

BRISTOL CITY COUNCIL

CABINET

8 February 2007

Report of: Annie Hudson, Director of Adult Community Care

Title: Home Care Futures

Ward: All

Contact Officer: Wendy Fabbro, Head of Strategic Commissioning and Performance

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RECOMMENDATION

1. Cabinet approves option 3 in principle, as detailed in paragraph 20, reflecting the most appropriate strategic commissioning strategy for home care services, including the future role and shape of the in house Home Care Business Unit (HCBU).
2. Cabinet requests that officers undertake further work to detail the contract strategy to implement the recommended changes, and provide further reports to Cabinet when key decisions are required.

Summary

1. The Home Care Futures (HCF) project was established to identify how the City Council could achieve best value from its commissioning of home care services at the same time as responding to future demands for these services. A key component of this project is determining options for the future of the in house HCBU, and the most appropriate balance between services commissioned externally from the independent sector (IS) and from the in house service.
2. The HCF project has explored future demand, in relation to likely volume and demographic trends, and considered how best to design and commission a flexible, responsive and 'future proofed' service that will support continuing improvements in Adult Community Care performance and help achieve service user and carer outcomes as described in the White Paper, 'Our Health, Our Care, Our Say' (2006).

3. The report summarises the Home Care Futures project stage 1 findings, and proposes a commissioning strategy for home care services, including a range of options for the future role and shape of the HCBU. The report presents a 'high level' strategy underpinned by extensive analysis. Stage 2 of the Home Care Futures project will undertake work to detail contract strategies and implementation plans.
4. The report considers the advantages and disadvantages of different options for the HCBU and concludes that the HCBU should focus in future on providing an assessment and re-enablement service, and that more 'stable' and longer term work should be commissioned from the independent sector (IS). It is suggested that this approach would enable the Council to develop better value from its investment in home care services and develop a model of care that is sustainable and delivers best practice.
5. An initial and indicative business case has been calculated to demonstrate a level of confidence in the proposed commissioning strategy, recognising this is likely to develop as the next stage progresses.

The significant issues in the report are:

1. Bristol provides fewer home care hours across both in house and independent sectors than other comparable cities. It also has a larger in house market share than most other authorities, including core cities (Bristol's in house share now stands at *circa* 48%). It is anticipated that there will be a growth in demand over the next 5 years, as a result of both demographic trends and the local strategic objective to promote independence and to support more people in their own homes rather than in residential and nursing home care (R&N).
2. The current HCBU unit cost is approaching double the basic IS unit cost, hence the importance of achieving full value from HCBU provided services. The option recommended indicates that investment in an in house 'niche' service will provide a much better return on investment by commissioning the appropriate level of care from the IS.
3. The majority of top performing local authorities have developed a 'mixed economy' for home care services and national agencies such as the Care Services Improvement Partnership (CSIP) are increasingly emphasising the importance of re-ablement as a necessary and prime business focus for care services. Most authorities are only maintaining small (niche) in house teams to assist with market control and/or meet very specialist needs.

Policy context

1. Adult Community Care priorities focus on promoting independence, choice and supporting people to live at home. These priorities are also reflected in the outcomes as outlined in the White Paper, 'Our Health, Our Care, Our Say'. The Council therefore needs to provide a greater proportion of care in service users' own homes. Currently many people are assessed at points of crisis or particular vulnerability in their lives, such as prior to discharge from hospital following a fall or stroke. Many people would be able to achieve and regain greater independence if enhanced assessment and re-ablement (or 'rehabilitation') services were available. Although Bristol has made more progress than some Authorities in developing a re-

ablement service, there is a need to enhance the domiciliary care component. Following a period of assessment and re-ablement, a stable longer term home care package could then be commissioned from the IS.

2. Adult Community Care needs to continue to improve performance and a focus on a number of particular performance indicators is important, including:

- The number of people supported to live at home: Bristol provides too little home care compared to other authorities.
- Unit costs of home care remain relatively high.

