

Report of Director of Adults and Health

Report to Executive Board

Date: 21st March 2018

Subject: One City Care Home Quality and Sustainability Project

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

1. The Care Act 2014 introduced a duty on the Council to promote diversity and quality of providers in the local care market and ensure people have a variety of providers to choose from and there is a variety of high quality services available. The Council also has a duty under the Care Act to meet a person's needs for care and support which meet certain eligibility criteria which includes the provision of residential and nursing care.
2. During 2015/16 Adults and Health had been reviewing the provision of the care homes directly provided by the directorate and as such, further scrutiny had been put on the quality of independent sector providers of care homes in the city. As at October 2016, the percentage of care homes in the city who had achieved a rating of "Good" from the Care Quality Commission (CQC) was only at 42% and the Executive Member for Adults and Health and the then Chair of the Scrutiny Board, requested an event be held with all stakeholders to establish what could be done to improve the quality of care home services in the city.
3. Also, in August 2016, Adults and Health commenced a project to re-commission its older people's residential and nursing care contracts with independent sector providers in the city. The initial framework contract that was put in place in 2012 was due to expire December 2017 therefore it was necessary to put in place new contracts and agree a new fee structure from this point forward.

4. To ensure alignment of both pieces of work mentioned above, these were combined into one project titled the One City Care Home Quality & Sustainability. The overarching aim of the project was to ensure that citizens of Leeds receive high quality care in independent sector care home settings and that our contracts incentivise older people's care homes to provide this high quality care.
5. The project covers three key broad areas, which are:
 - i. To work with the sector to improve the quality of care home services in the city;*
 - ii. To agree with the sector a new fee structure for the new contract; and*
 - iii. To enter into a procurement exercise for a new contract with care home providers.*
6. A considerable amount of work has been undertaken with care homes which has already stated to show benefits in terms of increasing the quality of care home services in the city. As can be seen from Appendix 2 to this report, the percentage of care homes receiving a "Good" rating from CQC has risen from 42% in October 2016 to 60% in January 2018. The Council also is continuing to invest in ensuring the quality of services provided in care homes in the city is raised even further through initiatives such as:
 - The introduction of a Care Quality Team to provide guidance, advice and assistance to care homes to improve the quality of services and ensure such improvements are sustained.
 - The introduction of a Leadership Academy to provide development opportunities to registered care managers and the availability of peer support.
 - The continuation of regular contract monitoring of providers to ensure standards are being maintained.

Recommendations

1. The Executive Board are asked to:
 - a. Note the work that has been undertaken by all stakeholders as part of the One City Care Home Quality and Sustainability Project.
 - b. Support the initiation of a procurement exercise based on a simplified application process that complies with the Public Contracts Regulations 2015 to implement the framework contract and to note that the Director of Adults and Health will take a delegated decision to commence this procurement exercise in accordance with the Council scheme of delegation.
 - c. Note the implementation of the Quality Action Plan which was co-produced with stakeholders and note that the Deputy Director for Integrated Commissioning shall be responsible for the implementation with the aim of having the action plan in place within the next three months.

- d. Note the recruitment of a Quality Team within Adults and Health to work with the Care Home sector to ensure all homes are delivering high quality care to the citizens of Leeds and note that the Deputy Director for Integrated Commissioning will continue the recruitment of the Quality Team with the aim of having the team operational within the next three months.
- e. Note the development of a Leadership Academy to work with registered managers in the sector to further develop their skills in order to enhance the quality of care provided in the care home setting and note that the Senior OD Business Partner in Adults and Health shall be responsible for the continued development of the Leadership Academy with the aim of having the Academy functional within the next six months.

1. Purpose of this report

- 1.1 The purpose of this report is to provide information to the Executive Board of the Council about the work that has been undertaken to date on the One City Care Home and Sustainability project.
- 1.2 This report also seeks authority from the Executive Board to proceed with the requirement to put into place new contractual arrangements in regard to the Older Peoples care homes in Leeds under a procurement exercise.

