

Strategic Commissioning and Investment

222 Upper Street

London N1 1XR

Report of: Executive Member for Health and Social Care

Meeting of Executive

Date: 12 January 2023

Ward(s): All

Subject: Procurement Strategy for Home Care services

1. Synopsis/Executive Summary

- 1.1. This report seeks pre-tender approval for the procurement strategy in respect of Home Care
- 1.2. **Home care is a key component of Islington's Adult Social Care vision** to support residents to live healthy, fulfilling and independent lives; maximising independence and connecting them with their community, ensuring equality and fairness throughout.
- 1.3. **Home Care, also known as Domiciliary Care, covers a wide range of activities,** including but not limited to, personal care; reablement; support with medication and household tasks to support people with long-term care needs in the community. Residents may require these services for a short period to recover from illness or injury for example, or for a longer period to allow them to remain safe, independent and living in their own home.
- 1.4. **Our ambitions for Home Care centre around four key areas:**

A) Improving outcomes for residents

We aim to achieve this through

- The new 7-Day Recovery Model delivered by homecare, supporting residents to stabilise immediately after a stay in hospital; some people will also receive In-house Reablement team support that provides up to six weeks of intensive support to maximise independence and reduce the need for longer term care at home. Home care providers will work closely with Reablement to ensure smooth transition for those who do need longer term packages of support.

- A personalised, strengths-based approach based on strong trusting relationships between the care worker and the resident will maximise wellbeing and independence for all, improving quality of life and satisfaction with the service.
- Providers and residents (and their families) will coproduce care plans together.
- To achieve better outcomes, we need stable locally connected providers that understand and are committed to Islington and can meet a diverse range of needs. Home care will be organised in three localities.
- This will build local trusting relationships and a more integrated approach between home care providers, health, social care and voluntary sector partners.
- The home care workforce will benefit from the stronger relationships with in-house Reablement and opportunities to share Reablement team's experience of delivering support that is enabling and independence building.

B) Ensuring capacity within high quality provision

- This will better enable us to meet diverse needs and fluctuations in demand
- Currently our contracted care providers do not have the capacity to meet the entire demand for home care. A large amount of spot purchased provision is currently required to meet the additional need.
- The Council has developed stronger relationships with spot providers and increased oversight through quality assurance audits. This strategy recommends an interim measure in which these 'spot' arrangements are regularised to increase quality assurance of individual packages of care.
- We also need a longer-term procurement approach to ensure market sustainability and high-quality provision
- This report recommends developing a flexible framework agreement that will operate for eight years, as a mechanism to procure home care services. This will provide a pool of quality assured providers from which to commission Locality or Specialist provision contracts as well as contracts for individual packages of care (where needed to bolster capacity).
- The Council will ensure fair but competitive pricing; minimum guaranteed business for locality providers; and a range of providers to reduce the risk of market failure
- We will build into our Quality Assurance processes a resident feedback loop to ensure we hear more systematically from residents and their families about their level of satisfaction with the care they receive and the impact on their wellbeing and quality of life.
- Residents will still be able to exercise further choice and control over their care through a Direct Payment (DP) which enables them to purchase care directly from a care provider or employ a Personal Assistant (PA).

C) Driving a more inclusive economy

- We aim to achieve this through fair pay and good conditions for the care workforce and a focus on social value
- The Council is signed up to the Ethical Care Charter and our contracted providers already commit to many elements of the Charter, such as London Living Wage, paid travel time, offer of guaranteed hours to its workforce and regular care workers.

- This strategy will ensure more providers are contracted with the Council and therefore must comply with elements of the Ethical Care Charter. In addition, the Council will also ensure greater commitment to enabling guaranteed hours worker contracts and value-based recruitment.
- All providers party to the framework agreement will be required to pay London Living Wage (LLW) and an hourly rate for providers will reflect what the Council believes to be a sustainable cost of delivering care. This will be influenced by benchmarking and the government mandated Cost of Care exercise.
- The framework agreement will reopen at certain intervals over the eight years to enable new and developing providers to join and offer services to the Council when they are ready and can meet our selection criteria.
- To ensure a more diverse market and more resident choice, the Council will offer a range of contract sizes in each locality to enable smaller providers including cooperatives and voluntary community and social enterprise (VCSE) providers to bid.
- Providers will be expected to contribute social value and will account for 20% of contract tender evaluations.

D) Delivering greater value for money

- This strategy will deliver better value for every pound of the public purse through better quality provision and better pay and conditions for the home care workforce.
- Stipulation that providers on the framework must pay all staff the London Living Wage incurs additional costs, for which the Council is fully committed.
- Current annual home care budget is £21m and based on 2022/23 budget before growth, savings and inflation the budget is anticipated to be £170m over 8 years.
- With the introduction of the 7-day recovery model and reablement it is anticipated this will reduce to £151m. The new homecare framework will be integral to maintaining these savings and funding the additional cost of more service users moving to new framework (£0.5m).

1.5. The diagram below provides a visual overview of the new model, how it will interact with the wider Adult Social Care (ASC) offer and the key benefits.

