



ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE
18 JANUARY 2021

COMMISSIONING AND PROCUREMENT OF THE HOME CARE SERVICE

REPORT OF THE DIRECTOR OF ADULTS AND COMMUNITIES

Purpose of report

1. The purpose of this report is to seek comments from the Committee on progress made with the procurement of home care services following a pause in activity and re-profiling of timelines due to the Covid-19 pandemic.
2. In particular, attention is drawn to paragraphs 30-34 of the report which details a potential amendment to the model of care delivery which was previously presented to the Committee on 20 January 2020.

Policy Framework and Previous Decisions

3. The activities described within this report are underpinned by the Council's Strategic Plan and the new Adults and Communities Department Strategy 2020-24, the latter of which was approved by the Cabinet at its meeting of 18 September 2020. The Strategy sets out the aim to ensure that the services delivered meet the eligible needs of the citizens of Leicestershire to maximise their opportunities and wellbeing.
4. The Committee previously received a report on 20 January 2020 detailing recommendations for re-commissioning home care in Leicestershire. This included the key findings from an independent analysis of the local market and current Help to Live at Home (HTLAH) service, the detail of the key objectives and principles of the new Service model, and an outline of the proposed four pricing levels in the new service aligned to providers' costs. The Committee was asked to comment on these proposals prior to them being presented to the Cabinet in February 2020.
5. The Cabinet approved the procurement of a new Home Care Service for Leicestershire at its meeting on 7 February 2020.
6. Due to the impact of the Covid-19 pandemic upon business continuity within the health and social care market all activity was paused from April 2020.
7. On 23 June 2020, the Cabinet approved a proposal that the procurement of a new Home Care Service for Leicestershire be deferred for 12 months.
8. On 13 October 2020, the project activity recommenced in line with the deferred procurement timeline.
9. On 2 December 2020, Home Care was raised at the full County Council meeting. The County Council noted the tremendous efforts of the care workforce in meeting

the challenges of the Covid-19 pandemic and extended its appreciation to both workers and providers.

10. The County Council meeting also noted that all providers of social care are required by law to pay their staff the National Living Wage and National Minimum Wage (NLW and NMW), depending on their age and that the regulations also require employers to pay for all working time and for their travel time between care calls, excluding commuting time. With regard to contractual arrangements, the County Council noted that the Council's contracts and tenders stipulate that employers are responsible for ensuring that they are legally compliant and that its care rates enable providers to pay their staff the NLW and NMW.
11. The County Council further noted that officers are looking at the implications of signing up to the Unison's Ethical Care Charter and setting out to members at a future date the viability of signing up to the Charter.

Background

12. Key findings from the independent analysis of the local care market and current HTLAH service suggested that:
 - The Lead Provider model has not worked consistently and/or effectively in meeting local demand (especially in more rural areas);
 - The current geographical 'Lots' break up natural operating areas;
 - Pricing should align to providers' actual costs (based on geographical constraints, travel time/costs and workforce factors);
 - Urban/rural pricing is needed across Leicestershire to ensure full county-wide coverage.
13. The detail of the key objectives and principles of the new Service model were proposed as:
 - a) **The Provider model** – The two forms of provider:
 - i. Prime – Providers who will be expected to pick up the majority of the packages of care available in their appointed zone(s). Appointed at fixed hourly zone rates and enhancements, with packages of care allocated via the Brokerage Team on a priority basis, based on quality ratings to be set out in the framework agreement.
 - ii. Supplementary – Providers offered packages of care that cannot be placed with the prime providers except in the Rural Free Zone where no prime provider role will exist.
 - b) **External workforce issues** - Successful bidders will need to provide assurance that they either have a local workforce in place or a realistic and workable plan to recruit and train additional staff where this might be needed to meet local demand by the contract start date and over the lifetime of the contract.
 - c) **The Zoning model** - In the proposed service, there will be a total of 14 zones each having at least two providers but no upper limit of providers on a countywide list, as follows:

- i. Six Large Zones
 - Coalville and Ashby (including Ibstock, Measham, Ravenstone and Ellistown);
 - Charnwood North (Loughborough, Shepshed and Kegworth);
 - Charnwood South (Quorn, Barrow upon Soar, Mountsorrel, Birstall and Syston);
 - West Leicester (Braunstone, Markfield, Anstey, Ratby and Groby);
 - Oadby and Wigston (including Great Glen, Fleckney and Kibworth Harcourt);
 - Hinckley (including Earl Shilton, Sapcote, Stoney Stanton and Broughton Astley).
- ii. Three Medium Zones
 - Melton (including Asfordby and Harby);
 - South Leicestershire (including Narborough, Blaby, Countesthorpe and Whetstone);
 - Market Harborough.
- iii. Three Small Town Zones
 - Castle Donington, Lutterworth and Bottesford.
- iv. One Small Rural Zone
 - West Leicestershire rural (Market Bosworth, Desford, Newbold Verdon and Bagworth).
- v. One Rural Free Zone
 - Harborough.

