



Derby City Council

**Adults and Public Health O&S Board
20 January 2014**

ITEM 9

Report of the Strategic Director of Adults, Health & Housing

Commissioning Structure and VFM Adult Social Care

SUMMARY

- 1.1 Social Care Commissioning is a key enabler for providing appropriate services to meet identified care and support needs in localities.
- 1.2 Commissioning involves the identification of needs, design, implementation and monitoring of services in a cycle as illustrated by the strategic commissioning cycle at paragraph 4.7 below.
- 1.3 The Adults Health and Housing Directorate operates a relatively small but very efficient adults commissioning function. Notable savings have been achieved through tendering procurement and market management exercises.
- 1.4 Unit cost of commissioned services for Derby are low relative to comparators.
- 1.5 Work with health colleagues on integration of care services is at a planning stage in readiness for the 2015/16 Better Care Fund.

RECOMMENDATION

- 2.1 To note the importance, cost effectiveness and efficiency of the commissioning function within the Adults Health and Housing Directorate.
- 2.2 To note the existence of work streams to support future integration of care and commissioning with health partners.

REASONS FOR RECOMMENDATION

- 3.1 The APH Board requested an insight into commissioning and value for money of procured services.

SUPPORTING INFORMATION

- 4.1 Social care commissioning involves making decisions about what services are required to respond to the social care needs of adults in Derby.
- 4.2 It also involves making decisions about the capacity, location, cost and quality of services together with how and who will deliver them.

- 4.3 Commissioning encompasses both the planning and procurement of services. It is about fulfilling the statutory responsibilities of the Council, and shaping services to respond to the social care needs of people both now and in the future.
- 4.4 Commissioning is underpinned by the core values of social care - promoting independence and personal development and enabling service users to keep control of their lives and having genuine choice within the wider context of promoting social inclusion, sustainability and delivering value.
- 4.5 Commissioning must ensure support for carers and have a primary concern for high quality social care services. These services directly impact on people's lives. Arguably there is nothing more crucial for local authorities to get right in delivering quality services. Social care commissioning needs to be driven by Councillors, chief officers and senior managers.

Strategic Commissioning A definition;

- 4.6 Social care commissioning is a set of activities by which local authorities and partners ensure that services are planned and organised to best meet the social care outcomes required by their citizens. It involves understanding the population need, best practice and local resources and using these to plan, implement and review changes in services. It requires a whole system perspective and applies to services provided by local authorities, as well as public, private and third sector services.

Social care procurement is a set of activities by which local authorities secure best value services to meet the social care outcomes required by their citizens. It is one part of the commissioning process, and involves specifying requirements, securing services from the best providers and monitoring service effectiveness.

- 4.7 The Strategic Commissioning Cycle detailed at appendix 2 details the key tasks within commissioning and procurement.
- 4.8 The commissioning cycle is a very important determinant of the commissioning resource needs of every Council with social care responsibilities. It is important to note that the skills, knowledge and experience required for social care commissioning and procurement activities can be very broad but also very deep and equally quite distinct between commissioning and procurement.

Value For Money

- 4.9 Commissioning is a very important driver of change and efficiency for social care services. The function should determine what services are purchased, the provider and how much we spend.
- 4.10 The Social Care service spends approximately £55m per annum on purchased services from the independent and third sectors. Clearly this is a very significant sum of money therefore the need to ensure value for money is of paramount importance.

- 4.11 The methodology for obtaining good VFM in social care spending is to ensure commissioners based in AHH work collaboratively with the procurement function in the resources directorate. Using competitive tendering processes through the Councils financial and contracting procedure rules, the most cost effective providers for services are selected.
- 4.12 The direct commissioning resource for social care is currently as follows

Job Title	FTE	Cost £
Head of Commissioning	1.00	68,138
Strategic Commissioning Mgrs	4.10	196,525
Service Quality & Brokerage Mgr	1.00	44,642
Commissioning Officers	3.00	123,984
Senior Service Quality & Brokerage Officers	2.00	64,189
Service Quality & Brokerage Officers	6.00	73,562
Commissioning Support assistants	3.00	62,143
Commissioning Support Clerk	1.00	17,481
Total	21.1	750,665

- 4.13 Similar to most other staffing areas of the Council, the commissioning structure has been downsized and restructured during the current budget period. The savings achieved in the structure for 2013/14 were £328k, a further £241k saving is contained within the medium term financial plan for 2015/16. Combined this shall constitute a 50% reduction in the size of the function. Inevitably this impacts on the capacity and capability of the function to deliver all of the activities contained within the commissioning cycle.
- 4.14 As a regional comparator Leicester City has an adults strategic commissioning and contracting function comprising of 72 FTE staff with an estimated cost of £2.56m. Information was also requested from Nottingham City but at the time of writing this has not been received.
- 4.15 The resource detailed in the table above includes the brokerage function of Commissioning which is responsible for supporting social work staff secure packages of care from the market place. They also have a quality assurance role with providers, linking into safeguarding procedures and processes.
- 4.16 Examples of recent tendering and procurement exercises which have yielded savings for the Council and partners.

