

WIRRAL COUNCIL

CABINET 10 DECEMBER 2008

REPORT OF THE DIRECTOR OF ADULT SOCIAL SERVICES

**PROGRESS TOWARDS THE TRANSFORMATION OF ADULT SOCIAL SERVICES
- OUTSOURCING CARE SERVICES, FEE LEVELS FOR RESIDENTIAL AND
NURSING HOMES AND A NEW CONTRACT FOR SUPPORTED LIVING
SERVICES**

1. EXECUTIVE SUMMARY

- 1.1 Delivering the Transformation of Adult Social Services is critical to the Council's strategic objective: To improve health and wellbeing for all, ensuring people who require support are full participants in mainstream society. In particular the programme gives focus to the improvement priority of 'promoting greater independence and choice'. This approach is central to the personalisation of Adult Social care services. The report outlines progress in particular with regard to Cabinet's decision of 6th November to explore the outsourcing of care services.
- 1.2. Decisions previously made by Cabinet, recognise the requirement to stabilise the budget in Adult Social Services and to produce further savings to ensure it is sustainable. In particular this report highlights proposals to introduce a new contract for Residential and Nursing Home fees across Wirral and reports progress towards the introduction of a Fair Price model for Supported Living arrangements.

2. BACKGROUND – OUTSOURCING PROJECT

- 2.1 On 6th November Cabinet agreed in principle with proposals to explore the outsourcing or re-provision of Care Services with the approach recommended being the use of an 'Open tender'. The rationale for this option was explained and is proposed in a context that the authority must ensure that all services are
- i) fit for purpose,
 - ii) commissioned in the same way as those from all other sectors and
 - iii) are subject to 'contestability' for price, quality and specification.
- 2.2 The previous report provided detail of the range of Models that could be developed to facilitate outsourcing. The next stage of the process is fundamental in determining which functions within Care Services should be outsourced, by when, and in what shape. Indeed confirming whether all services are subject to open tender or if not which the most appropriate approach is for their future. It is already clear that the Department will need to

continue to consider the Social Enterprise Model, supporting and building capacity within the third sector.

- 2.3 Before implementing any proposal the council will want to be assured that the approach is thorough, inclusive, and cognisant of the changing financial environment and provider / supply market. A key principle to the project being that all comparative work on cost, quality and performance is transparent and open to scrutiny. This work will be undertaken through a Viability and Design Project which will provide 'next stage plan' identifying which services will be outsourced, timescale, efficiencies, and the specification of new services where required.
- 2.4 In addition to cost, service and performance comparison the 'Viability and Design Project' will engage with people, who use services as individuals, with families and where appropriate in groups. This is to ensure that the department is clear about the outcomes they require from services. The project will refine the pathways into and out of service, develop a procurement strategy which is sensitive to current policy, market maturity and can deliver the service specifications. This will include clear and measurable performance and quality measures that will focus on the delivery of outcomes for people. The project will report back to Cabinet with the recommendations for progressing the outsourcing of Care Services with a supporting implementation plan by May 2009.
- 2.5 This project is being progressed alongside current work to identify efficiencies within Care Services. During September and October the Reform Unit conducted a root and branch analysis of both budget and process within Care Services. This analysis culminated in a comprehensive report which identified 33 recommendations for improvement in areas including staff deployment, agency costs, eligibility of people who use services, transport usage and budget management. A plan is now in place to implement these recommendations across care services and within individual units.
- 2.6 The implementation of these recommendations is a critical part of the process, as a key requirement is to ensure that all and any services which may be outsourced are both appropriate and efficient. There is clearly scope in this part of the proposal to work with staff and Trades Unions to obtain greater efficiencies and flexibility. Any outcomes may have a direct impact on decisions to outsource.
- 2.7 The speed at which the efficiencies are implemented are fundamentally important to any cost, service and performance comparisons which take place during the 'Viability and Design Project' stage and will provide a fairer basis on which to establish Care Service contestability within the market.
- 2.8 The services under review are provided in 39 locations; employ 727 people plus 30 casual staff have an overall gross budget of £21,541,500 and support around 1,187 people in Wirral.

- 2.9 This work is therefore one of great significance; a project manager has already been appointed and is working with a team of colleagues from across the Authority. This includes managers from Corporate Finance Team, Corporate Change Team, Asset Management and advocates as well as Consultants (at no cost) from Care Services Efficiency Delivery (CSED) taking an active role in supporting the project. The project will also link to the work being progressed through the strategic asset review, and if possible the corporate review of transport.
- 2.10 Efficiency savings of £527,000 are identified for this work in 2009/10. In the first stage of the implementation of this work a focus will be given to the efficiencies identified by the recent review and to Transport and Supported Living services.

