ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	**Executive Committee**
Date:	**9th June 2014**
Subject:	**Rationale for the retention of in-house home care and reablement services**
Portfolio Holder(s):	**Councillor Kenneth P Hughes**
Head of Service:	**Carys Emyr Edwards (Interim Head of Service)**
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Local Members:	**Various**

A –Recommendation/s and reason/s

Recommendation:

The Executive is asked to endorse the proposal that the provision of home care services be split on the basis of 70% to be provided externally and 30% to be provided "in-house". This is based on the following rationale:

- This position to be reached by 2017.
- The In-house 30% share to include the reablement provision.
- The 30% will be made up as 20% reablement and 10% home care.
- The Department to retain capacity to deliver home care under the following circumstances:
  - in those areas where the external capacity to deliver is very low, for example, for service users that are geographically isolated;
  - in the event of an external provider withdrawing services and where no alternative external provider is available;
  - to ensure continuity of service for service users when they transfer from the reablement service;
  - to continue to have a role in shaping the social care workforce and maintain professional expertise;
  - to allow for meeting changes in local market capacity in the future.
- The Department to continue to proactively monitor performance and contract delivery by all providers.
- The Department to produce a Market Position Statement during 2014 in order to re-structure and facilitate the home care market on the island.
- The in-house service will continue to focus on specialist services such as the Generic Health and Social Care Workers and the Specialist Dementia Workers. Both these services are externally funded, are expected to expand and are not included in the 70:30 split.

Reasons:

1. Introduction

To ensure a better and broader range of services for more people, there will have to be changes to the way services are being delivered. The Older Adult Social Care Service Intentions document makes it clear that our service users will experience a better quality of life through a broader choice of high quality services and greater availability of services. By transforming Older Adult Social Care we will deliver a quality service which meets the future need, provides value for money and is fit for purpose and one that provides support for individuals to make informed choices about their own future care requirements.

2. Safeguarding quality and client choice

All providers, whether in-house or external, are subject to the exact same inspection regime by the Inspectorate (CSSIW). The CSSIW regulates all aspects of social care using the regulations and national minimum standards as set out by Welsh Government. The Department's Contracts Team also undertakes contract compliance and monitor the quality of services delivered by all providers in accordance with the requirements set out in the North Wales Domiciliary Care Framework Ageement.

It is an expectation that all service users should be able to exercise choice and control over their care which includes being able to select which care provider should be commissioned to meet their assessed needs. It follows that it is not the Council's prerogative to impose a preferred provider. The Social Services Improvement Agency (SSIA) recognises the potential changing role of the local authority from the provider of services to one where it seeks to influence, develop and encourage the market towards the provision of good quality care. Furthermore, in March 2014, the SSIA published a Commissioner's Toolkit to assist councils to undertake the activities required in order to be successful in developing services to best meet the needs of the local population, and deliver effective outcomes both now and in the future.

In line with all other North Wales authorities, the criteria for accessing council funded social care is set for those with critical and substantial needs only. Those individuals assessed as having low level or moderate needs are ineligible and will therefore need to purchase their own support privately from independent providers. Those service users who are eligible for council assessed home care may also want to purchase support to top-up services paid for by the Council for other activities such as shopping for groceries, cleaning or work around the house. The Council is obliged to ensure that the private pay market offers individuals a choice of providers and guarantees quality of care in order to maximise independence and reduce future intervention.

3. Regional in-house:external split

As at March 2014, Anglesey Council's external : in-house ratio for mainstream home care is 55%:45%. Four out of the other five North Wales Councils have externalised at least 70% of their provision.

Research undertaken in 2011 across the six North Wales councils found that the average in-house unit cost across the six councils was £25.14 per hour whilst the average external unit cost was £15.86 per hour. Regardless of the extent of externalisation, all councils could commission home care services at a lower unit cost from the independent sector.
The research also found that larger the in-house function, the lower the in-house unit cost, due mainly to the impact of economies of scale. However this was only relative as compared to those councils who had externalised more of their provision.

The research undertaken in 2011 also concluded that in order for councils to maximise the benefits of externalisation of home care services the following points need to be taken into account:

- The increase in the in-house unit cost that some councils experience only start to become substantial when the in-house function reaches a low threshold level, where all the advantages of scale are lost. The data in 2011 indicated that this may be at levels where the in-house provision is less than 27% of the total hours.

- Benefits from increased externalisation are dependent on strong commissioning arrangements, robust contract management and proactive monitoring of both provider performance and cost bases.

4. Historical direction of travel, current position and proposal for future

The in-house provider currently delivers 100% of the reablement provision and no change is proposed. Furthermore, the in-house provider is also expanding its service to provide health and social generic workers under the Intermediate Care Fund as well as Specialist Dementia Support Workers. Both these services are new developments, funded externally and are expected to expand in the near future.

