Forward Plan reference number: FP/966/01/21

Report title: Reablement at Home Contract 2021 – 2024	
Report to: Cabinet	
Report author: Councillor John Spence, Cabinet Member for Health and Adult Social Care	
Date: 16 March 2021	**For:** Decision
Enquiries to: Moira McGrath, Director of Commissioning moira.mcgrath@essex.gov.uk or Matt Barnett, Head of Commissioning, Matthew.barnett@essex.gov.uk	
County Divisions affected: All Essex	

1 Purpose of Report

1.1 One of Essex County Council's key aims is to enable as many of our residents as possible to live independently at home in the later years of their lives. Reablement, which is an essential, independent, at-home service, helping people to regain skills after a stay in hospital, substantial change in needs, or to prevent a hospital admission, is a key element in that strategy.

1.2 The purpose of this report is to seek approval to direct award a contract for the Reablement at Home Service to Essex Cares Limited (ECL).

1.3 This contract gives an important opportunity to continue to work towards integration through joint commissioning between ECC and NHS Clinical Commissioning Groups (CCGs), whilst supporting the improvement plans being implemented through the Connect programme[1].

1.4 Awarding the contract to ECL at a time of substantial market changes will give both continuity and stability of arrangements and the best possible opportunity to secure positive outcomes for the citizens of Essex.

2 Recommendations

2.1 Agree to award the Reablement at Home Service Contract to Essex Cares Ltd (trading as ECL) for a three-year term commencing 4 May 2021 on terms which allow the Council to terminate after two years.

[1] The Connect Programme is a significant change programme to improve the intermediate care system across the NHS and Social Care over the next 12-18 months, to help more people access the right support at the right time and to achieve the best possible outcomes. Both ECC and CCGs have invested into this programme as set out in previous cabinet paper (ref decision FP/776/07/20)

2.2 Agree to the contract being structured to secure a minimum volume of people through the service with contractual targets to improve both these volumes and delivery of outcomes.

2.3 Agree that the contract will include a contractual provision whereby ECC may require the capacity of the service to be increased temporarily or permanently if there is an increase in demand and that any decision to change the capacity will be taken in accordance with the constitution.

2.4 Agree the minimum contract value of £18.3m per year for the 3-year term, plus up to 10% variable operational capacity at a marginal rate worth a maximum of £1.5m per year.

2.5 Note that work undertaken with the Connect Programme may lead to a recommendation that work is transferred from other services into this contract

2.6 Note that ECC is the primary commissioner for the contract with ECL and will take a lead role in contract management. ECC will establish local arrangements to ensure delivery of specification with our NHS partners.

3 Summary of issue

3.1 The population of Essex is ageing, and with more people living for longer with multiple, and in some cases, complex needs, the demand for adult social care is increasing. 21% of the Essex population is already aged over 65 and this will grow to 25% by 2032.

3.2 The Council's vision is for every adult to be able to live as independently as possible and to enjoy a good and meaningful life. The Adult Social Care (ASC) Business Plan sets out five priority programmes to enable the Council to achieve this vision, including a programme to transform community care.

3.3 Reablement at Home is one of several services which provides short term support to people leaving hospital, or to prevent hospital admission, following a change in their needs and forms part of our statutory duties to provide care for eligible adults. Reablement is important because, rather than encouraging dependency on services, it aims to provide intensive short-term support to enable people to live as full lives as possible before either withdrawing services or providing the services which the person needs.

3.4 There is currently a need to supplement the ECL contract, by commissioning fixed priced contracts for services known as 'In-Lieu of Reablement' (ILOR), 'Bridging' and individually purchased packages of domiciliary care through the Live at Home Framework (Spot ILOR). This is not optimal because it can create hand-offs and overly complex placement processes.

3.5 Reablement is jointly commissioned with Clinical Commissioning Groups (CCGs) and there is a Section 75 agreement between the parties which sets out the financial arrangements for this joint commissioning. ECC takes the lead role in

contracting. The existing reablement contract is with ECL and, in 2020/21, is forecast at £17.3m with a further £3.9m expected spend on block arrangements with ILOR providers, and £2m on Spot-purchasing ILOR. Spend on reablement services is supported by CCG contributions via the Better Care Fund (£10.8m), with ILOR supported through the winter pressures grant (£3.8m), and the remaining balance the responsibility of ECC through core budget within Adult Social Care.

