

SEQOL contract

Cabinet

Date: 10th February 2016

Author:	Cabinet Member for Adult Health and Social Care Head of Commissioning – Children and Adults (Interim Director of Adult Social Services DASS)
Wards:	All
Locality Affected:	All
Parishes Affected:	All

1. Purpose and Reasons

- 1.1 Swindon Borough Council and Swindon Primary Care Trust commissioned SEQOL as an employee owned social enterprise in 2011 as part of the NHS reorganisation programme 'Transforming Community Services'. The SEQOL contract is ending in March 2016 and there is now a need to consider the future options for Swindon Borough Council and the Clinical Commissioning Group (CCG), successor of the Primary Care Trust.
- 1.2 The report sets out the review of the existing community health and social care model in Swindon which is currently provided by SEQOL considering the national and local policies. It takes account of the need to manage demand for adult social care and achieve financial balance and reasons for recommending the issuing to SEQOL, of a 12 months' notice period as required by the contract.
- 1.3 The changes are also required in order to support reducing the demand for specialist adult social care services whilst also contributing to the Council Budget 2016/17 savings and beyond.
- 1.4 The proposals within the report contribute towards the Council's vision for Swindon, and particularly priority four; "Help people to help themselves while always protecting the most vulnerable children and adults."

2. Recommendations

Cabinet is recommended to:

- 2.1 Endorse the approach set out in this report to give notice to SEQOL on the contract to deliver community health and social care services and make significant savings through reduction in management, cost of services and control over Older People care packages of £1m for Swindon Borough Council. This will also assist in the managing of demand for older people care packages which is currently predicting an overspend of £1.7m in 2015/16
- 2.2 Agree with the decision of the Governing Body of the Clinical Commissioning Group for a 12-month notice period to be issued to the current provider to enable the CCG as commissioners to develop and implement a managed process to assess the capability of existing local providers to deliver the new model of care.

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- 2.3 Note that a further paper will be presented to the CCG's March Governing Body meeting which will describe next steps required to put in place a managed process, the options for contractual models and payment mechanisms.
- 2.4 For the reasons detailed in the body of the report, authorise the Head of Commissioning – Children and Adults to:

Commissioning

- 2.4.1 Work with the CCG to develop arrangements for a pooled budget for the commissioning of health and social care services to maintain integration of commissioning of services in line with the intentions of the Better Care Fund (BCF) and NHS 5 Year Forward View and bring detailed proposals to a future meeting of the Cabinet;

SEQOL Service Provision

- 2.4.2 Insource social work services for adults and hospital social work whilst maintaining co-location of hospital social work services within Great Western Hospital with the option of moving to a future Section 75 Agreement with a future integrated health provider;
- 2.4.3 Work with SEQOL to reshape the remaining services that do not easily fit into the model of an integrated acute and community health service and retender such as Shared Lives (Adult Placement Team), day services for those with a learning disability and older people and housing support whilst achieving savings. SEQOL would be able to tender for these services;
- 2.4.4 Commission and tender tele care, telehealth, equipment and Rapid Response and Reablement services as part of the commissioning of domiciliary care and community support services;
- 2.4.5 Commission Single Point of Access jointly with CCG as part of the Accountable Care Organisation;
- 2.4.6 Re-tender the existing residential care homes, modelling Fessey as a facility for individuals with dementia and reviewing the long-term options for Whitbourne House; and
- 2.4.7 SEQOL to continue to provide supported employment and Building Futures (Supported Housing for individuals) services.

