Scrutiny Committee
Meeting to be held on Friday, 18 November 2016

Electoral Division affected:
(All Divisions);

Residential and domiciliary care – Quality and Sustainability

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Executive Summary

Demographic pressures, increasing financial pressures on local government and significant workforce recruitment and retention difficulties have raised concerns that the quality and sustainability of the adult social care markets for home care, residential and nursing homecare are at risk. The national situation is particularly precarious in those segments of the care market which rely heavily on council funding. Weaknesses in the market are also impacting on other areas within the wider health and social care system, for example by creating delays in discharging patients from hospital.

Lancashire's home care and residential/nursing care markets broadly reflect these national patterns but there are some distinctive local features which are drawn out in the report.

The Local Government Association (LGA), Association of Directors of Adult Social Services (ADASS) and bodies such as the Kings Fund continue to seek new ways of sustaining adult social care and this report includes an overview of how Lancashire is responding to some of these challenges with new commissioning and clinical models, plans for closer and further integration with the NHS and involving local communities in efforts to maintain health and wellbeing into older age. But the County Council must also be open about what people – both self-funders and those whose care is paid for by councils – can expect from adult social care in Lancashire, what constitutes a fair price for care, and about the council's ability to fund care needs for its population in the future.

Recommendation

The Scrutiny Committee is asked to consider the report and make recommendations as appropriate.

Lancashire County Council

Background and Advice

A. The national picture in England

A number of recent reports (and attendant media coverage) have publicised some of the challenges facing the adult social care sector nationally. The Care Quality Commission (CQC) identified a number of inter-connected pressures on the social care market in its annual report released last month, including:

- **Financial strain.** Business costs are not sustainably aligned with the sector's funding base. As staffing becomes a higher proportion of overall costs, further efficiencies become more difficult to achieve, and profitability is reducing for providers, leading to some service providers exiting from the market.
- **Care home closures:** The number of care homes in England has fallen from 18,068 in September 2010 to 16,614 in July this year, according to figures released by the CQC.
- **Quality and performance improvement:** Some services rated "inadequate" have closed and are no longer operating. Of the inadequate services re-inspected by the CQC, more than three-quarters (77%) were able to show that they had improved. 43% of services rated as "requires improvement" have improved, while 8% had deteriorated to inadequate. Improvement is closely linked to "good leadership that helps shape a more positive culture within a service," the report says.
- **Good information systems and management** are also "important drivers that support caring staff to deliver better services".
- Despite cuts to council care services, 72% of care homes and homecare providers are rated as "good" or "outstanding". However, **the quality of care** continues to vary across regions and nationally.
- **Customer engagement:** Involving people who use services, their families and carers, and the community to design care plans, facilities and activities that meet people's diverse needs and preferences, is critical to quality services.
- **Wider system effects:** Problems in social care are having an impact on the NHS by leaving patients in hospital because no package of social care support is available (although the majority of hospital delays are not due to social care). Similarly, the CQC says that cuts to community services, including access to home help and care homes, are pushing more old and frail people into hospital. People will also have less choice or experience a lack of continuity of service, and there will be greater use of unpaid care.

The CQC report concluded that the combined pressures of fewer nursing homes, reducing profitability in both residential provision and domiciliary care, and increasing demands put on staff means that the quality of care may not be maintained. People may experience difficulties in finding the best type of placement for their needs or one that matches their preferences. The services closing are more likely to be smaller businesses, which have on average typically achieved better CQC ratings. The risk, therefore, is that as options for people reduce, the potential to find a place in a good quality service may also become more limited.

Recent evidence gathered by the CQC also fuelled concerns about the future of those reliant on local authority contracts for their business. Saying that recent fee increases have not covered the cost of implementing the National Living Wage (NLW), the CQC concluded that the position is "unsustainable" and raised concerns of falling standards as providers struggle to provide care for the fees being paid. The internal CQC document, *"Adult social care market insight"* was based on data received from 39 major providers and said that: *"This is a local authority-funded service user problem. Notwithstanding recent fee increases, the historic level of underfunding remains and in some cases has probably increased as a result of [the] national living wage."*

CQC chief executive David Behan last month said the council care system had reached a "tipping point" and was in the worst state he could remember during his 38-year career. In an "unprecedented step for the regulator", Mr, Behan called on ministers to "pump more money into the council care system".