Additionally it should be noted that – according to a user survey – the quality of services is not discernibly different between the two sectors. Information about quality in relation to achieving outcomes for service users is not yet robust, although it is the case that the HCBU has a clear commitment to staff training which is not yet consistent across all IS providers. Key features of quality for service users are consistency of carer and predictable and reliable service delivery.

3. Generally the UK Home care market is not mature and can be vulnerable. In Bristol the market has generally proved able to expand to accommodate the Council's block contracts. However as the City Council must be able to supply a service to all those in need, there is a need to spread risk and make sure that contingencies are in place to ensure appropriate market control. The authority has a good understanding of the market, and continues to attract the attention of national home care firms keen to get a 'foot in the door'.
4. Bristol City Council employees are entitled to terms and conditions that apply to all BCC staff, but terms and conditions in the independent sector are different. This obviously has major implications to the management of any major programme of change to in house services.
5. The Medium Term Financial Plan accommodated growth in demand so the indicative business plan exemplifies comparative data on the delivery of a set volume of service.

Consultation

6. Internal

Extensive internal consultation has been undertaken as part of the Home Care Futures project (see the Home Care Futures project report which is available in the Members room and on the Intranet). The specific focus of the Select Committee on Adult Community Care on value for money issues in home care has been very useful to the Home Care Futures project, and views of members in this Committee have been taken into account in this report.

There has not yet been detailed consultation about the proposed role and shape of the new in house service. However, three meetings were held in the week beginning 22nd January to advise HCBU staff of the options identified in the Home Care Futures options, and of the proposals that are being made to Cabinet in this report. Meetings about these issues have also been held with Trade Union representatives. A range of issues and concerns have been raised by HCBU staff, including:

- The evidence and rationale for the changes.
- What Transfer of Undertakings (Protection of Employment) (TUPE) requirements might mean, and specifically in relation to pension and other terms and conditions issues.
- Significant concerns that, over time, the terms and conditions of TUPE transferred might deteriorate.
- The process that would be used for determining which individual staff would transfer to the IS via TUPE and which individual staff would move to the proposed new HCBU assessment and re-ablement teams.
- Concerns about the capacity and ability of the IS to deliver high quality services.
- Concerns that the changes would impact detrimentally on users and carers.

Senior managers responded to these and related issues at the staff meetings. (See also paragraph 25 below.)

External

Extensive consultation has been undertaken - (see report available in Members room and on Intranet), and the results of a major quality review survey have been taken into account. Key points from the latter are:

- There is no significant difference in the quality of service between in house and externally provided services.
- BME community representatives have emphasised the need for culturally acceptable and responsive services.
- Mental health service users may need a specific service; for example people with dementia may need more time for basic care because the carer may need to establish recognition and trust at every visit.

Context

7. Data management has been difficult in the past so trend data is not readily available. Although financial and activity information is now managed together, official returns are not generally comparable, adding to the complexity of analysis as recognised by Department of Health (Public Finance 5.1.07). Essentially approximately 2 hours 'basic' home care can be secured from the IS block contracts for the cost of one hour in house. This situation is not sustainable unless the HCBU can demonstrate that their service provides a function that is not otherwise available, and that it contributes to better market management and return on Council investment.
8. The HCBU has experienced considerable change over the past 18 months in terms of management and working patterns. These include:
 - The realignment of geographical boundaries to make the service coterminous with locality teams thus improving access and service delivery. This resulted in a reduction in the number of teams from 14 to 5. The transition was made with minimum disruption to service users and carers.
 - A reduction in downtime. In September 2005 downtime was running at 45%, and much work has been carried out to change rotas, improve flexibility and respond

to the needs of the community. This has resulted in a reduction in downtime to under 20%. Over 200 staff have changed their rotas and for the first time in the history of the service early mornings, evenings, weekends and bank holidays are covered and regarded as mainstream service delivery. The unit also provides a much needed Out Of Hours service which is unique to Bristol and provides planned care throughout the night.

