

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	17 th September 2013
Report of:	Lorraine Butcher, Executive Director of Strategic Commissioning
Subject/Title:	Complex Needs Care Placements
Portfolio Holder:	Cllr. Janet Clowes, Health and Adult Care

1.0 Report Summary

- 1.1 Cheshire East Council (CEC) currently spend over £45.281 million per annum on residential care and supported living for adults with Learning Disabilities, Mental Health, Physical Disabilities and Sensory Impairment (including internally provided services by Care4CE). The Council continues to make a positive, substantial commitment to ensure that individual's care needs are met through the provision of quality care services.
- 1.2 Like many other authorities, however, CEC faces a significant financial and demographic challenge which will impact on the future demand for specialist complex needs care placements and consequently the ability to fund it. In Cheshire East, whilst demand management is helping to avoid future high cost interventions, inevitably there will still be a residual need for accommodation-based care.
- 1.3 It is therefore essential that the council obtains maximum value for money whilst ensuring the quality of care is maintained and care markets are sustainable. To support the management of these costs the Council has piloted the use of the Care Funding Calculator which has been developed by the Regional Improvement and Efficiency Partnerships.
- 1.4 Due to the individualised nature of care placements and the number of providers involved there can be huge variations in cost which often do not relate to the quality of the service provided or the outcomes achieved for the service user. The Calculator is a simple excel spreadsheet but this is underpinned by benchmarked guide prices (based on market costs rather than what Local Authorities are actually paying) to provide a breakdown of both the individual package of care and the accommodation related costs to agree a price band for the service.
- 1.5 As well as reducing costs the tool also facilitates outcome focused care planning ensuring that care services are linked directly to the needs of

an individual and that clearer contractual arrangements with providers are in place. It will also assist the Directorate to meet its targets for the annual review of service user care plans.

- 1.6 The introduction of the tool is aiding CEC Commissioners to ensure Value for Money by:
 - Creating a 'Fair Price, Quality Care' environment;
 - Creating transparency with the costs of LD, PD and MH placements allowing for an clear understanding of costs;
 - Informing negotiations with providers;
 - Fostering an environment of partnership between providers and commissioners.
- 1.7 By piloting the Care Funding Calculator, which is available at nil cost, on former Health Networks Contracts significant savings have been negotiated in 2013/14. To achieve maximum efficiencies it is proposed that the tool is now mainstreamed on an 'invest to save' basis and that a planned programme to review all existing placements is implemented. The use of the tool will also become mandatory for all new placements and will be applied when a void occurs. It should be noted, however, that due to the individualised nature of the placements that costs of individual packages may go up as well as down and that it is therefore difficult to predict future overall savings with any accuracy.
- 1.8 To embed this approach into the Council's future procurement and contracts for these services and to ensure compliance with the Public Contracts Regulations 2006 and the Council's Finance and Contract Procedure Rules it is proposed that the Council establish a Framework Agreement through which it will purchase future specialist care placements for adults with complex needs.
- 1.9 The regulations define a Framework Agreement as "an agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies". In other words, a framework agreement is a general term for agreements with providers that set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement.
- 1.10 In addition to the Framework individuals have the option to take a direct payment and purchase their own services. This is not subject to procurement legislation as the individual, or agent managing their budget, can choose which organisations they wish to contract with to provide their care.

2.0 Recommendations

2.1 That Cabinet

1. note the savings already achieved by Cheshire East Council through the piloting of the Care Funding Calculator;
2. support the mandatory use of the tool to review all existing placements and any new complex needs care placements on an invest to save basis;
3. approve the establishment of a Framework Agreement through which it will purchase future specialist care placements for adults with complex needs;
4. delegate authority to the Director of Adult Social Care and Independent Living (Brenda Smith) to award contracts to providers meeting the requirements of the framework; and
5. delegate authority to the Director of Adult Social Care and Independent Living to award individual call offs under the framework contracts to provide support for individual service users.

3.0 Reasons for Recommendations

- 3.1 To ensure that the council obtains maximum value for money, whilst maintaining the quality of care provision through sustainable care markets.
- 3.2 To ensure that the fees paid by CEC to external providers for the delivery of care services are appropriate and sustainable.
- 3.3 To ensure that future procurement and contracts for these services comply with the Public Contracts Regulations 2006 and the Council's Finance and Contract Procedure Rules.
- 3.4 To avoid the need for individual call offs, which can often be in excess of £500,000 over the life of the contract needing to go to Cabinet for approval.
- 3.5 It should be noted that these may be long term contracts in order to avoid disruption to vulnerable service users. The contract will contain provisions to allow the annual review of placements and the contract can be terminated in the event that the service cannot be provided on terms which remain acceptable to the Council.

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 All

6.0 Policy Implications

6.1 The recommendations within this report support the delivery of priority two of the Cheshire East Council Three Year Plan,– Developing affordable and sustainable local models of care for vulnerable children and adults.

7.0 Financial Implications

7.1 The recommendations within this report support the delivery of priority two of the Cheshire East Council Three Year Plan,– Developing affordable and sustainable local models of care for vulnerable children and adults and facilitate the delivery of budget policy proposals already factored into the Council's 3 year business plan from 2013/14 to 2015/16.

7.2 The Care Funding Calculator (CFC) and the development of a Framework Agreement for specialised care will provide the Council with a robust care commissioning process, which over the longer term will deliver value for money and efficiencies for the council.

7.3 Through the savings made to date the service have controlled the previous year overspend on former health contracts and have delivered the policy proposal saving linked to reviewing externally commissioned care costs.

8.0 Legal Implications

8.1 The aggregate value of the requirement for specialist care placements is such that these services must be procured in accordance with EU legislation and the Council's Finance and Contract Procedure Rules.

8.2 A Framework Agreement enables the Council to meet its need for a service for a set period of time in order to obviate the need to undertake a wide competitive process in relation to each individual procurement. It complies with EU requirements and the Council's rules.

8.3 The Public Contracts Regulations allow local authorities to enter into Framework agreements with a number of service providers, following a competitive tendering process, and to thereafter select from those service providers to provide particular services, as and when required for

a maximum period of four years.. The Council can choose to appoint a supplier directly based on the pricing and/or other information established in the original tender process or if the price cannot be directly determined or in order to ensure best value it can hold a mini-competition between the suppliers appointed to the framework in or to make an award.

- 8.4 In order to evidence value for money the service will engage with Legal Services to ensure that call-off contracts contain provisions which enable continuing value for money to be tested (via the CFC) and to contain provisions such that the contract can be terminated in the event that the service cannot be provided on terms which remain acceptable to the Council.

9.0 Risk Management

- 9.1 The provision of specialist care placements for adults with complex needs enable the Council to fulfil its statutory duty under the Health and Social Care Act.
- 9.2 A failure to establish a Framework Agreement through which it can purchase such services will mean that each specialist care placement will need to be tendered individually. This is prohibitive both in terms of time and cost.
- 9.3 Alternatively in order to fulfil its statutory duty under the Health and Social Care Act the Council may be required to purchase specialist care placements for adults with complex needs without due regard for the Public Contracts Regulations 2006 and the Council's Finance and Contract Procedure Rules.

10.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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