14. The proposed service model outlined four pricing levels in the new service aligned to providers' costs to ensure a good supply and timely responses to all requests for care, regardless of whether care was required in rural, small town or urban settings. The indicative recommended prices for 2020-21 are stated below and are based on providers paying the Real Living Wage of £9.30 per hour and include a mileage rate of 45p based on HMRC approved levels:

- Urban - £18.75
- Fringe - £19.95
- Rural - £22.95
- Isolated - £26.15

15. The transparent pricing approach was proposed to be based on developing a sustainable local market and take into account: travel time and enhancements for fringe, rural and isolated visits. It will reflect not only the requirement to pay national minimum wages, which are a statutory requirement, but will also be sufficient for providers to pay their workforce real living wage.

Covid-19

16. Due to the business continuity pressures arising from the pandemic from early March 2020, it was deemed highly unlikely that an Invitation to Tender (ITT) for a new Home Care Service would elicit a positive or significant response from the care market and

attempting a procurement exercise might destabilise an already fragile market. All activity was therefore paused from April 2020.

17. In view of this, a further report was taken to Cabinet on 23 June 2020 to recommend that procurement of the new Home Care Service for Leicestershire be deferred for 12 months. This means in effect that the project timeline has been pushed back in its entirety by 12 months with the start of procurement projected to commence in Spring 2021. As the new service is being commissioned jointly with the West Leicestershire and East Leicestershire and Rutland Clinical Commissioning Groups (CCGs), a report was also received by the CCG's Governing Bodies on 14 July 2020 to this effect.
18. Partner organisations formally agreed to re-start project activity from 13 October 2020.
19. Procurement, Service Specification, Implementation and Communications Task and Finish groups have been reconvened. The groups were given the task of reviewing the status of deliverables against the current operating environment, including the risks associated with the pandemic and potential changes to the home care market. Whilst work is ongoing in respect of this, the project is currently aligned to the revised indicative timeline as outlined in Appendix A.

Market risks and Covid-19 impact

20. Since March 2020 there have been increases in demand for home care from individuals. This increase in demand has seen home care weekly starts increase by 70% during the summer and although reduced, are still 20% higher at the end of 2020 than in March of last year. Overall, there has been a 25% increase in the number of people receiving home care on 1 December 2020 compared with 1 March, and a 14% increase in the average number of hours being delivered to each individual.
21. It is the Council's strategic intention to provide people with the right support as early as possible to avoid permanent placements in care homes and to delay dependency as much as possible. The impact of the pandemic on the care home sector has meant that care at home has been the preferred option for an increasing proportion of those requiring support. Whilst this is in line with the local health and social care Home First Programme's focus to provide people with the right support to remain in their own homes, there is a need to manage these changes to the local health and social care economies throughout this procurement to ensure the Council has the right types, levels and quality of care available going forward.
22. Trends of new packages of care in recent months have demonstrated the resilience of the local home care market despite the ongoing risk of community spread of infections. In terms of retaining and building workforce capacity, there has been a positive response to the Authority's social care recruitment campaigns, although the longer-term impact and sustainability of this campaign has yet to be assessed.
23. Prior to the pandemic, a number of market engagement events had been undertaken (in the latter part of 2019/20) to feedback on Care Analytics' findings and outline the recommended lot changes and price benchmarks for the planned re-procurement of home care by November 2020.

24. With the introduction of regular tracker tools and surveys and weekly conference calls with providers to discuss issues such as financial and recruitment support, PPE and infection prevention and control, the level of engagement with providers has, of necessity, increased. This gives a potentially stronger foundation to recommence engagement regarding the procurement of the proposed new home care service.
25. The impact of Covid-19 on workforce and capacity will need to be monitored on an ongoing basis until such time as a widescale vaccination programme takes effect across Leicestershire, Leicester and Rutland.

