

SUBJECT: Implementation of the Strategy for Commissioned Domiciliary Care in Monmouthshire and Procurement Process for block contracts in the South.

MEETING: DMT

DATE: 25.09.24

1. PURPOSE:

To seek approval for the proposed block contract arrangements in the south and approval to commence the procurement process.

2. RECOMMENDATIONS:

- i. DMT approves the proposal for the block contracts in the south.
- ii. DMT approves the commencement of the procurement process for block contracts in the south from October 2024.
- iii. DMT notes the open tendering nature of the procurement process and the potential financial implications depending on the successful bid prices.

3. BACKGROUND:

3.1 In May 2024 Cabinet approved the Strategy for Commissioned Domiciliary Care in Monmouthshire (Appendix 1). It has three strategic objectives to effectively respond to the challenges within the domiciliary care sector in Monmouthshire:

- (1) Provide sustainable high quality domiciliary care to those with an assessed need within Monmouthshire.
- (2) Maximise the cost effectiveness of the care purchased, with less diversity of cost between providers.
- (3) Improve and standardise terms and conditions for the domiciliary care workforce, supporting with stability of workforce within providers.

3.2 The strategy has a phased implementation plan. The key action areas for Phase 1 are set out below:

- Implementing a new contract in the South offering fixed blocks of hours.
- Implementing new spot purchasing arrangements in the South.
- Implementing a new brokerage system for block and spot contracts
- Enhancing monitoring of delivery hours and improving payment processes
- Developing a locality specific plan for the Central area for phase 2.

3.3 Progress Update

3.3.1 Considerable progress has been made over the last months in delivering phase one with the focus on the block contracts. The indicative timetable has been revised to reflect a change from February to April 2025 as the implementation date for the new block contract. Given the complexity and unknown variables of the procurement process it may be that the indicative timetable will change.

3.3.2 BLOCK CONTRACT DESIGN PRINCIPLES: These have been developed for the block contract arrangements in the south. They reflect the areas for development within the strategy, supporting the strategic objectives. The principles are:

Model of care:

- Quality of the intervention and the benefit it achieves, rather than just time and task
- Promoting independence reducing unnecessary dependence on services through an enabling and strengths -based approach
- People accessing the resources available in our communities

Type of care and support:

- Long term care and support including personal care for older people, people with disabilities and mental health needs and people with dementia
- Weekly allocation of support hours for people

Contract type:

- 4 years with potential for 2-year extension plus a further 2 years
- Block contract guarantying a fixed number of care hours

Geographical lots and zones:

- The south of Monmouthshire will be divided into geographical lots with sub zones.
- There will be a fixed hours per lot, initially reviewed quarterly in year one and then reviewed biannually thereafter

Predictable payment model:

- Hourly rates will include all costs such as travel, bank holidays, weekends etc
- A flat hourly rate with no premiums for calls less than 1 hour
- 4 weekly payments in advance

Commissioned workforce terms and conditions:

- Requirement to pay at real Living Wages for eligible staff
- Common minimum travel expenses rate of 45p mile

Monitoring and evaluation:

- Electronic call monitoring and other data to be provided quarterly by providers regarding all metrics including outputs and outcomes.

3.3.3 ENGAGEMENT WITH PROVIDERS: Engagement with existing providers commenced in May with the sharing of the Strategy. Since then, a Prior Information Notice has been published on Sell2Wales advising all potential providers of our

intentions. A full report on market engagement activity and outcomes is attached as Appendix 2.

3.3.4 An initial in person market engagement event was held on 20th August to share the proposal and seek feedback to shape the final version especially on the lots and zones. It was an invaluable in testing out our plans. Comments and feedback have been considered and used to inform the final proposal, specifically:

- Revision to the proposed lots and zones:
- Consideration of 2 blended rates one for urban and one for rural zones
- Revisions and amendments to draft service specification and contract

3.3.5 A follow up online engagement event was held on 11th September to share the final proposal, and a set of frequently asked questions has been published on Sell2Wales.

