

Agenda Item 9.1

Committee/Meeting: Cabinet	Date: 1 December 2010	Classification: Unrestricted	Report No:
Report of: Corporate Director of Children, Schools & Families Originating officer(s) Kate Bingham, Head of Resources		Title: Children, Schools & Families Contract Awards Wards Affected: All	

Lead Member	Councillor Oliur Rahman (Children Schools & Families)
Community Plan Theme	A Healthy Community
Strategic Priority	<ul style="list-style-type: none"> • Providing high quality accessible services • Ensuring integrated planning and treatment for patients with multiple health needs

1. **SUMMARY**

- 1.1 Following a rigorous tendering exercise conducted in accordance with Council procedures it was recommended that contracts be awarded for the delivery of healthcare and personal care for disabled children to BUPA Healthcare and Allied Healthcare.
- 1.2 This report seeks permission for the Corporate Director of Children, Schools & Families to award contracts for the delivery of these services to the above organisations and to enter into these agreements from 1 February 2011 to 31 January 2014.
- 1.3 The award of these contracts will allow us to secure efficiencies in the region of £229k per annum and will enable us to continue to provide employment opportunities to the local workforce as providers will be expected to recruit from within the borough.
- 1.4 We recognise the significant role third sector providers' play in supporting vulnerable children and young people in the borough and we will continue to work with a range of providers to deliver services on behalf of the council.
- 1.5 Families who wish to continue receiving care from existing providers will be given the opportunity to do so through the use of direct payments. This will enable them to purchase the service independently.

2. **DECISIONS REQUIRED**

Cabinet is recommended to:-

- 2.1 Authorise the Corporate Director of Children, Schools and Families to award the contracts for services to BUPA Healthcare and Allied Healthcare on behalf of the Authority as below:

Provider	CQC Grade	CQC Inspection Grade	Contract Value	Contract period
BUPA Healthcare	Nursing Care	3* (excellent)	£750,000	1 February 2011 – 31 January 2014
Allied Healthcare	Personal Care	2* (good)	£1,042,587	1 February 2011 – 31 January 2014

3. **REASONS FOR THE DECISIONS**

- 3.1 Section 17 of the Children Act 1989 places a duty on the Council to provide personal care to disabled children who need these services. Provision of the services also addresses the national responsibilities of the Council under the Children Act 2004, as well as contributing to 'a Healthy Community'.
- 3.2 At present, 65 disabled children receive personal care and 41 receive nursing care. Their disabilities range from Autistic Spectrum Disorders (ASD), learning or physical disabilities and complex needs due to health-related conditions.
- 3.3 Personal care is currently spot purchased from 6 providers and for nursing care, we use a nursing care agency. Some children who need nursing care can have life threatening illnesses that require intensive amounts of care. In 2008-9, the costs for one child who required nursing care equated to a weekly rate of £4,394, with the cost making up 40% of the personal and nursing care budget of £571,957. In 2009-10, the expenditure on personal and nursing care rose to £825,610 - a 31% increase on the previous year. Spot purchasing is in general considered to be a poor value for money way of delivering these services; it also means that we have very little control or certainty over costs.
- 3.4 The tender process that we used was in accordance with the Council's procedures on procurement and was fair, open and transparent. The opportunity was widely advertised. In particular, organisations currently delivering the services were kept informed, and help and advice was offered; including about the possibility of setting up consortia where they were too small to deliver the contract alone.
- 3.5 The total fixed amount of the new contracts will be £1.793m over a 3 year period, giving a current annual cost of £0.597m. This compares to the current cost of £0.826m for spot purchasing, based on the 2009-10

expenditure. Therefore the cost saving will be in the region of £229k a year, and £687k over 3 years.

- 3.6 As part of the contracts, children and young people will have primary and secondary carers allocated to them, so the families will receive services from familiar carers. This will ensure that the children and young people receive a reliable and consistent service from a small team of workers that they are familiar with and who are familiar with and trained appropriately to meet their needs.
- 3.7 Local employment featured in the tender selection process and consideration was given to the intention of organisations to employ local staff, to ensure that families have access to carers who understand and can respond to their cultural needs.
- 3.8 Contracting with the two providers will enable a maximum of 76 children and young people to be provided with personal care and 41 with nursing care, a total of 117, compared to 106 in 2009-10. The personal care contract includes the capacity for Allied Healthcare to provide for 11 more children than is currently the case. This will enable the local authority to contain the additional care costs over the three year period, within the price of the new contract, should there be an increase in the number of children needing care. Otherwise, we would need to spot purchase for the care of the additional children, at a higher cost; thereby reducing the level of cost savings.
- 3.9 The contract will prevent the escalation of costs we have seen in recent years, as the funding amounts are fixed. It will also allow for greater scrutiny of safeguarding practice. The new contracts also include feedback from families about how they would like the service to be improved – so, overall, they should provide a better service to more children for less money.
- 3.10 The tenders for this contract award were submitted a year ago; therefore all providers that submitted tenders were recently contacted to ask if the information submitted in their tenders still stands. Both BUPA and Allied Healthcare have confirmed that this is the case.

