

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Adult Social Care and Public Health
Date:	4 December 2023
Title:	Residential and Nursing Care New Contract Arrangements
Report From:	Director of Adults' Health and Care

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Purpose of this Report

1. The purpose of this report is to seek permission to spend to enable contracts for residential and nursing care to be called off under a framework by the County Council, potentially Southampton City Council and potentially the Hampshire and Isle of Wight Integrated Care Board.

Recommendation(s)

2. That the Executive Lead Member approve expenditure of up to £7.25 billion under the Care Home framework for a period of up to 10 years commencing in 2024 to provide residential and nursing care, as set out in this report.

Executive Summary

This report seeks to:

3. Set out the background to the Care Home Framework programme.
4. Outline the proposals for the establishment of a new Care Home Framework.
5. Outline the financial impact of these proposals.

Background

6. The County Council needs to ensure that any Care Home placement supports the right service for the right person at the right time and provides safe and appropriate Care Home services for residents when they require it. The County Council requires Care Home residents to be supported to live meaningful lives, as part of their local community through individualised and person-centred services to ensure positive outcomes for individuals.

7. For the financial year 22/23 the County Council arranged 1,934 new long-term residential and nursing placements for people aged over 65. This represents an increase in demand over the previous year of more than 5%. More than 80% of these placements were sourced with the independent sector, the remaining 20% were placed within HCC Care.
8. There are just over 13,000 beds in the independent care home sector in Hampshire across almost 500 care homes. The market is vibrant and diverse and includes large national and regional companies who operate several homes, as well as small operators/family-run businesses who own one or two homes.
9. The County Council is sourcing care from over 400 providers on a case-by-case basis which is time consuming, inconsistent and contributes to a significant variance in the rates paid for care.
10. In addition to the increase in demand, the type of care and support required in a Care Home setting has changed considerably over recent years. Individuals are living longer with more complex and higher levels of need, and with increased frailty levels. This has significant implications for the skills and capabilities of the workforce and impacts significantly on operating costs for the delivery of care.
11. The rates that the County Council has paid for care placements over the last 3-5 years have risen significantly in real terms. For the financial year 22/23 the County Council spent £163M on Older Adults Residential and Nursing services alone. A further £3.8M was spent on respite and emergency placements.
12. The County Council needs to manage its spend effectively, to ensure value for money services are offered whilst future demands and needs are met.
13. The ambition is to work with a proportionate and sufficient group of providers who we can build positive and consistent relationships with. By working more closely with the market in this way, providers will have the opportunity to receive more regular referrals at predictable rates which will support with their business planning.
14. Through the introduction of a framework, the County Council believes that we can better manage spend in what is our largest service cost area. This will support our financial sustainability, provide an improved experience for the provider and the individual and release social care practitioner time to support the most vulnerable in our county.

Proposed Model

15. To ensure efficiency for providers, offer optimum outcomes for individuals, to manage our costs and ensure best value for money, a new framework is proposed.
16. Considerable engagement has taken place with the market, with internal and external stakeholders, to ensure the County Council has made fully informed and evidenced proposals. Working closely with the market has ensured a level of co-production that has not previously occurred within this sector.

17. It is intended to set up the framework so that it would allow for the Hampshire and Isle of Wight Integrated Care Board and Southampton City Council to call off their own contracts, and for the County Council to act as lead commissioner or under a joint working arrangement as appropriate, if requested. If it is proposed that the County Council be lead commissioner for the NHS, a further report will be brought back seeking approval from the Executive Lead Member for the County Council to enter partnership arrangements under S75 NHS Act 2006.
18. The framework will enable The County Council, Southampton City Council and the Hampshire and Isle of Wight Integrated Care Board to have a flexible way in which they can purchase a variety of care home services for both Older and Younger Adults.
19. Ensuring an open, fair, predictable, and transparent approach to the whole market and with the public should improve relationships, provide consistency in rates and communications with the market and ensure expectations are clearly articulated to all.
20. When contracting with the County Council providers will be required to support individuals through an individualised, person-centred, strengths-based approach, that ensures positive outcomes for individuals who need our services.
21. The Care Act 2014 places a duty on Local Authorities to help to develop local care markets to deliver a wide range of Care and Support Services. The Care Home Framework will assist to ensure the County Council are meeting this duty through working more closely with providers, offering them the opportunity to work more closely with each other through communities of practice that the County Council will instigate and ensuring clear lines of communication are maintained.
22. The framework will ensure consistency of approach for providers when contracting with the County Council, Southampton City Council and/or the Hampshire and Isle of Wight Integrated Care Board on any tenders drawn down through this vehicle.
23. Importantly, the framework will afford more opportunity to work with providers to inform the development of more specialist services. The County Council, Southampton City Council and Hampshire and Isle of Wight Integrated Care Board would be better equipped to identify where issues are arising and be able to engage further with a wide community of providers.
24. The first contracts the County Council would look to call off the new framework would be for all older adult (aged 65+) long-term residential and nursing social care services in 2024. Providers will be required to sign up for 1 or more of 5 Need Profiles under this contract. Each needs profile will have an agreed cost banding attached. HCC Care will also allocate beds/sites to each of these needs profiles.