3.3.6 ENGAGEMENT WITH PEOPLE RECEIVING THE SERVICE: Appendix 3 is a report of the engagement activity and outcomes. In June 2024 all people receiving commissioned domiciliary care in the south were written to advising of the strategy. In July people were invited to share their views on the way care is currently delivered and what might help it improve. Packs were sent to 191 people with easy read, Welsh and English letters and questionnaires, and link to an online questionnaire.

3.3.7. Overall people reported they are happy with their care now, and feel it is delivered by well trained staff, who are kind to them and by agencies they can contact. However, a smaller number of people do feel they have too many different carers supporting them, and that care is delivered at a time that doesn't suit them.

3.3.7 Twenty-two out of forty-five respondents fed back on how things could be improved. An area most consistently highlighted was receiving care at the right time for them from people they know. It is clear people want care that meets their specific needs rather than is one size fits all. Several people also raised the importance of fair pay including travel expenses and time for carers. Seven people didn't want anything to change.

3.3.8 A service user focus group on 5th September was attended by 5 people. People were broadly in support of the proposals; they were most interested in being supported by a team of consistent carers, with good communication and other soft skills, alongside comprehensive training so they are able to fit into their households and provide positive support. Ensuring a well-supported, paid and trained workforce was also important.

4. KEY ISSUES: THE PROPOSED BLOCK ARRANGEMENTS IN THE SOUTH

4.1 This section sets out the key aspects of the proposal for the block contract arrangements in the south of the county.

4.2 LOTS AND SUPPORT HOURS: A thorough analysis of the "Placed Based" geographical areas was undertaken to understand whether these areas should form a basis for the lots and zones within the future block contract. It was clear that due to the disparate and differential nature of the areas that they are not conducive operationally.

4.2.1 Four geographical options for the lots and zones were worked up and an options appraisal undertaken. The preferred option was to divide the area into 3 lots, with each lot being made up of zones. The proposed lots and zones were shared at the first market engagement event and feedback gained from providers on their feasibility etc. This was

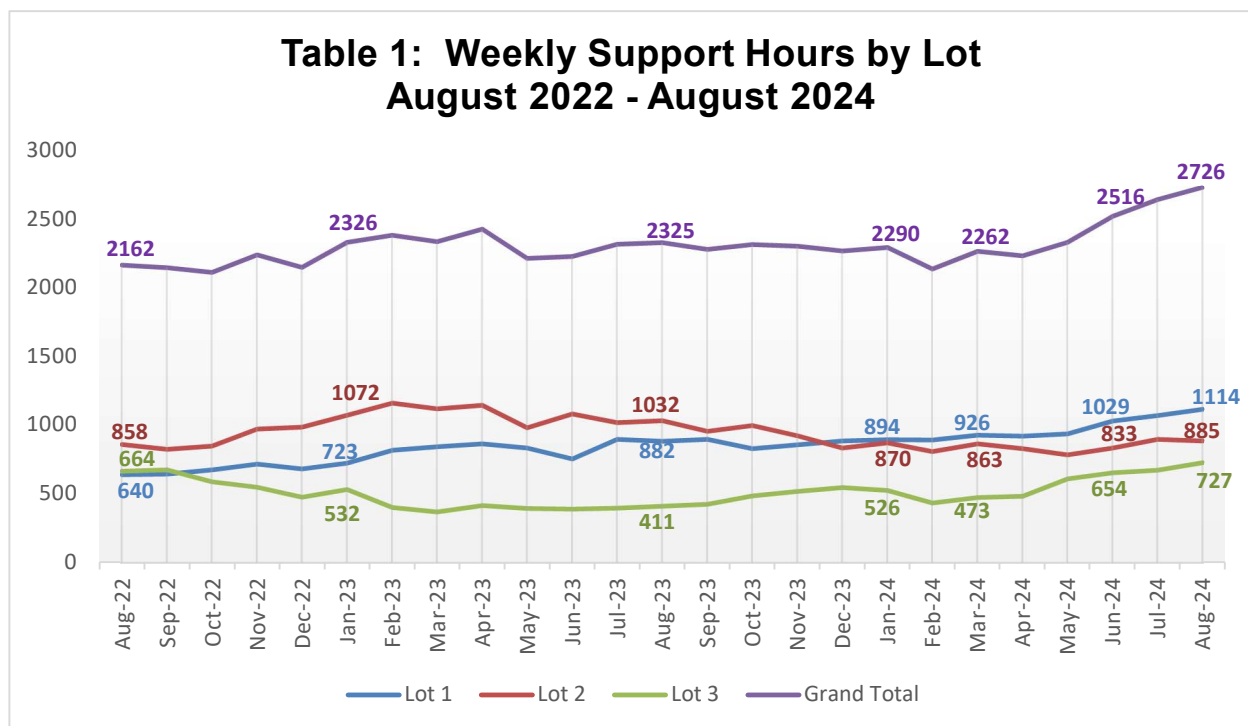
extremely helpful and as a result revisions were made to the lot boundaries and the number of zones, resulting in the final proposal being presented below:

- **Lot 1:** Chepstow Town and Rural,
- **Lot 2:** Caldicot Town
- **Lot 3:** The Levels and Rural.

4.2.2 Each Lot has allocated weekly care hours forming the basis of the block contract. The hours to be included within the tender have been calculated based on several factors, i.e.:

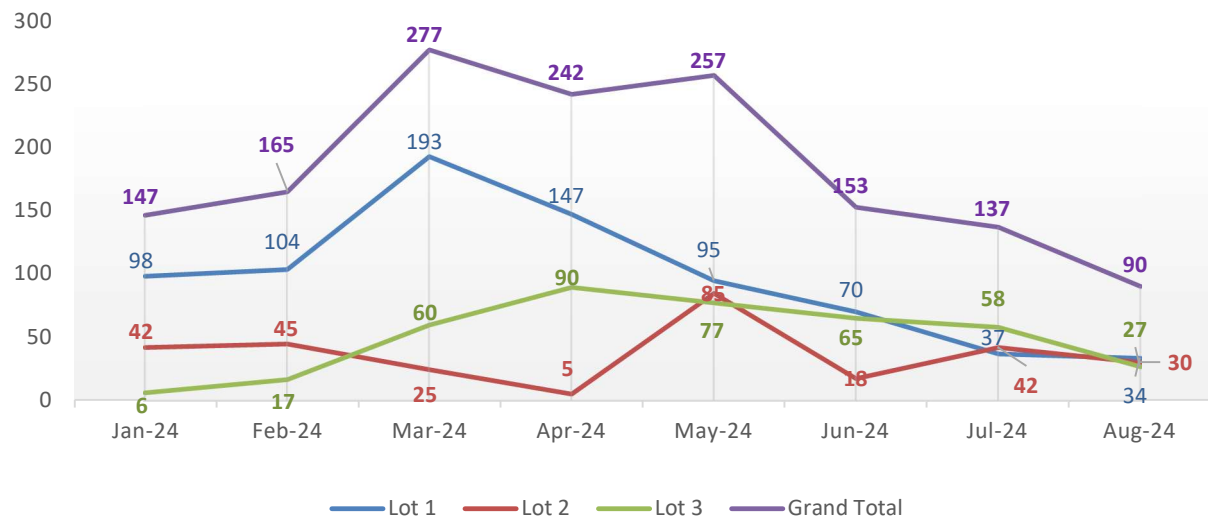
- Hours of care delivered in August 24,
- Hours of unmet need in August 24,
- An analysis of support and unmet need hours between August 2022-2024
- Estimation of impact of current reviews of support packages (5% reduction)

4.2.3 Table 1 below shows the hours of support delivered in each of the three lots over a 2-year period. Each lot has seen an increase in hours during this time however the extent of that varies. Since January 2024, Lot 1 has increased by 15% and Lot 3 has increased by 41%, whereas Lot 2 has remained the same (0.3%).