2. Background information

- 2.1 In August 2016, Adults and Health commenced a project to re-commission its older people's residential and nursing care contracts with independent sector providers in the city. The initial framework contract that was put in place in 2012 was due to expire December 2017 therefore it was necessary to put in place new contracts and agree a new fee structure from this point forward. The independent sector care home provision, currently consists of approximately 4,300 beds across 88 residential and nursing homes of which Leeds City Council commission approximately 1,700 placements across the sector. During the last contract period 85 of the 88 care homes in the city were part of the council's framework contract. Adults and Health currently spends approximately £60m (gross) per annum on Older People's residential and nursing care home placements with independent care home providers who have homes within the city.
- 2.2 As part of the project governance, a Strategic Advisory Group was established which is chaired by the Executive Member for Adults and Health, Cllr Charlwood, and has representation from members of each of the main political parties on the council, the independent sector care home providers including Leeds Care Association, third sector representation through Age UK (Leeds), Service User Representation through Healthwatch Leeds and representation from the Leeds CCG partnership.
- 2.3 In addition to the Strategic Advisory Group, a Project Board chaired by the Deputy Director of Integrated Commissioning, was established to oversee the project and delivery of the objectives along with a project team with various workstreams and a Reference Group of care home managers to assist with the development of the various contract documents.
- 2.4 On a regular basis, an update report is submitted to the Scrutiny Board for Adult Social Care, Public Health and NHS on the ratings given by the Care Quality Commission for regulated care services in the city. As part of this scrutiny, there was some concern by members in relation to the quality of care in older peoples care homes given the number of providers who had received a CQC rating of Requires Improvement. Due to this concern, the Executive Member for Adults and Health and the then Chair of the Scrutiny Board, requested an event be held with all stakeholders to establish what could be done to improve the quality of care home services in the city. This event took place in April 2017 following which, it was decided that this project would form part of the contract re-commissioning project and collectively they would be called the One City Care Home Quality and Sustainability Project.

2.5 The overarching aim of the One City Care Home Quality & Sustainability project was to ensure that the required assurance processes are in place to oversee that the citizens of Leeds receive high quality care in independent sector care home settings and that the Adults and Health contracts incentivise older people's care homes to provide this high quality care.

2.6 The project covers three key broad areas, which are:

- i. To work with the sector to improve the quality of care home services in the city;
- ii. To agree with the sector a new fee structure for the new contract; and
- iii. To enter into a procurement exercise for a new contract with care home providers.

3 Main issues

3.1 To work with the sector to improve the quality of care home services in the city.

3.1.1 There are four main areas to this part of the project which are:

- i) to hold an event to discuss quality of older people's care home services in the city
- ii) to develop a joint action plan to improve the quality of services
- iii) to establish a Quality Team within Adults and Health to assist care homes on their quality improvement journey and
- iv) to establish a Leadership Academy for registered managers of regulated care services.

3.1.2 The One City Quality Event was held in April 2017, with the purpose of bringing together all key stakeholders in Leeds to discuss the quality landscape in the city and to discuss what good quality services should look like and identify how this could be jointly achieved. The event was well attended by independent sector providers and presentations were given by the Executive Member for Adults and Health, the then Chair of the Scrutiny Board, the Deputy Chief Inspector for CQC, a service user representative, and commissioners from Adults & Health and the CCG. Following the presentations, workshops were held which allowed contributions by all parties to inform the development of a joint city action plan.

3.1.3 One of the main outcomes of the event mentioned in 3.1.2 above was to produce a joint action plan between all stakeholders which would contribute to the improvement of the quality of care home services in the city. During the workshop, numerous suggestions on the improvements that could be made were provided by all stakeholders and Adults and Health have now developed this into a draft action plan for the city. The Association of Directors of Adults Social Services (ADASS) has recently produced a document called "Adult Social Care Quality Matters" which sets out to "encourage and support those who use, provide, commission and oversee adult social care services to maintain high-quality care, and to improve care where it does not yet meet the standard of quality that people should experience." The document sets out seven steps to improve the quality of regulated care services. A decision was taken by the project board to align the Leeds Action

Plan to these 7 steps and the joint Leeds response to this document (A copy of the draft Leeds action Plan can be found at Appendix 1).

