

Bath & North East Somerset Council	
MEETING:	Wellbeing Policy Development & Scrutiny Panel
MEETING DATE:	18 May 2012
TITLE:	The Effects of Delivering Adult Social Care Savings Targets on the Market
WARD:	ALL
AN OPEN PUBLIC ITEM	
List of attachments to this report:	

1 THE ISSUE

- 1.1 The Adult Social Care & Housing Medium Term Service & Resource Plan (MTSRP) for 2012/13 includes a significant savings target to be delivered from efficiencies in purchasing residential and nursing care placements. This report provides an overview for the Wellbeing PDS Panel of the approach to delivering this savings target, the potential impacts on the market and associated mitigations.

2 RECOMMENDATION

The Wellbeing PDS Panel is asked to:

- 2.1 Note the content of this report; and
- 2.2 Use the contents of this report to inform their scrutiny of the performance of the health and social care system.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no specific financial impacts associated with this report. The Adult Social Care & Housing Medium Term Service & Resource Plan (MTSRP) for 2012/13 was presented to the Wellbeing PDS Panel in November 2011 for comment.

4 THE REPORT

- 4.1 The Placements & Packages Steering Group has been in place for more than two years now and has overseen an ambitious three-year work programme designed to deliver a reduction in both the unit cost of residential and nursing care placements and a reduction in the number of placements being made in residential and nursing care as part of the Adult Social Care & Housing MTSRP. Key elements of the work programme and their relationship with the market are as summarised below:
- 4.2 **Single Panel** – has been in place since March 2011, replacing client-group specific panels for agreeing placement/package funding. The change is designed to ensure consistency, equity and value-for-money for all individual placements and packages of care, including Continuing Health Care Packages, and also to identify pricing differentials between different providers for comparable placements and packages. The Chair of the Panel rotates between a number of joint commissioning managers and includes practitioner and clinician advice and challenge. “Presentations” to the Panel include the options that have been considered and any recommended nursing or care home package must include a fee breakdown, which enables fair and open comparison of costs between providers and, indeed, between service user groups. This has highlighted the significant variation in the proportion of a care home fee that funds direct care provision rather than other provider costs, including “hotel” costs, back-office functions and profit. Historically, some larger providers have refused to provide a full fee breakdown but they are now aware that a placement will not be agreed unless this breakdown is provided as part of the Single Panel process.
- 4.3 **Placements & Packages Policy** – sets out for health and social care managers and other case managers the overall approach and policy framework for setting up placements and packages of care and support in B&NES, including guidelines on resource allocation and specific areas of practice. The Policy was formally adopted, following consultation, in April 2011.
- 4.4 **Investment in community-based options** - including re-ablement, rehabilitation, prevention and early intervention where the evidence supports these approaches as sustaining people in their own homes. This investment presents providers with opportunities to develop new services in support of business growth in B&NES.
- 4.5 **Market Shaping** – There are a number of workstreams under the umbrella of “market shaping” as follows:
- Improving understanding of the market by mapping the system of care or “operating model” (see Appendix 1 to the report to this Panel meeting “*Care Services Quality Assurance*”). This articulation of the system of care as we understand it, helps identify the drivers of performance and the levers available to commissioners to intervene and influence performance.

- Improving understanding of local fee levels, through benchmarking against other areas; requiring a full breakdown of fee make-up (as described under “Single Panel” above); modelling the relationship between care-home fee and local capacity (ie at £xxx fee level can we purchase a sufficient number of placements to meet local need). This clearer picture has helped to inform negotiations with providers about whether to agree an inflationary uplift and, if so, what level of uplift is appropriate and necessary to secure and sustain sufficient provision.
- Encouraging existing, smaller providers and potential new providers to extend or change their “offer”, with “pump-priming” funding considered on an invest-to-save basis subject to a robust business case.
- Funding “Extended Research Pilots” as described under 4.6 below.
- Market testing, for example, the market for an Older People’s Independent Living Service (OPILS) was independently tested before investment was agreed. As with the extended research pilots, market testing by the commissioner enables both commissioners and providers of care services to assess the financial viability of potential service developments ahead of making that investment. In the case of the market testing of the OPILS both the commissioner and the service provider (Somer Community Housing Trust) took the decision to invest in the establishment of this service.

4.6 “Section 256” funding allocated by the Department of Health to support sustainability in the health and social care system during 2011/12 and onwards was transferred in full by NHS B&NES to B&NES Council with a plan for investment, which includes five extended research pilots as follows:

- Integrated Health & Social Care Reablement – delivered through a partnership between Sirona CIC and Way Ahead Domiciliary Care Agency;
- Handyperson Services & Minor Adaptations – delivered by Care & Repair Home Improvement Agency;
- Step Down Accommodation, Care & Support – delivered through a partnership between Sirona CIC and Somer Community Housing Trust;
- Intensive Home from Hospital Support – delivered through a partnership between Age UK and Care & Repair HIA;
- Telehealth (focused on heart failure admission avoidance).

These pilots aim to support independence, sustain people in their own homes, avoid hospital admission and facilitate early discharge from hospital. Most are being delivered through a partnership between two providers as indicated against the pilot description above. “Pump-priming” innovation by providers in these way helps to shape the care services market and enable providers to invest in service developments that may not otherwise be financially viable.

4.6 Risks/barriers to market shaping include:

- Commissioner capacity to re-commission, undertake contract negotiations and rigorously manage contracts in an increasingly complex, diverse and contested environment;

- The shift to Personal Budgets makes it more challenging to use “purchasing power” to achieve cost-efficiencies and shape the market;
- Providers have been reluctant to provide a full, detailed breakdown of their fees, though increasingly they are viewing this as a usual part of the process for agreeing a placement with them;
- Large providers are in a position of power in contract negotiations, particularly given a local shortage of supply of good quality residential and nursing care for people with high levels of dementia; and
- There is a fine balance between controlling fee increases for nursing and residential care, seeking efficiency savings from providers without compromising the viability of the business, and ensuring care services are safe and of good quality (see also the report to this Panel meeting “*Care Services Quality Assurance*”)

5 RISK MANAGEMENT

5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

6 EQUALITIES

An EqIA has not been completed because this report is provided for information and to assist the Panel in undertaking its scrutiny role rather than for decision making or policy development.

7 CONSULTATION

7.1 No specific consultation has been undertaken on the contents of this report.

8 ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 *Social Inclusion; Customer Focus; Sustainability; Human Rights; Corporate; Other Legal Considerations*

9 ADVICE SOUGHT

9.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

Contact person	Jane Shayler, Telephone: 01225 396120
Background papers	
Please contact the report author if you need to access this report in an alternative format	