- Tackling patterns of high sickness rates. During the past year the HCBU has received additional support from HR to tackle the problems of sickness and non-attendance. If long term sickness is excluded, the sickness level for the HCBU now compares reasonably to the Council average. Work is ongoing to reduce levels even further.
- Staff in the HCBU have been prepared for a full modernisation of the service and this work began in October 2005.

9. A number of options are presented below. It is recognised that there are no easy options as each option will generate challenges that will need to be managed. Local authorities that externalised their home care services earlier avoided some of the complexities of the current Transfer of Undertakings Protection of Employees (TUPE) requirements, but TUPE may be necessary and could represent best value in the long term by the avoidance of many overheads, and the impact of the 'attrition' rate (i.e. as staff transferred leave/retire) as IS organisations grow. TUPE will also enable skilled and experienced to be retained within home care services in the city and reduce any potential recruitment issues for the IS.

Appendix 1 provides a summary of the costs of each option. Further information about the indicative options modelling can be made available to members.

Proposal

10. The following table sets out the main advantages and disadvantages of the four main options.

	Advantages	Disadvantages
<p><u>Option 1-</u></p> <ul style="list-style-type: none"> maintain HCBU at current size of 351fte staff, 48% of the market unit cost of £25.8 per hour 	<ul style="list-style-type: none"> service users may avoid unnecessary change of carer. May provide capacity to effect the changes we have to achieve Key concept is 'maintaining' the HCBU, as allowing the service to 'wither on the vine' is not a very viable option as this would not give the HCBU a clear role and focus. 	<ul style="list-style-type: none"> would still need to develop an assessment and reablement service 'opportunity cost' of the high unit cost will restrict the ability to increase total volume of service on offer from all providers Difficulty of developing and maintaining specialist services Urgent need for investment in reviewing cases no savings achieved
<p><u>Option 2-</u></p> <ul style="list-style-type: none"> reduce HCBU by 50% of the September 2005 market share(58%) ie to 29% of the market 	<ul style="list-style-type: none"> may retain capacity for effecting growth may reduce changes in carer for service users 	<ul style="list-style-type: none"> offers no strategic direction for the HCBU, or niche in the market. Bristol would still need an assessment and reablement service

Option 3-

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|--|---|---|
| <ul style="list-style-type: none">• functional ringfence of work to promote independence and maximise market influence. HCBU primary function would be as provider of an assessment and re-ablement service• approx 90fte staff would remain in the HCBU• approx 20% market share• estimated unit cost may rise slightly but could divert up to 50% of individuals from long term need for home care services | <ul style="list-style-type: none">• fills the need to take strategic control• uses the commercial sector for more stable work, so keeping costs more predictable• transition can be achieved in a stable manner, so enabling a key quality factor of consistent care staff to be achieved• enables a cost neutral budget to support growth in the service offered by all providers | <ul style="list-style-type: none">• Likely to mean TUPE for a large element of the workforce, hence a longer period to make the return on investment• potential for trade union opposition to any externalisation• need to fast track the care brokerage model to support passing work to the independent sector• need to review processes for review and assessment |
|--|---|---|

<p><u>Option 4-</u></p> <ul style="list-style-type: none"> • all HCBU services outsourced, retaining only contract compliance and purchasing function in house. • Current IS contract price is £12.80 per hour 	<ul style="list-style-type: none"> • Potentially could ultimately provide the lowest unit cost and therefore a cost neutral budget could supply growth in hours 	<ul style="list-style-type: none"> • risk that the market could not grow sufficiently rapidly to accommodate the HCBU commitments • extended period before 'return on investment' achieved via TUPE as more staff would retain terms and conditions than option 3 • would still need to develop a rehab and reablement service • would need robust market control, high risk that IS would determine need and maintain service users dependence • potential for changes to service users' carers
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11. Analysis of options

Option 1 is not recommended as it is the most expensive option both currently and into the longer term. It neither provides market control, nor drives best practice in promoting re-ablement. It would not contribute to achieving efficiency gains or managing resources to encourage overall growth in hours delivered. Although it may be true that some marginal improvement in unit costs ought to be achieved if the HCBU were to grow, the improvement cannot achieve competitiveness.