4. BACKGROUND

- 4.1 These contracts deal with two types of care that we are required to provide to some severely disabled children. Nursing care (which will be funded by health) is health-focused care provided by specialist nursing staff – which might include helping with medication, for example. Personal care is less specialised general homecare, and includes services like helping children with severe disabilities to wash, use the toilet, and dress.
- 4.2 Independent consultation was carried out in 2008 with children, young people and families who were in receipt of personal care. They felt the service could be adapted to better meet their needs and to improve the quality of the

service. The key messages from the findings were that the children and young people wanted their carers to:

- visit them more often;
- talk more slowly and quietly;
- play with them more, so that they had more fun experiences;
- keep their emotions under control, so that when they were naughty, once they apologised, this would be the end of the matter;
- take them onto the school bus, bath them in the evening and get them dressed;
- and communicate with them better.

Parents wanted their children's carers to be available on a regular basis; to be more punctual; to be able to be alone with their children and to take them out.

- 4.3 As a result of both the high and increasing costs of spot purchasing the services, and the views of parents and children that the existing system was not delivering what they wanted, we carried out a contracting exercise to move towards a single contract for personal care, and a single contract for nursing care.
- 4.4 These contracts deal with two types of care that we are required to provide to some severely disabled children. Nursing care (which is funded by health) is health-focused care provided by specialist nursing staff – which might include helping with medication, for example. Personal care is less specialised general homecare, and includes services like helping children with severe disabilities to wash, use the toilet, and dress.
- 4.5 The focus of the new services will be to enable children to have their views heard, to promote their independence, to enable them to harness peer relationships and empower them to participate in a full range of activities. The services will also support parents/carers to feel sufficiently confident to identify their own solutions for addressing their needs, and enable them to use interventions to improve the outcomes for their children.
- 4.6 A robust tendering exercise was undertaken in accordance with Council procedures. Existing providers were contacted to notify them of the plans to tender for the service. We also informed the Voluntary Sector Children and Youth forum (VSCYF) so that they could notify a wider number of local voluntary organisations and offer capacity building support to those organisations that required this.
- 4.7 A providers' forum was held prior to the submission of the tenders and all providers were fully briefed on the process and service specification and were given the opportunity to discuss with officers what was expected of them and to ask questions. The questions and answers were subsequently forwarded to other interested organisations who did not attend the event.

4.8 The tender pack, which was sent to all organisations that were successful at the preliminary stage, included clear guidance to support them in completing the tender. This included the criteria they were to be judged against, along with their weightings. In particular, they were asked to demonstrate in their bids how they would address parents' and children's' priorities for the improved service. We also included a strong equalities element in our specification, asking bidders to:

- Demonstrate how they would support and promote parity of outcomes for all participants, and bearing in mind that many families speak little or no English, ensure that any language barriers were addressed.
- Detail how they would initially engage with the families of disabled children to ensure they could fully access the service.
- Demonstrate their commitment to equality and diversity, including how they will promote a workforce to reflect the local community.

The pack also included the detailed specification for the services that were being tendered.

4.9 Seven tenders were submitted across both lots and these were considered by an evaluation panel which included two independent panel members. These were the parent of a disabled child and an external consultant. The remaining panel members were council officers. The bids put forward were scored and assessed, taking into account not only the cost, but also the quality of the service to be offered, and the equalities points set out above. For nursing care, BUPA Healthcare was the strongest bidder, and for personal care, Allied Healthcare was the strongest. In both cases, the organisations were strongest by some distance, significantly out-scoring their nearest rivals, and representing not just better value for money, but also a better service for children and young people, with good proposals and guarantees in areas like employment of local people.

4.10 The effectiveness of the services will be measured through quarterly monitoring to evaluate the organisations' performance against key performance indicators to ensure they are meeting their contractual requirements. In addition, the organisations will be subject to more stringent finance monitoring. Quarterly service review meetings will also take place that involve LBTH service and PCT service managers and commissioning officers.

