# GWYNEDD COUNCIL CABINET

## Report to a meeting of Gwynedd Council Cabinet

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| **Date of meeting:** | **23 July 2019** |
| **Cabinet Member:** | **Councillor Dafydd Meurig** |
| **Contact Officers:** | **Home Care Transformation Team (Adults, Health and Wellbeing Department)** |
| **Contact Telephone Number:** | **01286 679577** |
| **Title of Item:** | **New Domiciliary Care Model for Gwynedd** |

## 1 THE DECISION SOUGHT

- Agree to establish a new model for providing and commissioning domiciliary care based on sub areas, and jointly-commission with the Health Board
- Approve implementation on the grounds of the favoured option, namely support a mixed market by tendering in a way that is likely to lead to achieving our aims (securing better outcomes for people, improving staff terms and conditions, creating a more sustainable market).

## 2 THE REASON FOR THE NEED FOR A DECISION

There are several reasons for proposing the changes outlined in this report:

- There is a need to move away from a domiciliary care model that is driven by tasks and specific times, and focus on outcomes for people in Gwynedd
- By creating a domiciliary care model based on cooperation at a community level to respond to what is important to people, we would align with the Welsh Government's strategy - A Healthier Wales
- We need to re-shape a market that is unsustainable in its current form
- The Cabinet needs to be assured that the favoured option is affordable and that there are arrangements in place to manage the financial and legal risks that exist.

## 3 INTRODUCTION

This report presents the case for changing our existing domiciliary care model. It highlights how a new model can be secured that will be more suitable and sustainable, in an affordable way.

## 4 THE REASONING AND JUSTIFICATION FOR RECOMMENDING THE DECISION

The limitations of the current domiciliary care model.

4.1 In developing integrated teams across health and care, to support people within their communities, one of the main barriers found was the nature of the domiciliary care model. Traditionally, care has been bought in hours and people have a care plan that lists tasks to be undertaken at specific times of the day. Change is needed in order that staff who give domiciliary care can work flexibly with individuals to offer the care they need when it is required, to address what is important to people.

4.2 For some years, there has been a shortage of domiciliary care staff across the County and although we and external companies have undertaken many campaigns, it has been impossible to recruit sufficient staff to meet the need. The fact that the Council and the Health Board commission separately and compete against each other for a service from providers has exacerbated the situation for residents, as it is not possible to prioritise the resource that exists to correspond to the largest needs.

Learning about the current model

4.3 In order to learn about our domiciliary care model we went about this by studying it in detail. By coming to understand how the internal domiciliary care provider, and external providers, work from day to day it was found that:

- a great deal of bureaucracy exists, and a high percentage of that is unnecessary (e.g. duplication of information about individuals on several forms)
- the method of organising staff according to blocks of time to undertake specific tasks a) is an impersonal and inflexible way of providing care, b) is very costly to maintain
- staff terms and conditions of external providers are unfavourable, and nearly without exception are lower than the living wage level
- the procurement method per care package, by whichever provider available at the time, led to a dispersed and piecemeal model where it is not easy for individual providers to foster a close working relationship with other community teams (and in turn this affects the ability to place the person central to their work).

Testing and developing a new model

4.4 Over the last two years we have been experimenting to develop a new model, with providers from the different sectors (internal, private and third sector). This work has been undertaken in various geographical locations across the County - Dyffryn Ogwen, Tywyn, Nefyn, Caernarfon and Porthmadog. By now, there are numerous examples of different providers who know how things work in these areas, and adapt their working arrangements to correspond to what they have learnt.

4.5 These are the main findings from this work:

- By including providers more and more in the process of coming to understand what is important to people and how they can be assisted to address this, it is possible to ensure that the care package responds better to needs
- People's needs are not the same every day, and what is important to them can vary according to their circumstances. It therefore stands to

reason that allowing staff to work more flexibly with individuals will give a better quality of life

- There are advantages to care for people in a way that enables them to participate in their own care at all stages of their lives, rather than moving people between 'enablement' and 'support' care categories.
- There is a great deal of paperwork that can easily be removed without any negative impact on people and without breaking any law or regulations
- By tailoring care to each individual, it is possible to bring the average time spent supporting each person down, and this will release capacity to support more people in the community
- By focusing on the person and being able to respond easily to circumstances, time after time it is seen that it is possible to save having to call on other sections of the wider health and care system.
- By bringing the care provider to be part of the community resources team in a sub-area, this will enrich the information about what is happening in the community, and in turn will increase opportunities to support people in their communities without having to use domiciliary care.