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3. Detail

Commissioning

- 3.1 Swindon Borough Council and Swindon Clinical Commissioning Group (CCG) have a National Health Services Section 75 Agreement for the commissioning of services with an aligned budget for health and social care of £130m, of which the Better Care Fund of £14.4m is a pooled budget. This Agreement is resourcing our joint priorities as set out in the annual joint commissioning intentions and the Better Care Fund Plan.
- 3.2 The current governance is through the Joint Commissioning Group who monitors performance against the agreement monthly and reports to the Health & Wellbeing Board.
- 3.3 A review has been undertaken with the Clinical Commissioning Group to improve the services across community health and acute care whilst maintaining integrated working with social care. The experience of the past five years has also shown that the greatest link is between hospital social work and acute care to maximise flow of patients from hospital. The greater role is for social work to link with the voluntary sector and preventative work in reducing future demand as well as link with strategic commissioning. This changes the emphasis in the location of social work as micro commissioner of individual care within commissioning rather than the provision of services.
- 3.4 In order to develop a single budget for Swindon, in line with the Spending Review requirements and the Better Care Fund, it is intended that Swindon Borough Council and the CCG will work to develop a pooled budget covering integration of health and social care to improve the health, wellbeing and care of Swindon residents. The pooled budget will be set against the agreed vision of the Health & Wellbeing Strategy, the Five Year Strategic Plan 2017 – 21 for the CCG and Better Care Fund plan to 2020.
- 3.5 Should the pooled budget be agreed, it will enable commissioners to use funding flexibly to achieve the improvement in outcomes for the population shifting an emphasis towards prevention. A detailed workstream will be established to determine the strategic plan and outcomes to be achieved by 2020 and the governance arrangements and financial modelling to achieve the medium financial plan goals of the CCG and the Council. Conclusions of this work stream will be brought to a future Cabinet meeting for Member's consideration.
- 3.6 For the background to the SEQOL contract, please see Appendix 1.

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How do the current contracting arrangements with SEQOL compare to the option appraisal in 2010

- 3.7 There has been significant change since the start of the SEQOL contract in 2011, both in relation to policy, the financial context locally and nationally.

The National Agenda: Five Year Forward View

- 3.8 NHS England published the Five Year Forward View in early 2015. It sets the strategic direction for health services but also commits to joint commissioning of health and social care services with an increasing focus on prevention, quality managing demand and improved access to primary care in order to reduce the need for admission to hospital and thereby reducing demand. The Five Year Forward View notes the traditional divide between primary care, community services, and hospitals is a barrier to personalised and co-ordinated care, adding that long term conditions require the NHS to partner with patients over the long term rather than providing single unconnected 'episodes' of care.
- 3.9 In reviewing new provider models the Five Year Forward View document lays out a number of different provider models, the main emphasis is on greater integration across acute, community and primary care. These organisations are seen as early 'Accountable Care Organisations'. An Accountable Care Organisation is either a single provider or group of providers, which are accountable for the whole needs of a person, this creates a greater incentive for co-ordinated care and integrated working.
- 3.10 The changes to children with special educational needs meant that there is a need for the Council to consider closer integration between adult learning disability and children's services.
- 3.11 This led to the Council insourcing learning disability social work services in October 2015. The staff who "TUPEd" to the Council have reported that change as very positive with improved access to managers, training, policies and procedures and supervision.

The Comprehensive Spending Review (CSR)

- 3.12 The CSR has prioritised investment into the NHS with £10b pledged over the lifetime of the parliament with a real percentage increase year on year. However, alongside this the NHS is expected to make £22b efficiency savings in order to manage the increase in demand from people with long term health issues and increased costs of treatment and medication.
- 3.13 The Spending review has been particularly challenging for local government. While the Government's headline figures indicate a broadly cash neutral position for the sector over the spending review period, this masks a level of grant reduction that mirrors the period from 2010 to 2015. Revenue Support grant is

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set to be withdrawn by 2020, which places a greater reliance on other funding sources, primarily localise business rates and Council tax.

- 3.14 The Spending Review offers local councils with social care responsibilities the opportunity to raise additional 2% in Council Tax through making use of a precept for adult social care. It also offers an improved Better Care Fund from 2017/18, through which new resources are to be allocated directly to local authorities.
- 3.15 National research has identified the fundamental misalignment of financial and payment incentives across different organisations who are commissioned through separate contracts and budgets.

