

Putting **People First**  
Transforming Adult Social Care

# Contracting for personalised outcomes

## Learning from emerging practice



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# Background

**Putting People First sets the vision and commitment for the transformation of social care through personalisation, prevention and early intervention. Part of this vision is the extension of choice and control through self-directed support and personal budgets to all those with ongoing care and support needs.**

The introduction of personal budgets is an important step forward in enabling people to live the lives they want with the support that is right for them. However, for the full range of benefits to be realised by the largest number of people:

- personal budgets must be made accessible to all, and;
- a choice of personalised services must be made available.

Both will require focused action from councils and providers working together to put the citizen at the centre.

Making personal budgets accessible will mean enabling budget holders to manage their decisions, their services and their finances with access to the right kinds of support. This should include different options for managing the money, ranging from direct payments to individual service funds (ISFs). Making sure that a range of quality, personalised services are available for people to choose will mean

commissioners and providers working in partnership with local people to develop them.

Achieving both these things requires changes in Local Authority contracting practice. A number of different approaches to contracting have emerged over the last few years to support the move to personalisation but there remains a limited understanding of their application, effectiveness and interrelationship. The Department of Health's Putting People First Delivery Programme has therefore worked with the Office for Public Management (OPM) and six councils to develop a better understanding of emerging practice, map the challenges faced in transition and implementation and explore the progress being made towards flexible contracting for personalised outcomes.

This report reflects emerging learning and practice rather than the finished article. All the councils involved in this work accept there is still significant work ahead to further develop, refine and embed their local systems of self-direct support and the infrastructure that underpins them. The report is intended to support wider application of flexible contracting by councils and the development of personalised services by councils and providers.

# What's in this report?

**This report draws on the learning of six local authorities who have begun to reshape their contracts, processes, range of budget holding options and relationships with the provider market to ensure that personalised services are available for everyone with care and support needs. It provides a summary of the main components of the contractual models identified, a framework for understanding the relationship between them and a brief account of the key messages to be taken from the subsequent case studies.**

*A common feature underpinning the changes in each council has been a shift from traditional and often adversarial relationships towards collaborative and constructive partnerships between commissioners and providers*

The bulk of the report consists of six case studies developed in collaboration with local authority commissioning and contracting managers. All the case studies focus on developing flexible forms of contracting for domiciliary care, though some have developed

these approaches in other service areas as well and much of the learning is transferable. This scope was chosen because of the volume of service represented and the greater ease of comparability this allows between sites. The case studies describe the different starting points in each council, the form that new contracts have taken, the tendering processes involved and the wider challenges of reshaping services.

The case studies predominantly represent experience from the councils' perspective rather than that of local providers, though it is clear that there has been significant collaboration in each case. This was dictated by the scope and timeframe available for this project, which did not allow for a fully comprehensive schedule of interviews. Further work is planned that will look at the provider experience alongside that of commissioners.

The report should be read alongside other components of the Personalisation Toolkit, particularly *Commissioning for personalisation: A framework for local authority commissioners*.<sup>1</sup>

<sup>1</sup> See: <http://www.dhcarenetworks.org.uk/Personalisation/PersonalisationToolkit/Blueprint/Commissioning/>

# The framework: three key components

**The case studies illustrate several key elements to the approaches that councils are developing to their contracting. While local implementation varies considerably, this section describes three broad components in simple terms and illustrates the relationship between them.**

The three key components are:

- Personal budgets
- Service personalisation
- Outcomes focused framework contracts

Councils should look to develop each component simultaneously so that contractual models are aligned with the use of personal budgets and the personalisation of services is actively encouraged and supported.

- **Personal budgets** – personal budgets enable choice so long as they are accompanied by the right level of support. The case study sites recognised that personal budgets provided in the form of direct payments were welcomed by some people but limiting for others who wished to exercise choice and control without the added responsibility of budget management. Consequently, as part of their framework contracts, councils included a requirement that providers make individual service funds (ISFs) available to their customers. ISFs are agreements between the individual and the provider that sit beneath the framework contract.

They enable the provider to hold an agreed budget on an individual's behalf, empowering them to work with the provider to determine the precise tasks and timing of any support provided (see page 7).

- **Service personalisation** – though some providers have developed and personalised their services independently, most require continuing support to understand the implications of personalisation and to transform their services accordingly. The case study sites have provided active developmental support as part of the switch from previously adversarial to collaborative approaches to commissioning and service development.
- **Outcomes focused Framework contracts** – aim to assure quality and supply through pre-selection or validation of providers. They do not generally guarantee demand for or volume of service in the way they have been implemented. The case study councils required any provider included within the framework contract to provide services in more flexible and personalised ways regardless of whether their customers are self or state funded.