Finance

Current cost and projections

25. The Older Adults gross budget for the 2023/24 financial year for purchasing long-term Residential and Nursing Care from the independent sector is £87.6m and £91.4m respectively. (HCC Care excluded).
26. In addition, the County Council currently purchases a variety of other residential and nursing services including services for younger adults and respite placements. The current budget 2023/24 for all residential and nursing services purchased by Adults' Health and Care is £266,387,000.
27. According to data from the Hampshire Joint Strategic Needs Assessment the population and demographic of Hampshire is due to both increase and age over the coming years. Hampshire has an older population structure with a higher proportion of the population aged 50 years or over with 16.6% of the population being over 70 compared to 13.4% nationally.
28. The population is predicted to increase by 6.3% over the seven-year period 2020 - 2027 with the highest predicted growth expected to be with those aged 75 or over.
29. Given the growing and ageing population alongside increasing complexity of needs, the County Council anticipates that demand for residential and nursing care will remain high and is likely to increase.
30. Any new approach to working with the Residential and Nursing markets needs to be focussed on the management of spend whilst ensuring the right quality of care is maintained for residents.
31. The below table outlines an upper estimate of the likely spend over ten years of the framework, for all the potential services areas that may be included within this arrangement. It also takes account of both potential inflationary and demand increases over the same timeframe.
32. The figures below arrive at an overall financial approval requirement of £7.25bn over the ten years of the framework and there is a high confidence that this will be more than sufficient. This confidence is for both the County Council value of £4bn, as outlined below, and the other services that may be potentially procured by or for both the Hampshire and Isle of Wight Integrated Care Board and Southampton City Council of £2.25bn. The £2.25bn would only be incurred by the County Council if there is the appropriate legally binding agreement in place that enables the County Council to enter into contracts on behalf of the other organisation and to be reimbursed.
33. The framework and value of the funding approval, as evidenced below, would provide both sufficient financial headroom and the delivery mechanism for any bed-based care sought within any potential combination of possible arrangements with external partners.
34. The County Council expenditure of £4bn as outlined within this report would be funded from the recurrent annual budget for these services inclusive of an assumption of inflation for future years. Explicitly the proposals to purchase bed-based care through the framework do not include any risk of additional

financial pressure. Furthermore, it is highly likely that this proposal will reduce the County Council spend compared to continuing with the existing method of purchase. At this time, it is difficult to predict with accuracy whether these cost reductions would also transpire to be budgetary savings. However, this will be monitored and should a saving be accrued it will be used to support current or future savings programmes.

Service Area	Predicted maximum cost during lifetime of the framework
Long Term Residential and Nursing (OA, PD, LD, MH) including contingency	£3.93 billion
Emergency/Respite (OA, PD, LD, MH) including contingency	£40 million
Step Up/ Down short-term services including contingency	£30 million
HCC Total	£4 billion
Health services including contingency	£0.75 billion
Southampton CC including contingency	£1.5 billion
ICB/Other Local Authorities Total	£2.25 billion
Overarching contingency	£1 billion
TOTAL	£7.25 billion

