

WEST LONDON ACCREDITATION, PURCHASING AND CONTRACT MANAGEMENT SCHEME (APC) FOR ADULT RESIDENTIAL & NURSING CARE

Cabinet Member	Cllr Philip Corthorne
Cabinet Portfolio	Social Services, Health & Housing
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Papers with report	None

HEADLINE INFORMATION

Summary	<p>Cabinet is asked to approve the Council's use of an approved list for adult residential and nursing care that has been developed by officers working as part of the West London Alliance (WLA).</p> <p>The Accreditation, Purchasing and Contract Management scheme (APC) is designed to improve the market management of adult social care accommodation based services and improve the way the six WLA Councils commission care (in partnership with Brent, Ealing, Hammersmith and Fulham, Harrow and Hounslow). From November 2011 the WLA will implement an Approved List of providers of care homes for older people and begin the APC scheme. This will be followed in early 2012 with an approved list of more specialist care home providers.</p>
Contribution to our plans and strategies	<p>This project will help to deliver a number of core priorities within the Sustainable Community Strategy including the delivery of high quality and cost efficient social care accommodation based services, supporting people with long-term needs and promoting outcomes and choice within the personalisation agenda. It also significantly advances the development of joint commissioning and procurement of core adult social care services across the sub-region.</p>
Financial Cost	<p>There are no costs to this proposal which is expected to contribute to the departments MTF saving target.</p>
Relevant Policy Overview Committee	Social Services & Housing
Ward(s) affected	All

RECOMMENDATION

That Cabinet:

- 1. Approve the proposal for the Council to use an approved list of adult social care home providers as part of the West London Alliance.**
- 2. Approve the proposal for the Council to use the APC Scheme for adult social care home providers within the West London Alliance in tandem with the other 5 west London authorities.**

Reasons for recommendation

1. This is one of the West London Alliance (WLA) projects designed to deliver efficiencies and improvements for care home placements. In addition, the project will enable better co-ordination between the west London authorities, simplifying and standardising business processes for the care home contracting process.

Alternative options considered / risk management

2. A review of alternative procurement routes has been considered as part of the West London Alliance. Block contracts are no longer appropriate due to the need for personalised and choice based approaches to care while spot purchases can be too fragmented and expensive.

3. The Council does not have to use the Approved List and the APC Scheme for purchasing care home services. However, the scheme offers the potential for reduced costs as well as more effective management of the care home market.

Comments of Policy Overview Committee

4. None at this stage.

INFORMATION

The West London Alliance

5. The West London Alliance (WLA) is a collaborative body made up of the six boroughs in North West London: Hillingdon, Hammersmith and Fulham, Harrow, Hounslow, Ealing and Brent. Adult social care is one of the areas of greatest interest for the WLA due to the high level of spend. Collaboration has been explored in order to achieve greater efficiencies from the care market, most notably cost savings and improving the quality of care for service users.

6. The creation of a WLA Efficiencies Unit working in tandem with each of the six boroughs has provided a framework for a collaborative programme of joint action within

adult social care services. In July 2008 Leaders, Chief Executives and Adult Social Care Directors of the six WLA boroughs agreed to develop a joint programme for high cost adult social care services with the objective of achieving large scale budget savings and cost avoidance. 70% of the adult social care budget is spent on service provision, with 70% of this being spent on the external provider market.

7. Overall strategic direction is provided by the WLA Leaders and Chief Executives. Chief Executives meet monthly and collectively monitor the performance and progress of the programme. A Programme Board comprising each borough's Social Care Director is accountable for the performance and development of the overall programme. Each project within the efficiency programme is sponsored by an ASC Director from the Programme Board who works closely with the project lead/s and provides advice, guidance and support to the delivery of the project.

8. Hillingdon Council has a key role in the day to day development of WLA projects. The Programme Board is chaired by Hillingdon's SCH&H Director. Day to day management of procurement projects is the responsibility of the Procurement Board which is chaired by Hillingdon's Head of Commissioning.

The Approved List and the APC scheme

9. In September 2011 the WLA formally launched the Approved List by inviting expressions of interest from care home providers. This is the first part of a longer term project to improve the way west London boroughs commission care in the residential and nursing care home market. This longer term project is referred to as the Accreditation, Purchasing and Contract management (APC) scheme.

10. The rationale for the scheme is that currently the six west London Boroughs separately purchase from 950 providers of care beds. 90% of spend however is with just 30% of these providers. Even the largest provider by spend has only 15% of the WLA market share and most have just one or two placements. With around 5000 residents being placed in care homes across the sub-region and an associated spend of around £200m per year, particular efforts are required in order to manage such a diverse market.

