

Committee/Meeting: Cabinet	Date: 4 August 2010	Classification: Unrestricted	Report No:
Report of: Corporate Director of Children, Schools & Families Originating officer(s) Susan Acland-Hood, Head of Strategy, Partnerships & Performance		Title: Children, Schools & Families Contract Awards Wards Affected: All	

Lead Member	Councillor Shiria Khatun (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 September 2010 to 31 August 2013.

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 September 2010 - 31 August 2013
Allied Healthcare	Personal Care	2* (good)	£1,042,587	1 September 2010 - 31 August 2013

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 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 close to £700k over 3 years.
- 3.5 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.

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.

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 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.
- 4.2 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 better at meeting their needs. The key messages from the findings were that children and young people wanted their carers to communicate with them better and to play with them more. Parents wanted their carers to be available on a regular basis; to be more punctual; to be able to be alone with their children and to be able to take them out.
- 4.3 As a result both of the high and increasing costs of the service, 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 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.
- 4.5 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 organizations and offer capacity building support to those organizations who required this.
- 4.6 Organisations 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 are 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.
- 4.7 The tenders were considered by an evaluation panel which included an independent panel member and a parent of a disabled child along with 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

were the strongest bidder, and for personal care, Allied Healthcare were the strongest. In both cases, the organizations 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.

- 4.8 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.
- 4.9 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.
- 4.10 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 been 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 each 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.

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