3.6 The future ambition for intermediate care in Essex is to adopt a common set of principles across the county that improve outcomes for people in Essex, promoting independence. This is being supported by the Connect Programme to make improvements across the intermediate care system, including reablement. The Connect Programme (ref decision FP/776/07/20) will implement action plans for the Reablement at Home service over the next 12 – 18 months. This will lead to proposals to reshape the service and the wider system, also making recommendations for the future beyond the end of the contract in 2024. System partners, ECC and ECL are engaged and in agreement with the future direction for intermediate care. There is a commitment across partners to develop a new, evolving service which will be flexible to the needs of their local system requirements.

3.7 ECL has been delivering ECC's Reablement and Short-Term Care in the Community services since taking over from Allied Health in December 2018, when Allied became financially unviable and were unable to deliver the contract as per specified terms and conditions. The current contract with ECL expires on 3 May 2021. The current contract operates on a block basis whereby ECL has to provide a guaranteed number of hours and ECC has to pay for those hours. The current block will reach its maximum level of 9,350 hours in March 2021 for the current contract, with additional payments made on actual hours delivered and flexibility to deliver to an agreed marginal upper limit of 10,080 hours per week. The hours are divided between each of the five locality areas, which was set in line with previous demand and supply information.

Statement of ambition and proposals for the new contract

3.8 The ambition is that the new contract period is used to establish integrated provision, alongside NHS partners, which includes reablement, community health and other local provision, to better support independence in the home as an alternative to avoidable hospital admission.

3.9 It is proposed to award a three-year contract to ECL. ECL is wholly owned by ECC and therefore we can directly award contracts to it. Commissioners are keen to allow ECL greater flexibility to deliver outcomes within key principles and approaches, rather than prescriptive time and task-based contracts. A block contract with measures and targets aligned to those tracked in the Connect Programme i.e., a guaranteed minimum number of people finishing reablement services each week and effectiveness is a way to emphasise this. A wider suite of measures will also be tracked to provide further intelligence and support operational practice i.e., hours, starts, complexity of case mix, with operational tolerances throughout.

3.10 By stepping away from hours to a fixed-price contract to ensure capacity to cover a guaranteed minimum number of service users, ECC is still offering surety of income, whilst using a leaner and more agile contracting mechanism and the opportunity for ECL to focus on efficiency and the development of more systemic approaches to support outcomes. This approach paves the way for a transformation exercise in 2024, at which point ECC commissioners aim to see that this contract with ECL forms part of an integrated, independence-at-home solution, potentially secured by alliance contracting, where organisations come together to jointly commission solutions which are mutually beneficial for the local population.

3.11 Reablement capacity (agreed maximum delivery hours) has been ramping up to meet demand pressures throughout 2020 and is increasing by 150 hours per month with 9,350 hours per week being achieved in March 2021. It is proposed that the new contract is baselined against the current costs of 9,350 delivery hours per week (with an inflationary price uplift of 2.2% against the March 2021 value, from contract inception, in line with other inflationary uplifts across the sector) in order to fit within budgetary constraints.

3.12 Under the proposed contract ECL will be required to meet targets related to achievement of volumes and effectiveness. Baselines are set out below, per quarter. The work taking place within the Connect programme will support improvement in NHS discharge pathways and with the processes for sourcing of ongoing care where needed on exit from reablement. On the basis of this work, the initial volume target within this proposed contract will be to increase people finishing the service per week by 21.6% by the end of September. In addition to there being more numbers, it is expected that the revision of pathways will lead to a reduced average time per resident in reablement. This reduction will enable the 21.6% increase in volume to be accommodated within existing capacity, except in Mid and South Essex, where the 5% capacity increase is being recommended.

Referrals Accepted – number of adults accepted as appropriate for reablement	3,334
Starts – number of adults who start a programme of reablement	2,503
Finished – number of adults who finish their programme of reablement with any recorded outcome (including self-funding their own care, self-caring, moved on to longer term care arrangements)	1,897
Self-caring – number of people who finish their programme of reablement and do not need any further statutory care.	1,057

3.13 Stretch targets will be set and agreed with ECL for contract commencement with key performance indicators (KPIs) and management indicators (MIs) in place to support analysis of delivery against contractual parameters shown above.

3.14 It is accepted that the reablement offer within the wider health and care system will need to change during this period of redesign. We will engage with ECL and partners to offer assurances for the new contract, including how we can better

collaborate and integrate to deliver an improved intermediate care offer over the coming contract period. This will allow a whole system approach to evolve over the next three years to meet the requirements of each locality and to ensure that our adults achieve the best outcome for them to maintain their independence. An action plan will be developed in the Connect programme with partners to move towards this vision, with regular reviews of progress being reported across the partnership.