Independent research from the Nuffield Trust and King's Fund Care, published in September 2016, also concluded that care for elderly people is failing to meet their needs because of cuts to local government spending. The report argued that the quality of care older people receive is increasingly dependent on where they live or what they can afford, rather than on need. Researchers found that 26% fewer older people are receiving any help at all, leaving them increasingly reliant on private care or care by family members.

"Our research found that local authorities have done their best to make savings while protecting funding for the poorest, but care providers are struggling on the low fees councils can afford. Shortages of home care staff and affordable care home places mean older people are often stuck in hospital, putting both their lives and vital NHS processes on hold," Ruth Thorlby, deputy director of policy at the Nuffield Trust said.

The situation is borne out by other research. According to Social Care business analysts Laing and Buisson, more than 7,000 beds in care homes were deregistered last year, compared to just 3,000 new beds becoming available, representing the largest net loss for a decade, although this is not reflected in the Lancashire position described below. They warned that local authorities may struggle to find places for elderly people in their care as the prices paid for places by councils did not cover costs, particularly following the introduction of the National Living Wage (NLW).

Providers also report they are in trouble. Costs have increased while profit margins are falling and providers similarly point to the national living wage and the inability of councils to pay higher fees for these services as the main causes of their growing difficulties.

Provider representative the UK Home Care Association (UKHCA) said that "nine out of ten councils in the UK do not pay realistic prices to support older and disabled people in their own homes" and calculated that the average price paid to councils (£14.58) was more than £2 less than their estimated minimum price of £16.70 per hour. The UKHCA received information from 186 UK councils and based its minimum price on the cost of paying carers the national living wage and on running costs for the businesses with a profit margin of 50p an hour. It said another £500

million needed to be invested in the market to bring the fees up to a sustainable level.

However, as an aside, it must be noted that the county council has serious concerns with this "benchmarking rate" and the model employed to devise it, and has communicated this concern to UKHCA officials. The UKHCA quote a rate per hour of contact time, which means buying 71 minutes (60 minutes of contact time and 11 minutes travel time) of provider time whereas our rate is to buy 60 minutes of provider time (50 minutes of contact time and 10 minutes of travel time). If we apply the UKHCA calculation to the Lancashire Homecare rate, our equivalent rate would be £15.30 per hour. This has been conveyed to UKHCA.

The government is also facing increasing calls, including from the NHS and LGA, to divert NHS funding to councils for adult social care.

The Department of Health has said ministers recognise providers were "finding the current market challenging" but that additional funding was coming into the sector through the Better Care Fund (BCF), which is largely funded by the NHS to encourage joint working between councils and the health service. It should be noted that the BCF is not "new" money, but existing funds that have been re-purposed to promote better integration. Furthermore additional monies for the BCF are back loaded to 2019 & 2020.

Local authorities have also been allowed to increase council tax by 2% a year in this Parliament to pay for social care. The LGA have claimed, however, that this is not enough to plug the shortfall in council care budgets nationally because of the wider squeeze on their funding and the implementation of the NLW. Nationally the 2% social care precept has raised £380m but the implementation of the NLW has cost £612m. It also benefits those areas with higher property values (typically in the South) rather more than those with lower values (typically in the North). The County Council is currently forecasting that it will receive additional resources of £84m as a result of additional funding from both Council Tax and Better Care Fund over the next 5 years, however the Medium Term Financial Strategy (MTFS) contains additional price and demand pressures of £176m over the same time period.

C. The Situation in Lancashire

(i) Social Care Finances in Lancashire

The County Council faces a financial gap of approximately £148 million by 2020/21, including a forecasted £92 million shortfall in adult social care which is part of the overall shortfall in Health & Social Care identified in the the Sustainability and Transformation Plan (STP) submitted to the Department of Health for Lancashire & South Cumbria.

The 2% council tax precept falls far short of addressing the financial gap for Adult Social Care. In 2017/18 the precept is estimated to generate £8.3 million and the Better Care Fund will provide an additional £3.2m in Lancashire. However the price and demand pressures for Adult Social Care total £37.7m resulting in an overall pressure for the service area of £26.2m in 2017/18. .

Prior to fee uplifts this year in 2016/17, providers in Lancashire had received either small or no fee uplifts since 2011. Although adverse CQC judgements are often the trigger, cumulative financial pressures are likely to have contributed to an increase in provider failures in residential, nursing and homecare in greater numbers since April 2015. To address this pressure the county council has awarded significant uplifts in older people's nursing and residential fees but this has cost £1.7 million above our forecasted spend for 2016/17. This results in a total investment from the County Council into the residential sector of c£9m.