3 RESIDENTIAL AND NURSING HOME FEES

- 3.1 In 2005 Wirral introduced a new contract for the provision of both Residential and Nursing Home care. Using a model, the department worked with providers in an open and transparent way. Together, those involved used the 'Laing and Buisson' model. This model built up a price structure that recognised basic standards and moved on to reward the demonstration of quality. The outcome of this work, which extended over a period from August 2003 to April 2004, was the basis for the current contract arrangements in Wirral.

This quality premium is reflected in a star rating, which was intended to reach 4 stars, however currently stops at 3 stars.

- 3.2 The current fee levels in Wirral are:

| | <u>Residential £</u> | <u>April 08 Nursing £</u> | <u>Nov 08 Nursing £</u> |
|----------------|----------------------|-------------------------------|-----------------------------|
| Baseline | 360.64 | 419.58 | 406.10 |
| 1 star | 366.17 | 425.11 | 411.32 |
| 2 stars | 393.89 | 452.83 | 439.35 |
| 3 stars | 421.82 | 480.76 | 467.28 |
| Baseline (EMI) | 389.69 | 448.63 | 435.15 |
| 1 star EMI | 395.22 | 454.16 | 440.68 |
| 2 stars EMI | 422.94 | 481.88 | 468.40 |
| 3 stars | 450.87 | 509.81 | 496.33 |

- 3.3 However, more recent comparison of Wirral fees indicates concerns about their sustainability and need for a review. The fee rates paid are considerably higher than the regional average and represent the most significant element of the department's revenue expenditure. In the current year 2008-09, DASS are forecast to spend £48m gross and £35m net on these services. The average weekly rate paid by Wirral for Nursing Care from November is **£431.01** compared with a regional average of **£388.59**. The average for Residential Care is **£385.63** against a regional average of **£348.45**. Both Wirral rates are around 10% higher than the regional average.

- 3.4 It is evident that those involved in developing the current contract, did so in good faith and with an intention of developing a robust quality market. Prior to the introduction of the new contract, Wirral paid a flat fee rate irrespective of the quality of care provided. The introduction of star premiums was to acknowledge that Wirral DASS wanted to drive up standards in the market. However, the quality elements in the contract mean that significant cost to the authority has been added. In addition the current inflation clause produced an additional £1 million of budget pressures for DASS in 2008-09. Inflation in Wirral being applied at 2% and the contract terms for 2008-09 requiring 3.95%.
- 3.5 Cabinet on 23rd January 2008 agreed that the Director of Adult Social Services work with the Central Procurement Unit to renegotiate fees in order to deliver £900,000 savings in 2009/10. Bridging finance of £900,000 was identified for one year from balances to allow the Department time to consider a number of options and to carry out the detailed negotiations and consultations required. Cabinet also noted that the figure being bridged was not necessarily the final saving that might be achieved through the negotiations.
- 3.6 A number of meetings have been held with residential and nursing home providers during 2008. However, progress has been limited and most recently focused only on the Nursing Home rates, which have been affected by revision to the Free Nursing Care payment regime.
- 3.7 Progress now needs to be made, in order that a revised, fair and affordable contract is in place by April 2009, or as close to that date as possible. Our approach must recognise the importance of supporting a market in equilibrium. Where placements in Residential or Nursing Home care are appropriately made, at present Wirral placement rates are higher than average whilst supply of beds (as shown in the table below) continues to exceed requirements at present the position in Wirral is:

| | <u>Reg Beds</u> | <u>DASS Funded</u> | <u>Known Vacancies</u> |
|----------------------------------|-----------------|--------------------|------------------------|
| Residential | 1,051 | 495 | 157 |
| Residential EMI | 294 | 134 | 47 |
| Nursing | 1,213 | 589 | 140 |
| Nursing EMI | 315 | 188 | 73 |
| *Dual Purpose | 269 | N/A | |
| Total | 3,142 | 1,406 | 417 |
| Other Specialist (Under 65's) | 408 | 252 | |

(* Dual purpose beds are those which are registered for either residential or nursing care; occupancy and vacancies relating to these beds are not counted separately)

- 3.8 The department will work with corporate procurement, legal services and providers to obtain a new contractual arrangement that is fair, recognises and rewards quality and is affordable, within a sustainable budget for DASS.
- 3.9 It is anticipated that this approach will be a joint approach with NHS – Wirral and that the new contract will be applied where intermediate care, step down, transitional beds or indeed continuing care is specified.