3.15 We expect the Connect project to improve volumes flowing through the service. The Connect programme is a programme of work with NHS partners which aims to improve and co-ordinate intermediate care services such as reablement. Initial work has produced a forecast that the Connect programme will lead to an increase in the number of people moving through the service per week – both starting and finishing - of 21.6%, thereby helping to manage pressures within the acute and community health and care systems. This programme will be coupled with a systemic improvement plan, in partnership with ECC and NHS stakeholders, to ensure the right cases flow into reablement and that it is appropriately positioned within the wider intermediate care system with a growing focus on admission avoidance. Any opportunities to increase throughput beyond this will be actively sought to multiply benefits across the county.

3.16 The current delivery hours are apportioned as follows:

Locality	**March 2021 block**
Mid	1,710
North	2,280
South-East	1,940
South-West	1,940
West	1,480
Total	**9,350**

3.17 The new service will have a similar budget for each locality, although it will not be structured on hours but on capacity. Analysis shows that there may be some flex required to the current allocation of resource to ensure that demand pressures are met within each locality. It also needs to be taken into account that 2020/21 has not been a typical year due to the global pandemic.

3.18 It is proposed that within this contract, ECL will have the ability to redistribute capacity according to demand, through discussion and agreement with ECC, post service optimisation. Demand will be analysed through performance information and any discussions regarding redistribution of funding will be carried out in consultation with partners and agreed at quarterly contract management meetings.

Temporary changes to the size of the contract

3.19 There are likely to be pressure periods in the service where capacity needs to increase. This is particularly likely in winter, but it could apply at any time and in

fact we believe that there is likely to be a pressure in the Mid Essex locality from the start of the contract in May 2021.

3.20 It is proposed that where there is insufficient capacity within the contract to meet a surge, ECL will be able to evidence this, and the capacity may be increased temporarily to manage flow. It is likely that no increase will be larger than 10% in each locality. Any increase in the block, or diversion from one area to another, will need to be agreed by ECC.

3.21 With respect to Mid Essex, it is proposed that from May 2021 the contract is increased by 5% above base from the start of the contract, with volumes to be agreed with ECC prior to contract signature.

Longer term changes to the contract

3.22 Once improvements planned through the Connect programme have been embedded in Summer 2021, ECC, ECL and Connect, in discussion with partners, will seek to review capacity demands across the system to identify if resource should be re-allocated across localities and whether baseline contributions are at an appropriate level. Longer-term solutions can then be developed with partners with agreements made regarding how to meet the demand pressures within Mid Essex on a longer-term basis, seeking support from system partners and other intermediate care service offers.

3.23 If Commissioners are satisfied that the contract is performing effectively and has the capacity to grow and that growth would align with strategic objectives, then a decision to increase the size of the block can be taken.

Management of the proposed contract

3.24 The proposed funding allocations are set out in the financial implications. The CCG contributions to the block contract are made through the Better Care Fund. They are lower than the proposed proportion of total contract spend within each locality, with the remainder funded by ECC. This gives ECC some autonomy to flex funding across localities in line with demand, after Connect programme improvements are implemented and efficiencies are released.

3.25 A service specification has been co-produced with system partners, which gives consistency of offer across the county but allows for more localised adaptation of what is required, to best meet the needs of the local population and work effectively within local systems.

3.26 A suite of management information and KPIs, along with system-owned KPIs (where partners hold joint responsibility for delivery), have also been developed with partners for implementation with the contract. KPIs are aligned to those tracked in the Connect programme i.e., number of finishers per week and effectiveness of support i.e., the number of hours an individual's needs are reduced by from initial assessment to exit. A wider suite of measures will also be tracked to provide further intelligence and support operational practice i.e., hours, starts, complexity of case mix.

3.27 It is anticipated that quality and performance measures will change over the contract term with agreement from all to ensure they are fit for purpose and enable the service to be reviewed on quality-based outcomes, giving local accountability and visibility of performance. Appropriate forums have been identified to monitor and improve system-wide performance against the system KPIs. There will be accountability from ECL towards these local Boards, set as an expectation in the contract, with escalation routes agreed between ECC and NHS partners in the event of any issues needing to be resolved at a countywide senior level.

3.28 The provision of timely, transparent intelligence will be an ongoing subject for review during the life of the contract. A solution for how this is delivered for day 1 of the contract will be agreed by May 2021 and an approach has been developed to reach such an agreement.

4 Options

Option 1 (recommended): **Direct Award 3-year contract term to ECL, with a break clause at 2 years should either party wish to exit sooner using a flexible block contract arrangement as set out in section 3 of the report.**

4.1 ECL is the current Reablement provider and fully engaged with the Connect programme which has been embedding service improvements across intermediate care services since winter 2020. Changes are being scoped for the next 12-18 months. Remaining with ECL gives consistency throughout the change programme and the greatest chance of successful outcomes.