Figure 1 – Current Home Care model

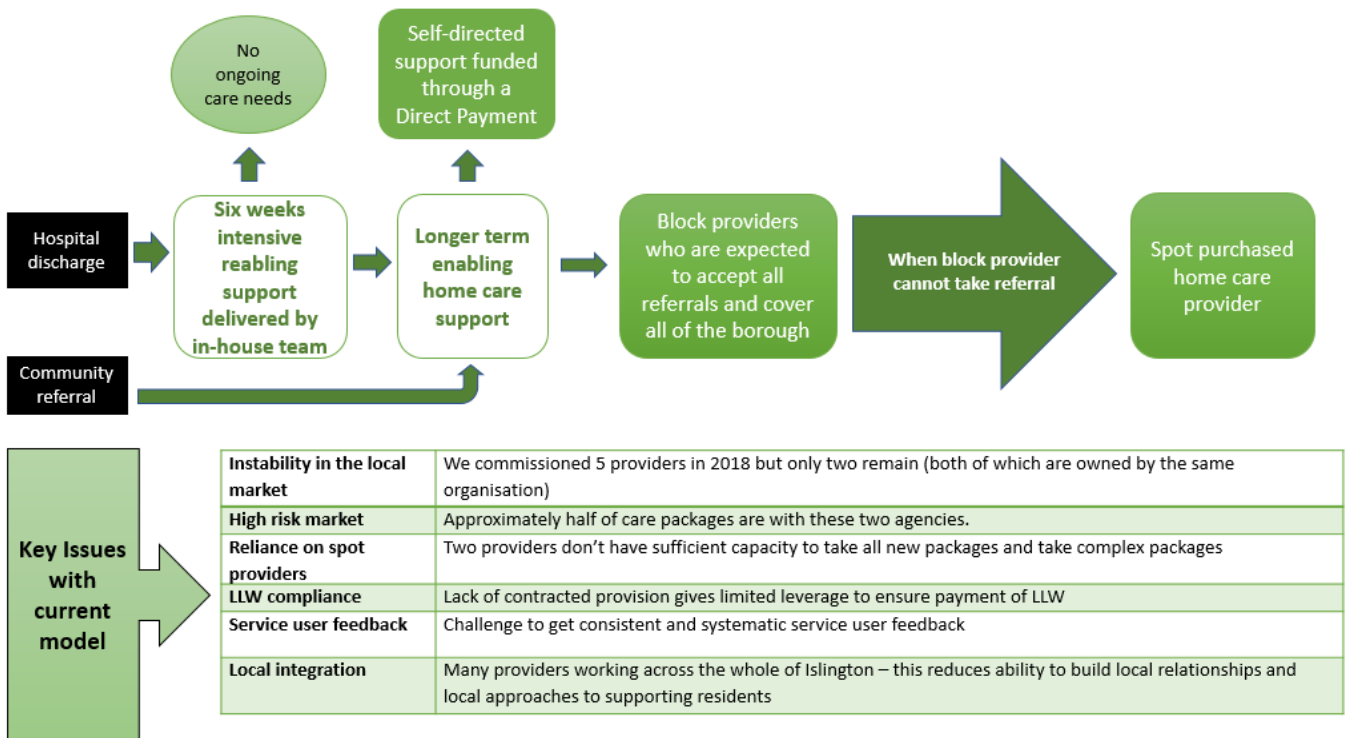
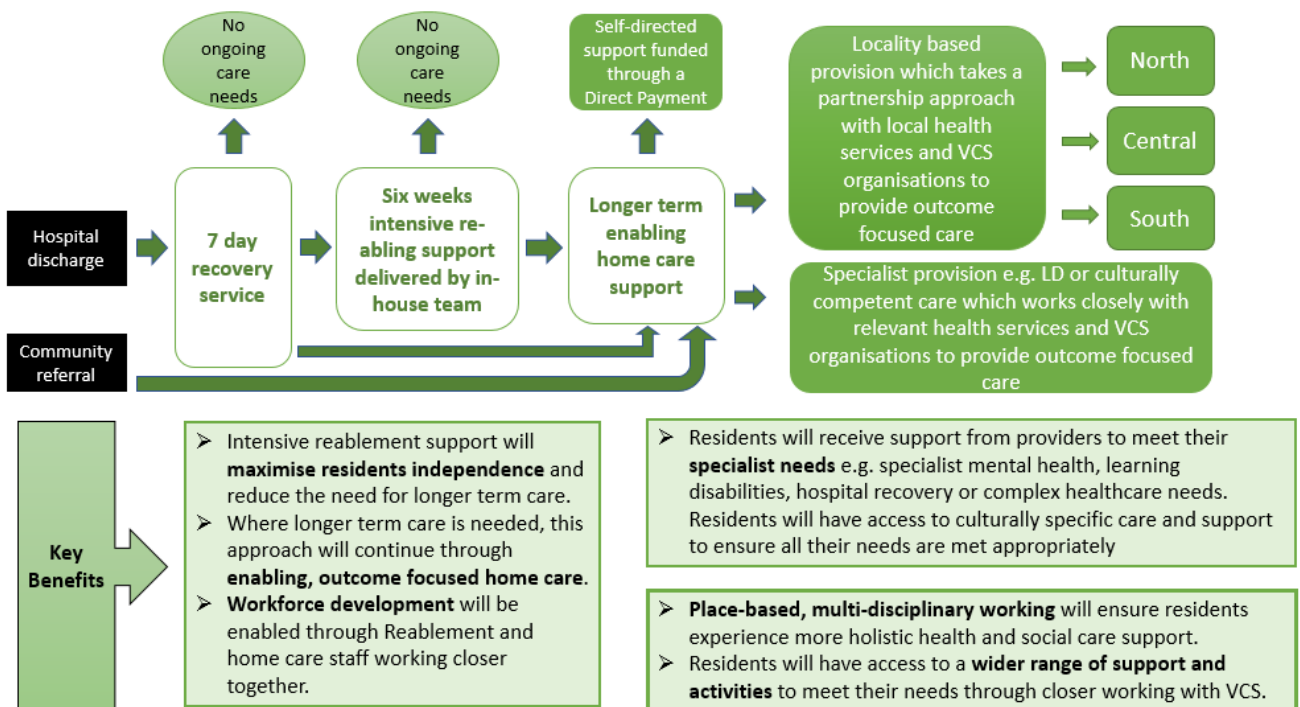


Figure 2 – New Home Care model



2. Recommendations

- 2.1. To approve the recommended Home Care commissioning model and procurement approach (Option Three) as outlined in this procurement strategy report.
- 2.2. To delegate authority to the Director of Adult Social Care for the appointment of providers to the proposed framework agreement for Home Care for a total period of eight years and an estimated budget of £170m, following consultation with the Executive Member for Health and Social Care.
- 2.3. To delegate authority to the Director of Adult Social Care to award call-off contracts pursuant to the framework agreement for Home Care.
- 2.4. To delegate authority to the Director of Adult Social Care to award any required contracts for spot packages of care until and for the duration of the new framework agreement for Home Care as outlined in this report.