Performance

35. The Directorate works collaboratively with other commissioners and partners to review available insight and intelligence to support evidence-based decision making. The framework provides an opportunity to call-off several tenders for Care Home services and through this procurement process this intelligence can be utilised to ensure we are working with safe and appropriate providers.
36. As part of any call-off contractual arrangements' providers will be expected to participate in contractual management protocols proportionate to their service delivery. These may be services for Older Persons who need Residential and Nursing services those for people with Physical Disabilities, Mental Health needs or those with a Learning Disability. This will be supported through the County Council's Commissioning Teams. All contractual arrangements will have key performance indicators for all providers that will be monitored through automated digital functions, contract management calls and meetings, and shared knowledge with operational teams through regular Boards and Performance Dashboards.
37. Performance measures and monitoring processes will be agreed between all parties and published as part of any future tender opportunities.

Equalities

38. An Equality Impact Assessment (EIA) is included examining areas of consideration for any implications. Findings show that the new framework for Care Home Services will not have any negative or disproportionate impacts on choice and accessibility of services for any individual across the range of protected characteristics who needs residential and nursing services, within available resources and market capacity.
39. The initial call-off from the framework for long term residential and nursing care home services has been assessed as having a positive impact on those individuals with a protected characteristic due to their age or disability. This is due to the initial call-off being for long-term residential or nursing care home services for older adults (those aged 65 or over) whom the 2021 census shows are more likely to have a disability, with 50% of the population of Hampshire over the age of 85 declaring a disability. The initial call off will see the implementation of the choice of accommodation policy ensuring equality of access to services for older adults who are eligible for services under the Care Act 2014.

Legal Implications

40. The procurement will be conducted under the "Light Touch Regime" for 'certain social and other specific services' under the Public Contract Regulations 2015 (regulations 74 to 77). The framework will enable call off contracts to be awarded in respect of any type of residential and nursing care services over the lifetime of the framework.

Conclusion

41. In conclusion, through the introduction of a framework, the County Council believes that it will be in a stronger position to meet the future demand for residential and nursing care while managing spend more effectively. The framework would also support the County Council, Southampton City Council and the Hampshire and Isle of Wight Integrated Care Board to build strong provider relationships with one another and to support the maintenance of a sustainable provider market.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	Yes
People in Hampshire enjoy being part of strong, inclusive communities:	Yes

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

Description of the service/policy/project/project phase: The Adult's Health and Care Directorate (AHC) at Hampshire County Council (HCC) currently source and purchase residential and nursing care for older adults (those aged 65 or over) on a case-by-case basis, utilising market intelligence held by our internal brokerage team. Each service procured is based on a negotiated rate, and although more than one service will be approached, often it is the same providers who will be utilised due to intelligence held. This has meant, over time, costs have escalated, however, this escalation has been steeper over the past two years with residential and nursing placements increasing by circa 15% Between April 2021 and April 2023.

New/changed service/policy/project: AHC want to implement a new way of purchasing residential and nursing placements with external providers that are of a good standard, offer value for money and that deliver safe and effective

services. We want to ensure we are transparent in our approach and that services meet the needs of the Local Authority, providers and the individuals in receipt of the service, through a streamlined and effective process. We want to do this through setting up a Care Home framework which providers who meet our eligibility criteria would sign up to. The framework is likely to remain open for providers to join, so should new residential and nursing homes open, or providers who were not previously eligible to join, become eligible to join, the opportunity is likely to remain for the lifetime of the framework. We will then run a number of individual tender exercises from the framework for the delivery of several different services which we would then contract with a variety of providers to deliver.

These services may be for older adults, younger adults or both. The first tender exercise we will run is for the delivery of long-term residential and nursing care for older adults. Providers will be able to sign up to one or more 'needs profiles' outlining the level of care an individual may require which will have an associated cost. This EIA covers both the purchasing of care via the framework vehicle and also the first 'call-off' for long term residential and nursing care for older adults (65+). Through implementing a Care Home framework we will:

- Provide safe and appropriate care home services for Hampshire residents when they require it
- Move completely away from SPOT purchasing long-term residential and nursing care home placements (an unplanned purchase occurring when there is an immediate requirement, and a purchase must be made) with associated unpredictable costs
- Work with a preferred number of providers that can meet our individuals current and future needs.
- Work with providers at agreed, predictable rates for agreed service levels.
- Ensure we have a sufficient number of providers working with us in each area of the County and a defined framework boundary area - Implement a commercial arrangement that can grow and flex with our needs.
- Implement the Choice of Accommodation policy which sets out how AHC will source placements in future. Namely by offering a placement in one HCC Care home first. Only if there is no vacancy or the home is unable to meet someone's needs will an offer of a home(s) in the wider market then be made. This aligns with the Care Act 2014 requirements - Have a specific care needs driven outcome focused approach to referrals and placements.