- 3.1.4 There has been a gradual increase in the number of older people's homes achieving a rating of Good by the CQC as reported to the Scrutiny Board in March in their regular update on CQC ratings – see Appendix 2 for extract from the report showing the table of improving CQC ratings.
- 3.1.5 In order to assist some independent sector providers with their improvement journey, the Director of Adults and Health, through a delegated decision taken in November 2017 (Ref D44909) has approved the creation of a new Care Quality Team in the Directorate. This team will deliver proactive, targeted, strength-based support to regulated care providers in the city and will initially focus on older people's care homes. The overriding purpose of the team will be to improve quality of care for residents of the city. The team will consist of a Care Quality Manager and 3 Care Quality Officer posts, together with a safeguarding training lead and support. Adults and Health are currently in the process of recruiting to all the posts with the aim of the team being active from the start of the new contract.
- 3.1.6 Through consultation with the independent sector, the Organisational Development Team (ODT) has identified that leadership and management skills and knowledge are often overlooked as part of the development for registered managers. Independent sector providers have also said that recruitment of good quality registered managers is difficult in the current job market. This is highlighted within the CQC ratings where the domain of Well Led can often receive a Requires Improvement rating. Over the past year, the ODT has been developing a Leadership Academy that will sit within Adults and Health, to provide resources and capacity to support career progression into management and develop leadership and management skills as identified through training needs analysis with the sector. The Leadership Academy will support leadership and management development at all levels, from aspiring managers to the registered manager, to ensure robust succession planning and will be delivered through a variety of methods including consultancy support with organisations. The programmes are based on the nationally recognised leadership standards, and set against the Skills for Care and the Sector Skills Council standards. Peer support would be integral to the Academy, and the ODT will support and facilitate the existing Registered Managers Network in the city to provide this.

3.2 To agree with the sector a fee structure for the new contract.

- 3.2.1 During the period of the current contract, the Care Act 2014 was introduced which set out clearer guidance on what local authorities should consider when setting fees for care homes. This resulted in a challenge from the Leeds Care Association (LCA), through their solicitors, to the validity of the price review formula contained in the contract. In order to avoid any further legal challenge, it was agreed that the fee review for the new contract in 2018 would be used to review the price for the final year of the existing contract, rather than use the previously agreed review formula contained in the contract, and this was agreed by the LCA.

- 3.2.2 The main aim of the fee review process was to:

- Determine a fee that is fair and supports the cost of care.
- Determine a fee that is affordable within the confines of the Authority's budget.
- To offer stability to the market for the future contract period (up to 5 years).
- To offer financial incentives to enhance quality.
- To provide transparency for the public.

- 3.2.3 Through a procurement exercise early in 2017, Adults and Health commissioned a firm of accountants, Mazars, to undertake the cost of care exercise with providers and produce a cost of care report which would provide the necessary information in order that council could determine the new fees for the final year of the current contract and the fee structure for the new contract in 2018. Mazars were very experienced in the sector having undertaken work of a similar nature for other local authorities and had recently completed work for the Department of Health on the Funded Nursing Care contribution to the care home fee.
- 3.2.4 Mazars issued a cost of care template for completion by all care homes in the city and by the closing date for submission, 56% of homes had submitted the completed template which was a valid statistical sample for their model. Following analysis of all submissions, Mazars produced a cost of care report which would form the basis of negotiations with the sector and which ensured the council was complying with its legal obligations to take into account the providers cost of care when setting care home fees.
- 3.2.5 Over the course of the next few months, a series of meetings took place with provider members of the Strategic Advisory Group and Adults and Health commissioning and finance officers to agree the fee structure for the final year of the contract which would then form the basis of the fee structure for the new contract in 2018. As part of these negotiations the council's finance officers analysed the figures provided in the Mazars cost of care report, which took into account factors such as the provider's management overheads and the current state of the care home market in the city and had due regard of the annual local government finance settlement made to the Council. In November 2017, a final fee structure for the current contract was agreed and a delegated decision to implement this fee was taken by the Director of Adults and Health (Ref D45006). As further discussions were necessary to finalise the fee structure for the new contract in 2018, it was agreed with providers that an interim contract would be entered into for a period of 3 months until the 31st March 2018, with the option to extend for a further 3 months, to allow these discussions to take place. This would also bring the contract into line with the financial year and would align the fee reviews for the contract with the council's budget setting process.
- 3.2.6 Further very productive discussions have taken place with the providers in respect of the fee setting process for the new contract. As one of the aims of the fee structure is to incentivise the provision of quality services, it has been agreed that the fee structure will remain as it is currently set, with 3 parts, a non-framework fee, a Core Fee and an Enhanced Quality Fee. The non-framework fee will apply to those care homes who choose not to be part of the new contract in 2018, the core fee will apply to all homes who are part of the framework contract and the Enhanced Quality fee will apply to those homes on the framework contract who meet the enhanced quality standards set out in the new contract. During January and

February 2018, Adults and Health have been consulting with providers on the enhanced quality standards and how they are to be applied to the contract.