Figure 1 illustrates how these three components interrelate and can extend the range of options available for people accessing domiciliary care services. Within the case study councils, the framework contracts have served to ensure the quality and supply

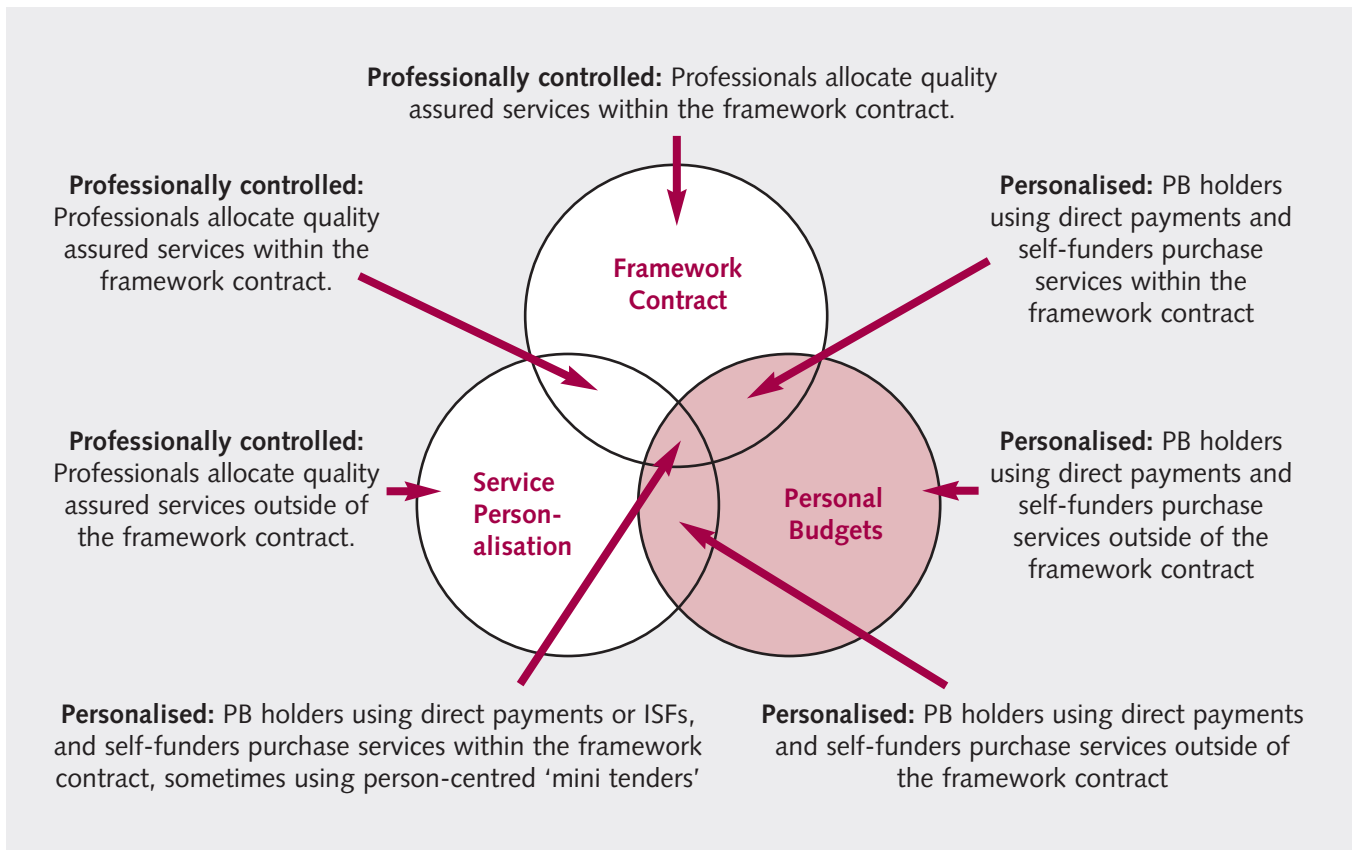


Figure 1: Interrelationship diagram

of provision – albeit in different ways and to different degrees. The frameworks have also involved the introduction of ISFs and some usage of person-centred ‘mini-tenders’ for people to draw down upon the contracts. Additionally, collaborative programmes of support for providers to adapt and personalise their services have helped ensure that more flexible service offerings are emerging.

Those directing their support through direct payments, ISFs or with their own money are able to draw on services from within the framework contracts. They are also able, if they wish, to purchase services from providers

outside of the framework. The ‘professionally controlled’ options on the left hand side contrast with those on the right that are ‘personalised.’ The former, even when drawing upon personalised services, are not fully aligned to personalisation, as they do not give the person requiring support choice of which provider to use or control when determining the kinds of support provided.

The introduction of personal budgets for all those with ongoing care and support needs should mean that non-personalised options (the un-shaded areas in Figure 1) become obsolete over time.

# What we're learning about ISFs

**There is no universally accepted definition for ISFs because these are at relatively early stages of development – but it is possible and perhaps necessary given a certain degree of confusion and misinterpretation, to outline some key elements of what we know so far. The following is a snapshot of current practice informed by the case studies and other contributions in this area rather than a rigid description of a fully developed model.**

## What they are

- A money management option for personal budget holders who choose not to direct some or all of their support through direct payments – the council lodges money with a provider on an individual's behalf ensuring they have maximum control over any support provided;
- A sum of money held by a provider on an individual's behalf that is restricted for use on that person's support;
- A sum of money for which the time, task and type of support has not been pre-determined, i.e. the individual is empowered to work together with the provider to decide the exact detail of any support provided;