3. Background

3.1. Nature of the service

Approximately 3,900 residents accessed long-term adult social care services in Islington in 2021/22. Based on Greater London Authority (GLA) population projections, it is anticipated that the general Islington population and potentially the demand on our services will continue to grow.

Islington's aging population is a primary driver of adult social care demand. From 2022 to 2027 we expect to see a 4% growth in our Islington adult population (from 207,000 to 215,000). Our population aged 60+ will grow more quickly, with an increase of 16% by 2027, a growth of around 5,000 individuals. Although it will remain a small group in absolute numbers, our population aged 80+ will also grow by 16% by 2025, a growth of around 1,000 individuals. Over the next 10 years, we expect an increase of around 16,000 adults in Islington. Projections suggest that there will also be an increase in the number of Islington residents living with dementia, and with a learning disability.

The Care Act 2014 sets out key responsibilities for adult social care, of which home care services are a key provision to enable the Council to fulfil those responsibilities, which include:

- Promoting individual wellbeing
- Preventing or delaying need for care and support
- Promoting integration of care and support with health services
- Providing information and advice
- Promoting diversity and quality in provision of services

Home care involves care workers attending a person's home to support them to complete daily living tasks such as personal care (help with washing, dressing and eating), medication management and cooking. Home care services support not only

older people but also residents with other disabilities such as a physical or learning disabilities or mental health needs. Home care should be provided using an enabling approach. Care and support should be *done with, not to*, the resident encouraging them to take an active role and undertake tasks as independently as possible.

Home care services are regulated by the Care Quality Commission (CQC). The CQC monitor, inspect and regulate services to make sure they meet fundamental standards of quality and safety.

3.2. **Council ambitions for Home Care**

The Council's ambitions for Home Care are underpinned by our Adult Social Care (ASC) vision for Islington to be a place made up of strong, inclusive and connected communities, where regardless of background, people have fair and equal access to adult social care support that enables residents to live healthy, fulfilling and independent lives. This involves proactively taking all opportunities to build on people's strengths, maximise their independence and connect them with their community, ensuring equality and fairness throughout.

Home Care plays a key role in the ASC operating model. It will work in partnership with the Council's in-house Reablement service that provides up to six weeks intensive, enabling support to residents following a hospital admission, to regain the skills, confidence and social networks to return to their previous levels of independence and reduce the likelihood of re-admission to hospital. While many people will need no further support after reablement, some people will require home care to support them to live at home. Our reablement service will work closely with our home care providers to support them to deliver a more enabling approach to home care, thereby increasing opportunities for further independence. This will be facilitated by better joint working and opportunities for shared best practice. For those with long term support needs a closer relationship with our community health and primary care colleagues will be invaluable to intervene early when there is any deterioration or concerns with health conditions. We believe this will drive improvements and innovation in home care provision. To reduce social isolation and increase community connectedness we also want our home care providers to encourage and support residents to benefit from the opportunities that our strong community and voluntary sector offer, but to achieve this we will need stable locally connected providers that understand and are committed to Islington.

Our ambitions for Home Care centre around four key areas:

- Improving outcomes for residents through a personalised, strengths-based approach that maximises wellbeing and independence for all
- Ensuring capacity within high quality provision able to meet diverse needs and fluctuations in demand
- Driving a more inclusive economy through fair pay and good conditions for the care workforce; and community wealth building
- Delivering greater value for money by better managing demand, preventing or delaying escalation of need

3.2.1 Improving outcomes for residents

ASC uses a model of Strengths Based Practice to assess and support residents. This aligns with ambitions for Home Care to be strengths based, enabling and personalised. The Council, informed by Health and Social Care Scrutiny Recommendations published in July 2021, is committed to moving to a more outcomes-based model that:

- Enables a more personalised home care approach; focused on overall wellbeing outcomes for service users
- Engages residents and their carer/family and the provider in coproduced care and support planning
- Enables providers and care workers to take a more active role in care planning and reviews.
- Enables an integrated approach to home care, through locality-based provision (dividing the borough into North, South and Central)
- Provides greater choice, control, flexibility and culturally competent care

The Council has drawn on experiences and learning from other local authorities that share similar ambitions. Councils in northern England and Wales are delivering new models of home care that champion enabling, personalised and flexible home care for service users and give more agency to home care providers, ensuring they are fully embedded in the local health and social care system. The sector is generally moving in this direction. Key social care policy organisations such as Social Care Institute for Excellence (SCIE) and Kings Fund, as well as the CQC are advocating for this transformation and have been working with person-centred innovators such as Helen Sanderson Associates' Wellbeing Teams to promote this approach as a key service development for home care services. Our specification draws from these models and experiences and has been developed in partnership with residents, social workers, health partners and home care providers.

The Council intends to move to a locality model of home care, procuring a minimum of two key providers for each locality. These contracts will include minimum guaranteed hours to provide stability to providers, enabling them to recruit, train and retain staff to deliver this new model. This model will provide opportunities for connecting and integrating with the primary care networks, community health services and local voluntary and community organisations. Through closer relationships, home care providers will look beyond support delivered by care workers to wider support to achieve resident outcomes, such as supporting residents to attend community lunch clubs or working with Islington's Carers Hub to support service users' carers.