The Local Context

Quality and Performance context setting

- 3.16 Commissioners recognise that SEQOL strives to provide good quality services. There was innovative work undertaken by SEQOL in the redesign of day service for people with a learning disability and national awards that have been achieved in health and social care.
- 3.17 However, in 2015, commissioners highlighted a range of performance queries across health and social care with SEQOL.
- 3.18 In relation to adult social care, commissioners highlighted the continued high numbers of delayed discharges and the increased number of high cost care packages and admissions to residential care.
- 3.19 There has been an increase in domiciliary care hours from 7,000 in January 2015 to 8,500 in December 2015 due to high care packages.
- 3.20 Commissioners have repeatedly raised the perceived lack of social work management in quality assuring assessments, which has led to high care packages in contract meetings and formal letters. The budget impact of this is a projected overspend in older people packages of £1.7m in 2015/16.
- 3.21 The CCG's and Swindon Borough Council's approach and relationship with SEQOL has been one of support and collaboration, commissioners sharing concerns in an open and honest way with managers as well as the leadership team. In addition to contract meetings, Swindon Borough Council holds monthly development discussions whilst the CCG has continuously worked with SEQOL to develop and strengthen SEQOL's processes aimed at measuring the safety and effectiveness of services, including a detailed review of the SEQOL incident process, audit/quality improvement programme and concerns/complaints process.

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- 3.22 Commissioners are concluding that with a continued challenging financial context and demand from an ageing population, there is a need for well managed services with a focus on safe and effective and reliable care.

Medium term financial plan of CCG and Swindon Borough Council

- 3.23 Following the CSR a review of Medium Term Financial Plans for the health economy and Swindon Borough Council fhas been completed. This identifies that if we do not make any changes to the system but continue to deliver services in the same way then the challenge across the system is to deliver a reduction of circa £210m spend over the next 5 years to ensure financial sustainability, with savings of around £60m for Swindon Borough Council between 2016/17 – 2018/19 alone.

- 3.24 Adult Social care is the largest budget in the Council with a budget of £62m in 2015/16 with the largest proportion of our spend on care packages for learning disabilities and older people (approximately £35m). There is a need to reduce our spend in order to contribute to the Council's overall financial position.

- 3.25 The financial challenges across the health and social care system highlight that we cannot continue to deliver services in the same way if we are to deliver aggregate financial balance across all organisations. This further reinforces the need to move to one of the new models of care in order to contribute to the system savings for 2016/17 and beyond.

Rising demand for Services in Adult Social care and Health

- 3.26 When reviewing future models of provision across social care and health consideration needs to be given to expected demand for services.

Delayed discharges of care:

- 3.27 Despite investment delayed discharges from hospital due to social care have also increased to more than 7% compared to a national average of 3.5% in 2014/15. The cost to the NHS has increased through pressures in length of stay which has resulted in a projected cost of 1.8m for excess bed days in 2015/16, which is an increase of £400k on last financial year costs. This is despite an investment of £1.1m by Swindon Borough Council into domiciliary care service and residential beds for hospital discharge

Demographic growth

- 3.28 Initial analysis has considered growth in population over the next 5 years for Swindon and compared this to the national average. Given the demographic profile of Swindon's population and the new housing developments, Swindon's population will increase faster than the national average from 2016/17 with the most significant rise expected in 2017/18 creating demand for health and care.

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	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<u>Raw Population Data</u>						
National	1.30%	1.30%	1.20%	1.20%	1.10%	1.10%
Swindon	1.20%	1.50%	1.80%	1.70%	1.70%	1.70%

Demand for older people services in 2015/16

- 3.29 For the first time, we have also seen a very significant increase in demand for older people care packages driven largely through discharge of patients from hospital. At the end of December 2015 adult social care was commissioning 8,500 hours per week compared to 7,000 hours in January 2015. An additional 30 older people are funded in residential and nursing care so that numbers are now close to 350 compared to 315-20 earlier in the year.

