



## Appendix 'B'

Re-commissioning Home Care for Older People  
and People with Physical Disabilities in Lancashire

### **Home Care Providers feedback from consultation**

December 2013

Nick Metcalfe

## 1. Introduction

This report summarises the results from the final round of consultations that took place with Providers during October - November 2013, about the proposals for recommissioning of Home Care in Lancashire.

The consultation process is described in the next section, s2. The draft proposals that were tabled are contained during October / November is at the rear of this document under 'Summary of Proposals' along with the template we asked Providers to use for returning their responses.

However the most important content is in Section 3, where the responses from Providers are summarised.

## 2 Consultation Process

It is obvious to have an effective, high quality home care market we need to understand and appreciate the views of everyone involved.

Lancashire County Council arranged two sets of consultation events for current and prospective home care providers to hear our proposals for changes to the system and to give us the opportunity to listen to the opinions of people and organisations that provide home care. The first of these was during July 2013, and the second was during October 2013. It is this second round of consultation and feedback that forms the subject of this report, but papers from the earlier round is available on request.

Feedback was received from home care providers in a variety of ways. At the events comments and questions were noted. All home care providers on the current scheme were also asked to email in any further questions or comments they thought of after the events. These have been compiled with responses and will be sent out to all home care providers before they receive the final tender documents.

All providers were given detailed proposals of Lancashire County Council's current vision for what home care services should look like in the future and the information that will be required from providers as part of the tendering process for the new contracts. A questionnaire was sent out with information about the proposals giving providers further opportunity to feedback their views. Providers were asked for their opinion on the changes to existing arrangements and were invited to detail which aspects of the proposals they agreed with and to which aspects they had concerns or issues about. They were also asked for ideas and suggestions of alternative ways that the service could operate.

There were eight events split across Lancaster, Chorley, Preston and Accrington held between 17 and 23 October. All home care providers on the current scheme were invited and the invitation was extended to any other provider that expressed an interest. Overall the events were attended by 120 provider representatives ranging from owners to operational staff. 84 different home care provider organisations attended

The feedback received from the consultation process has been used to inform, revise the initial proposals.

## 3 Feedback Summary

### 3.1 Zoning

This section asked whether home care providers understood the Council's proposals on Zoning, whether they thought having seven zones was the right approach and if they had any alternative suggestions

All providers that responded said they understood the council's proposals for 7 Zones and 75% agreed with them.

Providers called for more detailed information to be made available on current business levels and projected volumes of work. Some believed the zones to be too big for the smaller providers to be able to service and one felt they were not big enough. New dividing lines will disrupt some existing care worker and service user relationships which should be looked at prior to transition.

It was suggested that a provider should have a connection with a zone in order to understand its residents and their needs. More rural zones would benefit from having more providers than in the current proposals to handle any geographical challenges.

### 3.2 Quality and Performance

Home Care providers were asked whether they understood the Council's proposals on quality and performance, whether they felt that this was the best approach and for any suggestions they had to improve it.

All providers felt that they understood the council's proposals and half directly agreed with the approach. There were a number that were unsure and a few in opposition

Questions were asked about how some of the feedback mechanisms would work, how indicators would be measured and why ISO (international Organisation for Standardisation) and IIP (Investors in People) are no longer specified as essential.

The quality requirements that were opposed:

- Staff having to be on guaranteed hours needs further measures put in place to make it workable.
- Having set service user outcomes could be difficult to monitor and can detract from a personalised approach and create false positives.
- Setting sickness targets isn't a valid indicator of quality in all cases.
- Specific requirements on how providers can and can't pay staff, removes flexibility and creates difficulty with current contracts.
- Some felt it inappropriate for the council to try and stipulate wages in a private business and other rates and enhancements such as mileage.
- Some felt the electronic monitoring around visits were prohibitive in some situations to providing a quality service.

There were also a number of suggestions:

- Regular service user reviews would provide the best source of feedback.
- Training should be audited.

- Higher hourly rate will result in better staff retention, experience and therefore quality and standards.
- Penalties for not meeting set standards or unsatisfactory CQC (Care Quality Commission) rating should be put in place

### 3.3 Allocation of Work

This section asked whether the Council's proposals were understood, whether providers thought the proposal to allocate new Home Care business to Providers

- Firstly, on the basis of 'service user choice of Provider' &
- Secondly, 'by rotation' where service users have no preference

was the right approach and whether they had any suggestions for changing it.