Conclusion of this work

4.6 We conclude that the presence of a domiciliary care provider is required alongside other care and health workers (social workers, community nurses, therapists, third sector representatives, GPs etc) Also, it is felt that there is a benefit to joint-commissioning with the Health Board as the aim is to create an integrated model, where the different commissioning and funding arrangements do not impact an individual's ability to receive support.

4.7 In addition, in order to be able to recruit sufficient domiciliary care staff in a specific geographical sub-area and give stability in terms of the capacity available and the relationship with individuals within the community (people who require care and staff), it is sensible to offer an agreement to a provider on a block basis (rather than to purchase per hour). Our evaluations of the new home care model gives assurance that it is possible to continue to provide a service that meets statutory requirements whilst achieving better outcomes for the people of Gwynedd.

Realising the new model

4.8 One option to realise the new model would be to internalise the whole service. On the basis of current unit cost (without including central costs and pension credit cost), and without making any management savings, this option would cost £2.3m per annum. This is not currently considered to be an affordable option.

4.9 The favoured option is to have an internal : external market split that will be approximately 50:50 at any time. There are advantages to having an internal market (more control, no need to follow a procurement process when anxious to realise changes, having the management infrastructure to be able to take over an external provider's service if they are in difficulties). There are also advantages to have part of the market to be external (a range of skills and perspective, able to apply for funding sources the Council has no access to, some local companies have strong local and very advantageous networks).

4.10 In order to bring about this new model, and have a close link between the provider and the community team, the market will need reshaping so that there is one provider to each sub-area. The intention is to go out to tender to have a service in half of the operational sub-areas across the County.

4.11 This work has given us the evidence that the new domiciliary care model will enable the Adults, Health and Well-being department to achieve savings that have been accepted by the Full Council.

4.12 It is proposed to operate a transition scheme between the old and the new model that will happen gradually, over a period of around a year and a half. It is felt that this is essential to 1) significantly reduce the need for people to move from one provider to another, 2) reduce the impact on staff.

4.13 Many stakeholders, including elected members and trade unions, have expressed support to the new domiciliary care model, but also their desire to safeguard against a negative impact on the Council's staff circumstances. By gradually implementing the changes, the impact on staff will be less, and seeing the new model in place and knowing exactly what their employment options are in the local area will give them more certainty.

4.14 Approximately 15% of the Council's domiciliary care staff live and work in sub-areas where it is intended to go out to tender. It is proposed to give priority to supporting these staff through the change.

<u>Financial considerations for the favoured option</u>
4.15 The favoured option, as noted above, is to maintain a mixed market with one provider per sub area. To do this we will need a tendering process. At present a framework agreement established across North Wales is used to procure services. However, the legal guidance is that a new procurement exercise would be more appropriate to address and realise the objectives of the new model.

4.16 The aim in tendering is to respond to what has been highlighted during the work of learning about the current model and testing to develop a new model. That is, reduce the bureaucratic requirements on providers, and find ways of improving staff terms and conditions to stabilise the market.

4.17 The financial modelling work has been done and this gives evidence and confidence that it is possible for the favoured option to be affordable within the current budget whilst addressing the above objectives. This is based on:

- Not changing the level of the current domiciliary care spend which is currently £10.4m by the Council and £0.66m by the Health Board
- Making internal savings on the cost of running the internal provider service of £275k per annum
- Making realistic unit cost assumptions, that compare with the details of current provision fee details, and are based on discussions with local providers regarding staffing structures / required management to support the new model
- To harmonise the expenditure level on staff between the internal and external sectors (except for pension costs), enabling every domiciliary care worker in Gwynedd to be paid at least 50p per hour above the living wage level.

4.18 Based on the above, the financial modelling gave a cost figure of £754k higher than the current spend. It would be necessary to buy 6.3% less hours for this option to be cost-neutral. The financial gap of £754k can be reduced to £477k by costing on the basis of a fee that reflects spend on staff which is £1 / hour less than the Council's internal spend, and the residual financial gap of £477k could be eliminated by buying 4% less hours than in 2018/19. On the basis of our findings from the pilot areas, this is realistic due to the ability of the new home care model to reduce the level of formal care hours needed. It is felt that this combination of a small reduction in procured hours and a slightly lower increase in the hourly rate is a solution that would be affordable whilst responding appropriately to the need for care. It would also be a positive step forward towards achieiving more consistent terms and conditions between the internal and external home care sectors. .

4.19 Naturally, it will not be possible to know the exact costs until the tender process has been completed, but it is felt that the financial risk is acceptable to go ahead with this option.