Newton Europe Diagnostic

- 3.30 Newton Europe undertook a detailed diagnostic in July 2015 of the integrated health and social care system around Great Western Hospital. The team examined over 700 patient and service user notes, spent three weeks in discussions with front line health and social care staff and considered data for the previous two years.
- 3.31 The research concluded that there was an opportunity to reduce admissions to hospital through closer working of primary, community and acute care with better use made of resources for urgent care on the GWH site and the community without the need for admissions. The role of adult social care was much more in the early and longer term prevention by supporting carers, preventing falls and maintaining older people's wellbeing and health through for example extra care and voluntary sector services.
- 3.32 Newton Europe also explored discharge from hospital and found that there was a need to streamline assessments and for social workers to make better use of alternative services to residential care and high cost care packages such as reablement, technology, support for carers and the voluntary sector.

Soft market testing

- 3.33 In order to consider our options, Swindon Borough Council and Swindon CCG embarked on a programme of consultation, review and soft market testing. This involved a launch with 30 providers on our vision and ambition for community health and social care services, the outcomes we want to achieve for our population and a new service model focusing on prevention, self-care, urgent care and discharge from hospital.
- 3.34 Following the presentation, providers were encouraged to discuss with each other how they might work in partnership to deliver a new service model for

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Swindon. All providers were invited to have one to one discussions with commissioners following the event. Nine one to one sessions were held in August, September, and October with a total of 13 providers, some of whom attended as a potential alliance or partnership.

- 3.35 Overall there was limited evidence of innovation from providers in the market with most organisations focusing on community health care and little expertise demonstrated in delivering integrated services with adult social care. There was only one alliance who demonstrated the ability to deliver integrated services across acute and community settings.

Community services engagement

- 3.36 In partnership, SBC and the CCG carried out a thorough programme of engagement that provided an opportunity for any member of public, carer or staff to take part. A review of the engagement carried out was presented to the CCG Governing Body in November 2015, key messages from this report are reflected below, in the patient carer and public feedback, with further information included on staff feedback as part of the engagement programme.
- 3.37 During the two months, approximately 400 people took part in the programme of events, providing a range of detailed feedback. This report painted a picture of both staff and patient experience, ensuring that any final commissioning decision could identify the areas for improvement where required. One key message related to the complexity of navigating the systems, need to work more effectively with the voluntary sector, and of having to repeat information a number of times to staff when accessing services.
- 3.38 A detailed analysis is included in the report of the Governing Body of the CCG on 21st January 2016.

Impact of the new model of care on commissioning health and social care of SEQOL

Joint Commissioning

- 3.39 Opportunities to increase joint commissioning between the CCG and SBC will be considered in the next 3 months with a work stream on developing a pooled budget for 2017. The pooled budget will enable commissioners to use funding flexibly to achieve the improvement in outcomes for the population shifting an emphasis towards prevention. A detailed work stream will be established to determine the strategic plan and outcomes to be achieved by 2020, the governance arrangements and financial modelling to achieve the medium financial plan goals of the CCG and the Council.

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Accountable Care Organisations

- 3.40 The development of new provider models as outlined in the Five Year Forward View would create a system that will take responsibility for the whole health care needs of a population within a single budget, with the potential to integrate social care at a future point in time. Some of the functions currently sitting within the CCG and the Council would need to support this type of organisation, so consideration would need to be given to the impact this would have on Commissioning functions. Further national guidance is expected in the summer, which will outline which functions CCGs could and or should delegate to these integrated providers.

Options for consideration in relation to community services provider model

- 3.41 As the contract for SEQOL is now due to end in March 2016 and is based on a notice period of 12 months, it is appropriate to review the risks and benefits associated with different options in light of the change in the national and local context, views of stakeholders and performance challenges.