Additionally, the Council will work with a range of providers, including those who can demonstrate their ability to support residents with complex needs. This will include providers who can meet needs linked to dementia, mental health, learning disabilities, hospital recovery and complex healthcare needs, as well as those able to provide culturally specific care and support. This will be central to residents receiving more personalised care that better meets their needs. This will sit alongside increased support to residents and their families to make better use of Direct Payments (DPs). DPs allow further choice and control to residents and more personalised care and support.

3.2.2 Ensuring capacity within high quality provision

Islington has access to a wide range of home care providers. However, in addition to the contracts we hold, many packages of care are contracted on a case by case (spot) arrangement to provide additional capacity when our block contracted providers are unable to meet the need. This strategy recommends an interim measure in which these 'spot' arrangements are regularised to increase quality assurance of individual packages of care whilst we develop a new framework agreement, as outlined in this strategy.

The pandemic has created additional home care demand, and the sector is facing workforce retention and recruitment issues. This, in combination with national challenges with financial stability in the sector, has led to 60% of home care currently being delivered through spot contract arrangements. Providing sustainable contracts and guaranteed minimum business aims to reduce the risk of market failure or withdrawal and provide the financial stability organisations require.

Collaboration and strong relationships with providers are important to maintain good oversight of service delivery and promote continuous improvement. In the last three years, relationships have developed with our most frequently used spot providers. This has allowed for a joined up, mutually supportive approach to providing services through the pandemic, as well as opportunities to explore innovation and best practice, including exploring the innovation required to deliver our proposed new model. These new relationships have also led to more providers setting up offices in Islington and more providers paying LLW.

This strategy proposes a procurement approach that will develop strategic relationships with a pool of quality assured providers. The recommended approach will quality assure all home care providers wishing to work in the borough, whether they form part of our dedicated locality provision, or are only used occasionally for highly specific needs that our locality providers are unable to meet, either a specific skill or language, or sudden surge in demand that outstrips capacity. Robust requirements to access the framework will ensure all providers meet our high-quality standards before we contract with them.

3.2.3 Driving a more inclusive economy

Islington Council is committed to the Unison Ethical Care Charter which aims to establish a minimum baseline for the safety, quality and dignity of care by ensuring decent employment conditions. The current commissioned home care contracts require providers to pay staff at least LLW, paid travel time between care visits and to offer staff guaranteed hour contracts rather than only zero-hour contracts. They are also required to allocate a regular care worker(s) to residents wherever possible. Furthermore, the Council does not commission 15-minute care visits.

To enhance compliance with the Ethical Care Charter, the Council would like providers contracted through the new service to work with us towards implementation of 5 days of occupational sick pay, paid training time and although it is acknowledged not all workers will take up this offer, to show greater commitment to enabling guaranteed hour contracts.

The Health and Care Scrutiny Committee recommended that home care providers should contribute social value that supports inclusive economy, community wealth building and environmental priorities. The scrutiny committee recommended that providers should offer all care workers guaranteed hours contracts and commissioners should consider block purchased support to allow providers to explore guaranteed hours or shift work for home care workers.

The approach gives new and emerging providers an opportunity to promote themselves as businesses to meet care needs, even after the start of the new model. This will enable emerging organisations and different provider types to apply to join. The Council is keen to develop an even more diverse market of home care providers. The Council is part of a national initiative to commission in ways that support cooperative and voluntary and community sector provider models.

3.2.3 Delivering greater value for money

This procurement strategy, alongside the development of a strengths-based approach in social work practice, will improve the ability of home care to improve resident outcomes, including improved quality of life. For some, this will reduce their level of need supporting efforts to better manage demand. A Reablement first approach, delivered through our inhouse Reablement service together with the sharing of reablement service expertise with home care providers to deliver more consistent enabling support that seeks to maximise independence, will support our ambitions.

Home care services will compliment residents' strengths, capabilities and skills as part of a holistic support network that includes loved ones, friends, neighbours and community resources. This will allow those with opportunity to regain skills and connections to do so. This will help prevent or delay escalation of need, improve well-being and stem increasing demand, as well as supporting more people to live at home for longer.

3.3. Estimated value

- 3.3.1. The Council has a statutory responsibility to ensure the provision of Home Care services. It is also a vital service to enable people to maintain their independence, remain living in their own homes, prevent admission to residential care provision, support hospital discharge and unnecessarily long stays in hospital which are detrimental to health.
- 3.3.2. This is a demand led budget. Spend is regulated and monitored via daily Improvement, Quality and Management panels, six-weekly reviews of short-term packages and annual reviews of longer-term packages. Demand management will be achieved through a strengths-based approach to support planning, making best use of the in-house Reablement service, ensuring home care workers are taking an enabling approach to care delivery which supports residents to become more independent and regular reviews to ensure packages are appropriate to the level of need.
- 3.3.3. Home care will continue to be funded from the Adult Social Care budget, the 2022/23 budget for Homecare is £21.230m. Spend on the budget for the last two years has been impacted by the pandemic, due to more rapid discharge from hospital with associated higher and more complex care needs, and by a

reluctance from some residents to enter residential care as it was associated nationally with high fatalities from COVID. It is expected that Adult Social Care's refreshed in-house Reablement offer will improve resident outcomes and therefore reduce demand for home care.

- 3.3.4. Bases on 2022/23 budget before growth, savings and inflation, the total estimated value for this procurement will be £170m based on the forecasted budget over a total period of eight years. ASC will continue to monitor the budget and reduce or stem increasing demand where appropriate and in-line with residents' needs. Our home care provision increased more significantly over the last two years than did residential care placements. However, this trend is now changing and over the last six months the number of homecare hours has fallen by approximately 1,600 hours per week. With the implementation of the 7-day recovery model, and improved inhouse reablement service, it is anticipated this will reduce to £151m. The new homecare framework will be integral to maintaining these savings.
- 3.3.5. The Council has signed up to the Ethical Care Charter and we have been working towards implementing all components over a number of years. As detailed above, many aspects have already been implemented. We would like to continue to work with providers to further implement the Charter, specifically the introduction of occupational sick pay. We anticipate that this, if implemented, would attract additional costs of up to £250,700 per annum. However, we do not anticipate that it would be easy for providers to implement as they deliver contracts across multiple boroughs with staff working across borough boundaries. This element would be enacted therefore only on mutual agreement between the provider and the council (dependant on other councils also enacting this element of the Charter) and within the limitations of available funds in Adult Social Care.

