

Cabinet

19 November 2019

**Name of Cabinet Member**

Cabinet Member for Adult Services - Councillor M Mutton

**Director Approving Submission of the report**

Deputy Chief Executive (People)

**Ward(s) affected**

All

**Title: Accommodation based support for older people**

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**Is this a key decision?**

Yes: The proposals in this report entail expenditure in excess of £1m and impact on all wards.

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**Executive Summary:**

This report relates to arrangements for the provision of accommodation based support for older people, predominantly in residential and nursing home placements.

The Care Act 2014 places a duty on the Council to ensure that the care and support needs of people in the City who meet the eligibility criteria for care and support are met. Although the Council's overall objective is to support people to live at home there are a number of people whose care and support needs are such that this is not feasible. In these cases accommodation based support is required. In many cases where accommodation based support is required, Housing with Care, where people have their own flats with care and support provided on site, is used but for some the level of need is such that residential care, which provides a more intensive model of support, is required.

The majority of residential placements within the City are purchased through a contract that enables the City Council to purchase placements as required from providers as required with no guarantee of availability and with the cost being variable based on the needs of the individual and available supply at the point a placement is required. Some residential placements are available to the Council on a block basis (through the Anchor Trust PFI) and the City Council still operates one residential home for older people with dementia at Eric Williams House.

Approximately 600 older people are supported by Coventry City Council to reside in independent/private residential or nursing care homes at any point in time, at an estimated cost of £16m gross per year. An estimated 500 of these placements are in city within costing approximately £13.5m per year.

Although the existing purchasing arrangements enable the City Council to provide residential placements where required the variable costs result in a position where the costs to the Council are not known with any degree of certainty until a placement is required. This degree of variable pricing does not support the Council with overall market management as there is no benchmark for care home prices purchased within the City.

In addition to ongoing residential placements, the City Council, in conjunction with the Coventry and Rugby Clinical Commissioning Group (CRCCG) also provides 32 short term reablement beds on a block contract basis within three residential care providers at a cost of £1.026m per annum. This provision provides a period of rehabilitation, supported with occupational and physical health therapists so as to maximise independence over a period of up to six weeks, supporting people to regain independence lost following an acute episode or other incident. The objective of this provision is to support people to reach a level of functioning so that they can return home.

In respect of ongoing residential care placements the Council is seeking as a result of a procurement process, to establish a number of care home placements which the Council can access for a fixed fee through securing a series of nomination rights. This will remove some of the price variation and provide availability at a set cost funded by the local authority. For the remainder of the market an 'approved provider' list will be established which will operate on the variable pricing model that is currently in place but under updated and revised contract terms.

In respect of short term reablement capacity the Council is seeking, as the result of a procurement process to secure 32 short term reablement beds to be available from when current contracts expire on 25 May 2020.

### **Recommendations:**

Cabinet is recommended to:

1. Approve the commencement of a procurement process for permanent residential and nursing home placements to enable the City Council to deliver its duties to older people who are eligible for social care support and require residential and nursing care.
2. Approve the commencement of a procurement process for short term care home services to support people to regain independence following an incident or acute episode.
3. Delegate authority to the Director of Adult Services, following consultation with the Cabinet Member for Adult Services, for the award of contracts following conclusion of the procurement process.