All providers that responded felt that they understood the Council's proposals but views were split on whether this was the right approach.

There were concerns around the rotational aspect of work allocation including the potential for providers to cherry pick packages that suited them and work being allocated to other providers when they already have packages in similar locations which would be more efficient for them to deliver. There was a suggestion that smaller numbers of providers would increase the regularity of work coming in which would help planning and improve economies of scale. Providers would like more information on how the rotation will operate in practice and be governed. The system should be regularly reviewed in order to ensure it's the most fair and efficient means of allocating work.

Service user needs were also brought up as an area of concern. More information should be given to providers when taking on new service users to understand their needs. The needs of service users may not be adequately met or taken into consideration if there are only a few large scale providers left in market. It was felt that service users may not have access to information about direct payments quickly enough to make an informed choice.

### 3.4 Pricing - Hybrid and Phased approach

Home care providers were asked whether they understood the Council's pricing proposals, whether they agreed with setting a price for each zone, whether this approach was fair and sustainable, how often the price should be reviewed and for their suggestions.

All providers suggested that they understood the proposals on how the price would be determined.

Most providers agreed that the approach should result in setting a sustainable and affordable price in each zone. Although some still felt that a different rate should be paid for more rural areas within a zone. There was concern shared about how the approach would result in the 'right' price being awarded for high quality sustainable service for service users.

Two out of every three providers that responded felt that the information they would be given on each zone would be sufficient to submit a unit cost. However, there

were concerns that submitting a calculated unit price without knowing the full nature of new pension reforms, TUPE (Transfer of Undertakings (Protection of Employment) regulations), the staff salary rate expected by the council, would be very hard to predict and could be impossible to stick to.

Response was evenly split on whether 2 years was the right amount of time between price reviews. With those that didn't agree unanimously asking for it to be shorter, especially to start with.

A number of providers still thought it would be more transparent if a price was set before tender that all providers had to work towards.

### **3.5 Living Wage and Zero Hour Contracts**

Home Care providers were asked whether they understood the Council's proposals, whether the proposals would help tackle recruitment issues, whether they would improve quality and if they had any suggestions of their own.

Almost all providers understood the Council's proposals for moving towards the living wage and ending the use of zero hour contracts (ZHC).

Providers responded that moving away from ZHC would have to be facilitated by guaranteeing hours to care providers to mitigate the inherited risk. Providers generally wanted more information on what will constitute a ZHC.

Two out of every three providers felt that the current proposals on living wage and ZHC would help the sector with recruitment and improve quality

Providers largely stated that both ideals were positive for the industry but warned they would come at a large financial cost. Some providers suggested that some staff could be worse off, and resist moves to larger hour contracts due to the link with available benefits. It was felt that some staff do genuinely prefer ZHC and shouldn't be made to move off them against their will.

### **3.6 Market Share**

Home care providers were asked whether they understood the Council's proposals on market share, what they felt the optimum % of market share should be, the maximum number of zones a provider could be allocated and for their comments.

Every provider bar one said they understood the Council's proposal on market share.

Most providers had a view on the percentage of market share a provider should be able to gain through the new arrangements. Smaller providers tended to champion a 2.5% market share to retain a presence of 'local' providers. Larger providers suggested around the higher option of 5% with some wondering why there was any limit at all as long as the service offered was of the required quality. Larger providers that already operate above 5% market share expressed concern at market share being taken from them without good reason.

The number of zones a provider should be able to be awarded a contract for again split opinion. Different providers suggested all options from just 1 to all 7 with the same reasons given as they were for the market share %.

The viability of profit margins of between 4-7% was questioned. With outside factors beyond provider control whole margins can be wiped out before price reviews take place. Asking for information on forecasted profit margins would skew results between private sector business and those that are 3<sup>rd</sup> sector making it unfair.

### **3.7 Managing Transition**

Home care providers were asked if they understood the Council's proposals for managing the transition between existing and new arrangements and for any comments they had on this aspect.

Almost all providers said they understood the proposals for managing the transition period but wanted more information on dates and timescales as soon as possible.

More information is wanted regarding TUPE arrangements and who will determine which staff go to which provider. There were a number of concerns about the potential unforeseen costs arising from TUPE and the impact on provider budget forecasts for these costs. Providers also wanted to know whether management and administrative staff would be included as part of TUPE.

Providers expressed some concern that staff may leave the sector rather than TUPE to other providers. There is support for the council to run zone based recruitment events where necessary around transition time to mitigate against this. The Council needs to have contingency plans in place to potentially manage providers closing at short notice or recruitment shortfalls if these arise.