(ii) Quality in Lancashire Services

Homecare

The market for homecare currently contains 195 providers offering services to more than 6,540 people (predominantly older people), involving 5 million hours of home care a year with an annual cost of between £55 million and £60 million.

The county council experiences significant difficulties in sourcing home care in some rural areas of Lancashire, but also in some urban areas too. The overall state of the market feels fragile.

An argument advanced by many providers, is that this fragility is because of the fees paid by LCC, which in turn has a detrimental impact on the recruitment and retention of care workers and service providers' capacity.

There have been two significant provider failures in Lancashire earlier this year, primarily due to safeguarding concerns leading to regulatory action. This resulted in many packages of home care needing to be picked up by other providers in an overall market that is already under serious pressure – although it must be noted that the market did respond well in this situation.

While the county council does not track home care provider closures, a handful of providers have ceased working with us.

A more proactive approach to contract monitoring is being introduced which will focus on early intervention and support to service providers. This will be managed alongside the County Council's Escalation Policy, which provides guidance on how to respond to a the different levels of service provider concern, from

- gathering information and intelligence which will be monitored through standard contract monitoring processes,
- Improvement Plan requirements
- before a possible termination of contract if the situation becomes irretrievable.

The commissioning intentions around the procurement of a new homecare framework are described later in this report but will focus on encouraging providers to bid on the basis of their own sustainable price for care rather than the County Council setting the rate for all providers in a way which may not reflect a full understanding of market conditions and therefore turn out to be unsustainable.

A current overview of Lancashire's homecare providers that have received a CQC rating as of 1 October 2016 is shown below:

Lancashire Overall, All Agencies/Services

Rating	Inadequate	Requires Improvement	Good	Outstanding	Totals
Lancashire	2	23	88	5	118
Lancashire %	1.7%	19.5%	74.6%	4.2%	100%

Residential and Nursing Care

The county council is a significant commissioner of independent care homes in Lancashire and currently commissions 40% of the residential and nursing care home market.

There are 438 care homes of varying sizes in Lancashire – 118 providing nursing care (and dual registration) and 320 residential providing residential care only. Our client groups include older people, adults and older people with mental health needs, those requiring intermediate care, and people with a learning or physical disability, or sensory impairment. The number of beds in both nursing and residential care has remained broadly stable from April 2014 to October 2016 (11,371 to 11,470) as has the number of establishments but this may mask significant market changes in some areas of the county.

The market is primarily populated by small businesses/proprietors, who make up 76% of the total market. The largest group provider is actually the county council's in-house provider which has 717 residential care places across 17 homes (or 5% of the market). Group-run homes i.e. Four Seasons, BUPA etc. make up the other 19% of the market but only two group providers have more than five care homes (nine each).

Recruiting nurses to work within nursing homes is challenging which means that providers are heavily reliant on expensive agency staff with attendant risks in terms of competency and continuity of service. For these reasons it appears that an increasing number of providers are deciding to de-register the nursing element of their CQC registration leading to a reduction in nursing places, and a rise in residential care places.

As with the care home market, a move to more proactive monitoring is commencing and – although it may take complete new monitoring regime with all the care homes we commission with – the county council should begin to see some positive impact within the first year. Again, the new escalation policy will be used alongside proactive monitoring to identify most appropriate future course of action.

A current overview of CQC ratings for Lancashire's residential and nursing homes as at 31 October 2016 is shown below (56 establishments have yet to receive a new-style CQC rating):

Lancashire Overall, All Agencies/Services (%)

Service Provision	New Style Rating Inadequate	Requires improvement	Good	Outstanding
Dual Registration	0.00%	71.43%	28.57%	0.00%
Nursing	3.53%	35.29%	61.18%	0.00%
Residential	3.66%	30.89%	64.92%	0.52%
Grand Total	**3.53%**	**33.22%**	**62.90%**	**0.35%**

Lancashire Overall, All Agencies/Services raw data)

Service Provision		New Style Rating Inadequate	Requires improvement	Good	Outstanding
Dual Registration			5	2	
Nursing		3	32	57	
Residential		8	71	180	1
Grand Total		**11**	**108**	**239**	**1**

Residential Care: The county council has stopped contracting with 10 providers over the last two years (one of these was a provider to adults with Learning Disabilities).

