

REPORT TO: Executive Board Sub Committee
DATE: 19th March 2009
REPORTING OFFICER: Strategic Director - Health & Community
SUBJECT: Residential Care contracts 2009-2015.
WARDS: Borough wide

1.0 PURPOSE OF REPORT

1.1 To request suspension of the relevant procurement standing orders 3.1-3.9 under the exceptional circumstances set out in this report, to enter into new contracts for the provision of Residential and Nursing Care.

2.0 RECOMMENDATIONS:

- (i) In the exceptional circumstances set out below, for the purpose of standing order 1.6, procurement standing orders 3.1 –3.9 be waived on this occasion to permit the Strategic Director Health and Community to enter into contracts on an individual ‘spot purchase’ basis with providers of registered Residential Establishments that meet the Council’s quality criteria; and**
- (ii) The Strategic Director, Health and Community be authorised, in consultation with the portfolio holder for Health, to enter into ‘spot purchase’ contract arrangements at the Borough-wide rate for each type of service provision as set out in section 6.1 of this report, for the contract period of three years from April 2009 to the end of March 2012, with an option to extend for a period of up to a further three years from April 2012 to the end of March 2015: and that these purchasing arrangements be reviewed on an annual basis by the Strategic Director, Health and Community, in consultation with the portfolio holder for Health.**

3.0 SUPPORTING INFORMATION

3.1 Halton’s current contract for the provision of Residential and Nursing Care expires at the end of March 2009. The Authority has a statutory duty to meet the needs of physically frail and vulnerable people that are assessed as requiring residential and nursing care. The provision of this care is delivered within residential establishments (services that provide both accommodation and care) registered with the Commission for Social Care Inspectorate (CSCI). CSCI are the statutory regulators of residential and nursing care and all residential establishments must be built to CSCI standards and must operate within CSCI standards. This report relates to purchasing arrangements for the provision of residential and nursing care for clients to whom the local authority owes a statutory duty of care.

3.2 As commissioners of residential and nursing care, Halton Borough Council could enter into two different types of purchasing arrangements with registered homes in the borough:

Block purchase arrangement

In this option the Authority would seek submissions from all existing registered homes and enter into an agreement with a limited number of these homes for the 'block purchase' of all or a proportion of the bed spaces within the home. Under this option the Authority is bound to meet the cost of the bed spaces purchased regardless as to whether or not they are occupied.

Spot purchase arrangement

This is the current arrangement for the provision of residential and nursing care. Under this option commissioners agree a reasonable fee for the provision of care and enter into an agreement with registered homes within the borough that meet both HBC quality standards and comply with CSCI quality standards for the purchase of care on a person-by-person or individual 'spot purchase' basis.

This report proposes that Halton continues with the existing method of 'spot purchase' based on the following rationale:

- The high number of vacant residential bed spaces would pose a risk of wasted resources, as under block purchase arrangements the Authority could be committed to funding empty beds
- Entering into agreement with a limited number of homes restricts client choice i.e. a client may wish to be placed in a residential home close to their family, if the Authority choose to only contract with selected homes in the borough, clients could end up placed away from their family.
- Commissioners and providers alike have to be aware of the potential impact of Personalisation on any future purchasing arrangements for the provision of care. Entering into block purchase arrangements directly with providers could mean that beds block purchased by the Authority remain empty because clients have opted for an individual budget to purchase care in an alternative setting of their choice.

3.3 Suspension of standing orders is therefore requested due to the particular circumstances set out in sections 3.1-3.2 of this report, in that compliance with standing orders relating to procurement is not practicable, in that placing a limitation on our arrangements to purchase, beyond the requirements to meet CSCI standards, would restrict clients choice on where they can live and ending current arrangements with homes could mean that extremely frail and vulnerable older people would be asked to leave their existing homes in order to transfer to an alternative home under contract with the Authority. Moving frail and vulnerable people can cause the individual to experience a lot of distress and can pose a significant risk to their health. Waiving standing orders also allows the Authority to reach informed decisions regarding a fair rate for the purchase of registered care that is applied to all homes operating across Halton.

3.4 The proposed contractual arrangements would be for a period of three years, with an option to extend for a further three years, subject to annual approval of

the Strategic Director Health and Community, in conjunction with the portfolio holder for Health.