3.3 To enter into a procurement exercise for a new contract with care home providers.

- 3.3.1 A number of workstreams have been operating to ensure the new contract is fit for purpose for the future. These include the updating of the current contract documents including the Quality Framework document, a review of business processes to ensure these are as efficient as possible and an options appraisal to determine the best procurement route for the contract.
- 3.3.2 The current contract documents were previously coproduced with the independent sector providers in 2012 and there have been no major issues with any of the documents during this period. However, since the original contract in 2012, the Care Act has been introduced therefore a full review of all the documents was necessary to ensure they were Care Act compliant and that they were up to date with current best practice. As part of this review process, a Reference Group was established which was made up of various care home managers who are part of the current framework contract. This group have been working with commissioning officers in Adults and Health over the last year on updating the contract documents to reflect best practice. As part of wider consultation on the documents, a number of workshops have been held at the end of January 2018 for all providers in the city to contribute to the development of the contract. The terms and conditions of the contract have also been revised and updated by the council's contract solicitor.
- 3.3.3 In order to ensure the council's business processes are as efficient as possible, a review of the key business processes that affect care homes has been undertaken. One of the key processes to be reviewed was the payments process, as this had been a major issue in the past for providers. Over the last year a new process has been established to improve the way financial assessments are undertaken meaning fewer delays in the future in providers receiving payments, the introduction of a new financial queries team which allows providers to have a direct contact within the council to handle queries providers may have with payments thereby speeding up this process which will lead to fewer complaints and the provision of new guidance for the public on applying for assistance with care home fees from the council.
- 3.3.4 Another major review being undertaken relates to the way the Adults and Health monitor the contracts with providers. When the original monitoring process was introduced, the CQC were not undertaking their inspections using their current inspection process and this necessitated more detailed monitoring process to be implemented for the contract. However, since this time, the CQC now produce much more detailed reports of providers therefore the review of the monitoring processes is being undertaken to ensure Adults and Health are able to ensure providers are meeting the standards contained in the contract in the most efficient way possible to avoid duplication and unnecessary burdens on providers. In addition, the contract monitoring team will need to work in conjunction with the new Care Quality Team to ensure providers who require assistance are identified and prioritised.
- 3.3.5 To ensure the correct procurement route can be chosen to implement the new contract, a series of options appraisal workshops have been held with stakeholders

including the independent sector providers. An overview of the market in Leeds was presented along with information about the technical aspects.

- 3.3.6 The outcome of these discussions was that a framework contract should be considered. Additionally, Adults and Health in partnership with the CCG Partnership will consider block contracts for any specialist areas of provision where resources are scarce such as nursing dementia. The preferred option for the length of contract was 5 years as it allowed providers more certainty and allowed them to plan. The option chosen for the procurement process was overwhelmingly for a simplified application process that complies with the Public Contracts Regulations 2015 however, there was an acknowledgement that should any block beds be purchased, this would need to go through a competitive procurement process.
- 3.3.7 These outcomes were reported to the Project Board in January 2018 with a recommendation that a new 5 year framework contract is commissioned with providers through an application process and the board agreed that this is the option that should be recommended to the Executive Board for agreement. The Project Board also agreed to further explore the possibility of block contracting for nursing dementia services in the future and this work is currently ongoing and will be subject to a separate delegated decision.

4 Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The quality standards and service specification have been developed by working in partnership with a number of service providers, monthly meetings have taken place between March and December 2017 whereby discussions were held and areas for amendment, inclusion or clarification were identified and where appropriate included in the standards.
- 4.1.2 All care home providers have had several opportunities to comment on both the quality standards and the service specification. Two workshops were held to which all providers were invited. Additionally the quality standards and service specification were sent electronically to all care homes for comment. Information was, where appropriate, incorporated into the quality framework standards and service specification.
- 4.1.3 Residents and/or relatives, registered managers and care home staff have been consulted using a questionnaire with contact details provided for those who wanted to speak to someone. Information was then collated from all of the responses and reflected in the revised standards.
- 4.1.4 Elected members who sit on the Strategic Advisory Board were informed and consulted with on a bi-monthly basis throughout the project.
- 4.1.5 The methodology for the cost of care has been developed by working in partnership with a number of care home providers. All providers were invited to submit their 'cost of care' using a pre-determined template.
- 4.1.6 Additionally other stakeholders internal to the Council were consulted at various points of the development of the key documents and their comments were invited in order to ensure we had as wide a consultation and representation as possible.

4.1.7 Briefing papers were circulated to key stakeholders at various points during the project.

4.2 Equality and diversity / cohesion and integration

4.2.1 An Equality Impact Assessment has been undertaken in relation to the development of the quality standards and service specification and this demonstrated that equality and diversity had been considered during the development of both the quality service standards and the service specification and this is attached as Appendix 3

4.2.2 The EIA demonstrates that Care Homes are ideally placed to develop community cohesion through strengthening connections with local community group and schools and through employment opportunities within the care home setting.

