health and social care they receive

3.3 The commissioning strategy will be aligned to the principles of the KCC Commissioning Framework and support the KCC Accommodation Strategy priorities and design principles for care homes.

#### **4. Transformation and Strategic Intent**

4.1 Kent's Accommodation Strategy launched in July 2014 sets the direction of travel in relation to future commissioning along with the Homecare Strategy, the vision for enablement, prevention and the Adult Transformation Programme focusing on acute demand. The CCG's are also investing in community services which will have an impact on the future level of demand for care home placements. This does mean that those requiring care in future will have greater level of need and care homes

are required to respond to these needs as well as demand. KCC has to align all transformational activity with a distinct recognition on the price of purchasing care. The activity that is required in this area includes:

- Focused work on the model of care and commissioning activity for extra care homes including an operational focus to redirect people that previously would have ended up in a care home and developing a marketing strategy
- Forecasting work on the demand making sure that any reduction in need is balanced with the increase in population and requirement of particular types of care
- Workforce strategy to make sure the recruitment and retention of care staff and nursing staff is reflected in the services that need to be commissioned
- Price profiling against need and market drivers – the 2014-2016 contract was designed to set the guide price and see how the market prices against the needs of individuals, this provides greater transparency on the future establishment of guide prices and how the assumptions will be used for third party top ups where people choose more expensive services and also the direct payment/personal budget/individual personal budget requirements from 2016
- How care homes can be incentivised to promote an individual's independence and to support people to move home with greater independence if in a short term placement
- Reviewing how quality assurance is incorporated into both contract monitoring and the wider role of safeguarding all of Kent's vulnerable adults

## **5. Procurement and Purchasing Strategy**

- 5.1 Procurement colleagues are responsible for developing the Procurement and Purchasing Strategies for approval by Social Care Health and Wellbeing. The Commissioning Strategy will inform the Procurement Strategy. This identifies and recommends the route to market and will be developed for approval by Procurement Board and the market will be involved in the shaping of this.
- 5.2 The Purchasing Strategy will include several options for procurement and will provide a recommendation for Social Care, Health and Wellbeing Directorate Management Team to approve, which best suits the Commissioning Strategy. This will include a review of the current purchasing routes.
- 5.3 The new contract will include long and short term residential and nursing placements.

## **6. Policy Implications**

- 6.1 With the implementation of phase 1 of the Care Act 2014 in 2015, there needs to be focused work in relation to Policy and how that impacts on the contractual requirements for residential and nursing care. There will need to be projects to look at how the implications impact on current practice and training on the processes. There needs to be dual work undertaken to make sure that the following are considered, implemented and where appropriate included in the contract:
- Fundamental changes associated with the new legal framework
  - Transparency of cost of care

- Personal budget/independent personal budget
- Brokerage/information and advice.

## **7. Financial Implications**

- 7.1 Work is currently underway in line with budget build on the price which the Council purchases care for individuals from April 2016. This will include the impact of the National Living Wage to be introduced from April 2016.

## **8. Legal Implications**

- 8.1 Commissioning and Procurement will enlist the support of Legal Services through the development of the contract specification and terms and conditions. There will need to be resource allocated at the end point of the tender process for contracts to be signed and sealed and there has to be a separate work-stream to look at how contracts can be awarded, including spot contracts, making sure the most efficient process is undertaken in signing and sealing the contracts.
- 8.2 Following the work described above, a Cabinet Member decision will be taken in November to agree the guide prices. All members will have a chance to comment on the proposed pricing schedules (guide prices) before the decision is taken when the proposed decision is published. The Adult Social Care and Health Cabinet Committee will meet again in January 2016 where further progress will be reported and the Committee will be asked to comment the further decision to award contracts that will be due in February 2016.
- 8.3 The procurement plan has been developed to enable contract award by 1 April 2016. However it should be noted that as the budget for 2016/17 will not be agreed by County Council until February 2016 any key decision on price taken before the budget is agreed is taken pending confirmation of the budget. This may impact on contract being awarded by 1 April 2016.

## **9. Personnel and Training Implications**

- 9.1 The project resource for letting the contract will be led by Strategic Commissioning.
- 9.2 Operational teams support will be required from Case Management and the Operational Support Unit (Short Term Beds Team) in ensuring that the contracts can meet their requirements and contributions will be sought to input into the project work stream activity.
- 9.3 Finance will be part of the core project to make sure that the role of Payments, Assessment and Income are factored in. This forms significant input every April and there may be additional resource required short term to complete the changes suggested through the project term.
- 9.4 ICT will be part of the core project as it is likely that significant systems changes will be required to care items. The ideal would be to include a work-stream to move to a regular payments system however this has been discounted previously by the Adult Services Systems Group as it has not been seen as a priority in light of the changes needed for the Care Act.

- 9.5 Policy staff will need to ensure that there is consistency with the proposals for the new contract, the legal requirements of the Care Act and translate that back into Policy and roll out to affected staff.
- 9.6 Training will be a key part of the new contract so that an end to end e-learning module can be developed for existing and new case management staff. There will be additional costs to develop this package of training.
- 9.7 Procurement staff are required to support the procurement activity required to establish the new contracts from 2016.

## 10. Equality Impact Assessment

- 10.1 The Equality Impact Assessment will be updated as part of the project plan when the changes are proposed and can be fully considered.

## 11. Recommendation(s):

11.1 Members of the Adult Social Care and Health Cabinet Committee are asked to:

- a) **CONSIDER** and **COMMENT OR MAKE RECOMMENDATIONS** to the Cabinet Member on the progress to date and pricing schedule decision.

## 12. Background Documents

None

## 13. Contact

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