Nursing Care: The county council has stopped contracting with seven providers over the last two years as well as two homes which have given up nursing beds but have remained as residential homes.

(iii) Current challenges facing the sector

Broadly speaking, the challenges faced in Lancashire are the same as those in other council areas. They stem from a combination of national policy, regulatory and budget decisions, changes in health and social care practice and the consequences of widespread demographic and societal change. Based on a review of the research and reports referenced above, these issues can be summarised as follows:

- Financial pressures.
- A growing elderly population and large increase in the number reaching "dependent old age" which increases the demand for specialist nursing, care home and domiciliary provision).
- Shorter stays in hospital with patients discharged with higher levels of health and social care needs and insufficient re-alignment of funding, capacity and capability between sectors – e.g. health and social care, acute versus community.
- Geographically dispersed families less able to help with day to day caring responsibilities.

- At a time of increasing demand, the nursing and care home sector appears to be changing: nursing beds are reducing, residential beds are increasing but there is a "polarisation" of the market between self-funders and council-funded service users. While new homes have opened in Lancashire, on average there are more homes closing than opening.
- The growing gap between residential fees for council-funded and self-funded service users and the market's price-driven response to give more prominence in terms of supply to self-funders.

A number of distinct, critical challenges must also be considered in greater detail:

Workforce issues

There is a high staff turnover in the care market, high vacancy rates, lack of training and clear career paths, poorer pay compared to the service sector and the image of the role of carer all contribute to difficulties in recruiting and retaining quality staff in both the homecare and residential care markets. The latest figures are summarised below:

Lancashire Care Homes (private and third sector only)

- 4,661 workers
- £7.24 average hourly pay (nursing); £7.31 average hourly pay (without nursing)
- Vacancy rate of 5.6% compared to 4.1% nationally
- 32.1% turnover rate compared to 27.6% nationally
- 27.9% were in their current role prior to 2010

Lancashire Homecare (private and third sector only)

- 5,070 workers
- £7.26 average hourly pay
- Vacancy rate of 7.3% compared to 9.8% nationally
- 41.6% turnover rate compared to 35.3% nationally
- 25% were in their current role prior 2010

If the figures for LCC run services are taken out of these figures the % turnover rate of staff for the rest of the sector increases.

Source: Skills for Care National Minimum Data Set for Social Care, October 2016.

Fees and wages

The county council has increased fees paid to providers, fee levels remain a key factor behind market unsustainability and – if fee levels fail to keep up with actual costs – local authorities face a number of risks that will ultimately result in capacity shortages or increasing concerns over quality.

Over the past year, the County Council has seen a number of residential provider closures accompanied by difficulties in securing places within the nursing market.

As a result, the fee setting exercise for 2016-17 rebased our fee levels to a sustainable level. The result of this exercise was to increase fees by an average of 8.46% overall.

The County Council MTFS contains an additional £25.389m in 2017/18 to reflect anticipated price increases across Adult Social Care.

By way of comparison, the 2% Social Care Precept generated approximately £8 million per year (at current levels).

The NLW is set to increase to approximately £7.60 in April 2017, a 5.6% increase in staffing costs. Many providers now say they cannot increase wages for staff paid at the lowest levels unless they also increase other pay bands in order to maintain pay differentials. This will becomes more of an issue as the living wage increases.

For example, care staff at the lowest level may be paid £7.20 per hour and a senior carer £7.50 per hour for the added responsibility of managing staff and resident support plans. When the living wage increases to £7.60 both staffing levels are encompassed by the increase but a provider must maintain the differential in order to recruit and retain senior carers. Whilst maintaining pay differentials was probably not central government's intention, it is an unavoidable consequence in industries dominated by low wages, such as the care sector.

In addition to the NLW, fees for 2017-18 must account for pension increases due to employers' contributions increasing from 1% to 2% (representing a 100% increase in pension costs) and increased costs due to recent legal rulings. Staffing costs represent 60-70% of total costs (dependent on setting and needs level). As a result, it is anticipated that 2017-18 fees may need to increase by approximately 4.5% to cover provider cost increases.

To bridge the growing gap between rising costs and the pressures on councils to control fees paid to providers, some segments of the market, particularly those catering for older people, has increasingly turned toward self-funders. Laing Buisson reported last year that there "appears to be evidence that self-funding older persons are paying a growing premium for their care when compared to LA funded care. The average premium being 40% on a 'like for like' basis… [this situation is] impacting on the stability of the market [and] leading to many providers moving to a sole focus on self-funders. In turn this is bringing about a shortage of places for council places and/or places that councils increasingly cannot afford."