Concern was shown regarding whether the council's internal departments would be able to cope with a likely influx of direct payments.

## The Providers who responded

There were 18 home care responses from providers in total. The responses were received from a cross section of organisations including two that are not part of the current scheme, some that are large national providers, some regional providers and a number of smaller local providers. One was from the Lancashire Domiciliary Care forum.

All were CQC registered and all but one attended one of the consultation events in October.

The below table shows the home care providers who completed and returned the questionnaire.

<b>Provider</b>	<b>CQC registered</b>	<b>On current Scheme</b>	<b>Attended Event</b>
Adult Care Initiatives (ACI)	Yes	No	No
Arc Community Care Ltd (ARC)	Yes	Yes	Yes
Care UK	Yes	Yes	Yes
Crossroads Care East Lancs	Yes	Yes	Yes
Bare Hall Quality Carers Ltd	Yes	Yes	Yes
Ginger Homecare Ltd	Yes	Yes	Yes
Willowbrook (Hyndburn) Ltd	Yes	Yes	Yes
Housing 21	Yes	Yes	Yes
ICare GB Ltd	Yes	Yes	Yes
Lancashire Domiciliary Care Provider Forum	Yes for all members	Yes for all members	Yes
Spring Cottages Home care Ltd	Yes	Yes	Yes
Sure Care (Preston and South Ribble)	Yes	Yes	Yes
The Local Care	Yes	Yes	Yes
Watch Home Care Services Ltd	Yes	Yes	Yes
BRS Care Ltd	Yes	No	Yes
Platinum Care	Yes	Yes	Yes
Sevacare	Yes	Yes	Yes
Right Care	Yes	Yes	Yes





## SUMMARY OF RESPONSE TEMPLATE AND DRAFT PROPOSALS OCTOBER / NOVEMBER 2013

Lancashire County Council

**Recommissioning Home Care for Older People and People with a Physical Disability**

### Providers Responses to Key Proposals

If you wish to provide a response to the latest proposals for Recommissioning Home Care in Lancashire which are set out in the 'Key Proposals' document and which were presented at the Provider Events in October 2013, please complete the template attached and return to Nick Metcalfe at [nick.metcalfe@lancashire.gov.uk](mailto:nick.metcalfe@lancashire.gov.uk) by no later than 5<sup>th</sup> December, and preferably before.

#### Organisation Details

<b>Organisation's name:</b>	
<b>Contact name:</b>	
<b>Email address:</b>	
<b>Are you operating already in Lancashire?</b>	Yes / no
<b>Are you CQC registered for delivery of home care?</b>	Yes / no
<b>Are you on Lancashire's Preferred Provider scheme?</b>	Yes / no
<b>Did you attend the provider briefing events in October 2013</b>	Yes / no

**Questions below are designed to check whether**

- we have explained the proposals clearly enough, and what we may have to do to flesh them out for the procurement phase
- you agree that the proposals are the right way forward, and / or
- if you have alternative and better suggestions you wish us to consider

**Providers should refer to the following documents alongside this**

- "Recommissioning Home Care for Older People and People with Physical disabilities – Key Proposals"
- Market share / Zoning spreadsheet
- Quality / Performance proposals
- Powerpoint Presentation – Oct 2013

## 1. Allocation of work

a	Do you understand the proposals for how home care business will be allocated via Care Navigation set out in the 'Key Proposals' document?	Yes / no. If no please clarify what's missing or needs further explanation
b	Do you agree the proposals for allocating work are the right approach?	Yes / no / not sure. Please explain
c	Do you have suggestions for changing and improving our proposals for allocating work?	Please complete

## 2. Zoning

a	Do you understand the proposals for zoning set out in the 'Key Proposals' document?	Yes / no. If no please clarify what's missing or needs further explanation
b	Do you agree the proposals for 7 zones are the right approach?	Yes / no / not sure. Please explain
c	Do you have suggestions for changing and improving our proposals for having (7)	Please complete

	seven zones?	
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### 3. Quality and Performance

a	Do you understand the proposals for Quality and Performance set out in the 'Key Proposals' document and the other attachment?	Yes / no. If no please clarify what's missing or needs further explanation
b	Do you agree the proposals for Quality and Performance are the best approach?	Yes / no / not sure. Please explain
c	Do you have suggestions for changing and improving our proposals for Quality and Performance?	Please complete