Service Area	Annual Contract Value/Spend	Annual Saving
Community Equipment Joint Contract with NHS	£1400k	£450k

NHS Complaints Advocacy Regional contract	£452k	£301k
Generalist Legal Advice	£200k	£80k
Homecare within Extra Care environment	£320k	£50k
Residential Care Y Adults	£13,689k	£525k

- 4.17 An analysis of the unit costs for adult social care suggests there is very little room for improvement on efficiency given most unit costs benchmark as low or very low. Bench-marking shows that Derby spends a relatively high percentage of its budget on residential and nursing care with expenditure for community-based services relatively low and falling. Through management action, the trend on spend in residential and nursing care is downwards. An area of pressure is supported living for people with learning disabilities which has seen an upward trend – largely caused by the national policy directive that saw responsibility for people with learning disabilities in campus-type accommodation transferred from the NHS to local government with the commensurate resources.

Summary Table: Residential and Nursing Care

	Older People	Learning Disability	Mental Health	Physical Disability
Gross Current Expenditure on residential and nursing services (B2)	Low	High	High	High
Shift in 2011/12	↓	↓	↓	↑
Number receiving residential and nursing services (B4)	High	Low	High	High
Shift in 2011/12	↓	↓	↓	→
New admissions to residential and nursing services (B6)	Low	Low	Low	Low
Shift in 2011/12	↓	↓	↓	→
Unit Costs of residential and nursing services (B8)	Low	Low	Low	Low
Shift in 2011/12	↓	↓	↓	↓

- 4.18 The amount spent on each person in the community is low for all groups except people with learning disabilities. This is consistent with Derby's overall pattern which is to spend lower than average on community services. The unit cost of community-based services is comparatively low and the average expenditure per person is low. The unit cost of day care appears relatively high for older people and people with learning disabilities and this relates to the cost of the Council's in-house day services.

Summary Table: Community-based services

	Older People	Learning Disability	Mental Health	Physical Disability

Gross Current Expenditure on community services (C1)	Low	Low	Low	Low
Shift in 2011/12	↓	↑	↓	↓
Number receiving community services (C4)	Average/Low	Average/Low	Avg/Low	Average/High
Shift in 2011/12	↓	↓	↑	↓
Average expenditure per person in the community (C7)	Low	Average/High	Low	Low
Shift in 2011/12	↓	↑	↓	↑
Unit Costs of community services:				
Home Care/hr	Low →			
Home Care/wk	Average/Low ↓	Low ↓	Low ↑	Average ↑
Day Care/person	High ↑	High ↑	Very Low ↓	Very Low ↓

- 4.19 Supply side strategies need to continue to address the balance of care with a greater number of people supported in the community and a step change (reduction) in the number of people supported by the local authority in residential and especially nursing care.
- 4.20 The Council needs to shift its focus to addressing demand: how it can support and empower people to find their own solutions or, if they need help, how we can find the most cost effective solutions to help people gain or retain their independence.
- 4.21 There is a commissioning work stream which is part of the ODOC Innovation Board work programme. The work stream is tasked with embedding a commissioning approach more broadly right across the Council and working with partner organisations, particularly Southern Derbyshire Clinical Commissioning Group (SDCCG) colleagues. The work of this group is on- going and dialogue with SDCCG is at an early stage.
- 4.22 There is also a senior level Adults Commissioning Board attended by senior officers from the Council and SDCCG. The Board is progressing the integration agenda and developing the “Better Care Fund” plan.
- 4.23 The Better Care Fund plan is focussed on delivering some key national priorities to support integration between health and social care services
- Protection of Social Care Eligibility
 - 7-Day hospital discharge and prevention of weekend hospital admissions
 - Better Data Sharing between health and social care, based on NHS no.
 - Joint assessment and care planning with an accountable lead professional

The final plan has to be submitted to NHS England by April 2014.

- 4.24 Commissioning is a critical driving force for adult social care. An appropriately staffed commissioning structure is an essential pre requisite to delivering safe,

effective care and support across the city.

OTHER OPTIONS CONSIDERED

5.1 None

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	N/A N/A N/A Perveez Sadiq
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Appendix 1

IMPLICATIONS

Financial and Value for Money

- 1.1 None arising directly from this report.

Legal

- 2.1 The Local Authority (Overview and Scrutiny Committees Health Scrutiny Functions) Regulations 2002, gives health scrutiny committees powers to review any matter relating to the planning, provision and operation of health services.

Personnel

- 3.1 None arising from this report

Equalities Impact

- 4.1 None arising from this report

Health and Safety

- 5.1 None arising from this report

Environmental Sustainability

- 6.1 None arising from this report

Asset Management

7.1 None arising from this report

Risk Management

8.1 None arising from this report

Corporate objectives and priorities for change

9.1 Our aim is to work together so that Derby and its people will enjoy a thriving sustainable economy, good health and well-being and an active cultural life.

Appendix 2

The Strategic Commissioning Cycle