Because of this "polarisation" in the care market there is a risk that local authorities could be priced out of the market

Managing Market "Exit" and Provider Failure

There is understood to be a variety of reasons for care home or other business closures with the more common reasons being:

- Financial pressures
- CQC/regulatory action

- Staff recruitment/retention
- Some smaller homes have closed due to retirement.

Data compiled by ADASS suggests two-thirds of local authorities had seen contracts handed back or providers leave the market.

Local authorities have a temporary duty under the Care Act to ensure the care of service users, whether or not they fund their care.

The county council is aware of those homes that are given an "inadequate" or "requires improvement" CQC rating and mechanisms are in place to alert the county council when a provider fails. However, many care homes do not yet have a CQC rating under the new inspection regime introduced in October 2014 and – unless quality has already been flagged up as an issue – the county council is not *immediately* aware when a provider is failing, especially if the failure is due to financial reasons. Often, we are informed only at the point of actual failure, at which point it is too late to support homes to remain open.

Once a home is scheduled to close, our involvement focuses on managing the closure of the care home the county council also has a duty under the Care Act in these situations and ensuring that residents move in a safe and timely manner.

A number of factors determine whether the county council should offer support to a home under threat of closure: The CQC's intentions and the attitude of the proprietor can also play a part in determining whether we attempt to keep the home open (i.e. whether the proprietor is willing to do what is required for the home to remain open or refuses to engage, which is rare).

We want to support homes to remain open where there is a commitment to provide the expected level of safe, quality care. But in the rare instances where it is clear there is no desire to provide the quality of care that the county council demands for residents with care needs, these homes should be managed out of the market.

On occasions, and as appropriate, we have commissioned LCC's Older People's Services and services from the Clinical Commissioning Groups (CCGs) (e.g. the medication management optimisation team and occupational health input and dietetics) to "wrap" services around a failing provider for a time-limited period to help the provider to improve and/or transfer residents to alternative provision in a planned manner.

D. Interventions

(i) Changes in practice

The County Council's Quality Improvement and Review Team are supporting residents to move to alternative care provision (e.g. community support) through active social work involvement which will reduce the demand on home care or residential care.

The Quality Improvement Planning (QIP) Process is multi agency. It is targeted to help providers to avoid closure.

There is a Champions Network and Registered Managers forums in Lancashire to assist homes in keeping abreast of current developments.

A new escalation policy has been developed by the County Council (see above).
We are working with the CCG commissioners to secure health clinical leadership, training and support for nurses in the care sector using a rotation approach from acute hospital trusts.

We are rolling out the use of "telemedicine" to enable care homes to have access to 24-hour medical support and guidance. This also includes an increased use of GP/nurse practitioners weekly ward rounds in care/nursing homes.

There is increased support and training opportunities for staff working with residents with dementia and/or challenging behaviour and also for caring for residents at end of life.

Improved market intelligence data is now made available to providers more regularly.

The County Council is working extensively with Newton Europe on the *Passport to Independence* programme. The Passport to Independence Programme will be implementing a range of new approaches to increase social care's productivity, improve outcomes for citizens and make substantial savings. All the key proposals will involve closer and more effective with independent sector social care providers to ensure the way they deliver their services aligns with the approaches adopted within the County Council.

There will be more effective contract monitoring and proactive contract management of new contracts, including the new homecare framework.

(ii) New commissioning plans

A range of new commissioning plans and models across adult social care aim to promote independence, connect council services with other services available in the community, and thereby reduce our dependence on more expensive forms of care.

Homecare

The county council is in the process of recommissioning home care services for older people and disabled adults.

Following a five-week market consultation exercise, the Cabinet Member for Adult and Community Services approved on 11 October 2016 the commencement of the procurement process. The procurement is due to start imminently and, following its completion, it is expected that the new framework agreement will commence in May next year.

The main strategic objectives are:

- **Improving service quality** – by placing greater focus on: person-centred approaches; the outcomes of service users; promoting independence; ensuring dignity in care; and safeguarding vulnerable adults.
- **Developing the home care workforce** – by strengthening the approach to workforce development and training, and being clear about the required standards.
- **Strengthening the approach to contracting** – by being clear with providers about our requirements, having robust contracts in place with greater emphasis on quality, standards, performance and monitoring.
- **Shaping the market** – by reducing the number of providers we contract with, offering contracts based on specific geographical districts (zones) and promoting a sustainable and responsive local home care market.