Engagement

Engagement with Hampshire Care Association, Integrated Care Board commissioners, Health colleagues and other Local Authority commissioners has begun and is ongoing. A series of area events have been undertaken to engage with providers and seek their input into the eventual design of the framework and service needs specifications to be utilised.

Equalities considerations - Impact Assessment

Age

Impact on public: Positive

Impact on staff: Neutral

Rationale: The move to purchasing care through the Care Home framework will not disproportionately impact those who are older and will have a neutral impact on both staff and individuals. The initial call off for long term residential and nursing placements for older adults, will positively impact those individuals predominantly aged 65 or over who require a placement within a residential or nursing home. Currently Hampshire County Council commission residential or nursing care services for 1.7% of the population aged 65 or over (based on 2021 Census population data).

According to the 2018 Office for National statistics forecasts, the population of those aged 65 or over is due to increase by approximately 10% by 2028, meaning that should we continue to commission services at the same level, the number of individuals likely to receive services commissioned by Hampshire will increase to just under 6,000 per annum by 2028. Through this initial contract providers will be expected to ensure that services delivered are strengths- based (consideration of an individual's own strengths and capabilities, and what support might be available from their wider support network or within the community to help meet and support their care needs) and outcomes focused (working towards an individual's goals and aspirations).

Providers will be working to ensure individuals living within their homes, reach their full potential and maximum personal level of independence. In addition, providers will be expected as part of their contractual obligations to ensure their residents are involved with their local community both through supporting access to the local area and through inviting the local community into the facility. There will be closer monitoring of providers through contract management, which is not currently in place, helping to ensure Hampshire are working with good quality providers and supporting their improvement where needed.

Disability

Impact on public: Positive

Impact on staff: Neutral

Rationale: The move to purchasing care through the Care Home framework will not disproportionately impact those individuals who have a disability and will have a neutral impact on both staff and individuals. The initial call off for long term residential and nursing placements for older adults will positively impact those individuals with a disability who require a placement within a residential or nursing home. Through the long-term contracts providers will be expected to ensure that services delivered are person centred and outcomes focused, working to ensure individuals living there reach their full potential and maximum personal level of independence. In addition, providers will be expected as part of their contractual

obligations to ensure their residents are involved with their local community both through supporting access to the local area and through inviting the local community into the facility as previously outlined.

There will be closer monitoring of providers through contract management, which is not currently in place, helping to ensure Hampshire are working with good quality providers and supporting their improvement where needed. Needs specifications will be developed to ensure a consistency of approach across the residential and nursing care home market and allow for providers (HCC Care and independent providers) to make informed considerations of placement referrals. Improvements to the Pen Picture (a pseudonymised Care Needs summary that assists with placement referral decision making), will help to ensure equality of access to services for individuals with a disability.

The 2021 Census data shows that the likelihood of someone declaring a disability increases with age, with around 50% of the Hampshire population aged 85 or over declaring a disability. Therefore, as these services are aimed at those over 65, it is likely more individuals receiving a service will have a disability. The call off for long term residential and nursing care from a care home framework will ensure equality of access to services for individuals, therefore having a positive impact on those with a disability.

Gender Reassignment

Impact on public: Neutral

Impact on staff: Neutral

Rationale: No anticipated changes to current position expected through programme delivery.

Pregnancy and Maternity

Impact on public: Neutral

Impact on staff: Neutral

Rationale: No anticipated changes to current position expected through programme delivery

Race

Impact on public: Positive

Impact on staff: Neutral

Rationale: The move to purchasing care through the Care Home framework will not disproportionately impact individuals due to their Race. The contract for long-term residential and nursing care will have a positive impact, however as

contractually providers will need to ensure that services delivered are person centred and outcomes focused, working to ensure individuals living within their residential or nursing home reach their full potential and maximum personal level of independence. In addition, providers will be expected as part of their contractual obligations to ensure their residents are involved with their local community both through supporting access to the local area and through inviting the local community into the facility.