Retain the Current Provider

- 3.42 Renew the existing SEQOL contract on a like for like basis. This is not an option as it is not in line with the NHS Five Year Forward View requirements to put in place a new care model. Neither will this further integrate services across acute and community services or support a reduction in admissions to acute care and demand for social care.
- 3.43 Commissioners acknowledge that SEQOL has achieved improvements in outcomes by increasing the number of carers assessments, a higher number of completion of reviews and good performance of patients discharged from reablement services. It has also won the Cabinet Office Mutual of the Year in 2012 and there have been awards for innovative services in community health.
- 3.44 Savings of £1.4m were delivered in the first two years of the social enterprise, albeit later than the business plan suggested. Since then there have been no significant savings on the SEQOL contract to the commissioner. SEQOL has worked with commissioning to reduce the spend on learning disability care packages. However, the project was closely monitored and led by commissioners with a weekly exception panel in place. In the last nine months there has been very considerable overspend on older people care packages, which has not been mitigated through management actions.
- 3.45 It would appear that SEQOL has not raised investments for social care specifically and commissioners have continued to invest in inflation uplift, additional social work capacity in the hospital, additional reablement capacity and investment in residential rehabilitation.

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3.46 This option would not release savings from the existing social care provision within SEQOL which commissioners estimate could release savings of an additional £1m if retendered. In addition, commissioners believe that retaining SEQOL as a stand alone provider will continue to cost £1.6m in management and back office costs, which could otherwise be released as funding for frontline health or social care services.

3.47 The lack of social work management expertise would remain with the continued potential overspend on older people putting Council savings at risk.

Re-procure existing model (like for like)

3.48 As above, this is not an option as it is not in line with the Five Year Forward View requirements to put in place a new care model. The soft market testing did not identify a wide range of providers who would deliver the full range of existing services for health and social care in an innovative manner.

3.49 As above, this option would not release savings from the existing social care provision or management and back office savings within SEQOL.

3.50 The lack of social care expertise amongst providers in the market would put savings for adult social care at risk.

Commission an integrated provider model

3.51 Nationally across health and social care there is a recognition that there is a fundamental misalignment of financial and payment incentives across different organisations that are commissioned through separate mechanisms. It is recommended that commissioners should consider population budgets, linked to delivery of outcomes to address some of these fundamental challenges. This would align system incentives where pathways are integrated and can support a reduction in per capita cost of care.

3.52 Integration avoids fragmentation, which occur when patients are moved from one provider to another. Current fragmentation between providers is an issue raised by both GPs and the public through our consultation with them.

3.53 It also avoids competition between different organisations where behaviours and cultures do not align and behaviours may be seen where blame is passed between organisations. An example of this is where a patient is a delayed transfer of care. Currently different organisations are responsible for different elements of the pathway and blame each other for both real and perceived delays. Having one organisation responsible for services enables the provider to be clearly held to account for the poor patient experience and any additional costs which result from delayed processes.

3.54 Integration options include:

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3.54.1 Vertical integration (acute and community) with an option to include social care – this is the preferred option,

3.54.2 Multi-specialty community provider (community and primary care), and

3.54.3 PACs (Primary and acute care systems).

Considerations on which integrated provider model

3.55 A vertically integrated acute and community provider in Swindon would release real savings to invest in front line services by reducing the back office costs and management overheads which result from having two separate organisations with their organisational structures. It is anticipated this could release circa £1.5m back to the CCG and Swindon Borough Council.

3.56 The CCG wishes to see further integration in a new provider model, therefore the viable option is vertically integrated acute and community provision as primary care are not yet in place to consider models of primary care at scale and how this might link to integration with either a community or acute provider.

3.57 There is a risk to Adult Social care that vertically integrated acute and community provision will not have the expertise to deliver adult social care social work services and is also not the most capable provider for the delivery of social care provision.

3.58 Staff recruitment into social work posts and management posts would potentially be a challenge for an integrated acute and community health provider and thereby put adult social care savings at risk.

3.59 Loss of integration across social care and community health would be mitigated by co-locating hospital social work team whilst ensuring greater management oversight and ability to manage demand for older people services.

Insourcing of adult social care social work

3.60 Based on the analysis above, it is proposed to insource social work services. This would enable social workers to be based within adult social care commissioning undertaking assessments with a view to focusing on building strengths of individuals and consideration of community and family support.

3.61 Building on the successful insourcing of learning disability, adult services will have greater control over the management of staff and thereby control of the older people care packages of £13m annually.

3.62 There will be efficiencies as the current model of verification will not be required thereby releasing resources for management oversight and quality assurance.