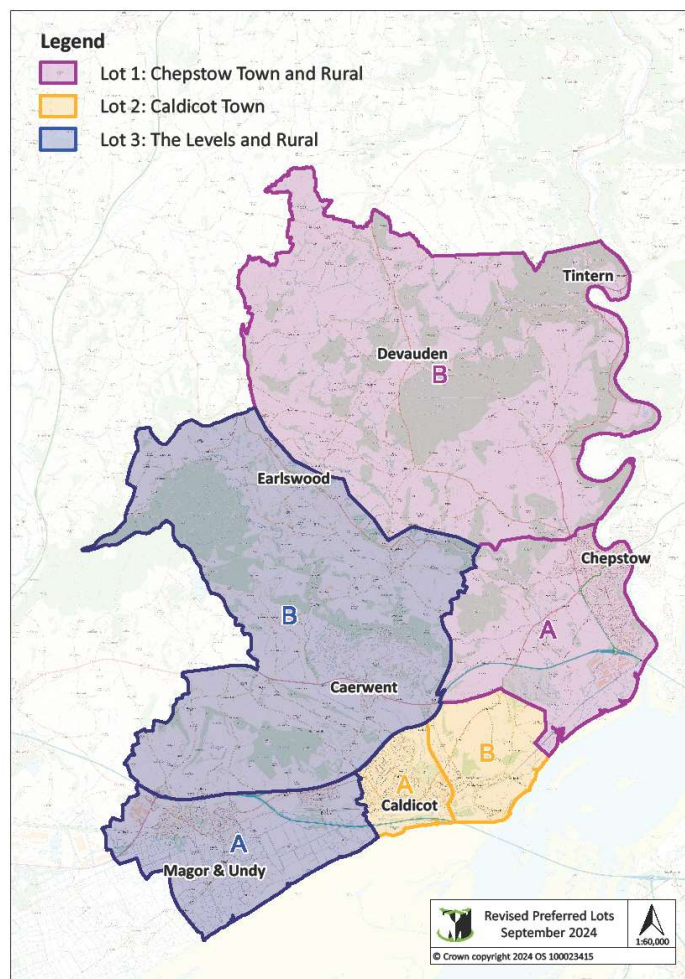


4.2.4 The way in which unmet need data has been collected has changed considerably this year. Therefore, in calculating the level of unmet need to be included within the proposed tender for the block contracts, only data from January 2024 to August 2024 has been considered as it is more accurate than data preceding this date.

**Table 2: Unmet need by Lot
January 2024 - August 2024**



4.2.5 The map below shows the proposed Block Contract Lots and Zones which will form part of the procurement process:



4.2.6 Table 3 sets out the weekly contract hours which will be put out to tender. They will be subject to finalisation at contract award. Appendix 4 is a map showing the people currently receiving support and unmet need within each of the lots.

	Table 3 Weekly Contract Hours for Procurement									
	Lot 1: Chepstow Town and Rural			Lot 2: Caldicot Town & surrounds			Lot 3: The Levels and Rural			
	Zone A (Urban)	Zone B (rural)	Total	Zone A (urban)	Zone B (Urban)	Total	Zone A (Urban)	Zone B (rural)	Total	
Hours	991	92	1083	820	59	879	522	183	705	2667
People	61	8	69	66	7	73	44	13	57	199

4.2.7 Service delivery hours are constantly variable and establishing a baseline/core set of block hours is challenging. The hours as shown in table 3 will form part of the published tender information which will stipulate that the hours are illustrative and may vary slightly and will be finalised at contract award, to accurately reflect demand at that stage. The contract hours will be reviewed every 3 months in year one and twice yearly thereafter.