3.4. **Timetable**

- 3.4.1. The provisional timetable is set out below.

Approval of procurement strategy	January 2023
Publication of contract notice	January 2023
Evaluation	March – June 2023
Award of framework agreements and subsequent award of call-off contracts	August - September 2023
Mobilisation of new model	September 2023 – March 2024
Start date for localities call-off contracts	April 2024

3.5. **Options appraisal**

- 3.5.1. A robust appraisal has been undertaken to identify the best route to deliver Home Care in Islington, this has involved a range of stakeholders with expertise in this area. In line with the Council's Progressive Procurement Strategy, due regard has been given to insourcing any further Home Care provision, in addition to the inhouse reablement service. A variety of procurement and contracting models has been considered with particular regard to how they mitigate the current challenges with local provision, and how we can best deliver our ambitions.

The following options were considered:

1. insourcing home care services
2. procure locality and specialist provider block contracts through a competitive tender
3. procure locality and specialist home care, as well as any additional provision through a framework agreement **(the same commissioning model as option 2 but with a different procurement approach and legal structure)**

Below is an appraisal matrix to provide an overview of the options and recommendations, the full appraisal is below.

	Option 1	Option 2	Option 3
	Insource service	Tender via restricted procedure for block contracts	Framework agreement for all home care providers, call off for block contracts (Locality)
Cost and Value for Money	No	Yes	Yes
Increase LLW compliance	Yes	No	Yes
Ensures good quality	Untested	Yes (but less than Option 3 as more spot-purchasing in Option 2)	Yes
Facilitates choice for residents	No	Yes	Yes
Supports new providers to enter the market	No	No	Yes
Social value	Yes	Yes	Yes
Supports workforce pay & conditions	Yes	Yes	Yes
Efficient use of Council resources	No	Yes (but less than option 3 as more spot purchasing in option 2)	Yes
Local integration	Yes	Yes	Yes

3.5.2. **Option 1 – Insource Home Care provision in Islington (not recommended)**

Delivering the service in-house would support the Council's inclusive economy ambitions and its community wealth building ambitions, such as providing good jobs for local people. However, there are other routes to this. Islington has improved employment conditions for care workers through previous commissioning exercises, and through negotiation with our main providers, such as adoption of LLW and paying for travel costs. However, insourcing home care provision would ensure the Council is fully compliant with the Unison Ethical Care Charter. A key advantage of insourcing home care provision would be to ensure the workforce benefits from Council terms and conditions, which would include for example a high-quality occupational pension.

Insourcing the service would eradicate the risk of financial insolvency or other provider business failure risks. However, insourcing would have a significant impact on cost – the additional cost is estimated at £15million per annum. Adding a large new service to the Council's portfolio, requiring approximately 950 full-time equivalent staff, would create significant impact to the Council due to extra resources required to support the service both at mobilisation and ongoing such as human resources, legal, finance, estate management and training.

Some residents may also choose to stay with their existing provider, which could only be achieved by a Direct Payment, requiring additional resources into the service that supports residents becoming direct employers.

Local authorities tend not to have in-house home care services (in addition to Reablement), as insourcing poses a risk in terms of the Council's Value for Money commitment if benchmarked against other local authorities, and the significant cost pressures faced by the Council over the coming years.

Insourcing the service could bring several operational benefits. The Council will have direct responsibility for the service model and delivery, and direct responsibility for quality, which would be regulated by the CQC. We would expect to have greater flexibility in delivery and innovation. However, experience has demonstrated that this is not always easy to achieve. This in combination with the Council holding sole responsibility for quality issues may create a reputational risk, should service quality fall below par. The Council maintains the ability to make more rapid improvement through contract leverage, and the possibility of withdrawal from external providers, where there is poor quality or performance.

There are several operational risks posed by insourcing home care services. Firstly, it will be logistically challenging to schedule 22,000 hours of care per week, and the on-call/out of hours requirements will be extensive, costly and harder to recruit. It will be challenging to maintain a sufficient workforce to meet surges in demand. The current workforce may not wish to work for the Council or may not be interested in the different working conditions i.e. guaranteed hour contracts, shift work. There will also be a loss of home care expertise and shared resources

from the home care sector through insourcing, for example local providers have been instrumental in designing this new approach to home care.

The ASC operating model has an in-house provision for short term reablement services which will complement and link into our external provision. Our internal and external services will work closer together which will enable sharing best practice and learning. It would likely be difficult for the Council to establish all of the required specialist skills and diversity of workforce to meet gender, cultural and language needs.

Insourcing does not support the Council's priority to develop small providers. The Council is currently working to increase the opportunities for a more diverse range of home care providers in the borough. Insourcing home care provision would impede this development work and threaten the sustainability of smaller, local providers.

The Care Act 2014 requires local authorities to ensure local market sustainability and to provide residents with **choice** of care provision. Insourcing home care services will reduce choice for residents and impact the sustainability of local providers. Some residents may not want to receive care and support services from the Council so there will still be a need to maintain an external provider market, therefore requiring some care still to be contracted via spot provision.

3.5.3. **Option 2 – Competitive tender via two-stage restricted procedure for locality and specialist provider block contracts (not recommended)**

Externally procure locality based and specialist home care services through a transparent, two-stage (restricted procedure) tender to award block contracts based on guaranteed hours to six – nine providers. This would result in a set of providers similar to the Council's current arrangements.