Option 2 is not recommended because it fails to provide the strategic drive to support adult community care and corporate priorities. It also potentially continues to use high cost resources to meet low level need. Finally it is most vulnerable to occasional service failure as resources reduce.

This is akin to a “wither on the vine” model that would be the least successful in terms of maintaining a reliable, efficient and quality motivated service but does offer gradual change to the independent sector.

Option 4 is not recommended because, although the lowest unit costs could be secured, this could be at the expense of market control and is seen as a high risk option in terms of achieving quality standards and market stability. In the last resort, the City Council must meet need, but providers can refuse to take on new work. It is anticipated that this would be most likely to produce turbulent change.

12. Option 3 and the next stage

It is recommended that option 3 is pursued. This option includes a number of elements and is based on a functional analysis which aims to supply the need for an assessment and reablement service for the estimated volume of demand and as such stakeholders would see the logic is irrefutable. Core principles of this approach are that the new structure would assess and 'stabilise' incoming Homecare assessment and reablement teams (HARTs) or new work, and that planned and stable work would generally be commissioned externally from the independent sector unless there were very exceptional circumstances and in house services could demonstrate its cost competitiveness. Such an approach would reap a number of benefits including:

- Providing a way of managing robust change in a stable manner, and enabling key quality indicators to be maintained
- diverting people from inappropriate or unnecessary placement in residential and nursing care services
- ensuring a prompt and effective response to people following discharge from hospital
- maximising and promoting service users' independence in the crucial 4-6 week period following hospital discharge (or indeed other crises)
- commissioning long term stable packages from the IS

A clear protocol would be required so that the new structure did not 'hold' cases for longer than the 6 week period, and that all planned and stable work is commissioned from the IS. Evidence from Leicestershire suggests that up to 60% of cases can be 'diverted' from long term dependency after this intervention. The approach would afford the best opportunity to control demand, and provide flexible future proofing to accommodating relatively 'cost neutral' growth in the longer term. Stage 2 of the Home Care Futures project will develop detailed contract strategies and implementation plans. The outcome of stage 2 will be reported to the Executive Member and Cabinet as appropriate. Key issues to be considered in developing the action plan are laid out below.

13. Contract strategies will need to be developed for some specialist services such as for people with mental health problems and people with learning disabilities, but any such strategy will need to be based on the principle that all planned and stable work should normally be externally commissioned. The development of a service specification and related contracts may take 12 months, and therefore it makes sense for the HCBU to continue in the short term to provide these services, where they are already doing, and pending the outcome of this work.
14. Out of hours and emergency services The current 'out of hours service includes both planned care during night time (approximately 90%) and emergency response (approx10%). This will need to be teased apart; if the Council is to meet the service users' needs for consistent carers, then planned (i.e. stable) care services should be provided by the IS. It is proposed that emergency care is regarded as part of the assessment and re-ablement function, and possibly linked closely with the intermediate care service. The IS already provides some night-time care, and could

undertake more within a relatively short period. An exception exists for service users receiving direct payments who use HCBU night-time care because their personal assistants choose not to provide. This service may need to be developed as a discrete tender.