4.3 THE CONTRACT: The intention is to go out to tender for all three lots for a 4-year contract with an option to extend for 2 years and a further 2 years; a maximum 8 years in total. 1 provider will be awarded the total hours for each lot, including the provision of all support in every zone within the lot: both urban and rural areas. A provider may bid for all 3 lots but only 1 lot will be awarded per provider. The result will be 3 block contract providers operating in the south of the county. Spot contracting arrangements will be available for exceptional circumstances where the block contract arrangements are not suited but these arrangements must be kept at an absolute minimum.

4.3.1 Three options were considered for the tender price/rate: Council set rate, Council set min and max rate or open tender rate. Advice from Ardal is that to set either a fixed rate or a min and max rate, the Council would need to demonstrate that it had undertaken a thorough assessment of the current costs of domiciliary care in Monmouthshire to establish the rate level/s. Given the work and time required to undertake this and the benefits of open/competitive tendering it was agreed to proceed with an open process. The Council has no control on tender price submissions. Cost will form 40% of the scoring process. Due to the unknown nature of the tender submission/awards rates it is not possible to calculate the costs of the future contracts.

4.3.2 As part of the tender process, providers will be required to submit a tender rate. It must be a blended rate which includes all costs such as weekend, bank holiday enhancements, travel costs, travel time, etc. There will be no premiums for sub hour calls. In recognition of the specific implications of providing support in more rural areas, providers will be able to submit separate urban zone and rural zone rates for Lots 1 and 3. Lot 2 will attract 1 single blended rate applicable to both zones which are classed as urban. A pricing schedule and pricing matrix have been developed which providers will need to complete as part of their tender. These will provide detailed breakdowns of provider costs and support evaluation and contract award.

4.3.3 Tender bids will need to include all costs etc applicable for the 1st year of the contract i.e. 2025-2026. No uplift will be applied in year 1. Uplifts from year 2 will be set by the Council and will be informed by changes to legal requirements such as rLW or NI

and inflationary factors. The cost data provided within the tender pricing matrix and schedule will establish the baseline for any forthcoming uplifts.

4.4 PAYMENTS: Block contract providers will receive 4 weekly payments in advance of 85% of the contract value. A monthly validation process will be the mechanism for further payment where the hours delivered have exceeded the 85% advance payment up to a maximum of 100% of the contract hours. It is expected that service delivery will ebb and flow on a weekly basis but remain within the stipulated tolerance level within the contract. The contract hours will be reviewed quarterly in year 1 and then twice yearly thereafter to allow for any consistent changes in demand. Where a provider's hours consistently vary outside of the agreed tolerance, they will be required to advise the Council for further discussion etc. The tolerance levels and clauses regarding flexibility are being finalised ready for the procurement process. This will include whether flexible weekly hours or daily allocated call times for people will be used.

4.5 CONTRACT DOCUMENTATION: A detailed service specification and set of terms and conditions are nearly complete and have been developed with care management, finance and legal colleagues. These documents will form part of the published procurement information. Appendix 5 is a draft version of the Service Specification.

4.6 RISK LOG: The MCC Corporate Procurement Rules require the production of a risk log for each procurement process, signed off by the relevant Head of Service. The risk log is attached as Appendix 6. Key risks and mitigating actions include:

- Destabilisation of providers and market.
- Existing providers may lose business.
- Loss of continuity of care
- Unsuccessful incumbent providers hand back their hours of support before the end of the 3 month notice period.
- Insufficient time and capacity of commissioning colleagues to complete all the necessary paperwork by the 10th October, in preparation for the tender date of 21st October 2024.

The most significant risk now relates to commencing the tender process on 21st October due to the considerable works that needs to be completed. If the work is not completed and/or considered by Cardiff Procurement to be of a sufficient standard for the tender process the date will need to be extended. Ensuring the documentation of sufficient standard for going out to tender reduces the risk that the level of clarification questions within the tender process leads us to have to provide a further extension for potential tenders or worse puts potential providers off applying.