- This can be for some or all of the available budget, i.e. someone may have multiple ISFs with different providers or a combination of ISF(s) and direct payments;
- An arrangement that requires providers to account for spending on an individual basis – i.e. the money is attached to the individual for whom the ISF is established and is accounted for in this way;
- An arrangement that defines upfront any elements of the budget that will be used to cover the provider's core management and support costs, with all of the remaining budget restricted for expenditure on the needs of the person for whom it was established (core costs should not generally exceed 10-15%);
- A sum of money that remains portable – i.e. the personal budget holder can choose to use the money in a different way or with a different provider – the 'agreement' should include details of how the ISF can be ended by either party and should usually include a notice period (this is often 1 month);
- An arrangement that enables flexibility for the individual in terms of the type and volume of service used, i.e. money (or hours of support) can be rolled over into future weeks or months or banked for particular purposes and the ISF can contain services bought from other providers.

## What they are not

- ISFs are not an alternative to personal budgets – they are a money management option chosen downstream from agreement of an indicative personal budget allocation, i.e. the person asks the council to lodge funds with a provider on their behalf while retaining choice and control over the support and services provided;
- ISFs are not legal contracts recognised by law – the contract remains between the council and the provider, either as a spot purchase from within a framework contract or as part of a pre-paid block contract. The requirement for providers to offer ISFs to people using their services can be included in either of these contracts;
- ISFs do not require new or different contractual models to be put in place between the council and providers and can be used regardless of the prevailing contractual situation so long as there is a willingness to collaborate and be flexible – i.e. ISFs can be used to individualise arrangements within existing block contracts or alongside spot purchasing from framework contracts;
- ISFs are not a mechanism for retaining professional control over personal budget holders' choices and decision-making – i.e. people who manage their PB through an ISF should have the same range of choices as those who manage their money through a direct payment.

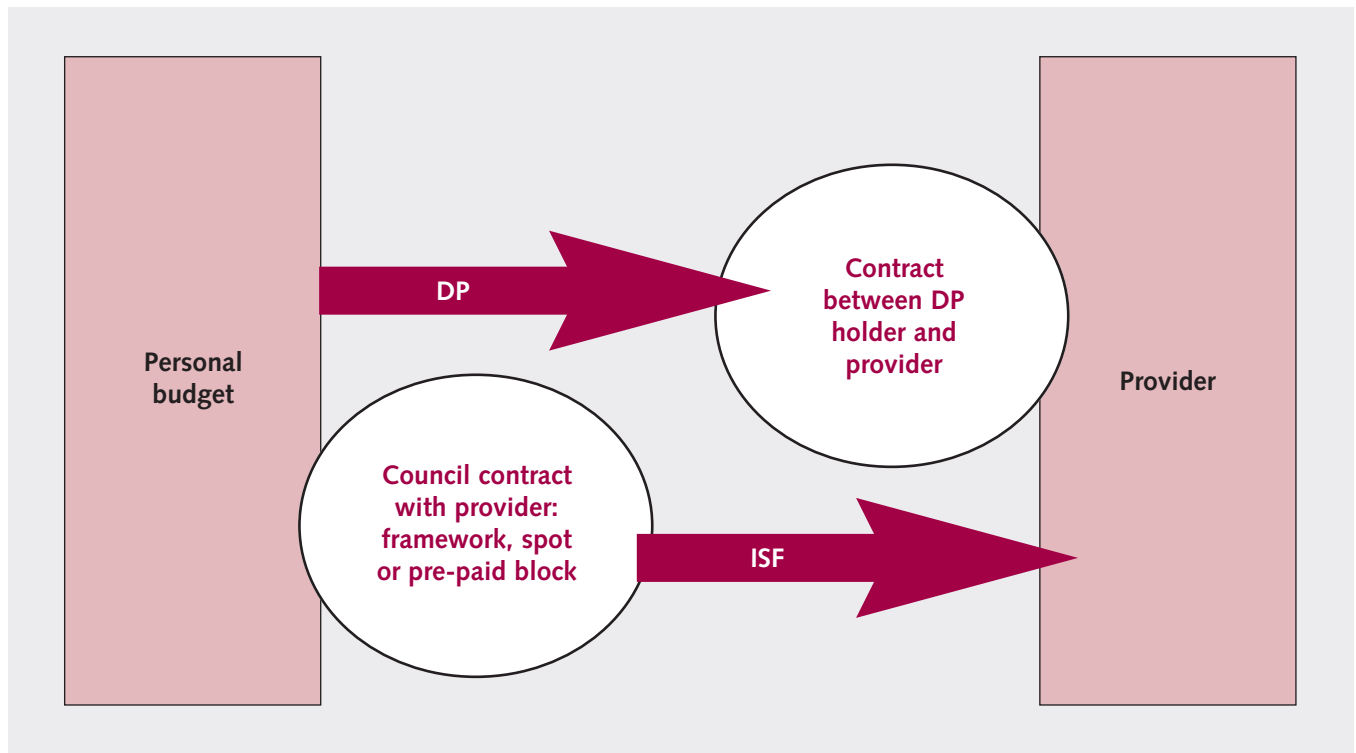
In addition, some common questions asked about ISFs can be answered through reference to current practice in the case study sites and elsewhere:

### Q. What is the relationship between a personal budget and an ISF?

- A.** An ISF is not an alternative to personal budgets – it is a money management option for people in receipt of them. The ISF happens downstream from the calculation of an indicative personal budget and is one of the choices available to people for how their money is managed. ISFs are a way of extending choice and control to people who do not opt for direct payments by enabling them to draw on existing contracts, or determine the basis of new ones, in a person-centred way.