## 4 Pricing – Hybrid and Phased Approach

a	Do you understand the proposals for determining the price for home care set out in the 'Key Proposals' document?	Yes / no. If no please clarify what's missing or needs further explanation
b	Do you agree the process for setting price for each zone is fair and reasonable?	Yes / no / not sure. Please explain
c	Do you agree that it should result in the setting of a sustainable and affordable price for home care for each zone?	Yes / no / not sure. Please explain
d	Do you think the proposed data that we will provide about business activity information ( <i>volumes / costs of packages of care, geographical spread, churn rate, pattern of delivery contracts</i> ) for each zone is the right data to enable you to submit a unit cost?	Yes / no. If no please clarify what's missing
e	Do you agree the proposals for reviewing price after 2 years is the best approach?	Yes / no

f	Do you have suggestions for changing and improving our proposals for setting prices?	Please complete

### 5. Living Wage and Zero Hours contracts

a	Do you understand the proposals for moving towards Living wage and ending use of Zero Hours contract set out in the 'Key Proposals' document?	Yes / no. If no please clarify what's missing or needs further explanation
b	Do you agree these proposals will help tackle recruitment and retention difficulties in the sector and improve quality?	Yes / no / not sure
c	Do you have suggestions for changing and improving our proposals for Living Wage and ending of Zero Hours contract?	Please complete

## 6. Market share

a	Do you understand the proposals for calculating market shares set out in the spreadsheet and in the 'Key Proposals' document?	Yes / no. If no please clarify what's missing or needs further explanation
b	Do you have a view as to the optimum market share we should target for each provider on the new framework?	Yes / no - please provide a number as a % and explain why
c	Do you have a view as to the maximum number of the 7 zones a successful provider should be awarded contracts for in order to maintain a sustainable and competitive market?	Yes / no – please provide a number of zones from one to seven and explain why
d	Other comments on market share?	

## 7 Managing Transition

a	Do you understand the proposals for managing the	Yes / no. If no please clarify what's missing or needs further explanation
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	<b>transition from the existing arrangement to the new arrangements as listed in the 'Key Proposals' document?</b>	
<b>b</b>	<b>Do you have any other suggestions for how we may manage any aspects of the transition?</b>	<b>Please complete</b>

Thank you for completing this, please return to Nick Metcalfe at [nick.metcalfe@lancashire.gov.uk](mailto:nick.metcalfe@lancashire.gov.uk) by no later than 5<sup>th</sup> December 2013.



## Lancashire County Council

### Recommissioning Home Care for Older People and People with a Physical Disability

#### Key Proposals

This is a summary of the proposals we shared with Home Care providers during October 2013. As a separate attachment we have provided a questionnaire for completion and return by no later 5<sup>th</sup> December 2013, but preferably before if at all possible.

The proposals are as follows

#### 1 Allocation of Work

Essentially we propose no change from the present arrangements. We do not believe other approaches fit with the options detailed below for zoning, pricing etc or offer any improvements on what we have got now. So allocation of new home care business will continue to occur as now via Care Navigation, although quite separate changes currently underway to LCC's ICT systems may mean the web portal that providers currently use will change later in 2013.

Thus in descending order, allocation of new business will occur as follows

- Emphasis on choice for the individual
  - To take a Direct Payment and make their own arrangements if possible
  - If using the "managed Personal Budget route" eg using Individual Service Funds, individuals would be encouraged to choose their own provider from those on the new framework operating in the zone they are living

*Followed by*
- Ensuring providers within the zone have capacity to respond to the particular requirements of the individual for support.

*Followed by*
- Allocation on rotational basis between providers on the framework operating in that zone

This approach may be implemented more flexibly during the transition period eg first 6 months to a year.

#### 2 Zoning

We are proposing to adopt the principles of "zoning" for the allocation of home care business.

Our proposals would mean there are 7 zones in all, which is the option with the greatest number of zones and will lead to the smallest geographical coverage for each zone. The

spreadsheet shows what those zones would look like. All the zones are district based (either 1 or 2 adjacent districts) with the exception of a division of Ribble Valley into an East Lancashire area (around Clitheroe), and a Greater Preston area (around Longridge).

This should make the transition easier to manage, for providers new or old, and for small or very small providers this should also be easiest for them to manage growth.

This means that providers will be bidding to be on the framework for particular zones.