This option will support market stability and provide high quality assurance for those providers we contract with. Establishing these locality and specialist care contracts will support our ambitions to achieve an outcome based home care model that is more integrated with the wider system.

It will support closer relationships with providers and more collaborative working with the Council and other community providers to improve integration and outcomes for residents.

Over the last two years, our local providers have demonstrated that they can and will work with us in a collaborative, flexible, innovative way to develop services and improve outcomes with and for residents.

Procuring home care services in this way will provide value for money and a sustainable price for care through a robust procurement exercise, predicated by detailed cost modelling. The Council will be able to set terms of the contract which comply with more of the components of the Ethical Care Charter, and social value requirements including encouraging local resident employment. It will increase contract security for local providers, increase accountability and quality via

contractual leverage and oversight. However, the contracting process will be closed following the procurement, which does not mitigate against the market failure issues faced by the Council in the past.

It will also not support new providers coming on board during the life of the contract, giving the council less flexibility to develop relationships with alternative provider models, such as cooperatives. It will not enable market diversification because the requirements and limited contracts will discourage smaller or alternative providers.

This approach is unlikely to be able to meet all of our home care needs. Additional service provision would need to be contracted from spot providers over which we have less contractual influence on staff pay and conditions or relationships that will drive best practice.

An externally commissioned service can be more responsive than the Council with regards to implementing changes, testing new ideas, and scheduling the workforce. As evidenced through the recent coproduced development work with one provider, where provider colleagues were able to quickly roll out additional training and design a new service delivery model. Service development with in-house services is often less straightforward and can take a long time to implement. For example, external providers were able to respond more quickly to changes to Home Care medicine management processes.

The Care Act 2014 requires local authorities to ensure local market sustainability and to provide residents with choice of care provision. Procuring services in this way will increase market sustainability and provide some choice for residents. However, it will be too inflexible to meet all diverse needs and as such the Council will need to maintain additional external providers via spot contracting arrangements, with the risks and restrictions to this as previously outlined.

3.5.4. Option 3 – Procurement of a flexible framework agreement using a procedure based on a competitive procedure with negotiation to call off block locality contracts, one-off individual packages of care, specialist provision (recommended)

Home Care services fall under the light touch regime (LTR) under Section 7 Social and Other Specific Services of Part 2 of the Public Contracts Regulations 2015. As a result, there are greater flexibilities for the Council in relation to both the procurement process to be adopted and the legal structure to be put in place.

The proposed flexible framework will be a more agile legal structure than a traditional framework and will be more bespoke to Islington's needs. There is no limit on how many providers may join the framework agreement as long as they meet the requirements. There will be provision to review the need to reopen the framework agreement at a minimum of every 12 months but with the option to do so more frequently if necessary. The framework agreement will include different 'lots' to enable the procurement of a locality provider model (Lot 1) and a pool of quality assured providers to call-off individual packages of care, specialist care when required and future care at home needs (Lot 2).

Providers will be asked to bid for a specific 'lot' depending on what type of contract is relevant to the organisation. This assumes a one size does not fit all approach, the evaluation process for each 'lot' will be tailored to the needs for that area of service to ensure the process is not unnecessarily cumbersome and is more accessible for smaller providers.

As in Option 2, the majority of home care provision will be arranged using a locality model (Lot 1). There will be lead providers for each of the localities (minimum of two providers) who will be guaranteed business (a block of weekly hours). However, unlike Option 2 the block of hours will be less than required within each locality to ensure we only pay for the care hours we need. Locality providers will be offered, between them, guaranteed hour contracts of up to 70% of demand for home care. This will provide security for the market, supporting them to be more innovative in their service delivery and to maintain sufficient capacity to ensure they can meet demand.

The financial and workforce benefits noted in Option 2 can still be achieved with this option, including:

- Value for money and a sustainable cost of care
- Requirements of elements of the Ethical Care Charter to improve staff working conditions
- Requirements for delivering social value including attracting a local workforce
- Strong compliance and contractual levers to maintain quality and manage performance

It will also deliver a more mixed and varied market to support surges in demand, resident specialist, gender, cultural and language needs, and resident choice in provider.

It will provide opportunities for new providers to join the framework agreement when it is reopened. This allows new and developing providers to join and offer services to the council when they are ready and can meet the requirements to join the framework agreement. This will increase the flexibility and innovation within the market of both delivery style and organisational set up. This is not possible through any other mechanism.

The risk of provider failure and provider withdrawal is mitigated as there are multiple quality assured alternative providers on the framework agreement, who can be accessed without undertaking an entirely new procurement process. The overall impact of risk is reduced; including for example if there should be a quality issue that requires a suspension of packages, the remaining providers would be able to step in to cover without impacting the service pathway (i.e. no delay to hospital discharges).

To enable smaller or VSCE providers to participate in the Locality provision, the guaranteed hour contracts will vary in size. The Council expects there to be a combination of providers with smaller and larger contracts in each Locality to facilitate diversity of providers.