### Q. What is the relationship between a direct payment and an ISF?

- A.** An ISF is a means by which someone who does not opt for a direct payment can draw on existing or new contracts in an individualised and person-centred way without taking on direct budget management responsibilities. DP holders are able to access the same elements of support from providers as ISF holders, including help with support planning, budget management and purchasing services. The difference is that this forms part of a contract between the DP holder and the provider, whereas an ISF relies on a contract between the council and the provider.



**Figure 2: ISFs, DPs and contracts**

In this diagram the personal budget holder can either choose the direct payment route or the council route to securing and setting up services with their chosen provider. If they choose a direct payment, then the contract is between the person and the provider directly. If they choose the council route, they can draw upon a contract between the council and the provider and retain a direct link to the provider through their ISF which determines the support provided.

**Q. What is the relationship between a support plan and an ISF?**

**A.** Setting up ISFs can involve providers in elements of support planning. The ISF can either be commissioned on the basis of a completed support plan, or the provider can work with the person to develop their support plan on the basis of their allocation of money.

# Key learning from the case studies

**The case study sites for this project were selected because of the progress they have made with one or more of the above components, though they illustrate significant local variance in implementation.**

The sites were:

- London Borough of Barking and Dagenham
- Bath and North East Somerset Council
- Lancashire County Council
- Manchester City Council
- West Sussex County Council
- Wigan Council

## **Prior to the introduction of flexible contracting**

Typically, domiciliary services in these sites had been block contracted using cost and volume specifications, though both Manchester and West Sussex held a mix of spot and block contracts. All of the sites had developed some experience of implementing personal budgets – Barking and Dagenham, Bath and North East Somerset, Manchester and West Sussex as Individual Budgets pilot sites. Four of the case study sites have set targets to increase the use of personal budgets to many thousands of people, or all of those eligible for ongoing care and support over the next few years. In most of the case study sites existing personal

budget holders are predominantly people with learning difficulties and/or physical disabilities, though increasingly older people have taken up these budgets as well.

## **The new flexible contracts**

Personalisation and the wider requirements of Putting People First have been the main drivers for recent changes in contracting practice. New approaches were adopted to ensure that existing services could be made available to personal budget holders and the requirement for change was seen as an opportunity to tackle underlying operational issues with the quality of services, such as ‘call cramming’. Making better links with partners in health and the aspiration to provide better services in rural areas were also considerations in some of the case study sites.

Of the sites, Barking and Dagenham was first off the mark with the introduction of flexible contracts for homecare in 2007 though the outcomes-based approach that underpins West Sussex’s contracts was piloted in one locality from 2005–2007. The majority of the others began implementing changes in 2008. In Bath and NE Somerset and Barking and Dagenham the timing for introducing new approaches was determined by the opportunities that arose when existing contracts came up for renewal.

Whilst the detail of these new approaches differs, with councils working to various outcomes-focused and person-centred models, the mechanics of how they work are broadly similar and comparable. For example, all but one of the sites has adopted a framework approach to contracting for domiciliary care. This has involved providers signing up to provide flexible and personalised services without a minimum guarantee of volume or demand. In all cases, the detail of the service delivered to an individual is determined between the personal budget holder and the provider based on information in their support plan, though the framework identifies broad outcomes for the contract overall. To ensure accessibility and the extension of choice and control to a wider range of people, the frameworks have also required providers to make ISFs (or their equivalent by another name) available to personal budget holders.

In Barking and Dagenham's case, some of the providers previously contracted with were re-contracted under the new approach to provide services for personal budget holders alongside a traditional service contracted by cost and volume. This is a transitional arrangement that will remain in place only until personal budget numbers, and thus demand for ISF provision, outstrips the available supply.

Whilst there are common elements, there are also significant variances in the way councils have implemented new approaches. These variances have an impact on the end user by determining two key elements of their experience:

- the degree of choice of service and/or provider that is available to people with support needs, and;
- the range and type of support that is available to help people when choosing which service and/or provider to use.

## Choice

Choice is enhanced when the framework contract can ensure that a good range of providers are available to cover a wide variety of needs, offering services of sufficient quality and a range of options for people regardless of where they live or whether they are state or self funded. Equally, people should be supported to use providers from outside the framework if they choose. Some key factors effecting choice that should be considered when developing new framework contracts are:

- **Number of Providers** – the number of providers covered by the new framework agreements and therefore the choice offered to service users varied between case study sites. Of the two sites focusing on home care for people with learning difficulties and physical disabilities, the frameworks covered between 8 and 10 providers in each case. Wigan's framework, which covers a much wider range of services than home care, includes 38 providers. West Sussex's framework agreement, which focuses on older people's services, comprises 130 providers whilst Bath and NE Somerset and Barking and Dagenham's frameworks had

14 and 4 providers included respectively. There is no wrong approach, but the decision is an important one because it will help to determine the number of people that stay within the framework as opposed to venturing outside it. i.e. a smaller number of providers would suggest a larger number of people opting for providers outside of the framework, especially where there is good quality information and advice available about all provision which should be the aspiration. It will be important to actively engage people using services in the decision about numbers of providers included.