- 3.5 In preparation for the renegotiation and subsequent award of new contracts, Health and Community established a project group in 2008 work on the development of a Residential Care Strategy for Halton, which would direct and inform commissioning intensions for the next six years.
- 3.6 The draft strategy is now complete and key findings include:
- Fees paid in Halton for the provision of Residential and Nursing Care are significantly lower than in neighbouring authorities
 - There is a shortage of EMI/Nursing beds
 - Clients placed in residential care by Halton social care teams are highly dependent and are likely to have complex needs
 - There is a high level of voids (standard residential care)
 - Haltons referrals into residential care have decreased year on year and this trend looks likely to continue
- 3.7 In order to inform the development of the Residential Care Strategy the Authority consulted with existing residential homeowners and reported a significant level of dissatisfaction with the current fee rates. Providers have consistently relayed the challenge of delivering quality residential care in Halton when the fee rate is set so low.

Examples of the challenges to providing quality care in Halton include:

- Limited resources to appoint experienced or highly qualified staff
 - Difficulties retaining staff due to non-competitive rates of pay and training programmes that only meet the minimum statutory requirements
 - Difficulties recruiting staff due to limited resources to conduct recruitment campaigns
 - Limited resources available to invest in the living environment i.e. decoration, replacement of carpets and furniture etc.
- 3.8 Commissioners are also aware of a number of issues with residential care in Halton for example:
- All registered homes are operating at or above the CSCI quality rating of 'Adequate'. However, a number of homes rates as 'Adequate' have required significant ongoing support from commissioners and members of HBC contracts staff to achieve and then sustain this rating.
 - Sign up to Health and Community provider training programmes for residential care staff has been good. However attendance on the day has been poor with providers struggling to find the capacity to release staff to attend.
- 3.9 A regional comparison of fees has been carried out as part of the work undertaken to inform the development of the Residential Care Strategy. This comparison bears out commissioner and provider concerns that current fee levels in Halton are lower than that paid within neighbouring authorities. Fees across the region range as follows:

Service provision	Lowest rate (base)	Highest rate (base)
Residential	£331.00	£384.75
Residential Dementia	£401.38	£459.78
Nursing	£331.00	£449.00
EMI Nursing	£400.82	£459.78

- 3.10 In order address the concerns set out in sections 3.6-3.7 and in order to introduce a fair rate for the purchase of care in Halton, this report proposes a 4.95% increase on existing fees impacting on community care budgets.
- 3.11 It is further proposed that, in order to address under provision of EMI Nursing beds, that the current rate for the purchase of EMI Nursing is significantly increased, in order to encourage the provider market to consider reconfiguring services to provide EMI nursing. It should be noted that this would have no impact on the community care budget, as clients placed in EMI Nursing beds qualify for continuing health care and as such are 100% funded through the PCT. In agreement with our health partners this report therefore proposes 14% uplift for EMI Nursing.
- 3.12 The revised rates and the financial implications of the changes are set out in section 5 of this report.
- 3.13 In addition, in order to address the over provision of standard residential bed spaces and under provision of beds for people with complex needs, the strategy proposes replacing the residential dementia rate with a High Dependency rate that will be payable in respect of any client assessed by care managers as highly dependent. It is intended that the introduction of the dependency rate will allow providers to accept clients with more complex needs. It is intended that the model will be based on levels of need as opposed to condition and will be applied to any client placed in residential care that is assessed as highly dependent.

In order to assess the current and future impact of the move to a dependency model, care management undertook a desktop analysis of current dependency levels. This assessment identified that approximately 70% of current service users may qualify for the dependency premium and it is also anticipated that 70% of future placements may qualify for the premium. This report proposes that commissioners work in partnership with providers to introduce a dependency model within the first year of the contract.

- 3.14 Before proposing the adoption of a dependency rate the Residential Steering Group considered a number of changes to fee rates including the potential to introduce a Quality Fee. Members considered demand for services and the tendency in Halton to place people in care with complex needs and opted to progress the development of the dependency rate. However, the steering group also recognised the need to reward good quality.

As such, the quality of care should be subject to ongoing assessment and

providers that persistently fail to meet the required standards of care should have the base rate reduced until such a time as the quality of care has improved or the contract is terminated. This report proposes that commissioners work in partnership with providers to introduce a local quality framework within the first year of the contract.