### **List of Appendices included:**

Appendix one – Equality and Consultation Analysis Document

**Other useful documents:**

None

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

**Report title:** Accommodation based support for older people

## **1. Context (or background)**

- 1.1. Coventry aims to provide support for adults with care and support needs in the least intrusive manner possible, based on assets, resources and abilities that are available to them. The principle of 'Promoting Independence' is at the core of our approach to adult care social in Coventry. Through our Promoting Independence approach we work with people, often on a short term basis following a deterioration or event (e.g. hospital admission) to enable them to reach a level of functioning that enables them to live independently either without care and support or with a reduced level of care and support than would otherwise be the case.
- 1.2. Although our Promoting Independence approach does result in a number of people not requiring ongoing care and support there are a number of people that will still require support. Where this ongoing support is required we work to support people to remain living in their own homes supported by families and carers with formal care and support provided by the local authority in order to ensure needs are met.
- 1.3. Our capacity to support people at home has changed significantly and in the last 5 years as a result of the following developments:
  - Establishing a well-developed home support market with some providers specialising in short term reablement
  - Establishing mobile night carers who reduce risk to the individual and provide a safety net outside of routinely available care and support
  - Using more technology including safe lifting devices, motion detectors, smart lighting, gas sensors, and GPS enabled devices
  - Establishing closer connections with GP clusters with our older people social workers aligned to Primary Care Networks
- 1.4. These developments have enabled the City Council to support people at home with more complex needs than would have been possible five years ago.
- 1.5. However, despite this increased ability there remains a cohort of people whose complexity of needs present significant risks were they to remain at home. In these cases, accommodation based support is required where care and support staff are on site at all times to provide the necessary support.
- 1.6. Where accommodation based support is required Housing with Care is used in the first instance. Housing with Care provides people with their own tenancy within a communal environment with care and support on site to respond to both planned and unplanned requirements for support. Most people move to Housing with Care as they find it difficult to maintain their home, are physically frail, and have care and support needs that require the ability to access 24/7 care and support.

- 1.7. Coventry has a significant supply of Housing with Care with 939 units across 18 schemes, six of which are staffed by the City Council with the remainder operated by independent providers.
- 1.8. As a consequence of our increasing ability to support people to remain in their own home new challenges exist within Housing with Care in supporting growing numbers of people with more complex needs. These challenges are most prevalent in schemes where eligibility for care and support under the Care Act 2014 is a requirement of access. In addition, there is recent research that indicates that moving into Housing with Care prior to eligible care and support needs developing can reduce the onset of care and support needs and in turn provide a better outcome for the individual and reduce the long term need for care.
- 1.9. In order to ensure our Housing with Care remains a valuable part of social care provision in Coventry a more flexible approach to admissions will be implemented to take into account other factors to eligible care and support needs including impact of loneliness and isolation, non-care related vulnerabilities and underoccupancy of social housing. This flexible approach will not be implemented for schemes provided under the Anchor Trust PFI due to the specific conditions associated with that contract.
- 1.10. As well as providing ongoing care and support with Housing with Care there are also 30 flats dedicated to short term support. These flats are targeted at people who may have had a recent deterioration or episode (e.g. hospital admission) to provide short term support with the aim of achieving a return home. These 30 flats are currently spread over six schemes and work is underway to consolidate this provision within fewer schemes in order to make better use of staff time and therapy support.

#### **1.11. The role of residential care**

- 1.11.1. Permanent residential and / or nursing care is only considered for those with the most complex needs that cannot be supported in Housing with Care or at home. Our use of home support and housing with care in the City results in a position that where residential care is required it is generally for older people with the most complex needs and vulnerabilities in the City. Typically needs may include advanced dementia, highly complex physical care needs or the requirement for on-site nursing support, and in a number of cases all of this combined.
- 1.11.2. Approximately 600 older people are supported by Coventry City Council to reside in independent/private residential or nursing care homes at any point in time, at an estimated cost of £16m gross per year. An estimated 500 of these placements are in city within the scope of the tender costing approximately £13.5m per year.
- 1.11.3. In addition to the 600 above, 80 people are supported through the PFI block contract with Anchor Trust and 30 at Eric Williams House, a City Council home for older people with dementia. These are outside of the proposed tender process.