Table 1: Analysis of long term maintenance home care hours only (excluding reablement):

Year	Total hours commissioned per year/month	% delivered in-house	% delivered externally	Basis
2011/12	346,445	68%	32%	Actual figures
2012/13	293,958	63%	37%	Actual figures
2013/14	247,005	47%	53%	Actual figures
March 2014 only	20,527	45%	55%	Actual figures
2014/15	*247,000*	*40%*	*60%*	*Proposed/estimated*
2015/16	*TBC*	*30%*	*70%*	*Proposed/estimated*
2016/17	*TBC*	*20%*	*80%*	*Proposed/estimated*
2017/18	*TBC*	*10%*	*90%*	*Proposed/estimated*

The decrease in total hours commissioned since 2011/12 (Table 1) reflects the changes in the delivery of home care services towards a greater emphasis on community solutions, more targeted interventions, a focus on reablement as well as a tightening of the eligibility criteria. It is difficult to predict the total hours that may be commissioned in the medium term – the increase in demand from an ageing population may in part be offset by the personalisation agenda.

In November 2012 the decision was taken to commission new care packages externally. In September 2013, the brokerage function was introduced in order to streamline the purchasing of all care packages. Both these developments have facilitated the shift from in-house delivery to external delivery of home care services.

5. Cost comparison – internal/external provision

In-house unit cost (estimated between £16.14 and £25 per hour)

The In-house unit cost for domiciliary care has been calculated by the Finance Department to be a minimum of £16.14 per hour. This calculation only includes thoses costs that are directly attributable to the home care service. This calculation does not include a) other service overheads eg business support and performance management or b) corporate overheads such as Human Resources input, Finance costs, IT support etc. When these overheads are calculated the unit cost is likely to be in the region of £20-£25 per hour. We are working with the Finance Department to validate this. Furthermore the impending change to employment regulations will incurr additional costs when the Council will be required to pay for the time in-house home carers spend travelling between the homes of the people that they care for.

External unit cost (£14.50 per hour)
The unit cost paid to external providers of domiciliary care has been agreed at £14.50 per hour for 2014/15. This unit cost covers all provider related costs including travel time, management, overheads etc.

6. **Impact on in-house provider / HR strategy**

Current no of FTE home carers = 64.5
Predicted no of FTE home carers in 2017 = 17
(note - these figures do not include those working in Reablement, Health and Social Care, or Specialist Dementia Services)

This paper seeks agreement to continue with outsourcing the majority of mainstream home care provision (that is, service provided for more than a 6-week period). However, the in-house service will continue to focus on specialist services which include Reablement, Generic Health and Social Care, and Specialist Dementia Support Services.

A full review of the HR policy is proposed but the shift to a 70:30 split over three years can, in the view of the service, be managed as follows:

- offer opportunities to transfer over to the specialist services as those services expand
- consider redeployment as suitable vacancies arise in other services within the Department
- not replacing home care workers when they retire or leave the service
- actively managing surplus hours
- consideration be given to TUPE transfer of contracts to external companies
- consideration to be given to redundancies

The service will work closely with HR and unions to ensure that this is undertaken in compliance with corporate policies.

The in-house service is to formulate a workforce strategy during 2014 that will formally address the reduction in contracted home care hours.

B – What other options did you consider and why did you reject them and/or opt for this option?

A number of options for the future of the in-house home care service have been considered at length. The national evidence base supports our conclusions that a mixed economy of care is the way forward for Anglesey.

C – Why is this a decision for the Executive?
This decision will enable Anglesey Council to maintain the provision of care and meet the increasing future demand for home care needs and do so in the most cost effective way. It seeks to do this by commissioning sustainable, high quality home care services across all six geographical patches on the island. The decision will affect a significant number of service users, the in-house provider, the independent sector providers (eight at present), council staff and the local employment market.

D – Is this decision consistent with policy approved by the full Council?
The authority has noted its commitment to providing the best possible services, in accordance with identified need, with the available resources. This proposal is consistent with this principle.

DD – Is this decision within the budget approved by the Council?
The proposal would identify revenue savings for the authority.

E – Who did you consult?		What did they say?
1	**Chief Executive / Strategic Leadership Team (SLT)** (mandatory)	
2	**Finance / Section 151** (mandatory)	✓
3	**Legal / Monitoring Officer** (mandatory)	
5	**Human Resources (HR)**	**✓. HR have asked for a detailed implementation plan for consultation with staff and unions.**
6	**Property**	Not applicable
7	**Information Communication Technology (ICT)**	Not applicable
8	**Scrutiny**	
9	**Local Members**	
10	**Any external bodies / other/s**	Independent sector domiciliary care agencies

F – Risks and any mitigation (if relevant)		
1	**Economic**	
2	**Anti-poverty**	
3	**Crime and Disorder**	
4	**Environmental**	
5	**Equalities**	
6	**Outcome Agreements**	
7	**Other**	

FF - Appendices:

G - Background papers (please contact the author of the Report for any further information):
Portfolio Decision on Schedule of Rates for Domiciliary Care 30/04/14