4.0 BUSINESS CASE FOR WAIVING STANDING ORDERS

4.1 Value for Money and Competition

The proposed rates set out in this report are competitive when compared with rates paid in neighbouring authorities.

By entering into spot purchase arrangements, at a fee that is set across the borough, the rate of business secured by each home is dependent on clients' choice, which is highly dependent on the clients and their families' view of the quality of service offered by each home.

4.2 Transparency

CSCI Inspection Reports on registered homes and HBC Contract Monitoring Reports are open to public scrutiny under the Freedom of Information and Local Government Acts although the contract itself is likely to be exempt from disclosure under the 2000 Act subject to application of the Public Interest test at the time of any request for access.

4.3 Propriety and Security

The usual anti-corruption integrity clauses will be built into the contract document and only staff with a need to know will have information about the contract.

The contract specification will set out requirements in respect to minimum standards for the delivery of care and will include comprehensive standards relating to Adult Protection.

4.4 Accountability

Accountability for the report and recommendations would remain with the Strategic Director Health and Community, in conjunction with the portfolio holder for Health. The decision is a matter for the Sub-Committee but would appear to be consistent with the Council public stewardship duties in relation to use of resources. The process and paperwork is open to the annual audit process, internal audit and access by other regulatory and enforcement bodies.

4.5 Position of the contract under the Public Contract Regulations 2006

As this is for care services (Health and Social Care services) this contract is largely exempt from the 2006 Regulations so there is no need to advertise for expressions of interest in the official Journal. However, it is necessary to advertise the award of contract within 48 days of the date of the award.

5.0 POLICY IMPLICATIONS

5.1 The introduction of the dependency model will change a number of care

management processes as such the development work to be undertaken within the first year of the contract will include the necessary changes to policies and procedures.

6.0 FINANCIAL IMPLICATIONS

6.1 The table below shows the percentage increase from the rates currently paid to the proposed rates.

Effect of proposed changes

Current rate	£	Proposed rate	£	% Increase
Basic Residential	334.33	Basic Residential	350.88	4.95
Dementia Residential	394.20	Higher Dependency level	413.71	4.95
Basic Nursing	357.25	Basic nursing	374.93 +*FNC	4.95
EMI Nursing	378.23	EMI Nursing	*431.18 +*FNC	14

* All costs paid by PCT

6.2 The estimated expenditure incurred as a result of these proposals, will be met within the existing community care budget for Older People.

7.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

7.1 Children & Young People in Halton

None

7.2 Employment, Learning & Skills in Halton

None

7.3 A Healthy Halton

Good quality residential and nursing care provides a healthy living environment and protects the health of frail and vulnerable people and assists people to manage the effects of long-term illness. In particular, the provision of residential land nursing care supports delivery of Focus 4 of the key objectives for Healthy Halton:

Helping people to manage the effects of ill health, disability and disadvantage

Improving the health and well being of vulnerable adults particularly older people by increasing the number of older people gaining access to holistic care packages.

7.4 A Safer Halton

Residential Care also provides a safe environment for frail and older people,

which may contribute to achieving a reduction in the fear of crime.

7.5 Halton's Urban Renewal

None

8.0 RISK ANALYSIS

8.1 The rates proposed in this report may not be accepted by some of our existing providers. In this event their contracts would expire on 31st March 2009. This could result in adverse publicity regarding the level of fee offered by the Authority to purchase care and could result in some providers service notice on vulnerable clients.

8.2 Whilst the likelihood of providers asking clients to move out of their homes is viewed as unlikely, officers will work with Corporate Communications to respond to any potential adverse publicity.

9.0 EQUALITY AND DIVERSITY ISSUES

9.1 These contracts deliver care to the most frail and vulnerable people. The service specification will set out commissioners quality standards in respect to dignity in care and adult protection and the contract will include comprehensive clauses on equality and diversity.

10.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

10.1	Document	Place of Inspection	Contact Officer
	Residential and Nursing Care Contract.	2 nd Floor Runcorn Town Hall	Angela McNamara
	Residential and Nursing Care Specification	2 nd Floor Runcorn Town Hall	Angela McNamara
	Draft Residential and Nursing Care Strategy	2 nd Floor Runcorn Town Hall	Angela McNamara