The procurement exercise will see providers compete on both quality and price – tenders will be evaluated based on a ratio of 60% for quality and 40% for price. Whilst these services have not previously been tendered using a price weighting, the rationale for having providers submit the price they would charge is as follows:

- Using a fixed hourly rate risks setting the wrong price – providers regularly comment that our rates do not reflect market conditions.
- Allowing providers to set their own rate generates true competition in the market enabling us to secure the best rates that reflect market conditions whilst allowing providers to determine a fair price for care for their individual organisation.
- Flexible pricing recognises that the cost of providing care can differ across providers and geographical zones e.g. the cost of providing home care in high population density areas should typically be lower than in rural areas.
- The proposed evaluation ratio of 60% for quality and 40% for price places a majority weighting on quality supporting our commitment to quality improvement whilst striking a reasonable balance to ensure best value.

By asking providers to submit the price they will charge the county council intends to utilise the expertise of the individuals who are best placed to make the judgement over current and future potential costs. Prices submitted by potential providers will reflect not only a fair cost of care but also the *true* cost of care, inclusive of costs specific to each individual organisation, that is set at a level which would enable a provider to meet the contractual service, workforce and quality requirements and also their own business needs.

It is also worth highlighting that the county council will not enter into a contract with any service provider that has an 'inadequate' CQC rating against any of their five key questions (i.e. safe, effective, caring, responsive and well-led).

Crisis

Crisis offers immediate care in a person's home for a period of up to 72 hours and is often used as tool to assess a person's needs upon discharge from hospital. In some cases it may be felt that a person would benefit from some support to regain the skills they have lost during their stay in hospital and would then be referred to the reablement service. Crisis also provides support in other urgent situations such as

carer breakdown or an activation for Peace of Mind for Carer's which a planned intervention for carer breakdown is. The total current spend for crisis is a little more than £2 million and this is based on variable hourly rates in each area due to historic arrangements. The split of hours across the county is as follows:

North: 360 hours per week
East: 575 hours per week
Central: 2,369 hours per week (this is inclusive of domiciliary rehab which will be part of the new reablement contract. Currently this contract is split between usage of this contract is approximately 40% crisis and 60 Domiciliary rehab)

The above hours split is not inclusive of hours funded by the CCG's to account for seasonal pressures.

We are currently re-tendering crisis contracts across Lancashire, which currently operate in North, Central and East. In June 2016 the crisis provider in North served notice on the contract due to their desire to exit the care market and we looked to implement a short term interim contract until the end of March 2017. The tender invitation set the price at £12.75 per hour with a minimum of 458 hours per week. LCC received a bid from a single provider, who were successful in securing the contract.

In previous tender invitations interest in such contracts has been much higher, but it is felt that the fact that this was a very short term contract will have deterred potential bidders from the contract.

There have been significant issues within the care market generally across Lancashire in terms of capacity within the market to meet demand. Feedback from providers has been that the price paid for care is one of the main contributing factors to this issue. It is also felt that spot purchasing care does not offer sufficient certainty for providers around staffing levels with providers not willing to staff up to more hours unless they receive some guarantees. Recent block contracting of reablement which was previously spot purchased has proven to be effective in ensuring that larger numbers of hours are provided for successfully.

In order to mitigate the issue of price, LCC plans to go out to tender on price as well as quality and the first contract to do this will be the Crisis contract. The tender process will therefore score 60% on quality and 40% on the price set by the provider within the bid. It is hoped that by procuring the crisis contract in this way, it will attract a larger number of bids and offer greater opportunity for smaller providers to bid for the contract.

The issues experienced by Lancashire in the ability to secure packages of care and attract bids for contracts are issues that are experienced on a national footprint with providers looking for a higher hourly rate and some guarantee around required capacity in order to make contracts viable.

Reablement

Reablement is a domiciliary service that is offered for up to six weeks to enable people to regain skills that may have been lost during a period of hospital confinement and assist them in regaining the confidence to live as independently as possible. Reablement aims to ensure that all social care referrals where the person's presenting needs indicate that they have the potential to benefit from reablement, have the opportunity to do so.

