

## **Draft Commissioning Strategy Summary for home support, supported living and residential care (with and without nursing)**

**Consultation – 5 April 2017 – 4 July 2017**

Birmingham City Council wants to know what you think about some proposals to change the way we buy and provide (also referred to as commissioning) adult social care services. This consultation also seeks your views on how independent care providers are managed. This also includes home support services for children and young people with a disability.

This document is a summary of the Commissioning Strategy that was presented to the Council's Cabinet on 21 March 2017.

**You will need to use this document and the following supporting information to help you answer the consultation questionnaire:**

- **A copy of the report presented to the Council's Cabinet on 21 March 2017 including the Draft Commissioning Strategy (by following the link to the Council's website below).**
- **A copy of the Council's 'Pricing Proposals' for adult social care (including children's home support) from 1 April 2018.**
- **A copy of the Council's proposed 'Quality Framework' and associated inspection toolkits/quality assurance statements. This includes a copy of the Council's proposed 'Entry Criteria' onto the new framework contract from 1 April 2018.**

All of these documents are also available on the Council's website at:

<https://www.birmingham.gov.uk/stm>

We will use the information you provide to support the further development of these proposals and to form a recommendation about how we commission a range of social care services which will be presented to Cabinet for decision in September 2017.

Your feedback on the proposals will also be used to finalise the contract documents that will (subject to permission from the Council's Cabinet) be used to procure the new framework agreement.

## About this service

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The Council currently commissions a wide range of care and support services through two framework contracts; for adult social care and children's home support.

A framework agreement is a form of contract used by public bodies such as Birmingham City Council. It sets out terms and conditions under which individual purchases can be made with one or more care providers, throughout the term of the contract.

The Council currently uses these framework contracts to buy; home support services for adults and children; residential care (with and without nursing) for all adults over 65 with assessed eligible care and support needs; and in some cases care and support in a supported living setting. These services are described in more detail below.

### Home Support (adults' and children's)

Home support services for adults and children provide care and support in the citizen's home and can include help with the following:

- personal care including washing and dressing;
- housekeeping or cleaning;
- cooking and preparing meals;
- taking medications or meeting other health care needs; and
- companionship or activity based support.

### Supported Living

The Council uses the term 'supported living' to describe those citizens who have an independent tenancy but where personal care and support is provided to enable them to live independently. The personal care is provided under separate contractual arrangements to those for the citizen's housing. The accommodation is often shared, but can be a single household. This is in line with the regulator – the Care Quality Commission - definition.

## Adults Residential Care (with and without nursing)

Adult residential care is provided for those citizens who are over 18 and unable to live independently in their own home. Residential care is usually separated into two categories:

1. Care homes registered to provide personal care – these homes are able to provide personal care services similar to those provided by home support, but are delivered in a permanent care home setting.
2. Care homes registered to provide nursing care – these homes are able to provide personal care services but also have registered nurses to provide care for medical conditions or disabilities. Some nursing homes may also specialise in providing care for certain disabilities or conditions such as dementia.

The current framework agreement is not at present used to commission residential services (with and without nursing) for adults aged 18 - 64. However, we are now consulting upon a strategy that would see social care services for adults' aged 18 - 64, move from the current arrangements of purchasing as and when needed, into a new framework agreement from 1 April 2018 with all care providers being quality checked. It is also not consistently used to commission supported living services for all ages, which again are proposed for inclusion in the new arrangements from April 2018.

## Background

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Birmingham City Council wants to work with partners to create a great city to grow old in and to help people become healthier. It has set out a challenging agenda to reduce differences in health across the city; lead a real change in the mental wellbeing of all people in Birmingham; promote independence of all our citizens; and combine health and social care services so that citizens have the best possible experience of care, tailored to their needs.

Through the Draft Commissioning Strategy, the Council will translate this into actions that will support people to continue to live independently and in their own home for as long as possible, to help all residents access high quality and affordable social care, and to ensure that service users have choice and control over their own lives.

The Council recognises that relationships between health, social care and wider community services are essential for the health and wellbeing of local communities. We are mindful of our role as a significant buyer of these services and also the underlying price pressures in the social care sector both

locally and nationally. The Council will work more closely with our partners and increase joint purchasing across health, social care, and housing with support.

The Draft Commissioning Strategy outlines our proposed approach to the purchasing and management of adult social care (as well as home support for children and young people with a disability) and provides a framework agreement for services that will support us to achieve our key aims to: improve desired outcomes; improve quality; and improve resilience and sustainability of the wider health and social care system.