3.6. Key Considerations

3.6.1. Please see below key considerations for the proposed procurement approach:

Key Consideration	Notes
Good jobs	<p>This contract will support better jobs as well as a greater diversity of progression routes into and through the care sector. Contractors will recruit locally and offer good jobs with routes for career progression, supported through the Health and Social Care Academy.</p> <p>Good terms and conditions will be achieved through service specification requirements in line with Unison’s Ethical Care Charter, including paying LLW, guaranteed hour contracts, paid travel time, travel costs and training and value-based recruitment. Providers will also be encouraged to work towards the Mayor of London’s Good Work Standards which are organised into four key areas; fair pay and conditions, workplace wellbeing, skills and progression, and diversity and recruitment.</p>
London Living Wage (LLW)	<ul style="list-style-type: none"> • Payment of at least LLW to all staff working on Islington contracts will be mandated. This will benefit local residents. Please see risk section for additional LLW considerations.
Social Value	<ul style="list-style-type: none"> • 20% of the award criteria will be allocated to social value. This will provide a range of benefits for the borough including: <ul style="list-style-type: none"> ○ Commitment from providers to supporting local recruitment – including in partnership with the iWork Service; ○ Commitment from providers on training and upskilling of staff, including via apprenticeship and formal qualifications as well as promoting Diversity in Leadership programmes and career progression opportunities into the NHS; ○ Commitment from providers to using local supply chains such as requiring providers to have a local office; ○ Partnerships with community providers; ○ Commitment from providers to staff wellbeing – for example via adoption of workplace health initiatives and interest free payroll loans such as Tenancy and Childcare Deposit Loans or travel passes; and ○ Commitments from providers on delivering environmental and biodiversity improvements within services, reducing waste, use of sustainable resources, and limiting energy consumption such as hyper-local rotas that promote walking and access to the Cycle to Work scheme.
Environmental	<p>This contract will actively facilitate a transition away from a high-carbon local economy. Home care workers will be encouraged to use public transport, cycling or walk between resident visits. The sector has moved away from paper documentation to electronic systems for care records, rotas etc. Increased use of local supply chains reduces air pollution and</p>

	improves air quality. Providers will be encouraged to make environmental social value commitments such as car free travel, cycle schemes or provision of electric bikes, and efficient rostering to avoid travel.
TUPE/Staffing	TUPE is likely to apply

3.7. Evaluation

This procurement is being conducted in accordance with the Public Contracts Regulations 2015 (the PCR). The procurement is subject to the 'light-touch regime' under Section 7 Social and Other Specific Services of Part 2 of the PCR. Under Regulation 76 the Council is free to establish a procedure, provided that the procedure is sufficient to ensure compliance with the principles of transparency and equal treatment of economic operators (service providers) and is initiated by a contract notice.

The Council will utilise the flexibility allowed under the 'light-touch regime' to design a process that will ensure a robust assessment of providers prior to being party to the framework agreement. The procedure the Council has designed is based on the open procedure.

The proposed award criteria for the localities (lot 1) contracts are:

Tender award criteria	Weighting (%)
Price	15%
Quality – made up of:	85%
• Proposed approach to Service Delivery	25%
• Proposed approach to Social Value	20%
• Proposed approach to Customer Care	15%
• Proposed approach to Monitoring Performance, Quality Assurance and Continuous Improvement	15%
• Proposed approach to Strategic Partnerships and Innovation	10%

The proposed award criteria for the secondary providers (specailist 2) is:

Tender award criteria	Weighting (%)
Price	15%
Quality – made up of:	85%
• Proposed approach to Service Delivery	30%
• Proposed approach to Social Value	20%
• Proposed approach to Customer Care	20%
• Proposed approach to Monitoring Performance, Quality Assurance and Continuous Improvement	15%

3.8. **Business risks**

3.8.1. Risks

Volatile sector

Home care is a high-risk service area, quality issues arise regularly, and providers suffer from financial insecurity. The proposed approach will mitigate this by creating stability through block contracts and a sustainable hourly rate. It will provide quality assurance through robust evaluation criteria and partnership approach to service innovation and continual improvement once the services are live.

Market capacity

The home care market is not traditionally very dynamic, providers may be concerned about the capacity, experience and skills to meet this new model. This has been mitigated by coproducing the new model with local home care providers. The programme of market engagement will help ensure local providers are sighted on the new model and have the skills and knowledge to bid.

Dependent on whole system change

The success of a new home care model relies on whole system change. The embedding of social work strengths-based practice and outcomes-based support plans will enable home care providers to develop outcomes-based plans with residents. The model will support and dovetail with ongoing adult social care operational quality development measures.

3.8.2. Opportunities

Manage or reduce demand

By taking an enabling approach to care and support, home care workers will be supporting independence not dependence. This should improve resident satisfaction with services and improve wellbeing resulting in reduction or delay to increases to care packages through the new model for those residents with capacity to improve their independence and self-reliance.

Better integration

Moving to a locality model on same footing as our health partners will provide opportunities for home care services to integrate with primary care, community health services and local voluntary and community organisations.

Coproduction with residents and providers

Personalised support and care plans are a key feature of our new model which will enable a resident to say what is important to them and for a care provider to deliver the outcomes shaped around a resident's wishes. Taking an outcomes-based approach will allow providers more flexibility to deliver care and support in ways which are best for the person and encourage integrated care delivery and connections with the local community.

3.9. The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be

required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

3.10. The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	<p>Home Care involves home care workers attending a person's home to support them to complete daily living tasks such as personal care (help with washing, dressing and eating), medication management and cooking. Home care services support not only older people but also residents with other disabilities such as a physical or learning disabilities or mental health needs. Home care should be provided using an enabling approach. Care and support should be <i>done with, not to</i>, the resident encouraging them to take an active role and undertake tasks as independently as possible.</p> <p>See paragraph 3.1</p>
2 Estimated value	<p>The estimated budget is £170m for eight years duration for the framework.</p> <p>See paragraph 3.2</p>
3 Timetable	<p>As outlined in the body of the report</p> <p>See paragraph 3.3</p>
4 Options appraisal for tender procedure including consideration of collaboration opportunities	<p>As outlined in the body of the report</p> <p>See paragraph 3.4</p>
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	<p>See paragraph 3.5 for Key Considerations</p>

6 Award criteria	Award criteria price/quality split will be 15% / 85%. The award criteria price/quality breakdown is more particularly described within the report. See paragraph 3.6
7 Any business risks associated with entering the contract	Risks and opportunities are identified in the body of the report. See paragraph 3.7
8 Any other relevant financial, legal or other considerations.	