- 1.11.4. In Coventry there is a total of 1781 nursing and residential beds (532 nursing and 1249 residential). These beds are provided within 50 residential care homes and 12 nursing homes. The City Council purchases an estimated 30% of available places with the balance of places purchased privately by individuals making their own arrangements (self funders), by NHS commissioners, or by other local authorities placing people in Coventry homes. Vacancy levels are generally in the range of 4%-6%.
- 1.11.5. In terms of market stability, although there have been ownership changes, there have not been significant exits from the market nor closures due to financial difficulties. There are however cost pressures on residential and nursing homes largely relating to staffing and the introduction of the National Living Wage (NLW), as well as changes to employee pension regulations. This added cost has been reflected in fee levels paid by the City Council.

## **1.12. Arranging a care home placement**

- 1.12.1. Where a placement in a care home is required the Care Act (2014) requires that Councils must offer at least one option that is fully funded by the City Council without the need for a third party contribution to fees.
- 1.12.2. Under existing arrangements most placements are purchased as and when required by the City Council from providers that are contracted to the City Council's terms and conditions (except for Anchor PFI schemes and the Council's Eric Williams House). The Council endeavours to offer choice in accommodation. For those placements that are purchased as required the Council will identify the lowest cost placement that meets the identified needs at the point that placement is required and offers that placement to the individual. Should the individual accept that placement the City Council will financially support subject to a financial assessment. Should the individual choose an alternative placement that is of greater cost a third party will generally be required to agree to fund the difference by way of a "third party top-up".
- 1.12.3. This approach is legally compliant however it does mean that the price the City Council pays for a care home placement is ultimately dependent on the vacancies that are available and relative costs in the market at the point a placement is sought, and the choice available to the individual can be limited. This means variations in price result from a range of factors not directly related to the level of an individual's need and are affected by factors including supply versus demand, accommodation type, and providers' business models.
- 1.12.4. This position creates a lack of certainty for the Council as to the costs it will be required to pay at any point in time and a lack of certainty and choice for individuals as to what vacancies may be available should they not be able to make a third-party contribution.
- 1.12.5. In order to improve on this position it is proposed that the Council seeks to enter into contracts for a level of capacity across a number of homes for which there is a set fee payable by the City Council. Through agreeing nomination rights in a number of homes the Council would secure a range of capacity that does not

require a third-party contribution. Under this proposed arrangement the Council would only pay a provider should a bed be occupied.

- 1.12.6. Recognising that nomination rights at agreed fees would only apply to a proportion of the market an 'approved provider' list would be established to provide a mechanism through which placements could continue to be purchased as required through an appropriate contractual framework. Through this mechanism providers would be required to declare a weekly fee. The Council would then use the declared weekly fee to inform what was the appropriate fee option that meets the needs of the individual at the time the placement is required. This mechanism would be used where all beds for which nomination rights have been established be full and there are no suitable vacancies within the Anchor PFI schemes or Eric Williams House.
- 1.12.7. Through establishing an approved provider list new contracts would be established which had revised clauses on cost transparency and quality standards. Should any provider not wish to enter into a new contract they will not be used for new placements by the City Council except for in extenuating circumstances. Existing service users would remain on current contractual terms and conditions. Should an existing provider not enter into the new approved provider contract then existing service users will not be required to move to an alternative residential home.
- 1.12.8. Should all beds with nomination rights be filled the individual would have a placement secured through the approved provider list and could then choose to move to a nomination bed as one becomes available.
- 1.12.9. It is proposed that contracts for both nomination rights and approved provider contracts be a maximum of 10 years duration comprising an initial four-year period with opportunities to extend. This duration is due to the long-term nature of residential provision, even though any individual length of stay may be relatively short term. Within the contracts would be the ability to terminate or impose restrictions should quality standards not be met.

### **1.13. Short term services within residential homes**

- 1.13.1. In addition to ongoing residential placements, the City Council also provides 32 short term reablement beds on a block contract basis within three independent sector residential care homes. This provision provides a period of rehabilitation, supported with occupational and physical health therapists so as to maximise independence of older people over a period of approximately six weeks, supporting them to regain independence lost following an acute episode or other incident. The objective of this provision is to support people to reach a level of functioning so that they can return home.
- 1.13.2. This provision is an essential part of services in the City that support both health and social care through both providing a discharge route for people that may need support on a temporary basis following a hospital stay and reducing the demand for ongoing social care and support by working with people to achieve a return home wherever possible.

