

Notes from CSS Provider Workshop - Approach to Pricing

Monday January 25th 2016

Context

As part of the strategic commissioning process for adult social care Community Support Services in Bristol (CSS), Bristol City Council has established a CSS Provider Forum and CSS Co-Production Group to work collaboratively with providers and partners from an early point in the process.

As part of this co-development approach, a workshop with providers on BCC's proposed approach to pricing CSS services was held on Jan 25th 2016. This was a 3.5 hours workshop commencing with an introduction, position statement and context setting from the lead Commissioner, Lucia Dorrington (Service Manager, Joint Commissioning, Adult Social Care) as well as financial context setting from Michael Pilcher, Finance Business Partner. Other BCC attendees were Alison Slade, Head of Procurement, Ros Cox, Operations Manager, Brokerage Service, Dina Bianchi, Commissioning Manager, Fiona Blandford and Tanya Boden, Care Management. Also in attendance were Rick Thompstone and Rob Manning from Ernst and Young (strategic partners to transformation in the People Directorate).

The workshop was advertised on the CSS web page that had been used actively to communicate messages to providers and service users during a recent formal consultation process on the draft CSS Commissioning Strategy, and emails were sent by the Commissioning Team to providers on our CSS email circulation list. This note has been drafted as a formal record of the event and to ensure that no provider is disadvantaged by not having known this event was on / not being able to attend.

28 different provider organisations attended (34 individuals in the room). The agenda was split up into group discussions on the following themes:

1. Proposed approach to pricing CSS services (price range model for each type of CSS service)
2. The applicability of block and spot contracts in CSS commissioning
3. Incentivising the achievement of outcomes

Introductory messages

- Thanks to providers for giving time up to listen and discuss ideas with BCC commissioners about CSS commissioning

- Purpose of the session is for BCC officers to share early thinking about approach to pricing CSS services in this commissioning exercise and to actively listen to & work with providers on pricing strategy
- This session will be followed by a session on service specification – service spec and pricing go hand in hand
- Tender process for CSS commences in the summer this year – approximately 5 months to get to tender with crucial outputs to draft in this time, working collaboratively with you as providers
- Recently conducted a public consultation on a draft CSS Commissioning Strategy – ran for 12 weeks and was fairly well responded to by providers, service users, partners and members of the public. Thank you to those providers who engaged in the formal consultation process
- Agreement among consultees about the principles underpinning this commissioning process and the outcomes we seek to achieve for service users. General agreement about what constitutes quality services and many useful contributions about value for money
- In terms of money, there were differences of opinion about a consistent unit rate and whether this would deliver value for money and there was a split in terms of number of consultees who believe that working in an outcomes focussed way will safely reduce demand for support, and those who do not believe this
- Hence the consultation highlights some of the challenges we face in CSS commissioning but also opportunities for change
- Key messages at this stage:
 - Opportunity to work towards an outcomes focussed approach to commissioning – this is our strategic intention as per the CSS Strategy
 - However we also have a short term imperative to reduce spend in this area and ensure service user needs are being met. In the current financial climate, we cannot continue to do things in the same way at the same cost
 - There needs to a twin track approach - a specification and pricing strategy that can ensure we are buying affordable, quality, value for money services as of Autumn 2016 – this means some prescription and structure on the part of commissioners to ensure we have affordable, quality services
 - BUT we also need to think and work creatively for the longer term and move to a commissioning model that is more outcomes focussed, allowing providers to more flexibly deliver to agreed outcomes for an agreed price rather than price the inputs to the process e.g. hourly rates
 - Need to balance the two approaches – the trick will be how much of the outcomes focussed commissioning we can embed into this process
 - In terms of pricing, specification before price is logical, but in the context of needing to reduce spend, a price before specification conversation is also

valid. The last CSS Provider Forum meeting agreed that a pricing approach conversation now is sensible

- Today – proposed approach to pricing pre-development of the specification – preliminary thoughts on how we can approach the pricing of CSS services alongside developing the specification
- Today we won't be discussing numbers and future prices –we want to focus on a proposed methodology for getting to that point and to see what you think of it
- There is disparity currently in what we pay different providers for similar packages of care and some other local authorities pay less than we do in terms of hourly rates for adult social care support services

Please participate in today's discussions with an open mind and a view to working alongside us to get an appropriate method of pricing. After today, we will take the findings of the workshop and refine the proposal or look at other options. We also want to take the opportunity to have a discussion with you about block and spot contracts and where these might be best applied in CSS, and also to discuss the incentivisation of achieving outcomes. BCC is doing this in other commissioning exercises and we want to test if you think this applies well to CSS or not.

Notes from table discussions

Below is a summary of the various discussions that took place on the day and the messages conveyed by providers to BCC:

Pricing Model

- Agreement on principle of pricing model split by service and structured into 'standard', 'intermediate' and 'enhanced' (low, medium, high) needs/outcomes. It was noted that Nottingham use a similar model. Single standard rate or range not workable for these services and need to factor in staffing to service user ratios
- Pricing model should maintain flexibility rather than be too driven by staff to service user ratios; these are one measure
- Need to consider variations in costs to different services when designing pricing model. Factors including living wage, staff training and retention, accommodation based costs (insurance, rent), administration, travel and communication costs
- Further development will be needed to consider the impact of changing needs within proposed model
- Potential flexibility for a 'core' element of price particularly for accommodation based services with ratios. This would provide a stable price element whilst allowing more flexibility to bespoke the range model as required

- Hourly rate pricing model mixed with move to outcomes based commissioning – acknowledge that levels of support may need to taper as levels of independence increase for some service users
- Mini-tender process should allow providers to meet/assess service user needs. Increased collaboration on provider reviews would potentially increase effectiveness of the model
- There are a number of key differences in CSS services to domiciliary care. However some providers operate a blended rate between the two.

Block and spot contracts

- Day services may lend themselves more readily to block contracts than other in-scope services, notably Outreach which may not be suitable for block contracts. Guaranteed income base for accommodation based services would be a potential benefit to blocking hours / beds
- Noted that block contracts would provide benefits to both BCC and providers in high demand services
- Benefits of block contracts were noted as provided greater certainty of income and achievement of economies of scale. Fewer monitoring requirements and administration needs were also noted as potential benefits
- BCC will need an effective monitoring mechanism in order to minimise voids
- An effective block contract will need to operate within a mechanism that ensure service user choice is maximised during the placement process
- Block contracts could operate effectively if based on hours of provision. This would allow providers to use the hours commissioned flexibly potentially leading to better management of service user outcomes

Outcomes Focussed Commissioning

- Emphasis required on mechanism by which outcomes can be monitored and reported
- Incentivising outcome focussed services may work effectively for some services but not all
- A greater emphasis on training in outcomes based performance reporting may increase effectiveness of targeting outcomes
- Efficient implementation of the pricing model and joint (provider and BCC) service user reviews would enable an outcomes focus

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