15. Reviewing The review function is a vital stage in the process of promoting independence, but one that has been problematic in the past. Part of the problem HCBU has had with achieving the concentration of high intensity packages has been the availability of reviewing staff because a review is necessary before a service can be changed. In order to equip the new HCBU service adequately, consideration will need to be given to locating some social work/reviewing officer time within the HCBU.
16. Shopping and laundry A significant proportion of the HCBU's small packages provide shopping and laundry services. In order to enable the HCBU to change, it is proposed that both services are tendered for people who are eligible for services under the fair access to care services policy (FACS). This is likely to yield significant efficiency savings. Most major supermarket chains offer a shopping delivery service at considerably less cost than home care, and the department's assistive technology project, as well as the digital challenge can support this style of service. As shopping only forms a small part of any home care assistant's role, this may not necessitate a TUPE. Laundry services are also on offer from major contractors at less cost than the HCBU, and where the only service provided is laundry, best value can be achieved from an externalised service. Where laundry is part of a complex package, it may not be cost effective to commission separately.
17. Alder Court and The Bristol HCBU work in the Alder Court very sheltered housing scheme and at the Bristol (supported living resource for younger disabled people) should also be considered for externalising as it is planned and stable work unless the HCBU can demonstrate its competitiveness with the IS. However, it is suggested that, given changes that have taken place at The Bristol during the past two years, any further changes should be managed sensitively and in a carefully planned and timely way.
18. Stage 2 (Implementation) The Home Care Futures project stage 2 (implementation) will require appropriate investment before the efficiencies can be fully gained. It is crucial that the management of change does not destabilise services to older and disabled people. It is proposed that:
 - initially one specialist Home Care Assessment and Reablement Team (HART) is created to begin to take on incrementally the assessment and promotion of independence function.
 - By the end of 2007/8 there would be three HARTs covering the city
 - planned and stable work would be carefully reviewed, so that TUPE could be managed on a geographical basis. Careful consideration will need to be given throughout that IS providers are sufficiently strong and stable to take on additional work.
 - Consideration will be given to linking the HARTs with other professional support (for example pharmacists, occupational therapy) and with the intermediate care service.

19. The initial business case for Option 3 has been modelled and is available as exempt papers on Member request. It shows that a positive outcome in efficiency gains can be achieved over a 3-year period, but that there could be a need for transitional funding in the management of change. However, it is recommended as the optimal way to achieve savings in a robust manner that creates least risk for vulnerable service users. It is recognised that in pure cost savings terms, option 4 might be deemed to be the best option, however, there are significant advantages in the in house service providing the assessment and reablement service as they would be closely linked in with other key services such as intermediate care. The issue of potential voluntary redundancies has not yet been factored into the calculation, and a number of assumptions have had to be made to create a baseline for the calculation. As stage 2 progresses this model will develop to accommodate a variety of sensitivity analyses.

Stage 2 of the project is likely to incur significant project implementation costs. Resources in adult community care will be identified to provide this, and further work is being undertaken to detail the project team, including the HR, finance and legal support that will be required.

PROPOSAL

20. It is proposed that Cabinet endorse option 3 as the strategic way forward for the commissioning of home care services in the future; key elements of this proposal are:
- The new service would focus on providing an assessment and reablement service (providing approximately 20% of the market share commissioned by the Council), the HARTs would also provide an emergency service. The new service would need to include adequate reviewing capacity and be closely linked to key related services such as intermediate care and the independent living service.
 - All planned and stable packages of home care (including out of hours services) would be commissioned from the independent sector unless there were exceptional circumstances and the in house service could demonstrate its competitiveness. This would involve making sure that all commissioned providers are appropriately monitored to ensure that they consistently meet Council standards and requirements.
 - Shopping and laundry services for people who are FACS eligible would be tendered separately from the IS.
 - Stage 2 of the Home Care Futures project (see above) will detail the contract strategy and implementation plan for commissioning the local independent sector, for reshaping the HARTs, including managing the significant potential changes for staff working in the new service. This would also include ensuring staff had access to appropriate 'Skills for Life' training.
 - Pursuing a model to enable a cost neutral budget.