This may include but is not limited to ensuring individuals have access to local cultural events or gatherings as required. Providers of these services should also ensure they are delivering culturally appropriate care for individuals through person centred approaches. This may include consideration of food and drink, including in its preparation, handling and eating, their clothes and personal presentation, their religious or spiritual practices or the activities they participate in.

This also applies to information about the service and what it offers, being made available in such a way that promotes equality of access. There will be closer monitoring of providers through contract management, which is not currently in place, helping to ensure Hampshire are working with good quality providers and supporting their improvement where needed. Case studies will be requested to provide assurances as to the person-centred care being delivered and outcomes being achieved for individuals.

Religion or Belief

Impact on public: Positive

Impact on staff: Neutral

Rationale: The move to purchasing care through the Care Home framework will not disproportionately impact individuals due to their Religion. However, the call-off contract for long-term residential and nursing care will have a positive impact. Contractually providers will need to ensure that services delivered are person centred and outcomes focused, working to ensure individuals living within their residential or nursing home reach their full potential and maximum personal level of independence. Providers will be expected as part of their contractual obligations to ensure their residents are involved with their local community both through supporting access to the local area and through inviting the local community into the facility.

This may include but is not limited to ensuring individuals have access to be able to worship in a way of their choosing as appropriate. Or facilitating access to religious events/ occasions in line with an individual's wishes. There may need to be considerations in relation to someone's nutritional intake or clothes/ presentation, due to their beliefs. This also includes access to information about the service and what it offers, being made available in such a way that promotes equality of access. There will be closer monitoring of providers through contract management, which is not currently in place, helping to ensure Hampshire are

working with good quality providers and supporting their improvement where needed. Case studies will be requested to provide assurances as to the person centred care being delivered and outcomes being achieved for individuals.

Sex

Impact on public: Neutral

Impact on staff: Neutral

Rationale: No anticipated changes to current position expected through programme delivery.

Sexual Orientation

Impact on public: Neutral

Impact on staff: Neutral

Rationale: No anticipated changes to current position expected through programme delivery.

Marriage and Civil Partnership

Impact on public: Neutral

Impact on staff: Neutral

Rationale: No anticipated changes to current position expected through programme delivery.

Poverty

Impact on public: Neutral

Impact on staff: Neutral

Rationale: The move to purchasing care through the Care Home framework will not disproportionately impact individuals due to Poverty. The initial call-off for long-term residential and nursing services will see the implementation of the Choice of Accommodation policy for the sourcing of older adult's long-term placements. This policy will mean that Hampshire County Council will offer an equitable service for all residents, but most particularly those that require Local Authority financial support for their placement. In addition, new information resources will be made available to everyone regarding those homes signed up to the framework. This will be available to self-funders as well as those who require Local Authority financial support to encourage engagement with homes signed up to deliver under the long-term care call off to ensure best value for money secured for the service user where possible. The Joint Strategic Needs

Assessment Demography data shows 9% of residents aged 60 or over experience income deprivation.

The Income Deprivation Affecting Older People Index (IDAOPI) ranks 14 areas in Hampshire in the most deprived decile nationally, 12 of these are in Rushmoor where over 23% of the population are from non-white British ethnic groups. However, due to access to services being through business-as-usual routes following a care act assessment and subsequent financial assessment, the recording of such impact and data related to how many individuals accessing services are living in poverty is not specifically part of the framework programme.

Rurality

Impact on public: Neutral

Impact on staff: Neutral

Rationale: The move to purchasing care through the Care Home framework will not disproportionately impact individuals due to living rurally. However, through the implementation of the Choice of Accommodation policy as part of the long-term residential and nursing care call-off, individuals will be given access to a wider geographical choice of homes dependent on their needs, for long term care provision. This means that those living rurally will have equal access to homes in both rural and urban areas based on their assessed needs and personal preferences.

Geographical Impact: All Hampshire