- **Quality assurance** – all the new contracts are intended to assure that the choice of services available is of a sufficiently high quality. This led West Sussex and Wigan to adopt a 'supermarket' and the other sites a 'select list' approach to quality assurance. The supermarket approach enables customers to register their views on quality through their purchasing patterns and vendor reviews. In Wigan's case, this is facilitated through *Shop 4 Support*, an online portal with procurement and other functionality. The 'select list' approach provides a smaller choice of providers pre-assured by the council. In Manchester, the reduction in the number of contracted providers from 28 to 10 was primarily motivated by the perceived quality assurance benefits of managing a smaller number of contracts.

Both the supermarket and select list approaches incorporated other means of quality assurance. For example, Manchester and Wigan respectively required providers

to have attained a 2 or 3 star rating from CQC for inclusion in the framework contract. Quality assurance is important for ensuring a range of effective services are available but care should be taken that this enhances rather than impedes choice and that its application is proportionate.

- **Locality focus** – choice involves ensuring a range of providers are able to cover a variety of needs regardless of where a person lives. This led to framework contracts being let, with the exception of Barking and Dagenham, on a locality basis. The numbers of providers per locality varied from one to three, except in the case of West Sussex where many more providers are available. The providers selected are required to cover all levels of support needs. In many cases, this is enabled by the encouragement of subcontracting.

The allocation of small numbers of providers to particular geographical areas has been used by some councils as an incentive for providers to sign up for the new contracts. Whilst the contracts do not guarantee demand, being one of a limited number of preferred providers for a particular area is perceived to reduce the risk to anticipated volume.

Elsewhere, Oldham and Kent have been involved in the DH micro markets project that has tested an approach to supporting small-scale providers to offer a wider choice of services to people on a locality basis with no attempt to limit their number.

Ensuring that people have a wide choice of services does not necessarily equate to ensuring their choice of a large number of

contracted providers, though if the contracted numbers are small greater effort will be needed to ensure that people are aware of non-contracted alternatives. Care should be taken that shaping the local market does not mean inadvertently restricting choice and impeding innovation.

- **Choice of provider** – the choice of provider from within the framework is made by the budget holder with information, advice and support from a range of sources. In all cases, people who wish to choose providers from outside of the framework contract are able to do so. However, in the case of both Barking and Dagenham and West Sussex this is only currently possible through use of a direct payment. In West Sussex this restriction has little impact as only a handful of providers are not signed up to the framework contract. Clearly, the challenge for councils is to enable those not opting for direct payments to have the same degree of choice as those that do. Partly this requires concerted effort from commissioners and providers within the framework to improve the range of services offered, but indications are that this may also occasionally involve spot contracting with providers outside of the framework.
- **Self-funders** – Putting People First requires councils to commission for the whole community and to ensure the availability of personalised services for all regardless of whether they are state or self funded. It has therefore been seen as important that self-funders as well as state supported budget

holders are able to access the new framework contracts if they wish, which had not always been the case under previous contractual arrangements.

## Choosing

All of the case study sites recognise that personalisation requires more than simply ensuring that a good choice of accessible provision is available. It is equally important to enable choosing between providers by accounting for different people's support planning, brokerage and budget management requirements and preferences.

- **Budget management options** – the shift to personal budgets has meant that all of the framework contracts require providers to make available a range of budget management options. This means working with direct payment holders and self-funders and making individual service funds available for people coming through the council route. Since personal budgets are to become the standard model of delivery for all those with ongoing care and support needs it is vital that providers and their contracts are compatible to the various ways in which they can be managed.
- **Support Brokers** – the availability of support brokers and their independence from both local authority and service provider varies between the case studies. In Manchester, independent brokers are just being established. In Lancashire brokerage

is service provider led, whilst it is provided in-house in West Sussex. While there is some debate about possible conflicts of interest when providing brokerage as well as services, this is seen as an area of possible expansion and diversification by some providers. See *Good practice in support planning and brokerage* for a fuller account of this debate and the different tasks and functions of support brokerage.<sup>2</sup>

- **Market information** – knowing which providers can supply what services and at what price and quality is essential information for budget holders either selecting a provider for the first time or considering changing provider. The sophistication of information provision varied from personal information packs and advice sessions in all sites to web based information. In Manchester and Wigan, information is provided on both framework and non-framework contracted providers. In Wigan's case, the *Shop4Support* website has an eBay-style marketplace function that enables budget holders to rate providers' services and exchange tips.
- **Price** – All councils have required providers to publish their rates for direct payments holders, self-funders and those who choose the council route for arranging services. Some have attempted to ensure parity between these rates so that there is no disincentive for people making particular choices. This can be a valuable intervention that supports local people to get the best deal but requiring a single rate can also be counter productive where it stifles people's capacity to build a bespoke service, opting for different or enhanced support, or prevents them self-determining the balance between cost and quality that is right for them within the available budget. An approach that sets a common 'basic rate' with the option of 'add on's' may prove a useful compromise.
- **Person-centred 'mini-tenders'** – Several of the case study sites have used processes where anonymised person-centred information, taken from support plans or reviews, is used in 'mini-tendering' to determine which provider from within the framework contract will offer support to an individual or group of individuals. This information, along with confirmation of the indicative budget, is sent to providers who are encouraged to respond with a plan for how they will support the person or persons. People and families remain involved throughout the process, evaluating bids and determining which provider will deliver the support.
- **Meeting fluctuating needs** – The flexibility to vary the amount of a personal budget spent over time allows budget holders to choose to vary the level and type of service they receive to fit fluctuating needs. The