Risk Assessment

21. Key issues to consider are:

- the risk of service users losing their consistent carer. This will be managed better if planned stable work is externalised under TUPE, and stage 2 will plan for this critical issue.
- the risk that the IS will not have the capacity or stability to absorb and take on new work and responsibilities. The stage 2 project will undertake detailed work including soft market testing to provide assurance about the conditions required to promote capacity and stability.
- the time before best value is achieved may well exceed the current medium term financial plan because there will be a legacy to all options that include TUPE. Calculations made over a 5 year period will be used to show the long term efficiencies
- Detailed contract strategy work may adjust the predictions of the indicative business case. A full prince 2 project management methodology will be used to manage all exceptions.
- The period of time between a Cabinet decision in principle and implementation of the option selected will be particularly difficult to manage and there is a risk of increasing sickness absence and downtime. HCBU staff involved will need considerable assistance to contribute to the change process.
- Response from the trade unions. It is very important that a clear message is given to reassure staff and service users that the agreed option could significantly increase the number of hours provided so that older and disabled people's independence is promoted, employment of the current workforce is secured via TUPE, and that support to carers is maintained.
- The new in house service will be focussed on achieving best practice, for example by reducing current high rates of sickness absence, reducing downtime further to a target of 5%, and maintaining terms and conditions for staff. However, because the service responds to vulnerable adults at times of change and crisis in their lives the work can therefore be stressful, and so sickness absence may not be comparable with the council average.

Equalities Impact Assessment

- 22.** Impact assessment information can be found in the full Home Care Futures Reports (report 3 - Market Analysis of Domiciliary Care and report 5 - Options for the Future of the HCBU) In both of these reports the profiles of Care Assistants are considered, including age, ethnicity, gender and numbers of care workers in the market. A comparison is made between the HCBU and the independent sector within report 3 and an analysis of the impact of the proposed changes can be found throughout report 5, pages 13-19.
- 23.** The detailed contract strategy will account for the commissioning of services to meet the needs of all in the community, with particular reference to services for BME. Stage 2 of the Home Care Futures project will be subject to a full equalities

impact assessment.

- 24. Comments from Quality of Life Scrutiny Commission and Select Committee**
Appendices 2 and 3 contain the comments and recommendations from both the Quality of Life Scrutiny Commission and the Select Committee on Adult Community Care. In summary, both recognised the rationale for option 3, but recognised that a number of assumptions will need to be tested carefully in Stage 2.
- 25. Staff consultation.** Three large meetings have been held for staff employed in the HCBU, each meeting attracting over 100 participants. While many staff are clearly both concerned about the proposals and aware that there have been previous attempts to manage change that have not materialised, a major concern is to ensure as far as possible that the terms and conditions of employment that they currently enjoy can be confirmed. Transfer of Undertakings and Protection of Employment offers some reassurance, but cannot offer a guarantee of no change in the future following TUPE. Some assurance may be offered by way of the robustness of the tender process in only shortlisting organisations able to offer at least broadly similar pensions and terms and conditions but this approach has not yet been tested. It is envisaged that under option 3, trade unions' representatives would work with the project team to develop robust procedures.

Legal and Resource Implications

Legal

When implementing the proposed changes it must be borne in mind that although the provider of a service to a service user can be changed without a review of the care plan, a review is necessary to ensure that any proposed alterations to the amount or type of care meet the service users needs.

In outsourcing a service or part of a service, it is highly likely that TUPE will apply, regardless of whether the Council or the contractor wish it to apply. TUPE requires employees to remain on their current terms and conditions of employment after the transfer, other than in limited circumstances. Terms and conditions include the Working Arrangement Policy and pension entitlement. The contractor may seek to recover the higher costs of employing ex-local authority staff from the Council. Bids from contractors should include costs on the basis that TUPE applies. Where employees are dismissed on the grounds of redundancy because the service has been outsourced, employees may argue that the dismissal was related to TUPE and was therefore automatically unfair.

(Comments from Sarah Sharland and Nicola Stibbs, Senior Solicitors)

Financial

(a) Revenue

The Home Care Futures report outlines 4 options for the HCBU. Whilst costs have been carefully modelled for each of the options, these must be treated as “indicative costs” only depending on the final contract strategy, which will require further refinement and which forms Part 2 of the Home Care Futures Project.