4.20 The above figures do not include additional costs that may arise as a result of transfer of staff who have TUPE protection. It is recognised that there may be costs associated with staff transfers but we cannot fully estimate it because this situation and the associated implications are matters that will become evident in the detail when developing the new procurement and contracting framework. Evidently, the Council and any providers will have to address any responsibilities associated with TUPE rules. However, the initial work has not identified matters in relation to staff transfer costs that would affect the recommendation to continue with the project. This work will develop as further legal and human resources advice is received.

<u>Legal considerations for the favoured option</u>
4.21 The favoured option is one whereby we hope to influence the external market to ensure that a higher % of their fees go to pay for staff terms and conditions, and a lower % on management and bureaucracy.

4.22 We have received initial legal advice, that gives an assurance that this is legally possible. Further legal discussions will be required before determining the best procurement method to realise the objectives, as there are certain aspects that need to be confirmed as we progress.

4.23 In looking at a model that features ways of looking at the sustainability of contractor staff employment conditions there is a need to keep an eye on the matters that will influence how they will weigh up their situation and the risks facing them when deciding upon their tenders. This includes matters such as possible equal pay implications that will need to be kept under consideration and will be the subject of advice as the project is developed.

4.24 There are elements of the model that will need to be kept under review in terms of employment law as the procurement process is developed and any commercial impact on potential tendering organisations is considered. It is also important to ensure that contracts can be established that are robust enough in terms of appropriate conditions and measures to achieve our objectives.

4.25 This work will occur in partnership with Betsi Cadwaladr University Health Board. If we reach an agreement with the Health Board to jointly-commission, a

contractual arrangement will be established to operate the collaborative arrangements. These arrangements will need to achieve the objective of ensuring there is easy access for people to services, without them having to face delays due to bureaucracy relating to the Council and the Health Board agreeing sources of funding and authorising expenditure. In addition, the arrangement wil need to be one that is robust in terms of both organisations' financial propriety.

## 5 NEXT STEPS AND TIMETABLE

5.1 If we receive the Cabinet's approval to proceed, these are the next steps and timetable:

- Decision by the Health Board to jointly-commission : end of August 2019
- Open a tendering process: October 2019
- New agreements: April 2020
- Period of transition and establishing the new model : up to October 2021 (and beyond for some complex cases).

5.2 The Domiciliary Care Project Board will keep an eagle eye on the legal and procurement advice it receives over the next few months. It will also continue with detailed consultations with providers within the market. And, if at any time the information the Project Board has highlights significant risks (financial or otherwise), it will reconsider the direction and will report back to the Leadership Team and / or the Cabinet as appropriate.

## 6 ANY CONSULTATIONS UNDERTAKEN PRIOR TO RECOMMENDING THE DECISION

6.1 A programme of extensive communication and consultation is being implemented. These are the main consultations:

- Regular meetings with Trade Unions (Unison, GMB and Unite) and the unions have conducted a consultation with their staff. The conclusions of the consultation were that they supported the direction but were anxious to protect the position of Council staff and the welfare of the County's residents.
- Detailed Case Studies have been undertaken in the areas where the new model has been developed, as a means of finding the views of residents and to know that it is possible to ensure favourable outcomes to people.
- Monthly workshops and regular one to one meetings with providers, where we have had assurance that there is support to our proposals and that future cost forecasts are realistic
- Information sharing and discussion workshops where all Council elected members were invited.

6.2 An Equality Impact Assessment has been prepared. No other matters have arisen that suggest that the decision recommended should not proceed. See attached.

<u>Chief Finance Officer Comments</u>

I note, in part 4.17 of the report, the author's confidence from all the experimentation and modelling work that it will be possible for the favoured option to be affordable. Note the key equation in part 4.18, noting that the new model would need to succeed to buy 6.3% less hours of home care to make the favoured option cost-neutral. Part 4.18 elaborates that there is a financial risk, and unavoidable uncertaintly about the post-tender cost levels, but that the author feels that this risk is acceptable, and of course we must venture in order to succeed.

Monitoring Officer Comments

There has been legal input into the legal elements of the report. There are a number of anticipated outcomes related to the recommendations to establish a different approach to provision and commissioning of home care in Gwynedd. It is noted in the report that there are considerations and elements which are relevant to the success of the model which are based on matters which will crystalize as the procurement and contracting model develops. It is appropriate therefore that the development of the model is based on the continuous assessment and balancing of risks in order to provide assurance in relation to the realisation of the outcomes.