Total current spend for reablement is £3,764,514 across two providers after one provider served notice on their contract earlier this year. The total current spend is based on an hourly rate of £12.75 and the split of hours across the county is as follows:

Area	**Hours Per Week**
1. Lancaster	1,128
2. Fylde and Wyre	1,065
3. Pendle and Ribble Valley	949
4. Burnley, Hyndburn and Rossendale	1,197
5. Chorley, South Ribble and Greater Preston	676
6. West Lancashire	663
TOTAL	5,678

As stated above, issues in the care market have meant that there have been problems in securing sufficient reablement provision for quite some time. In December 2015, the county council began to block contract reablement in order to offer some stability to the service while guaranteeing a level of service that the provider would be in a positon to staff up to.

Block contracts have stabilised the reablement service in terms of the hours available and developing a better relationship with a block contracted reablement provider. Further work has subsequently been undertaken with colleagues from Newton Europe to develop a service that will be more effective and offer greater throughput of service users.

New processes have been developed in partnership with the reablement providers that have increased the number of service users benefiting from reablement

The reablement block contract was procured at a time when the care market was under significant strain and there were concerns around how many bids would be received. However, we received more than 30 bids despite going out to tender with a set price. Feedback from the current providers suggests that the numbers of hours in the contract offers greater economies of scale than other contracts.

The new reablement process increases the demands on the provider and it is therefore felt that the most appropriate course of action will be to follow the same

principles as the crisis contract and go out to tender on price as well as quality. The scoring split will therefore be the same with 60% on quality and 40% on price.

We are moving towards an occupational therapy-led service, where OT's will set the goals for reablement and the successful providers will work with the person to these goals, providing reabling support rather than caring for people, with the intention of people regaining their skills and enabling them to live independently.

We will move away from purchasing individual hours of support and towards purchasing packages of reablement; within these packages will be a set amount of hours, Providers will be financially incentivised to offer reabling support rather than hands-on care, ensuring people are able to return to their "baseline functioning" after a period of ill health.

(iii) Partnership working

In October 2015, *Healthier Lancashire: Alignment of Plans Report and the Healthier Lancashire Forward View: From understanding the challenges to creating the solutions* was published with the aim of transforming services across the health and care economy. These documents have informed the next phase of work required to produce a business case for change.

The Sustainability and Transformation Plan (STP) builds directly on the Healthier Lancashire document and sets out the approach and milestones to move to a radically transformed health and care system by 2020/21, together with the necessary system integration. The scope of the STP is broad, but has three key areas: improving quality and developing new models of care; improving health and wellbeing; and improving the efficiency of services. The STP has reinforced the requirement to work as a larger system, while challenging us to be bolder in our transformational priorities.

LCC are actively engaged in this significant partnership approach, particularly, in the context of this report, with the STP Regulated Care work stream (covering residential and home care). This work covers Lancashire, Blackpool, Blackburn and South Cumbria local authorities together with the nine associated CCGs and, as an agreed "cross footprint" priority, seeks to address issues described above that are not just common to the county council. These are:

- Capacity and demand management
- Supplying services in the right place
- Improving the quality of care
- Workforce development

(iv) Workforce development

As part of the STP Regulated Care work stream, an LCC-led allied workforce group is being established with appropriate representation from local authorities, CCGs, CQC, Lancashire Enterprise Partnership, providers, and Skills for Care. It is anticipated that, following a review of respective organisational workforce plans and

priorities, actions across the STP will be agreed and action plan prepared to address:

- Recruitment and retention
- Promoting the sector
- Establishing a career pathway
- Understanding training and development requirements of an integrated workforce

Our commissioning activity also seeks to address this issue. For example, our new homecare services will require providers (starting in the second year of contracts) to minimise zero hour contracts. This is an example of how commissioning can drive improvements in quality.

Consultations

N/A

Implications:

This report has the following implications

Risk management

The issues described in this report constitute a potential level of risk to core County Council services across a number of areas, which are mainly self-evident. For example, failure to meet our statutory duties in adult social care services creates a clear legal risk; there are a number of financial risks described in the report regarding the funding of these services; and the role of procurement may also be relevant to solving some of the issues detailed in this report. However, as the report describes current conditions (and the County Council's response to those conditions) and does not prescribe, or seek approval of, a definitive course of action, it is not felt necessary to comment on each risk implication.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Tel
The state of health care and adult social care in England 2015/16	October 2016	Tony Pounder, x38841 Ian Crabtree, x30658