4.2.3 The importance of emphasising diversity and inclusion in contracts is recognised and a number of quality standards have been co-produced with providers to ensure that this area has been included within the quality standards framework. This would then provide the information for the service provider to address any inequalities or under representation.

4.2.4 Equality characteristics will be rigorously monitored as part of the ongoing monitoring of the new long term agreement.

4.3 Council policies and best council plan

4.3.1 The framework contract will contribute to the Council's policies and the Best Council Plan including delivery of the better lives programme by contributing to: people living longer and healthier lives; helping people to live full, active and independent lives; ensuring that people's quality of life is improved by access to quality services; involving people in decisions made about them, and; helping people to live in healthy and sustainable communities

4.4 Resources and value for money

4.4.1 In 2017/18 the Council expects to spend approximately £60m on residential and nursing care with Leeds based older people's care homes. Over the five year contract period, it is anticipated that the contract value will be in the region of £300m before factoring in the impact of any demographic changes and inflationary pressures.

4.4.2 It is important to note that there are several variables that influence the financial cost associated with care home placements. These include the fee, number of service users funded by the Local Authority, length of stay, the mix of service users e.g. residential, nursing, the number of providers who will deliver services at the fee mix.

4.4.3 Included within the Mazars cost of care report is a formula which has provided estimates of future increases for the next 5 years of the contract which includes inflationary increases (including wages) and this formula will be utilised as part of the annual fee review. Over the life of the contract there will be the provision to review the service specification in order to accommodate and respond to any changes in

legislation and/or service requirements, and also the terms of the contract, including fee levels.

4.5 Legal implications, access to information, and call-in

4.5.1 The report is a Significant Operational Decision. The future report taken by the Director of Adults and Health to commence the procurement exercise under delegated powers will be a Key Decision and will be subject to call-in.

4.5.2 There are no confidential items to this report.

4.6 Risk management

4.6.1 A risk management plan was developed as part of the One City Approach and incorporated risks associated with all elements of the work.

4.6.2 The risk and issue register was overseen by the One City Project Board and all risks are being actively managed.

4.6.3 Implementation of the Quality Improvement Plan will reduce the risks to all stakeholders as quality will improve across Care Homes and this will bring about improved quality of life for Care Home residents.

4.6.4 Implementation of the Quality Team should lead to better care being provided within the Care Homes thus reducing the number of safeguarding referrals and complaints about Care Homes which will lead to less time being spent undertaking investigations and lead to better outcomes for care home residents.

5 Conclusions

5.1 The whole work programme has been undertaken by adopting a partnership approach to ensure that the implementation of the One City approach will lead to higher quality care within the independent older people's care home sector.

5.2 The action plan has been coproduced with a wide range of stakeholders that identifies where improvements can be made, the accountable organisation and the timescales for improvements which will bring benefits to the citizens of Leeds who either reside or work within the independent sector older peoples care homes.

5.3 Implementation of the Quality Team will ensure that care homes get the support that they require which will lead to better CQC ratings within the sector.

5.4 The development of the Leadership Academy will lead to Registered Managers of Care Homes developing further skills and knowledge which are then enhanced by peer to peer support.

5.5 The basis of a new fee structure has been agreed with the sector which will enable the council will to enter into a procurement exercise to formalise new contracts with the independent sector for the next 5 years.

6 Recommendations

6.1.1 The Executive Board are asked to:

- a) Note the work that has been undertaken by all stakeholders as part of the One City Care Home Quality and Sustainability Project.
- b) Support the initiation of a procurement exercise based on a simplified application process that complies with the Public Contracts Regulations 2015 to implement the framework contract and to note that the Director of Adults and Health will take a delegated decision to commence this procurement exercise in accordance with the Council scheme of delegation.
- c) Note the implementation of the Quality Action Plan which was co-produced with stakeholders and note that the Deputy Director for Integrated Commissioning shall be responsible for the implementation with the aim of having the action plan in place within the next three months.
- d) Note the recruitment of a Quality Team within Adults and Health to work with the Care Home sector to ensure all homes are delivering high quality care to the citizens of Leeds and note that the Deputy Director for Integrated Commissioning will continue the recruitment of the Quality Team with the aim of having the team operational within the next three months.
- e) Note the development of a Leadership Academy to work with registered managers in the sector to further develop their skills in order to enhance the quality of care provided in the care home setting and note that the Senior OD Business Partner in Adults and Health shall be responsible for the continued development of the Leadership Academy with the aim of having the Academy functional within the next six months.

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.