- 1.13.3. As these contracts support both health and social care they are funded through the Better Care Fund and are due to expire on 25 May 2020. It is proposed that a tender process is entered into to establish new contracts. Few provider will be sought to maximise the benefit of occupational and physical health therapists who current spend time travelling between homes.
- 1.13.4. As this is short term provision it is fully funded, charging provisions do not apply and third-party contributions are not required.

## **2. Options considered and recommended proposal for permanent placements**

### **2.1. Option One – Recommended Option**

**Engage in a procurement exercise in order to:**

- a) Secure a number of nomination rights to be fully funded by the City Council**
- b) Develop an ‘approved provider’ list where placements can be made as required based on the fees applicable at that point in time**
- c) Secure 32 short term reablement beds on a block basis to ensure continuity of capacity to deliver reablement services within care homes**

- 2.1.1. For the reasons outlined in the report securing nominations will provide greater control and pricing certainty by ensuring capacity at a pre-agreed price. This option will also enable the flexibility required in the market in respect of provision that is not covered by nomination rights.
- 2.1.2. In addition, enabling a continuation of the short term reablement capacity will ensure that capacity remains in place to provide care home based reablement. Arranging this on a block basis ensures that capacity is guaranteed and is available at short notice to facilitate hospital discharge or prevent admission. Due to the need for capacity to be available at short notice no other options in respect of the short-term provision are considered.

### **2.2. Option Two – Not recommended:**

**Engage in a procurement exercise where providers tender fees within a flexible model**

- 2.2.1. To develop an ‘approved provider’ list of residential and nursing homes, who agree to the Council’s terms and conditions, and where fees are variable, and submitted weekly. Individuals will be offered the least expensive placement and no third-party contribution from family or friends will apply to this placement. Commissioning in this manner provides flexibility in fees to residential and nursing homes and ensures supply across the City, however, with this option choice of a placement without a third-party contribution is minimal.
- 2.2.2. This option is not recommended as it does not expand choice for the individual and give assurance about capacity at sustainable cost levels. It essentially places the current arrangements ‘like for like’.

## **2.3. Option Three – Not recommended:**

### **Engage in a procurement exercise where providers tender for block contracts at a fixed fee**

- 2.3.1. Block contracts, whilst securing supply and providing guaranteed placements at a controlled fee limit choice and place a financial risk on the Council in relation to payment for voids. Further to this large block contracts with the Council are not attractive to many providers who prefer a client mix of self-funders (i.e. people who pay for their own care), Coventry City Council, other local authority, and health funded placements. Receiving income from a number of funding streams carries less of a financial risk for the home and support a stronger long-term financial plan.

## **3. Results of consultation undertaken**

- 3.1. Consultation has been undertaken and the proposals contained within this report have been developed following engagement with providers, social work practitioners, health colleagues and taking on board the findings of a Healthwatch review of reablement services. This was carried out through provider forums, workshops and provider one-to-ones. Feedback was obtained from council staff to ensure comments received by service users and their families were reflected in the strategy and specification.
- 3.2. The service specifications, fee model and approach to procurement have been developed to address issues raised. This includes the need to develop a flexible approach to a fee model and increased choice for individual placements in residential and nursing homes where a third-party contribution is not required.

## **4. Timetable for implementing this decision**

- 4.1. Subject to approval by Cabinet, it is anticipated that the tender process will commence in December 2019 with new contracts awarded in March 2020 and full implementation by May 2020.