11. Borough budgets are also being reduced by an average of 26% over the four year life of the current grant from central Government. This means a reduction of funds to meet the increasing demand for care as the population ages and severity of those accessing care rises.

12. An Approved List was chosen as the most flexible tool to procure care home services with flexibility being the key requirement for a market subject to policy changes and changing commissioning intentions without committing authorities to a defined number of beds such as a block contract. Ultimately, the List will help to reduce the overall number of providers used by west London authorities and help build a stronger relationship with a smaller number of partners. The intended outcome is greater control of pricing, quality and investment in the sub-region. The Approved List is also designed to standardise the prices across west London. There will be one set of west London fee ceilings for the

provision of care for older people (as established by West London Directors of Social Care):

Residential care for frail elderly people	£466 per week
Residential care for elderly people with dementia	£540 per week
Nursing care for frail elderly people (including funded nursing contribution from NHS)	£616 per week
Nursing care for people with dementia (including funded nursing contribution from NHS)	£642 per week

13. Actual prices paid per bed will be expected to remain at or below these ceiling levels. By setting realistic fee ceilings and ensuring there is competition between providers for the placement of every resident west London authorities are more likely to be able to minimise unnecessary costs of care and make the budgets they have meet a higher number of residents needs.

14. The scheme is also designed to be attractive to providers. While there is new investment in the care sector of the economy, much of this is targeted at the more lucrative private payer or for Health commissioned placements which can generate more profit for the provider. Typically, local authorities pay between £400-500 per week for residential care as opposed to £700-800 per week in the same home for a Health “continuing care” placement. This price partly reflects the increased needs of the resident. Being selected to be on the Approved List will enable providers to have the opportunity for increased referrals and occupancy for their good quality local homes. Those providers on the Approved List will be given preference for care placements from west London in return for agreement to charge within the fee ceilings referred to above. Being on the list will give providers a competitive advantage in the market - increased business referrals and placements as well as the opportunity to market themselves as a trusted provider.

15. Providers on the Approved List will work with Borough commissioners within the APC scheme on areas of mutual interest. They will have greater insight and certainly over likely future business opportunities than other providers in the market who are not engaged through the Scheme. A standard approach to commissioning and performance management will enable selected providers to meet the current and future needs of west London authorities with greater certainty.

16. There is a shortage of available local beds for some types of care and the APC Scheme will help to identify and address these. There is limited affordable capacity in Hillingdon and across the West London region within the residential dementia care market. There is also a limited supply of care for residents suffering from Korsokov syndrome (early onset of dementia). Working as part of the APC scheme, providers will be given greater confidence of the pattern of care provision required by west London authorities and the need for investment in these areas. Boroughs remain the main purchaser of bed spaces in the market, with some providers having 70% of their beds taken up by Local Authority residents.

17. In summary, the Approved List and APC scheme are designed to reduce the amount of providers used within west London, to enable the selected providers to flourish within

the market as a result and to ensure that authorities are provided with good quality and value for money care home services.

Phase 1 - The Approved list

18. The Approved List will be undertaken in two stages. The first stage will be focused on providers of care homes for older people. The second stage will be focused on specialist care home providers (including people with a learning and/or a physical disability). For both stages of the project, a list of residential and nursing home providers will be asked to express an interest in providing adult care services to the WLA. Providers will be assessed to ensure they meet the minimum requirements of the WLA – to be financially sound, to be registered with the Care Quality Commission, to have suitable references and to be willing to charge for services at or below a defined fee level. The Approved List will be opened up to new providers on at least an annual basis.

19. The process for creating an approved list from the many providers in the market is as follows:

- Care providers respond to an advert from the WLA and express an interest to become an approved provider.
- They are set-up on CarePlace, a new WLA IT web-enabled database, and given access to their information to ensure it is accurate and complete. Council residents and staff will be able to search the database online in order to identify and contact local care providers.
- Providers will be given an application pack to complete and return within a set timescale. The Application pack will be evaluated by a team of borough representatives. Ealing Council are leading this project and will provide the financial assessments of providers.
- Applications will be evaluated to ensure those applying are financially fit to trade, are registered as professional care organisation able to provide the care needed, are willing to work within the price fee ceilings and to offer referees who will vouch for their quality of care.