4.7 NEXT STEPS AND PROCUREMENT TIMETABLE. The indicative timetable is set out below which may change dependent on outcomes of the procurement process:

TUPE information obtained	27 th September 2024
Tender Published	21 st October 2024
Contract Sign Off	27 th January 2025
Contract Award	10 th February 2025
Contracts fully in place	26 th April 2025

5. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

5.1 An Integrated Impact Assessment has been undertaken which is regularly reviewed and updated. It is attached as Appendix 7 and a summary from Section 8 identifying the significant positive and negative impacts is below:

Positive Impacts:

- The proposed changes to the way in which we commission domiciliary care should improve capacity and resilience in the sector, whilst ensuring best use of public funds. This will ensure there is as far as possible sufficient quality care at the right cost to meet the individual's needs. The Spot Purchasing arrangements (which will run alongside block contracts) will also provide a way in which very specialist care and support can be purchased.
- The new commissioning model will enable a cost effective, secure and resilient model of care commissioning and delivery which will seek to provide best possible outcomes for individuals who require care.
- The mandating of common employment terms will improve equity in the sector, improve consistency and provide greater security to the workforce.

Negative Impacts:

- Individuals who currently receive care and support may be impacted by changes in care provider. This may cause some anxiety and uncertainty.
- Providers and who are not successful in winning the tender will be impacted, with the workforce potentially being transferred under TUPE regulations.

6. REASONS:

6.1 The Strategy for Commissioned Domiciliary Care in Monmouthshire was agreed by Cabinet in May 2024 and sets out the way forward in delivering care in the county. A key action for phase 1 is the implementation of block contract arrangements in the South of the county. Approval of this proposal will enable this action to be undertaken.

6.2 The proposals set out within this paper have been developed to secure sustainable and quality care in a cost-effective way.

7. RESOURCE IMPLICATIONS:

7.1 The tender process for the new block contracts will be an open one and therefore the potential costs of the new contracts cannot be identified at this stage.

7.2 An assessment of the potential financial implications of differing tender rates has been made, to do this we needed to quantify the current costs and spend on commissioned domiciliary care in the south. To ensure as accurate an estimation as possible, a consolidated costing methodology was used. Calls of 15, 30 and 45 minutes attract premiums to the hourly rate, with a 15-minute call paid at 20% of the hourly rate, 30-minute call paid at 60% and 45-minute call paid at 80%. Understanding the level and impact of these sub one-hour calls is necessary to understand the true cost of care.

7.4 The consolidated methodology factors in the hourly rate of each provider, their costs for sub hour calls and their total hours of delivered care in any given month (based on planned hours). This is then used to calculate an estimated consolidated rate for every hour of purchased care across all providers and the total cost/spend for that month.

7.5 Based on August planned data the estimated consolidated cost of an hour of care is £30.74 per hour. Approximately 2726 hours per week were delivered in August, applying the consolidated hourly cost of £30.74 per hour this equates to a notional annual spend of £4,374,522. Using this consolidated rate as a benchmark, successful tender rates of below £30.74 per hour would result in a cost reduction per hour of price paid.

7.6 Since January 2024 there has been an increase in the level of domiciliary care purchased in the south of 19%. If the hourly rate of the successful tenders is lower than the August consolidated rate of £30.74, there is still the potential for an increase in spend for the Council if there is an increase in number of hours of care purchased.

7.7 As stated before, the actual costs of the block contracts will not be known until the procurement process has been completed and the contracts awarded. As per the timetable this should be confirmed by end of January 2025.

7 CONSULTTEES:

- Integrated Service Managers – SCH
- SCH Finance Manager
- Ardal – Cardiff CC Procurement
- Head of Adult Services

8 BACKGROUND PAPERS:

Appendix 1: A Strategy for Commissioned Domiciliary Care in Monmouthshire
Appendix 2: Overview of market engagement report.
Appendix 3: Engagement with People Receiving Support report
Appendix 4: Map of Lots with current provision and unmet need.
Appendix 5: Draft Service Specification.
Appendix 6: Risk Log
Appendix 7: Integrated Impact Assessment

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