4.2 A three-year (with break clause at two years) contract allows sufficient time for service improvements to be embedded and to evidence responsiveness to seasonal pressures. It also gives system partners sufficient lead-in time to adapt working practices and align their models to new ways of working, which is critical given the global pandemic.

4.3 The break clause at two years gives the ability to exit the contract should local systems be mature enough to implement an alternative model for intermediate care.

4.4 While the blended hourly rate for ECL is more expensive than 'ILOR' providers , the ECL service offers added value including an integrated therapy offer, which ILOR does not, so the higher rate is to be anticipated. In addition, feedback from frontline teams also suggests that cases supported via ILOR provision require more input from ECC's own occupational therapists, making the actual, overall cost to the system of ILOR higher.

4.5 Commissioners are satisfied they are getting best value from ECL compared with other local authority rates and, in addition, ECL investment into the Connect programme will drive an improved return on investment via achievement of volumes and effective targets. Feedback from tender processes, which have

taken place in other local authority areas, also suggests that ECCs reablement costs represent comparative value to the council.

4.6 Outcomes are consistently better in ECL reablement than alternative services in Essex, those being ILOR, and spot purchased ILOR from domiciliary providers. And comparison with ILOR block contracted providers shows:

- With the exception of South East Essex, length of stay is consistently lower with ECL than the ILOR provider
- On average individuals' length of stay (LOS) is 5% lower in ECL during the baseline months (July-September)
- Average length of stay (excluding South East) is 15% lower in ECL.
- ECL starts cases in 22% less time than ILOR providers, however this is heavily skewed by the West ILOR provider performance in this area. Nonetheless, this responsiveness adds value to the Essex health and care system via timely discharge from acute provision.
- Individuals exiting ECL were twice as likely to achieve a self-caring result. This outcome was sustained following 90 days' lapse in time.
- Cases allocated to ECL are, on average, slightly more complex, though ECL may have scope to select cases given they are the default route for referrals.

4.7 In conclusion, assurance on best value has been achieved by drawing together information from across the board. This includes rates benchmarked against alternatives within Essex; comparative performance on measures of responsiveness, length of stay and case mix; and achievement of outcomes for the individual, which in turn provides a return on investment via avoiding recurrent costs to care and health budgets.

Option 2 (not recommended): Full open market procurement.

4.8 There is insufficient time to conduct a full procurement to align with the end of the current contract as we are unclear on the outcomes of the Connect programme. Approaching the market now could result in sub-optimal system given the scale of change proposed, staffing resources required, and disruption caused by moving to other providers

4.9 The 'in lieu of reablement' tender has shown that there is a limited market to deliver this type of service, especially within North Essex and that, although costs may be cheaper, outcomes are sub-optimal.

4.10 ECL is also investing significant time and resources into supporting the Connect programme, which gives added value to their hourly rate, which is based on front line service delivery hours.

Option 3 (not recommended): Do Nothing

4.11 ECC would need to purchase support via the Live at Home framework, resulting in a mix of providers offering support. This could result in differing quality, postcode lotteries and a loss of oversight. There would be significant training requirements across the market to deliver a reablement model of outcome-

focused short-term support. There would be a risk of losing key elements of the service, possibly with a centralised reablement service e.g., therapy. New systems, processes and payment mechanisms would need to be developed to ensure the management of cases to ensure that people are exiting / reducing provision.

4.12 Live at Home providers have evidenced suboptimal outcomes in comparison to reablement in delivering spot purchased ILOR.

5. Financial implications

5.1. The council is forecast to spend over £23m on reablement and ILOR services by the end of 2020/21. This includes £17.3m on the current reablement contract with ECL.

5.2. Due to historic arrangements (set out earlier in the report) the existing contract with ECL is made up of two elements, which have distinct funding streams: Short Term Support in the Community is a fixed block value funded by the Council through the Adult Social Care revenue budget while the Reablement element is funded largely through CCG contributions to the Better Care Fund (£10.8m). Expenditure above this level is the responsibility of the council to fund.

5.3. The recommended option proposes a new contract encompassing both elements of the existing service with updated specification and an expected annual value of £18.3m, therefore worth £55m over 3 years. This is containable within the council's budget for 2021/22 and in future years through the Medium-Term Resource Strategy (MTRS).