## **Vision Statement**

**Our vision for Birmingham is to have a vibrant, diverse and sustainable local health and social care market which supports the achievement of better outcomes, increased independence and choice and control for adults.**

This vision is supported by three clear aims to:

1. Improve outcomes for those with health, care and support needs
2. Improve the quality of commissioned health and care services
3. Improve the resilience and sustainability of our health and social care system

To deliver this vision we must recognise that much of the need for care and support is met by people's own efforts including their families, friends or other carers, and by community networks. Services brought by the Council and NHS need to support and complement these individual and personal care and support resources.

## **Why are the changes being proposed?**

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Since summer 2016, the Council has been reviewing current practice in relation to the services described above. This has included early engagement with the independent provider market, as well as a range of internal and external partners, to review both the original business case for the introduction of a framework approach and also best practice.

The review identified the following intended benefits from the original business case for the current framework agreement for adult social care and the associated impact of the current contracts and systems:

## **Ensure an open and transparent care market so that businesses can grow and new ones can start up locally**

Whilst the market has grown for home support providers, there has been a reduction in residential (with and without nursing) providers, which broadly reflects changes in demand for services. A framework approach has allowed these changes in demand to be managed and has allowed new providers to enter the market.

However, Birmingham City Council has almost 1,000 registered care providers, albeit only 357 have an active Care Quality Commission registration and are based within the Birmingham boundary. Given the overall quality of care provision, this volume of providers is challenging for the Council to robustly and consistently manage. -

## **Assure quality through the 'quality rating' process used to shortlist providers and the contract management process**

The quality rating system – including the publication of quality ratings - introduced as part of the framework - has resulted in an increase in the overall quality of provision in both sectors of the adult social care market.

Overall quality standards are lower in residential (with and without nursing) services and this is reflected in the proportion of packages where the winning offer was from 'good' rated providers. However, the system does allow citizens and other stakeholders to gain a clear picture of the quality of services to support citizen choice.

## **Achievement of cashable savings**

The Framework Agreement for Adult Social Care and associated IT system implementation has delivered net savings to the Council of £6.631m over the last four years. However, whilst the use of dynamic pricing has reduced the cost of home support services, comparator data with 15 other cities across the UK, shows the Council currently pays the highest price on average for nursing care, and third highest for residential care.

## **Making back office savings and process efficiencies**

The implementation of the framework and associated IT system (Sproc.net) has not delivered the anticipated efficiencies in back office systems.

The lack of engagement from the residential (with and without nursing) market has resulted in a reduction in the proportion of care requirements sent out to the widest range of providers. It is this process of reviewing a range of

prices and offers from care providers and using competition that has delivered some of the £6.631m of savings to the Council. This has reduced the possible saving to the Council and increased the Council's reliance on making placements outside of the agreed framework and IT system and increasing back office processing.

The implementation of Sproc.net was not far-reaching enough and a number of processes that could have been automated and/or streamlined remain as predominantly manual processes, therefore reducing efficiency of the commissioning systems and processes.

### **Reduce the Council's exposure to risk**

Whilst the framework and associated IT systems have the functionality to reduce risk, the full potential of credit alerts for providers, and the lack of automation and interfacing of systems, means that these benefits have not been seen. However, the increase in the number of care providers has reduced the Council's previous reliance on a very small number of providers, particularly in the home support market.

### **Commission by outcomes and support the personalisation agenda**

A key element of the process for assessing social care offers from care providers for individual packages of care was to manually score against a set of outcomes. These outcomes will have been developed in conversation between the social worker and the citizen. Whilst this does have the potential to ensure personalised services are commissioned, the scoring process is open to interpretation, the manual intensity of the scoring, and the lack of high quality responses from the market, have made it difficult to demonstrate the added value of the outcomes focussed stage in the current purchasing process.

### **Assist commissioners to meet duties under the Care Act 2014**

The use of the Framework Agreement for Adult Social Care and associated IT systems has ensured a diverse local care market and provided a mechanism to deliver choice for citizens, as required by the Care Act 2014.

## **Conclusions**

The findings above, along with a range of national and local drivers for change, have highlighted the need for the Council to redesign the future

approach to purchasing of adult social care services, to ensure they remain fit for purpose.