4. Implications

4.1. Financial Implications

4.1.1. Homecare is funded within the Adult Social Care budget. For 2022-23, the total expenditure budget for all homecare provision amounts to **£21.230m**. This is currently split into block purchased homecare and spot-purchased homecare as follows:

	Budget	Homecare Service Users	% of Homecare Service Users
Block Purchased Homecare	£9.662m	631	49.49%
Spot Purchased Homecare	£11.568m	644	50.51%

Block purchased homecare is purchased using a cost and volume contract so the expenditure will vary in response to demand.

The proposed cost of the new Homecare contracts is within the current homecare budget estimates for 2022/23 and will not cause a budget pressure based on current demand and purchasing configuration.

Increased number of providers paying the London Living Wage

Block purchased homecare providers pay the LLW and 52% of spot providers are also paying the London Living Wage.

Therefore 48% of spot providers are not currently paying LLW and the more care packages that are bought through this framework, the higher the cost for Adult Social Care. However, this only represents approximately 2,911 of the approximate 21,000 homecare hours per week (13%) purchased from spot providers who currently charge below the proposed hourly rate, based on this it is assumed they are paying the National Living Wage. If these moved to the maximum price in this strategy, there would be an **additional cost of £0.500m per annum**.

However, this is expected to take a few years to bring packages on to the new framework and will be dependent on service user turnover plus not all spot provision will cease.

Potential mitigations for the potential additional cost include:

- A number of packages that are provided by high-cost providers moving to the new framework,
- Framework providers delivering a new outcome based enabling approach to service users therefore reducing the cost of some packages.

In addition, the government and councils are working on a Fair Cost of Care exercise as part of Social Care reform for which there is government funding. Some of this funding could potentially offset this pressure, however, it is unclear the quantum or duration of this grant and the new burdens associated with it.

Potential cost associated with increased compliance with the Ethical Care Charter - Occupational Sick Pay

The potential cost to the Council of paying all homecare providers in the borough to pay their employees their full wage during sick leave, for the first 5 days, rather than just the Government mandated Standard Sick Pay (SSP) is estimated to amount to **an additional £0.250m**.

This will not be a requirement of the procurement and will only be implemented if there is funding available.

Impact of future Adult Social Care Strategies

Based on ONS growth estimates (23.14% over 8 years) the approximate total homecare spend over the 8 years of the new framework contract will be £171m. However, with the introduction of the 7-day recovery model and improved reablement it is anticipated this will reduce to £151m. The new homecare model will be integral to maintaining these savings and funding the additional cost of more service users moving to London Living Wage employers under the new framework (£0.5m).

4.2. Legal Implications

4.2.1. This report is presented to comply with paragraph 2.8 of the Council's Procurement Rules.

4.2.2. Under the Care Act 2014, the Council is under a duty to:

- 4.2.2.1. promote the efficient and effective operation of a market in care services with a view to ensuring that any person in its area wishing to

access services has a varied choice of high-quality services, bearing in mind the importance of sustainability of the market, of delivering continuous improvement, and fostering the workforce;

4.2.2.2. work towards the integration of health provision and social care provision, to advance well-being;

4.2.2.3. prevent need for care from arising, and promote well-being;

4.2.2.4. co-operate with its partners.

4.2.3. Under the Public Contract Regulations 2015, home care services will fall into what is often called the Light Touch regime (LTR), which enables an authority to both design its own procurement procedure and also have flexibility as to the model of legal structure adopted, subject to advertising the procurement and complying with the duty to ensure fairness, transparency and equal treatment. Under the 2015 Regulations, adopting a framework structure gives flexibility, however it is supposed to be closed to new appointees and only last for 4 years. Here the recommended option is for the framework to be re-opened periodically and be for 8 years, which is compliant with the flexibilities allowed under the LTR. The LTR would also allow a “design your own” procurement process, though in fact here it is proposed to use one of the standard processes to set up the framework.

4.2.4. The Council must ensure transparency, equal treatment and non-treatment in selecting operators to join the framework and awarding call-off contracts under it. In relation to the procedure for awarding call-off contracts, this will need to be documented in the contract documents and then followed each time there is a requirement for services. Officers should consult with Legal Services regarding the preparation of appropriate contractual and other documentation.

4.3. **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

4.3.1. An Environmental impact assessment has been completed and has been included as an appendix

4.4. **Equalities Impact Assessment**

4.4.1. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

4.4.2. An Equalities Impact Assessment was completed on 3 May 2022. The full Equalities Impact Assessment is appended.

5. Conclusion and reasons for recommendations

5.1. This report recommends the implementation of a new outcome focused and locality model of home care which places a greater focus on independence and

wellbeing for residents together with a procurement approach that supports the council's ambitions for an inclusive economy. To achieve these ambitions, it is recommended that a flexible framework is developed to quality assure the local home care market and to call off contracts for locality lead provider contracts. This approach will provide a more stable, quality assured market and support the delivery of a radical new approach to home care services. It will also provide good quality jobs for local people, support local supply chain and community wealth building.

Appendices:

Appendix 1 – Environmental Impact Assessment

Appendix 2 – Full Equality Impact Assessment

Background papers:

- None.

Final report clearance:

Signed by:



Executive Member for Health and Social Care

Date: 21 December 2022

Report Author: Ruby Pearce, Commissioning Manager and Nikki Ralph, Head of Strategic Commissioning, Age Well

Tel: 020 7527 8483

Email: Ruby.pearce@islington.gov.uk

Financial Implications Author: Shakeel Yasin, Assistant Director Finance

Tel: 020 7527 8929

Email: Shakeel.Yasin@islington.gov.uk

Legal Implications Author: Deborah Downs, Legal Director, Sharpe Pritchard

Tel: 07467 149 609

Email: DDown@sharpepritchard.co.uk