<sup>2</sup> See: <http://www.dhcarenetworks.org.uk/Personalisation/PersonalisationToolkit/Blueprint/SupportPlanningandBrokerage/?parent=3113&child=3250>

ability to carry forward over spends varies between the case study sites. In Bath and NE Somerset 25% can be carried over from one month to the next. In Barking and Dagenham, expenditure must even out by the end of each quarter.

## The tendering process

Key features of the tendering processes used in the case study sites were:

- **Advertising and response** – most of the sites advertised their invitations to tender both locally and nationally in the first instance casting the net as widely as possible. In Barking and Dagenham, existing providers who were open to personalisation were invited while in Lancashire it was those already on the preferred provider list. The response to local and national advertising was good with a large number of both local and national providers expressing interest and eventually submitting tenders.
- **Support to tenders** – All of the case study sites recognised that the requirements of personalisation were new to many of the prospective providers and that they would need to spend time ensuring that they understood what would be involved. Manchester and West Sussex gave examples of personalised services and put

on workshops for potential providers so that they could learn about self-directed support and personalised service provision.

- **Involving people** – most of the case study sites directly engaged people using services in the development of the new framework contracts and service specifications. People using services were also involved in provider selection in Bath and NE Somerset and in Lancashire. Elsewhere in the personalisation toolkit, the DH has published a guide called *Working together for change* that describes an approach to user involvement tested with four councils that uses person-centred information from people's support plans and reviews to inform commissioning and strategic planning.<sup>3</sup>

## Collaborative approach

All of the case study sites reported that a shift from previously adversarial relationships to collaborative practices and partnerships with providers had been essential to their success. In some councils this began at the tendering stage with the provision of support to potential providers and it has been a continuing feature of the relationships between commissioners and providers as well as the development of provider-to-provider collaboration. There has been a recognition that commissioners and providers must work together to make a success of personalisation.

<sup>3</sup> See *Working together for change: using person-centred information for commissioning*, DH 2009 (<http://www.dhcarenetworks.org.uk/Personalisation/Topics/Browse/General/?parent=2734&child=5802>)

- **Provider development** – continuing training and development opportunities have been provided by the case study sites around such topics as: how to work with the self-directed support process; meeting the budget management and accounting requirements of personal budgets; and developing different models of service provision to meet the requirements of personalisation. These workshops have not been dictatorial but have enabled the exchange of knowledge and experience and mutual problem solving between councils and providers striving to meet the challenge together.
- **Demand mapping** – ensuring providers have a clear view of the nature, location and volume of demand and how this may change over time is important. Manchester provided an analysis of demand as part of the tender process and Barking and Dagenham is looking at providing a Geographical Information System (GIS) mapped analysis.
- **Provider–provider collaboration** – many of the sites have actively encouraged subcontracting and provider-to-provider collaboration because they considered it unlikely that any one provider would be able to meet the service requirements of all budget holders. The ‘mini-tenders’ used in Bath and NE Somerset to obtain services to fit an individual’s support plan are designed to enable collaboration between the providers on the approved list for a

given locality. Providers are also collaborating to find their own solutions to commonly shared issues such as staff recruitment and rostering.

Though this kind of collaboration is not without difficulty in a competitive marketplace, the benefits to both providers and the people using their services can be significant, especially during the transition from current approaches to more personalised models of provision.

## Challenges

As might be expected when breaking new ground, the case study sites have met, overcome or are continuing to work through a number of challenges. These have included:

### Service user concerns

Whilst many people using services have welcomed the introduction of personal budgets and the development of more flexible services, there are also those who have voiced their concerns about these changes. These have broadly included:

- **Complexity of budget holding** – The prospect of being more directly involved in budget management worries some people. Personal budgets must ensure that people can take scalable degrees of control when directing their support and

determining the role they want to play in managing their budget. Making ISFs or their equivalent integral to the new contracts and offering care managed accounts (such as in Wigan) can help allay some of these anxieties.