Whilst the current framework agreement has allowed the Council to move away from more traditional delivery approaches and provide some structure to the market to allow it to develop, it has not met all of the Council's reasons for change and the needs of the social care provider market.

Further development is therefore required to ensure adult social care services remain fit for purpose as part of the wider health and social care system.

## **What are the proposals the Council is considering?**

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The following proposals are being considered by the Council and these are summarised below:

### **Contractual arrangements**

The Council proposes to operate a framework agreement for the social care market sectors set out above, which means that there is no commitment from the Council to buy any specific volumes of care or on the provider's part, no commitment to sell any specific volumes of care to the Council. However these arrangements will be adapted as follows:

- Home support – this will be operated as a closed framework, whereby the Council will contract with a fixed group of up to 97 independent care providers.
- Supported living (personal care elements only) – this will be operated as an open framework, whereby the Council will allow new providers on to the framework, subject to the relevant entry criteria being met.
- Residential homes and Nursing homes – this will be operated as an open framework, whereby the Council will allow new providers to join the contract at any time, subject to the relevant entry criteria being met.

There are a number of alternative approaches that have been considered by the Council for the future purchasing of adult social care services including block contracting for specific volumes of capacity, spot purchasing individual placements, large scale internal provision, reverting to a select list of providers or indeed doing nothing. Many of these options have been disregarded as they could pose a significant risk to the Council by disrupting the care market and/or would not address the consequences of the current arrangements and inefficiencies in systems and processes.

<b>Question 1</b>	<p><b>Do you support the proposal for the Council to operate a framework agreement for home support (for adults and children), supported living (all ages) and residential homes with and without nursing (for adults) from 1 April 2018?</b></p> <p><b>Please tell us why you support or oppose the proposal to operate a framework agreement from 1 April 2018.</b></p>
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### **Entry criteria**

To drive up quality, the Council proposes not to allow a care provider who is currently rated by the Care Quality Commission as Inadequate to enter the new framework contract. Beyond this, a more detailed set of entry criteria will maximise the quality of providers that can enter the framework and reduce potential risks to all parties.

### **Quality of care**

All providers that meet the entry criteria will be given a quality rating which will be measured and published, with each service being given an overall quality rating of either 'Gold', 'Silver', 'Bronze' or 'Inadequate'. The quality rating aims to capture a range of views (including those from service users) of the quality of services. These will be used to produce a rating that can inform care package allocation processes and support citizens to make informed choices.

Services will receive a minimum annual inspection from the Care Quality Commission or the Council or the NHS. The most recent full inspection outcome will be used to determine the provider's overall quality rating. The assessment by the Council will focus on the quality of care against a set of core standards and the Council will publish its monitoring guides to allow providers to assess their current performance. Providers will be asked to submit this self-assessment at least twice a year.

### **Allocation of care packages**

Providers will be asked to confirm they have a vacancy and capacity to meet each citizen's needs via an online electronic system. The provider's quality rating will then be used to allocate providers to deliver each care package. All packages will be allocated to the provider with the highest quality rating. However citizen choice may be used and will be considered in line with statutory requirements.

<b>Question 2</b>	<b>Do you support the Council's proposal to assess the quality of all care providers, which includes a quality rating system based on an annual inspection; provider self-assessment; and the integration of customer feedback?</b>
<b>Question 3</b>	<b>Do you support the Council's proposal to move towards only using good quality providers (rated as Gold, Silver or Bronze) and to set clear quality standards for care and support?</b>
<b>Question 4</b>	<b>Do you support the Council's proposed method for allocating care packages to providers?</b>
<b>Question 5</b>	<b>Do you agree that the Council should stop using 'inadequate' care providers?</b>

### **Fixed fees**

It is estimated that if the Council continues with its current pricing model, the cost of care (excluding anticipated increases in demand for services) will rise by £16.5m over the coming four years. This is in the context of Council having already reduced its adult social care net spending by £70m since 2011, with further net savings required of £15.2m in 2017/18, rising to £17.4m in 2020/21. It is therefore essential that the Council works closely with care providers to ensure affordable, high quality services are available in future.

It is proposed that the Council will operate a fixed fee approach, providing greater transparency of pricing and allowing all parties to plan more effectively. There will be separate fixed fees for each different category of care which have been developed from a baseline understanding of the costs of providing adult social care in Birmingham.