20. The Approved List will go live in the autumn of 2011 and last for a period of four years.

Phase 2 - The APC Scheme

21. This phase of the project will enable the WLA to collaboratively manage the care home market more effectively by working with providers in the following project work streams:

- Setting clear quality standards for the sub-region; monitoring and enforcing those standards
- Agreeing current and future capacity required to ensure adequate choice of care for an increasing number of residents
- Managing risk in the market

- Building a productive relationship with Health, particularly the new GP Consortia to ensure health and social care commissioners are working together and not competing with each other
- Working with providers to reduce their costs so they can remain viable businesses whilst lowering the cost of bed spaces to authorities

22. Project outcomes sought (both short term and longer term) are as follows:

- A single set of fee ceilings for placements in care homes
- An Approved List of suitable providers willing and able to provide services to residents in west London
- A series of work streams to tackle some of the main issues in the adult care market including improving quality and choice
- A forward plan of services needed in west London over the next 10 years,
- A single commissioning strategy for west London created by Borough commissioners, key stakeholders and residents and providers,
- Standard outcome based specifications for care services applicable across the sub region,
- A plan to tackle blockages in the care market – for example, standard training of care staff, an initiative with housing and employment to stimulate more workers into care.
- A strategy around risk – providing the structure, understanding and tools to better manage risk in the market, especially to promote new business and ideas in this traditionally risk adverse market
- A pilot with Health to manage the market in partnership with GP Consortia
- A single performance management regime across West London that allows carers and residents to be the main part of the feedback process, working with interest groups to provide feedback on quality
- One set of specification that set out standards for care in West London. A sub-regional quality standard and kite mark recognised and supported by the Regulator.

Performance Management

23. The WLA Efficiencies Unit and the six authorities will jointly monitor expenditure and use the data to manage the performance of the providers. It is also intended to standardise and simplify the contracting and inspection systems and to use that data alongside user feedback to raise the quality of the care homes supplying the West London boroughs. If corrective action is not successful, under performing and comparatively high cost care homes will be removed from the Approved List and APC scheme.

Timetable

24. This project has been developed over the past 12 months. The following table indicates the main tasks and timescales including those that have already been completed.

Project element	Timescale
Project PID and presentation material produced and Borough sign up	Sept to Dec 10
Authority gained from lead Borough (Ealing) Cabinet	December 10
Scheme design	November to April 11
Consultation with providers	April - July 11
Contract preparation	April - August 11
Scheme advertised	August 11
Applicants join the IT system	August and Sept 11 (older persons only, specialist care in new year)
Application packs sent to providers	October 11
Packs returned and evaluated	Nov 11
Scheme goes live for older people	Dec 11
Work streams launch	Dec 11
Advert for Specialist provision	Nov 11
Application process carried out	Jan - Feb 12
Scheme starts for specialist provision	March 12
Scheme reopened for new providers	Autumn – annually

Financial Implications

25. It is currently proposed that for the 2012/13 to 2015/16 MTFF, savings of £325k are included for 2012/13 only. This is based on a maximum potential (should all suppliers engage) of £1m although this is considered to be highly unlikely; to date one significant supplier has done so saving £200k/annum for Hillingdon. The proposed savings for 2012/13 are therefore cautious pending the launch following which the savings analysis will be refreshed based on actual take up and any necessary amendments included in future MTFF programme.

EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

What will be the effect of the recommendation?

26. Service-users will be able to have greater choice and better access to services for care home services that have been approved by West London Councils in terms of improved quality and more competitive prices. This arrangement will be appropriate to the development of self-directed support and the brokerage function.

Consultation Carried Out or Required

27. Consultation has taken place with the other WLA boroughs and communications with key care home providers. This has been followed by four provider events which all WLA providers were invited to attend. There have been six individual provider surgery days held at each of the boroughs for local providers to attend.

CORPORATE IMPLICATIONS

Corporate Finance

28. Corporate Finance has reviewed this report and is satisfied that £325k has been included as savings for 2012/13 as part of the 2012/13 to 2015/15 MTFF process. The savings at this stage are based on a cautious estimate and a further analysis and update will be made after the launch where figures will be based on actual take up. Any changes will be reflected in the MTFF programme.

Legal

29. This report seeks authority for the Council to participate in a call-off contract procured by the London Borough of Ealing in compliance with the Public Contracts Regulations 2006.

30. The Council's Procurement and Contract Standing Orders enable Cabinet to authorise the use of Proprietary External Lists "in order to meet the Council's procurement objectives". Provided that Cabinet is satisfied that participating in this procurement exercise will secure best value for the Council, there are no legal impediments to Cabinet agreeing the recommendation set out in the report.

Corporate Landlord:

31. Not applicable

Relevant Service Groups:

32. None

BACKGROUND PAPERS

33. None