- **Keeping things the same** – many people have wanted to retain their current care workers and have been concerned that their provider might cease to be a preferred contractor. It is important to reassure people currently using services that they can choose to retain their existing provider by purchasing services outside of framework agreements through direct payments and other means (Manchester).
- **Concerns of family and relatives** – Some of the case study sites spent time with the families and relatives of people using services explaining what would be involved in moving to personal budgets and what the potential benefits might be. This has proved very worthwhile in allaying their concerns (Manchester).
- **Contract mix** – local authorities differ in the degree to which their services are spot bought or block contracted and hence how quickly they can move away from providers who do not wish to enter into new contractual arrangements. Good relationships with providers can be key in bringing forward changes within existing contracts.
- **Contract renewal** – has been used as an opportunity to retender (Bath and NE Somerset). Signalling ahead of time that personalisation will be a future requirement and what this means can also help providers prepare (West Sussex).
- **Tapering contracts** – enabling block contracts to phase out as demand for ISFs rises (Barking and Dagenham) or extending existing block contracts for a year to enable providers to adapt to the new market (Manchester) are two possible approaches to easing providers' transition from one contract to another. It is probably unrealistic to assume that all block contracts can be dispensed with in the short term without having spent time signalling, developing and testing other approaches with the market.

### Moving from existing block contracts

Moving to new contracts has naturally involved some decommissioning from providers who have not wished to offer more personalised services or whose services have not been of sufficient quality. Equally, there are challenges working with providers who are willing to collaborate and adapt in moving from existing contracts and service models towards new arrangements.

### Providers adapting

Providers have had to adapt to the new form of contracting in a number of ways including meeting the new service preferences of personal budget holders and adapting to different budget management and accounting requirements.

This can be a significant challenge and commissioners should actively support providers' adaptation and transition so that the market can respond.

- **Transfer of staff** – some providers who are unsuccessful in gaining framework contacts collaborate in staff transfers while others do not. The local authority has to be careful about legal trip wires when facilitating TUPE arrangements (see Manchester case study)
- **Staff recruitment and training** – including retraining existing staff in how to work with self-directed support and more personalised delivery and reporting arrangements. Developing pooled arrangements to reduce the costs and competition between providers in staff recruitment and training is one possible approach.
- **Cost to providers** – having accurate cost information in a form that enables providers to develop a pricing system which: supports individual billing; guarantees a minimum wage for staff; and ensures the provider's financial viability. Accounting and financial management systems have to be changed to enable charging on an individual basis and to account for new developments such as electronic monitoring of staff time.

## Conclusion

**The case studies featured in the following appendices provide a snapshot of how contracting practice is changing and personalised services are being developed in response to personal budgets and the wider requirements of Putting People First.**

Although successful, none of the case study sites considers their current position to be the end point. As the demand for personalised services rises and the range of people and needs being met by personal budgets broadens, new challenges are likely to emerge. Local authorities that follow in their footsteps have the opportunity to build on the successes of these pioneers, take into account the challenges they have met and develop their own local responses.



# Case study 1: London Borough of Barking & Dagenham

Barking and Dagenham developed the use of self-directed support with older people and younger physically disabled adults through their participation in the individual budgets pilot programme. They have now adopted a programme target of 45% of people to receive self-directed support as defined by NI130 by 2011. Towards the end of the pilot programme the council invited all its home care providers to develop their services to support people who wished to manage their individual budgets through the use of Individual Service Funds (ISFs). Initially developed as a way of testing the approach, four home care organisations have taken up the offer and are now providing a diversified range of personalised services and developing collaborative links with one another and others to do so.

## The previous approach to contracting

Prior to, and during the piloting of individual budgets, Barking and Dagenham, like other authorities, contracted for home care services on a block contract, cost and volume basis. Domiciliary care was contracted to eight approved providers. However a great many more providers also operated within the borough.

Self-funders did not have access to services at the price negotiated by the Local Authority and were generally charged higher rates for services.

## New approach

### Individual budget holding

As part of its piloting of individual budgets Barking and Dagenham developed different money management options for budget holders, including direct payments, individual service funds (ISFs) and mixed packages. In the latter case, customers can opt to receive some of their budget as a direct payment and the remainder as an ISF. The use of these split packages is increasingly common. All of these approaches enable individuals to make flexible use of their budgets and have control over critical factors such as: what types of support they receive; who comes into their homes; and at what times. In Barking and Dagenham the key features of ISFs are that they are held by a provider, who may help with support planning, and involve the provider taking in responsibility for employing staff for a budget holder, purchasing other services and keeping individual accounts. Providing the council is happy that an individual's needs are being met the support plan can be as creative, or as

“traditional,” as the person wants. There is no requirement that support planning will be carried out by the provider: an individual can undertake support planning with family, friends, social workers or care managers.

### ISF based home care contracting

Barking and Dagenham have set themselves the target of delivering 45% of social care in a self directed manner by 2011. This compares to a Department of Health target of 30%. In order to meet these targets Barking and Dagenham recognised that they would have to not only continue to extend the take up of individual budgets but also reshape their service provider market to widen the range of services available and personalise their delivery. This meant moving away from the previous cost and volume block contracts to ones that are based on delivering personalised care driven through the process of self directed support and the use of ISFs. There were two main drivers behind this change: the government’s Putting People First agenda; and following the local success of the Individual Budgets pilot programme, an increase in demand from people who use support for personalised services.

### The new contract

Four home care providers are now contracted by the local authority to deliver ‘traditional services’ as well as work with those

individuals who wish to receive an ISF. One contract covers all methods of deployment. The new contract was introduced around the time the Individual Budget pilot ended and Putting People First was announced. This flexible approach to contracting has allowed the borough to test this new model whilst maintaining its traditional service delivery. The contract is still on a block contracted cost and volume basis, but with the caveat that providers must be prepared to offer ISFs if requested. The contracts guarantee a minimum number of hours, made up of a combination of traditional service delivery and ISFs. It is likely that the current contract will remain in place, until such times as demand for ISF provision outstrips supply.