## **5. Comments from Director of Finance and Corporate Services**

### **5.1. Financial implications**

The current annual gross spend on permanent residential and nursing home placements within the scope of this tender exercise is £13.5m. The level of spend at any point in time will depend upon the number of placements and the relevant provider rates. The overall strategy, in light of the demographic pressures of an increasingly older population living longer with complex needs, and in line with the aim to help people remain in their own home, is to reduce the number of permanent admissions to residential and nursing homes.

CRCCG have their own purchasing and invoicing arrangements for permanent placements, and joint arrangements are in place for the purchase of short term reablement beds.

In addition to ongoing residential placements, the City Council also provides 32 short term reablement beds on a block contract basis within three residential care providers at a cost of £1.026m per annum. The resources used to fund these reablement beds is through the pooled resources within the Better Care Fund which is unsecure beyond 31 March 2020. The assumption is that this resource, or an alternative equivalent resource remains available beyond 31 March 2020. Should this not be the case the contracts will include termination clauses to support management of the financial risks.

## **5.2. Legal implications**

The Council has a statutory duty to provide care and support for those citizens in the City who meet the eligibility criteria as set out in the Care Act 2014, and supporting legislative framework. The legislation anticipates that needs for care and support can be met in a variety of ways, including the provision of residential care and the provision of intermediate (or reablement) services to support people to regain their skills and independence following an acute or other episode.

The legislative framework also makes it clear that when a decision is taken that the most appropriate way to meet need is in a care home, the individual must be offered a choice of placement, the expectation being that the

*“authority **must** ensure that the person has a genuine choice of accommodation. It must ensure that at least one accommodation option is available and affordable within the person’s personal budget and it should ensure that there is more than one of those options.”* (Statutory Guidance, 8.37).

It is anticipated that the proposed procurement exercise will enable the Council to continue to provide a diversity of service that will continue to meet these requirements.

The Act also introduced statutory responsibilities for market management including managing provider failure and again it is anticipated that the proposals contained within this report will support the delivery of these responsibilities.

There are expectations on local authorities in respect of integration, cooperation and partnerships with a requirement for closer integration of the commissioning of services with the NHS. This is supported through the policy of integration set out by the Better Care Fund. Reablement services are jointly commissioned through the Better Care Fund and the assumption is that this, or an alternative funding source will continue.

## **6. Other implications**

### **6.1. How will this contribute to the Council Plan?**

[www.coventry.gov.uk/councilplan/](http://www.coventry.gov.uk/councilplan/)

The proposals contained in this report will contribute to the Council Plan key objectives of protecting our most vulnerable, improving health inequalities and improving health and wellbeing.

## **6.2. How is risk being managed?**

There is an established project team which is accountable to the Director Adult Services and the Adult Joint Commissioning Board. Tendering risks will be managed by compliance with statutory procurement guidelines.

There is some risk that the Council will not be able to secure the required volume of short term reablement services within the resource available. These short term services were previously tendered by the Coventry and Rugby Clinical Commissioning Group whereas the City Council has now taken on the lead commissioning role from CRCCG who operate to a different procurement regime.

Financial risks associated with Better Care Funding will be managed by ensuring that there are notice periods within contracts for the reablement beds.

## **6.3. What is the impact on the organisation?**

None

## **6.4. Equalities and Consultation Analysis (ECA)**

In summary, it is expected that the procurement exercise for permanent residential and nursing care home and short term reablement service will have a positive impact on the health and wellbeing of the people that use the services in Coventry, in particular older people. Residential and nursing care home and reablement support to older people is key to protecting and providing support to this vulnerable group of people.

## **6.5. Implications for (or impact on) climate change and the environment**

None

## **6.6. Implications for partner organisations?**

The proposals in this report aim to secure a viable and sustainable care home market to support the broader health and social care system in Coventry. The proposals have been developed alongside commissioners in CRCCG and are the result of engagement with the care and nursing home market in Coventry.

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**Appendices**

Appendix One: Equality and Consultation Analysis