4 A FAIR PRICE MODEL FOR SUPPORTED LIVING

- 4.1 In July Cabinet agreed that Wirral should negotiate for a new contract for supported living services, the requirement being to use an identified tool or framework as a base for discussion with providers.
- 4.2 Details of progress in negotiating a new contract are provided in Appendix one. Members will note that a Cost of care model, developed by the South West Centre of Excellence have been used for this. The model identifies all reasonable costs and using it a figure of around £13.00 an hour is produced. Currently Wirral pays between £10.74 and £26.53 per hour.
- 4.4 Some final details are to be agreed with providers, with a view to letting the new contract from 1st April 2009.
- 4.5 The new contract will produce a more robust approach to contracting for supported living and enable a stronger performance management approach to be applied to contract monitoring and quality of service provided.

5 FINANCIAL AND STAFFING IMPLICATIONS

- 5.1 The financial implications in this report are that efficiencies of £527,000 from Care services are planned to be delivered in 2009/10 with further efficiencies to be confirmed as the project is developed.
- 5.2 That changes to the contract for Residential and Nursing home fees, to include amendments to the framework for quality premiums and inflation clause, produce significant, yet to be quantified amounts in 2009/10, however at least £1.9m as described in paragraph 3.4 and 3.5.
- 5.3 That the figure of around £13 per hour for supported living fees be introduced to produce efficiencies of around £670,000 in 2009/10.
- 5.4 The new contracts can either be introduced by agreement with the providers or by the termination of existing contracts on 3 months notice and the offer of a new contract at the expiry of that notice. Accordingly it is proposed that a further report to the Cabinet in January 2009 on the progress of the negotiations with the providers of residential and nursing home care and of supported living services be brought to Cabinet so that a decision can be made whether or not the new contracts can be introduced by agreement or by the termination by the Council of existing contracts. This will also provide an

opportunity to consider the impact assessments of the proposals on the disabled

6 EQUAL OPPORTUNITIES IMPLICATIONS

- 6.1 All of the projects supporting the Transformation programme are subject to equality impact assessments ensuring people living in vulnerable circumstances and those from minority groups are not adversely affected.

7 COMMUNITY SAFETY IMPLICATIONS

- 7.1 The Personalisation Agenda crosses all domains of personal life. The Integration and Localisation Agenda heralds new working relationships with other community and statutory agencies, promoting joined up services delivered at a more local level. New links are being formed with Merseyside Fire and Rescue and Merseyside Police to add capacity to supporting people in crisis and wherever possible, preventing that crisis through earlier intervention and support.

8 LOCAL AGENDA 21 IMPLICATIONS

- 8.1 New business processes to underpin the new offer from DASS are to be more streamlined, with less duplication in terms of accessibility and process. New working practices demand greater flexibility and enhanced use of technology, thereby reducing the need for paperwork and staff travel.
- 8.2 As part of the discussions with providers all will be actively encouraged to take up the use of assistive technology, which can bring efficiencies to their services.

9 PLANNING IMPLICATIONS

- 9.1 These will emerge as services are reconfigures. Particular implications will arise from supporting more people in Supported Living and Extra Care, rather than traditional residential and nursing care and the reform of daytime services.

10 ANTI POVERTY IMPLICATIONS

- 10.1 This is a key feature of the shift to low level, preventative services. DASS has integrated delivery and management arrangements with the Department of Work and Pensions in order to promote the take up of Pension credit and Attendance Allowance and has an effective Welfare Benefits Service providing advice and support to the whole population of Wirral.

11 SOCIAL INCLUSION IMPLICATIONS

- 11.1 Also key, is the development of socially and universally inclusive community based services.

12 LOCAL MEMBERS SUPPORT IMPLICATIONS

- 12.1 The transformation agenda includes a move towards three Locality Structures will have an impact on all wards and ensure there is equality of access and provision, whilst recognising the particular needs of diverse communities.

13 BACKGROUND PAPERS

- 13.1 None used in the preparation of this report.

14 RECOMMENDATIONS

That

- (1) the progress made with the transformation of Adult Social services be noted;
- (2) a further report in May 2009 be received outlining details of the outsourcing project, with details of proposals and time scales for implementation;
- (3) amendments be made to the contract for residential and Nursing home fees and a new contract introduced from 1st April or as soon to that date as possible, the new fee rate to be closer to the regional average and affordable within a sustainable budget for DASS;
- (4) the fair price produced by use of a cost of care model for supported living services be implemented from 1st April 2009 through the introduction of a new contract; and
- (5) a further report be brought to the Cabinet in January 2009 on the progress of the negotiations with the providers of residential and nursing home care and of supported living services so that a decision can be made whether or not the new contracts can be introduced by agreement or by the termination by the Council of existing contracts.

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