These fixed fees will be complemented by increases and decreases in price based on the quality rating of the provider and the proposed prices will apply to new packages of care allocated after 1 April 2018 only. The arrangements for existing packages of care and support which are already in place as at 1 April 2018 is covered in the 'transition arrangements' section below.

### **Review of fixed fees**

The Council recognises underlying price pressures within the care sector, particularly those in relation to employee costs, which make up the largest proportion of the cost of delivering care. The Council is committed to ensuring the care sector remains viable, not only as it delivers care to some

of our most vulnerable citizens, but also as a major employer across the region. The Council therefore proposes to review the fixed fees on an annual basis to ensure that its fee structure continues to keep pace with the National Living Wage and inflationary pressures.

### **Birmingham Care Wage and the National Living Wage**

In recognition that employment is the route to independence and out of poverty, Birmingham City Council approved implementation of the Birmingham Care Wage in February 2016. The purpose of this was to ensure that care staff that are supporting the most vulnerable citizens in the City, are paid a fair wage for the work they do.

From 1 April 2017, the National Living Wage will rise to £7.50, which will match the current Birmingham Care Wage, implemented from 1 April 2016. However, the Living Wage Foundation rate is currently £8.45 (outside of London) and the Birmingham Care Wage was designed to start closing this gap over the coming three years.

### **Top ups**

When a person needing care - or their family - have specifically requested accommodation that is more expensive or are getting a genuine upgrade in the services they are receiving, a Third Party Contribution (also known as top ups) is likely to be required. This will apply to all services proposed for inclusion in the new contract.

<b>Question 6</b>	<b>Do you support the Council's proposal to agree fixed fees for care packages with the care market, including a single fixed fee for 'accommodation' related costs?</b>
<b>Question 7</b>	<b>Do you support the Council's fixed fees that are outlined in the 'Pricing Proposals' document?</b>
<b>Question 8</b>	<b>Do you support the Council's proposal to link the fee paid to care providers with the quality of care provision as outlined in the Quality Framework and Pricing Proposals documents?</b>
<b>Question 9</b>	<b>Do you support the Council's proposal to review fees paid for care packages each year and the proposed method for reviewing these as outlined in the Pricing Proposals document?</b>

<b>Question 10</b>	<b>Do you support the Council's proposed approach to citizens being able to choose their care provider and how these choices may require a financial contribution from families (also known as top ups or Third Party Contributions)?</b>
<b>Question 11</b>	<b>Do you support the Council's aspiration for all care providers to be required to pay all their staff at least £8.45/hour?</b>  <b><i>Note: This is 95p/hour more than the April 2017 Birmingham Care Wage and National Living Wage.</i></b>  <b>If you support this proposal, would you be prepared to pay for this from the Council's budget as part of the Council Tax and/or Business Rates you pay?</b>

### **Geographic home support model**

The Council proposes to establish a closed framework for home support across five geographical areas. We are seeking to support the principles of the Birmingham Business Charter for Social Responsibility by ensuring that a geographically-based model will provide local employment opportunities; support locally based businesses; and supports a greater understanding and linkages with community based services.

A key part of the model is to provide a fair distribution of care hours (expected to be an average of 18,000 hours/area at the start of the contract) in each area taking into account the number of citizens requiring services and the forecast for future demand for services. The proposed geographic model takes into account road routes, accessibility and natural barriers so that carers can reasonably travel between calls.

The proposal will classify the size of the home support provider based on their current weekly hours directly funded by the Council. There will be limits placed on the number of providers in each area and the size of these providers. The Council believes that this approach will ensure that there are sufficient care hours in each geographical area to support and encourage growth with acceptable competition that will not result in destabilising the home support market.

The Council proposes to contract with a minimum of 78 and maximum of 97 home support providers. Citywide specialist services – such as those care providers who support citizens with a brain injury or a hearing or sight impairment - will be in addition to the general home support providers. In addition to this, a provider in each of the five geographic areas will be selected during the contract tender and award process that can support the discharge of citizens from hospital that require home support.

The proposal will allow those providers currently providing to the Council who may not do so under the new arrangements, to review their business and contingency plans. This may include developing their provision to support the private market and increase the number of their citizens using a direct payment. This should mitigate the immediate impact on the care market in Birmingham and result in a managed reduction of care providers. For those citizen's that do not wish to remain with the provider or do not wish to take a direct payment, the 'transition arrangements' set out below will apply.