The following assumptions will therefore need to be tested and further refined:

- a. the assumptions regarding staff turnover on staff taped to the independent sector,

- b. what the market may choose to decide in terms of the tupe transfer,
- c. the size of the project team,
- d. assumptions regarding overheads. These costs will need to reflect the size of the HCBU option selected. Further work is required in Part 2 of the project to model the impact on both departmental and corporate overheads.

The cost of the four options is summarised as follows (and further details are summarised in Appendix 1).

Table 1 – Summary of savings achieved by Option 1-4 at the end of 3 years.

	Cost at the end of 3 years £m	Indicative saving in comparison to option 1 £m
Option 1	£10.5	nil
Option 2	£9.4	£1.1
Option 3	£8.5	£2.0
Option 4	£8.3	£2.2

Options 2 - 4 assume no redundancies but that work will transfer to the independent sector.

Option 4 delivers the most savings at £2.2m, followed closely by option 3 with a £2m saving. Both these options would achieve the savings required by the Medium Term Financial Plan as summarised in Table 2 below.

Table 2 – Medium Term Financial Plan 2007/8 –2009/10

Description	MTFP savings			
	2007/8	2008/9	2009/10	TOTAL
	£'000	£'000	£'000	£'000
Home Care Business Unit	(100)	(660)	(1,110)	(1,870)

However, option 3 delivers a specialist home care assessment and reablement service, and this specialist service does not form part of the other options. (If this was required then the costs of those options would need to reflect this new service).

Further savings may also be possible from option 3 depending on the new teams ability to reduce the length of a care package but this would need to be clearly evidenced and modelled further.

A project implementation team will be required, depending on the option selected. This will include a project manager and administrative support to assist the management of change, plus additional Human Resources, Finance, and Legal Services staff time. These costs could be substantial. Some of these costs may

come from within existing resources but extra resources will need to be clearly identified within the adult community care budget to implement successfully any changes.

(Comments from Denise Hunt, Head of Finance, Adult Community Care)

Capital

N/A

Land

Not applicable

Personnel

There are extensive HR issues to be considered in relation to each of the 4 options proposed. The recommended option (3) will require a formal consultation process in accordance with the Management of Change Policy and where TUPE applies the requirements of the Addendum to the Code of Practice on Option Appraisal – Consultation on Personnel and Workforce Issues.

The recommended option will require a period of consultation on the structure changes, the management of a TUPE process, as well as the requirement to continue the improvement of sickness absence management. It is recommended that the implementation project include dedicated HR officer time.

(Comments from Lynne Foxwell, Human Resources)

Appendices:

1. Costings
2. Notes from Select committee on achieving value for money in Home care
3. Recommendations from Quality of Life Scrutiny Committee

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Home Care Futures Project report – December 2006

Appendix 2 Overview & Scrutiny

Adult Community Care Select Committee

Views on the Home Care Futures Project Proposed Options for inclusion in the report to Cabinet on the 8th February

General

Introduction

1. The Select Committee has focussed on achieving value for money (VFM) in the provision of services for older people. Initially it has concentrated on the home care element of the service to complement the work of the Home Care Futures Project. In its value for money review, the Committee has not been concerned just with cost of the services but with their quality, fitness for purpose and sustainability. The options put forward by the Home Care Futures Project place an over emphasis on cost savings which are largely achieved by outsourcing some or all of the in-house service.

The Home Care Business Unit (HCBU)

2. The HCBU) is the major provider of home care in Bristol and as such, is central to the investigations and analysis of the Select Committee. It is acknowledged that it is a high cost provider compared to the independent sector. HCBU management are tackling some of the barriers to achieving VFM including high sickness rates, high levels of downtime and inflexible rosters, but this will take some time given the number of staff involved. Even with this increased efficiency it would not be able to match the independent sector on price. This is because our staff have better terms and conditions (holidays, pensions, shift allowances, overtime, time off in lieu for public holiday working etc.) and there are higher management and administration overheads.

3. The Committee felt that for base comparison purposes it would be informative to produce a model of how the current service would look if the maximum cost savings and efficiencies were achieved.