5.4. In addition, the ability to increase operational capacity to meet surges in demand by up to 10% (valued at up to £1.5m annually) will be included, charged on a marginal basis and reconciled monthly. This is proposed to be funded in 2021/22 from a non-recurrent contingency budget held within the overall BCF (subject to agreement). It is not expected to be fully utilised except to address acute periods of exceptional demand. Assuming utilisation above block is an average of 5% additional capacity for the 2021/22 financial year, this would incur an estimated additional spend of £700,000. There is a risk that this funding requirement continues into future years and would need to be managed as part of the overall Adult Social Care budget and intermediate care offer (with system partners) including, but not limited to, ILOR and community health providers. This should be mitigated through improvements in throughput and effectiveness expected to be implemented within the first year of the contract as part of the Connect programme. Activating the secondary tolerance would be subject to further governance including identification of funding.

5.5. CCG mandatory minimum contributions to the Better Care Fund (BCF) in 2021/22 will be 5.3% higher than in 2020/21. This is a national figure in line with the NHS Long Term Plan settlement, but the NHS funding formula will mean variation in the exact uplift percentage applied to each of the five BCF partner CCGs. This will be published by NHS England in due course.

5.6. The table below sets out the proposed initial annual contract value (i.e., excluding 10% additional capacity) and associated funding streams, in comparison with the arrangements in place for the 2020/21 financial year. The precise proportions for 2021/22 are subject to publication of CCG contributions and BCF governance. Note that the new contract will replace the existing one on 4 May 2021 and not the start of the financial year, whereas the costs illustrated are the full year effect, but total expenditure is not expected to be materially different.

Reablement	**Funding Source**	**2020/21 Forecast £000**	**2021/22 Proposal £000**
ECL Expenditure		**17,316**	**18,330**
CCG Contribution	BCF	10,832	11,406
ECC Contribution	ECC	6,484	6,924
Funding		**17,316**	**18,330**

N.B. the £23m expenditure in 2020/21 referenced in paragraph 5.1 is inclusive of the £17.3m above, with the balance of expenditure on ILOR services.

5.7. The existing contractual arrangements set out a 'ramp up' profile, i.e., increasing capacity through stepped changes in the block value on an agreed trajectory. The weekly block hours at the end of the term are therefore higher than the start, and this growth is reflected in the increasing spend profile. The proposed contract starting in May 2021 is not planned to incorporate further growth in service hours delivered, but instead accommodate increased demand through efficiencies implemented in partnership with the council and Newton Europe through the Connect programme. The target is that 21.6% more people will move through the service once it is optimised, and this will be monitored as part of a suite of measures. Performance against this and other contract measures will support informed decision making around potential contract additions and uplifts from year 2. The contract will include necessary clauses to ensure redress should performance and quality not be at acceptable levels.

5.8. The current reablement service has delivered a measurable reduction in the ongoing care requirements of adults, including the number who discharge from the service as self-caring. Improving the effectiveness of reablement is a major objective of the Connect programme. Greater volume of throughput allows the opportunity to deliver improved outcomes to more people, resulting in an avoidance of cost for higher packages of care if the service were not available. The continued work with ECL is crucial to the delivery of the objectives of Connect as one of the council's major savings programmes, which is planned to deliver over £16m savings in ongoing care by 2023/24 through more independent outcomes for older adults.

5.9. The initial contract will include a review point at the end of year 1 to consider efficiencies achieved via the Connect programme and evidence of real cost increases and may be subject to inflationary-driven price negotiation for years 2

and 3, which will need to be contained within the MTRS. There is a risk that cost pressures will occur due to exceptional circumstances, such as increasing costs due to COVID-19-driven pressures such as PPE, but this would likely be experienced by providers across the care market and could lead to a conversation regarding additional uplifts which, if agreed, would be subject to further governance including identification of funding.

6. Legal implications

6.1 It is lawful to award directly to ECL using exemptions under Regulation 12 of the Public Contracts Regulation 2015, which allows ECC to directly award the contract to ECL as ECC's wholly owned company, which meets the requirement of that regulation.

7. Equality and Diversity implications

7.1. The Public Sector Equality Duty applies to the Council when it makes decisions.

7.2. The duty requires us to have regard to the need to:

(a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful

(b) Advance equality of opportunity between people who share a protected characteristic and those who do not.

(c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.3. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.4. The equality impact assessment indicates that the proposals in this report **will not** have a disproportionately adverse impact on any people with a particular characteristic.

7.5. The reablement service is for Adults aged 18 and over, who have been assessed as requiring an Intermediate Care service and as such does not make any exclusions to any minority groups.

7.6. The service aims to promote recovery and maximise the ability to live independently. It is a preventative service providing a short intervention of

provide personalised support, working in conjunction with the adult and their support network to

a. prevent or delay further deterioration
b. reduce the need for support in the future
c. maximise independence and
d. meet aspirations

8. List of Appendices

EqIA

9. Background Papers

None