<b>Question 12</b>	<b>Do you support the Council's proposal to move to a model for allocating home support packages across five geographical areas of Birmingham and the way this is proposed to be implemented?</b>
<b>Question 13</b>	<b>Do you support the Council's proposal to reduce the number of home support providers and the way this is proposed to be implemented?</b>
<b>Question 14</b>	<b>Do you support the Council's proposal to apply the geographic home support model only to new care packages allocated after 1 April 2018?</b>
<b>Question 15</b>	<b>Do you support the Council's proposals to allow citizens in receipt of home support services from providers that are unsuccessful in joining the new framework agreement, to continue their service via a Direct Payment or being supported to find a new contracted care provider should they choose to?</b>

## Transition arrangements

The Council is keen to stabilise the care being received by our citizens and we believe this is a collective responsibility which we should all take. Whilst we are working to transform the market and quality of services across Birmingham in a more structured way, we are keen to work with providers who share this ethos and are comfortable to work with us through this transition period constructively.

The proposal will mean that terms of the new framework agreement will apply to new packages of care commissioned after 1 April 2018 only, including the proposed relevant fixed fee. All existing placements will remain under the current contractual arrangements. However to maintain continuity and provide a clear picture of quality for citizens and professionals alike, all providers that are successful in joining the new framework, will receive a quality rating under the new quality rating system.

In cases where a provider is unsuccessful in joining the framework agreement but has existing packages of care which are being delivered, the following will apply:

- **Home support** – any citizens currently supported will be contacted by the Council and advised of the outcome of the procurement exercise, alongside the quality rating. They will be offered a choice to either remain with the existing provider by taking up a Direct Payment, or choose for the Council to find them a new provider.
- **Supported Living** – as these citizens will have an independent tenancy and the Council is only commissioning the care element, the same rules will apply as for home support above.
- **Residential (with and without nursing)** – the provider will no longer receive any new placements from the Council and will be given a fixed period of time to make the necessary quality improvements. For those providers that are unable to make the necessary improvements, the Council will commence dialogue with citizens and their families around moving to a new home.

## Support

The Council is committed to ensuring that the care market is supported to make the necessary changes described in this strategy. It is therefore important that, regardless of the wider assets and resources a care provider has, they have equal access to the Council and partners support in making changes and improvements in quality. All providers on the new framework agreement will be entitled to a package of support from Birmingham City

Council and its partners, to incentivise improved quality. This will include; a dedicated commissioning team; provision of marketing materials/logos that can be used to promote the service; a training and support programme aimed at driving up quality; and development of a number of 'care associations' to act as Independent Quality Assessors (IQAs) and to develop the self-regulation model.

The Council has undertaken a great deal of engagement activity already with a range of professionals who currently use the Council's commissioning systems, including care providers, commissioners and social workers. This feedback has been used to understand what is working well and what is not and to ensure the proposals in the Draft Commissioning Strategy address these. The results of the formal consultation will be used to further develop a range of system solutions that are efficient; automated wherever possible; and integrated.

<b>Question 16</b>	<b>Do you support the Council's proposal to apply the new fixed fees only to care packages allocated after 1 April 2018?</b>  <b>If you oppose this proposal, what alternative approach do you suggest the Council adopts?</b>
<b>Question 17</b>	<b>Please detail below any other comments or suggestions that will help the Council to further shape our proposed approach.</b>

## What next?

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You can tell us what you think of these proposals by:

- Completing an online version of questionnaire, details of which can be found on the Birmingham Be Heard website or by using the following link:

[URL: https://www.birminghambeheard.org.uk/people-1/asccs](https://www.birminghambeheard.org.uk/people-1/asccs)

- Requesting a printed copy, alternative format copy of the consultation questionnaire and returning it to us in the Freepost envelope you will be provided with.
- Attending a consultation event, details of which can be found on this website:

[URL: https://www.birminghambeheard.org.uk/people-1/asccs](https://www.birminghambeheard.org.uk/people-1/asccs)

- Speak to someone on the phone by calling us on the number below. We will arrange a suitable date and time to return your call and to discuss any issues or questions you may have:

0121 303 5154.

- Email us at: [shapingthemarket@birmingham.gov.uk](mailto:shapingthemarket@birmingham.gov.uk)

**If you would like a copy of this document in another language, Easy Read format, in large print, in Braille or on audio tape or CD, please phone 0121 464 3123 or email:**

[peoplecommunications@birmingham.gov.uk](mailto:peoplecommunications@birmingham.gov.uk)