4.11 In addition, as part of the service contracts, the providers will have to publicise their complaints policy and report back to the Council on a quarterly basis on the complaints received, the nature of the complaints and any action taken as a result of the complaints.

4.12 Both BUPA and Allied Healthcare will also be subject to annual inspections by the Care Quality Commission (CQC) who will grade them against the expected standards.

- 4.13 In order to ensure continuity of care for those families who want to continue to receive support from existing providers, we will offer them the option of accessing direct payments, so that they can purchase services directly. We will also work with families who choose to receive support from the new providers, to ensure a smooth transition into the new services.

5. ALTERNATIVE OPTIONS

5.1 The alternative options that have been considered include:

- Collaborating with another local authority/PCT. Although this area was explored, most of the authorities contacted had either already commissioned their services, or were already underway with the tender process. As a result, this option was ruled out.
- Tower Hamlets PCT has its own nursing care service - the Community Nursing Team. However the service does not have the capacity to deliver these services currently or in the near future. However, it may be in a position to provide the services by the time the service is due for re-commissioning, and if it were, we would look to work with them.

6. COMMENTS OF THE CHIEF FINANCIAL OFFICER

6.1 These costs are currently met from the pooled budget with the Primary Care Trust. The proposed contracts consolidate activity with 6 providers currently used for personal care and one for nursing care into 2 providers for a fixed contract cost over three years. The costs of the contracts indicate a saving in the region of £0.229m in a full financial year. This efficiency saving will assist the Children's Social Care division in managing the cost pressures within its budget, that have been reported through the quarterly monitoring process. Moreover, this saving will assist in delivering the department's share of budget reductions as part of the Medium Term Financial Strategy.

7. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

7.1 Under section 17 of the Children Act 1989 and Part 2 of the Children Act 2004, the Council has a duty to provide personal care to children in need and specifically disabled children (section 17(10)). The Council may contract or make arrangements with any person in connection with these functions.

7.2 Section 3 of the Local Government Act 1999 requires best value authorities, including the Council, to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness".

- 7.3 The procurement procedure described above complies with the Council's procurement procedures and should be open for Cabinet to conclude that the proposed contracts will result in best value having regard to the duty outlined above.
- 7.4 The contracts are for Part B Services and so the full provisions of the Public Contract Regulations 2006 do not apply. However they are still expressly subject to the equality and transparency obligations under the Regulations and there is a requirement

8. ONE TOWER HAMLETS CONSIDERATIONS

- 8.1 Personal care aims to target specific groups who are recognised as being at risk of experiencing inequality and social exclusion. These groups have been identified through a thorough analysis of statistical data and feedback as part of a comprehensive needs analysis. The services have been commissioned with the aim that the support provided assists with improving outcomes for these groups of children, young people and families.
- 8.2 Support services for children in need and their families, promotes the welfare of children and the effective functioning of families within the community. As such, they are key to progressing the social inclusion policies of both central government and the Council.
- 8.3 Some concerns have been raised about the fact that the contracts have been won by large private providers, whereas the previous spot-purchase arrangements included small local organisations. However, the levels of local employment are unlikely to change significantly (if at all) as both personal care and nursing care are almost invariably delivered by a locally-recruited workforce, and we have also sought and received clear commitments on this and on other equalities issues from the providers.

9. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 9.1 There are no specific issues arising from this report. Both companies have environmental and energy saving policies in place.

10. RISK MANAGEMENT IMPLICATIONS

- 10.1 Detailed service specifications will be drafted and appropriate monitoring arrangements maintained to minimise risk of underperformance of these services. Service agreements contain appropriate dispute, clawback, liability and termination clauses.
- 10.2 Monitoring of the finances of agencies with service level agreements usually takes place on a quarterly basis. As there is a risk that care agencies could become insolvent, the finances of the companies will be subject to closer scrutiny and will be monitored a monthly basis, rather than quarterly.

11. CRIME AND DISORDER REDUCTION IMPLICATIONS

11.1 There are no crime and disorder implications.

12. EFFICIENCY STATEMENT

12.1 We have been able to increase the number of children, young people and families who will benefit from these services, through the tender of services for children with disabilities. The services will also be delivered within a reduced funding envelope.

13. APPENDICES

Appendix 1 – Consultation with children and young people with complex needs

**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
None	N/A