Management Information and Cost data

4. In order to make an informed judgement on any of the options it is crucial that the underlying information on which they are based is reliable. There have been wide variations in data over the six month period in which the Committee has been looking at the issues.

5. ACC management and Corporate Finance staff have made strenuous efforts to improve the accuracy of the information presented to the Committee but there must still be questions about its reliability particularly when it is being used to support a strategic decision of such importance.

Homecare Assessment and Re-abling Teams (HARTs)

6. The Committee is convinced that the introduction of HARTs is the way forward no

matter which option is chosen. These teams would work intensively with individuals to enable them to regain skills and confidence following an illness or crisis. In other authorities provision of an active short term HART service has been proven to reduce substantially the level of long term care and also reduce the numbers requiring residential care. Once the individual's care package was planned and stable it could then be passed over to a non-specialist team.

7. Only Option 3 explicitly includes this service. In order to make valid comparisons with the other options the costs of a similar service should be applied to all options.

Transfer of staff to the independent sector

8. Options 2 and 3 and 4 involve the transfer of some or all (in the case of option 4) HCBU staff to the independent sector. This means that, effectively, we would be buying a cheaper home care service at the expense of the existing in-house work force. The majority of these care workers are female and live and work in the community which they serve. We have a corporate priority to create balanced and sustainable communities – do we really achieve this by reducing the terms and conditions of low paid women workers? They also provide important points of contact with service users and it is likely that once the service is outsourced this important aspect will start to erode and eventually be lost.

The Options

Option 1 – maintain HCBU at its current size (the “status quo”)

9. Our experience of this option is that it does not reflect the changes in the market for home care. It does not deliver the planned savings in the Medium Term Financial Plan

Option 2 - reduce number of hours delivered by HCBU by 50%

10. This option takes us from the status quo to a reduced service by outsourcing half the HCBU. This is what is effectively happening in a gradual fashion at the moment as we operate a freeze on filling vacancies. This is an inherently costly and inefficient approach as staff need to travel longer distances to meet the service needs, staff morale is adversely affected and if overheads are not controlled the cost per hour will increase. As for Option 1 it takes no account of the changes in the market for home care. It does not deliver the planned savings in the Medium Term Financial Plan

Option 3 – Reshape HCBU into 3 specialist Homecare Assessment and Re-abling Teams (HARTs) with consequent reduction in hours

11. This is the only option which proposes a resizing and a radical reshaping of the existing provision to match developments in the home care market by establishing the HARTs which will give us an influence over the extent of packages of care. However, the costings of the HARTs which we have seen are questionable and need more refinement. It reduces our presence in the Home care market to 20-25% (from 48%). Apart from this all of the provision of home care will be provided by the independent sector.

12. No figures for the cost of an efficient HCBU have been provided and therefore we are unable to say whether a move in that direction would be more cost effective than the system being proposed of allowing increased costs in independent sector contracts. The option plans to deliver the savings in the medium Term Financial Plan.

Option 4 – Outsource all current HCBU

13. This option potentially delivers the greatest cost savings but leaves us entirely in the hands of the independent sector for the provision of home care for older people in Bristol.

Conclusion

14. The Select Committee has analysed a great deal of statistical and cost information and received evidence from many sources which, if taken at face value, indicate that Option 3 offers the potential of achieving value for money whilst maintaining a strategic position in the home care market in Bristol.

15. However, to reach this conclusion, we have had to rely on a large number of assumptions concerning several key areas. These include the level and type of future demand for the service, the legal implications of staff transfer, maintaining the service during the period of transition, predicted revenue forecasts and also the reaction of the independent sector providers. Any one of, or any combination of these factors will affect the implementation of the chosen option and highlight the need for the second phase of the project to be managed effectively, particularly as it proceeds to the contract tendering stage in 2008/09. It is, therefore not possible to guarantee with any certainty at this point in the decision making stage that the predicted savings will be made until phase 2 of the project is well advanced.