### **3 Quality**

Our proposals on quality and performance measures are chosen from the options we have previously shared with providers in July / August and were subject to discussions with a Citizens Panel including representatives from existing groups of service users, carers and other older citizens groups. There is an emphasis on training, staff continuity, consistency / punctuality, outcomes - and measures that we can use to drive improvement and quality above the minimum thresholds for registration set by CQC.

Having considered the feedback we have eliminated some of the ideas that were going to be too difficult or costly to implement, and that leaves us with a final shortlist of proposals detailed on the attachment.

A copy of the proposals is now attached, and these show the comments we had already received from providers.

### **4 Pricing – Hybrid and Phased Approach**

This is probably where we have the greatest innovation, some of the details of this are still to be worked through, but the principles of the process were explained at the sessions and are repeated below.

#### Stage 1

LCC won't fix prices ahead of the procurement. However, we will provide detailed business activity and financial information for each zone.

Then we will require providers to submit detailed budget and business plans alongside their hourly rates for the zones they are bidding to operate in. We will therefore understand how costs are built up and be able to challenge / explain / benchmark those in particular areas – eg travel time / mileage, training; what do those cost and what assumptions have providers made in calculating their hourly rates?

Separately we will examine providers' submissions to judge their quality, and only those above a quality threshold will we consider further.

#### Stage 2

We will then further rank providers on the shortlist based on scoring system (details to be confirmed) but broadly

- Quality
- Finance incorporating
  - Headline hourly rate / price
  - Robustness / value for money of budget

Based on the budget / price submissions for each zone for the shortlisted providers, we (ie LCC) will propose a fixed price for that zone. This will be what we regard as the optimal and affordable hourly rate for delivering good quality home care.

We will then return to each of the shortlisted providers in ranking order and ask them whether they can provide services at that rate and what changes to their service delivery model and budget they may need to make to come in at that price (if it's lower than the price that they submitted for that zone). We will consider the implications of the responses and final determination of the fixed price will be made. We will then return to providers with our 'Fixed price' for each zone.

Ultimately providers will decide whether they want to be in or out at the agreed price for that zone. This will result in awarding places on the framework contract to a number of providers for each zone – anything between 2 and 7 (a maximum number of zones per provider will be determined) according to the other decisions we have to make.

For simplicity we may consider setting common prices for similar zones eg Lancaster and Preston, Fylde and West Lancs.

### Stage 3

After 2 years we agree to revisit the prices for each zone to take account of the fact that

- The transition will have occurred in the first year after contract award
- The 2<sup>nd</sup> year should have given the both County Council and providers experience of how things are working in the zone
- By the end of that period all providers and ourselves will be clear about volumes, cost / quality pressures, market shares etc

We will then revisit the price and it could change and either increase or decrease for each zone. We may wish to set out how we will move towards a system of payment based on the successful achievement of outcomes.

### **5 – Living Wage and Zero Hours Contracts**

The County Council has adopted the following stance on these issues

- The County Council does not want providers to use zero hour contracts and the tender documents will be clear that this practice will result in contracts not being awarded ;

- We want to strongly encourage providers to embrace the Living Wage. The County Council understands the implications of this and have started work on this to see how it can be achieved, the costs and timescales.

Questions still to be resolved are

- how we define 'zero hours contracts',
- the appropriate balance of contracts to ensure / provide some business flexibility
- timescales for implementation

### **6 Market Share**

We have modelled some options regarding this (ie not just 5%, but also 2.5%, 3% and 4.34% market share). This is on the spreadsheet attached.

Providers can apply for business in all zones across the county, but e may want to limit the number of zones any provider can win.

### **8 Managing the Transition**

Providers and the County Council recognise this will be a major challenge. Our initial proposals to manage this as effectively as possible include the following

- Managing TUPE transfer: We have explained that we think that TUPE will apply and that we may facilitate this by linking a successful provider in a zone with a group of outgoing providers in each zone for transfer of business and staff.
- LCC could run some zone-based recruitment events for all successful providers to take part in to recruit staff ready for the contract start date,
- Talk to and visit other Councils for lessons learned – Manchester, Wolverhampton, Cardiff, Cumbria all suggested so far. Providers who have particular experiences regarding this will be welcome to comment to say what worked best / worst from their perspectives during these types of transition
- Plan and execute an effective communication strategy for the transition period, providing reassurance for staff and service users
- Employ our own LCC HR staff to manage / coordinate some of this transition work,
- We will determine our approach to Electronic time monitoring systems with the successful providers on the framework in late 2014 / early 2015

**Tony Pounder**

**Head of Commissioning**

**28 October 2013**