Financial pressures on home care providers

26. The impact of temporary financial support (e.g. infection control fund payments, support with exceptional costs, increased hourly rates) for the care sector will need to be reviewed to check the likely short and longer-term impact on hourly rates for home care. Pricing will also be driven by other structural factors like the National Living Wage and general wage and CPI inflation.

Next steps

27. Demand modelling is being reviewed prior to the re-procurement of the home care contract, to consider the changes outlined in paragraphs 20-22.
28. Aligned to this, the Care Analytics analysis of care volumes, the prime provider model, zoning and pricing approach are scheduled for review in early January 2021, followed by further market engagement to test the revised price benchmarks with current and potential providers prior to publication of the Invitation to Tender (ITT)
29. Work will be undertaken with Care Analytics to appraise the provider model, to review and update price benchmarking and zones to ensure lessons are learned from the recent changes to brokerage processes, linked to the development of the local Home First model over the last 12 months.
30. Having reviewed the current brokerage process, before and during the pandemic, to ensure waits for packages of care are minimised, there is an option to tender for an open framework consisting of any providers that meet our quality standards and demonstrate their willingness and competence to deliver care in specified areas of the County, rather than specifying a Prime or Supplementary provider.
31. The rationale for the potential change to the model is that, by offering all packages of care via the County Council brokers, as has been tested for the last six to nine months, Prime and Supplementary providers will naturally emerge, based on the levels of business they are able to deliver. This model would remove the need for providers to bid as particular provider types, which may act as a deterrent for some to bid. The removal of any unnecessary, artificial barriers to small, medium or larger home care agencies doing business with the Authority is likely to be favoured by existing and new agencies in the local market.
32. The potential benefits of a Prime provider model are that the Authority would have lesser transactional cost and resource, whilst providers would be able to invest in workforce development due to certainty of business, and to economies of scale. In theory this may also bring reduced pricing. However, given that hourly rates are

intrinsically linked to staff pay rates which are largely based on Living Wage rates this may not be achievable in practice.

33. The potential drawbacks of Prime provider models are that monopolies of support can develop in areas, and where one or two providers are given first refusal on care packages it may be that more attractive care packages are taken first by Prime providers leaving less attractive work for supplementary businesses.
34. Opening the market to any willing provider who meets the quality standard, could incentivise local provision, allow new market entrants throughout the lifetime of the contract and encourage small and medium enterprise providers. However, there is a risk that the workforce becomes more disparate, pricing is more difficult to manage, and the process of allocating work and monitoring of contracts becomes more complex.
35. The departmental external workforce lead is continuing to highlight support available to care providers in terms of recruitment and training resources to assist them in maintaining and growing their workforce to meet the increasing demand for, and changing needs of, Leicestershire residents.
36. It is currently proposed that procurement will commence from February 2021, subject to a Gateway review to ensure that all the procurement requirements have been met satisfactorily and that resources remain in place to manage the bid process.
37. The ITT will need to include an outline of the proposed implementation process and timeline. Work is currently being undertaken to develop proposals for this and to provide assurance that implementation can be completed, with sufficient time and resource by 6 November 2021 when the current contract term comes to an end. If there is insufficient time and resource to complete the implementation activity required, there is a risk that the existing contract will need to be extended via an exception to the Contract Procedure Rules to ensure the ongoing provision of services.

Resource Implications

38. The core project team is resourced from within the Department and the Transformation Unit (Corporate Resources). Relevant subject matter expertise is resourced jointly between the County Council and the CCGs from the following areas:
 - Care Pathway;
 - Strategic Commissioning and Contracting;
 - Finance;
 - Social Care Systems (LAS and ContrOCC);
 - Legal;
 - Commissioning Support;
 - Communications;
 - Review.

Timetable for Decisions

39. The following indicative milestones set out the revised timetable (12-month delay) for implementing the new service. The phasing of the implementation will be finalised

after completion of the procurement process, as the outcome of that exercise may change the planned order of phasing in the new providers e.g. if an existing provider does not bid or is unsuccessful in bidding and intends to withdraw from the market at the end of the current contract, the transition of their service users will become a priority.