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Tendering of social care provision

- 3.63 Following insourcing there remain a number of services, which do not sit well with an Accountable care organisation such as day service for older people, day services learning disabilities, residential care homes, community equipment, telecare and telehealth, shared lives and supported living. Commissioners will undertake market shaping work to increase market interest in these services, particularly from the third and voluntary sector.
- 3.64 It is proposed that during the notice period of 12 months commissioners work with SEQOL to reshape these services and recommission those whilst making savings.
- 3.65 A number of services such as tele care, telehealth, equipment and reablement would be part of the tender for domiciliary care and community. This will improve the use of technology and equipment within domiciliary care with the potential to reduce spend on care. Soft market testing has demonstrated that there are innovative providers in this market who are committed to improving the independence of older people, work with the voluntary and third sector and would risk share a budget with commissioners.
- 3.66 Swindon Borough Council no longer funds supported employment services and Enterprise Works within SEQOL and these would continue to be part of the social enterprise

How the change will be managed

- 3.67 There is national precedent through the Vanguard Models to develop Accountable Care Organisations, which Swindon will be able to learn from.
- 3.68 CCG will engage legal advisors to develop a managed process which would enable us to commission integrated acute and community services by assessing the capability of existing local providers to deliver the new model of care. This will lead to an evaluation the contractual model options and payment mechanisms for a new provider model, with a paper presented to the CCG Governing Body in March.
- 3.69 The CCG and the Council would set up Project Board reporting to the Health & Wellbeing Board. This would include associated project structures and full risk and equality impact assessments of the implementation of a new provider model.
- 3.70 Swindon Borough Council will undertake a programme of re-tendering as outlined in the report at a reduced costs, for which SEQOL will be able to tender.

4. Alternative Options

- 4.1 Do nothing and extend the contract with SEQOL: This would not achieve efficiency savings or integrated community health and acute services so that

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admissions to hospital reduce with a corresponding reduction in demand for social care.

- 4.2 Re-commission based on existing model – By commissioning separate acute and community providers efficiencies in management overheads are not achieved. There would be a potential risk in managing demand for social care as lack of commissioner oversight of social work.

- 4.3 Risk of savings in 2017/18 if adult social care demand is not managed.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The budget for SEQOL is £9.4m from Swindon Borough Council and £17m from the CCG. The full budget for adult social care is £62m.
- 5.2 There will be potential redundancy costs associated with the proposals for which the local authority may be liable.

Legal and Human Rights Implications

- 5.3 All legal and human rights implications have been taken into consideration in preparing this report. It is considered that the report's recommendations are compatible with Convention Rights.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.4 There are significant implications for senior staff employed by SEQOL and those staff delivering back office services. Front line social work, care management, social work managers and admin staff will "TUPE" to Swindon Borough Council. Depending on the outcome of re-tendering other staff may "TUPE" to new providers.

Diversity Impact Assessment

- 5.5 At present no adverse impact for current services users is anticipated, however we will establish a project board across SBC and the CCG in February. This would include associated project structures and full risk and equality impact assessments of the implementation of a new provider model.

Risk Management

- 5.6 There are risks associated with the reshaping of services during the 12 months' notice period. In particular, the current service provider sustainability through a 12-month notice period, issues with staff retention and supporting key system deliverables (delivery of constitution targets and QIPP schemes). The mitigation will be to monitor key indicators through the monthly contract and mitigating

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actions will be agreed with the current provider, which could involve additional resource to support this period whilst a new provider model is determined.

- 5.7 There may be lack of interest in the market for day services and residential care homes. If necessary, the Council would consider insourcing of services to ensure the continued delivery.

6. Consultees

- 6.1 The Board Director, Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 CCG Governing Body meeting 21st January 2016

8. Appendices

- 8.1 Background to SEQOL contract

9. Key Decision/Decision in Cabinet Work Programme and Forward Plan

- 9.1 *This is a Key Decision and is included in the Cabinet Work Programme and Forward Plan for Month Year.*