Active Milestones	Date
ELRCCG Governance Committee	12 January 2021
County Council's Adults and Communities Overview and Scrutiny Committee	18 January 2021
Specification Finalised	29 January 2021
Contract Finalised	29 January 2021
Section 75 Finalised	29 January 2021
Gateway Review	1 February 2021
WLCCG Governance Committee	9 February 2021
ITT Documentation Finalised	10 February 2021
Departmental Sign Off Procurement and Governance	17 February 2021
ITT Published	22 February 2021
County Council's Adults and Communities Overview and Scrutiny Committee	March 2021
Gateway Review	2 April 2021
ITT Closes	12 April 2021
Evaluation period	4 April 2021 to 1 June 2021
Gateway Review	18 May 2021
Award Finalised/Published	28 June 2021
Provider Mobilisation Starts	28 June 2021
Gateway Review	19 July 2021
Transition of first Providers to new Framework	3 August 2021
Transition complete	6 November 2021
Stabilisation phase starts	6 November 2021

40. At the time of writing this report additional Covid-19 restrictions have been announced. The Department will be considering the impact of these, along with emerging intelligence from the work being undertaken by Care Analytics. If necessary alternative scheduling of milestones to those outlined above will be considered, whilst aiming for completion of transition to the new contract by 6 November 2021.
41. The length of contract will be set at 3+1+1 years, but the framework will remain open to allow for new providers to be added to, subject to quality and due diligence checks, as and when supply and demand requires.

Conclusions

42. This report describes the impact of the Covid-19 pandemic upon the procurement of the new Home Care Service approved by Cabinet in February 2020, leading to a 12-month deferment. This report provides assurance of the steps taken to recover the procurement in line with the active milestones outlined above.

43. Further analysis is being undertaken to ensure that market data continues to support the proposed Provider, Zone and Pricing models post-pandemic.
44. The Committee is invited to comment on the report and in particular on the options outlined in paragraphs 27-34 on the potential delivery models.

Background papers

- Reports to Adults and Communities Overview and Scrutiny Committee – Domiciliary/Home Care Service: Post November:
 - 2 September 2019 <https://bit.ly/2QxFsAy>
 - 11 November 2019 <https://bit.ly/2QBr0Yd>
 - 20 January 2020 <https://bit.ly/3oAaCpe>
- Report to Cabinet: 7 February 2020 – Commissioning and Procurement of Home Care Service Post November 2020
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MIId=5992&Ver=4>
- Report to Cabinet: 23 June 2020 - Commissioning and Procurement of Home Care Service Post-November 2020 - Proposed Deferral Arising From Covid-19
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MIId=5996&Ver=4>

Circulation under the Local Issues Alert Procedure

45. None.

Equality and Human Rights Implications

46. A draft Equality and Human Rights Impact Assessment (EHRIA) has been undertaken in tandem with the design process and this was shared with the report considered by the Committee in January 2020. This will allow integration of actions to mitigate any potential equalities issue throughout the process (including during workshops and co-production). The main findings from this assessment are:
 - There will be no negative impact on protected groups;
 - The proposed service model will address current geographical issues, improving the quality, sustainability, responsiveness and consistency of the service and improving service user outcomes;
 - The proposed service model will ensure that service users' will receive the right level of support and maximise their independence;
 - A focus on achieving individual outcomes will support the equality of the service delivery.

Other Relevant Impact Assessments

Environmental Implications

47. Following the declaration of a climate emergency at the full County Council meeting in May 2019, targets for carbon reductions have been set, which the Department will need to meet during the period of the new homecare service. Potential impacts on the environment and climate, will come from the activities of both the Department and its service providers. Whilst this impact is largely unknown at present, it is likely to be significant given the number of journeys made on a day to day basis. The work described above to realign and optimise the delivery lots and zones, across

geographical operational areas, will play a key part in reducing this impact.

48. The Department is developing an action plan which includes actions aimed at:

- Reducing the amount of waste produced;
- Increasing the level of recycling across County and departmental sites;
- Reducing the amount of paper used within the Department;
- Reducing the amount of business mileage;
- Working with providers to reduce their environmental impact;
- Increasing the number of staff that have completed Environmental Awareness E-Learning and implementing any mitigation measures identified in the Corporate Climate Change Risk Register;
- Providers attending the provider engagement events have been made aware of the Council's service requirements and strategic aims, which will form part of the ITT required response.

Partnership Working and Associated Issues

49. Health colleagues from East and West CCGs continue to be fully engaged with the project to ensure that both health and social care needs of service users living in Leicestershire are met.

Appendices

Appendix A – Revised timeline

Officer to Contact

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