In setting up the new contracts providers undertook training on what an ISF is, the council’s expectations about what a support plan should contain, how support plans should be delivered and how they would be expected to reconcile time spent with an individual. It is a contract condition that the providers apply the learning in practice. As ISFs are still a relatively recent delivery mechanism the predominant deployment method of Individual Budgets is still direct payments. It is expected, however, that in the future there will be a significant increase in the number of customers taking up ISFs. Data is not available at this stage on the proportion of clients converting to ISFs from other deployment methods compared to the proportion of entirely new customers.

## The individual level commissioning process

Once a provider has been approved as an ISF manager the contract operates on an individual level commissioning basis with overall monitoring and management by a local authority commissioner. The individual level commissioning process begins with a person who has been assessed as eligible for local authority support, self assessing their own needs with the support of a care manager. Providers are not involved at this stage. An indicative budget allocation is automatically calculated as part of the supported self-assessment; it is at this stage that the various deployment options, including ISFs, are explained to recipients. People who opt for the use of an ISF are then asked to select a provider from the four on the approved provider list and meet with the provider to develop their own support plans. Clients can only go outside the approved provider list if in receipt of a Direct Payment. The support plans are then checked and signed off by the care manager to ensure that they meet the individuals' assessed needs and take appropriate account of any risks identified. When first trialling the ISF approach, B&D made quarterly advanced payments to the provider to allow them to deliver the agreed services. However, once ISFs had been established as part of the contract, providers began invoicing monthly in arrears for delivery against the contract.

## Overall contract management

On a quarterly basis the provider submits a statement of how the individual's indicative funding allocation has been spent to both the individual and the council. This allows the person to confirm that the statement accurately describes how the money has been spent and also gives the council oversight of the support provided and the budget management. Individuals may decide to over or under spend in any one quarter as long as their annual budget balances out. There are limits on quarterly over and under spends that are allowed. It is the provider's role to enable the individual budget holder to stay within those limits.

The council has found that under ISFs there are fewer incidences of overspend by clients than with Direct Payments. With the latter providers did not always support individuals to know that they were overspending. The nature of the relationship between an ISF recipient and the provider means that the provider has a clearer picture of the individual's allocation and where the money is being spent. In a situation where a client is under-spending their allocated resource, the provider makes them aware that they are not utilising all their available funds to ensure that all eligible needs are being met and to trigger a review if necessary.

Yearly 'service re-design' meetings are one of the points at which a support plan can be altered. The review looks at outcomes and spending against the support plan, examines reasons for over or under spend and alters plans accordingly. Quarterly reconciliations are

another important way of ensuring the person remains in control of their budget and is enabled to use it flexibly. As part of the self-directed support process in B&D, all recipients receive a quality assurance questionnaire at first assessment and all subsequent re-assessments or reviews. This is a relatively new process, but in due course it is hoped that it will offer indications about the level of self-direction that has most positive impact on people's experiences of social care. If an individual is dissatisfied with a provider, they can move to an alternative provider. The aim is always to put the individual budget holder in the position of power. The council is now working with a university to analyse how well the system is working for people using ISFs to manage their budgets.

### The role of providers

At this stage demand is such that ISFs are provided only by home-care providers. However, B&D believe that the ISF model lends itself to any form of provision, and in the future other types of services could be provided in this way. Most services identified in the support plan are provided by the providers themselves with sub-contracting for some services, such as gardening which is then reflected in the quarterly ISF reconciliation. B&D is further encouraging sub contracting between providers who have a skills base in one area but not in another and would like to see homecare providers entering into agreements with one another. The overall aim is to improve the range

and flexibility of the services on offer. The council is finding that providers are starting to network and consider how their businesses compliment each other and can collaborate.

### Developing the new approach

B&D's individual budgets pilot originally targeted younger physically disabled adults and those with learning difficulties. Part way through the pilot, B&D chose to extend the pilot to older people because of demand from that user group. There are now an equal number of older people receiving self-directed support as younger disabled adults and the council expects take up to continue to rise in both groups. Six months into the national pilot programme, ISFs were introduced as an extension of the budget management options available to individual budgets holders. B&D decided to work with several homecare providers to test this way of personalising access to home care.

### The retendering process

The launch of 'Putting People First' in December 2007 coincided with a re-tendering of the council's domiciliary care contracts. This was seen as a further opportunity to embed ISF delivery within homecare contracts. In re-tendering the caveat was introduced that the new contracts would require providers to offer ISF options alongside delivering services to other non individual budget holders via a cost and volume block contract.

All of the home care providers with whom the council held contracts were sent a flow-chart of the self directed support process showing how ISFs could enable providers to play a role in support planning and enabling individual choice and budget management. Providers were asked whether they would be able to support ISFs holders in this way. Five of the eight home care providers expressed an interest. The five comprised a mixture of national and locally based organisations. The process of developing the new approach was collaborative with the council providing training on how providers could enable the self directed support process and meet the budget management and accounting requirements of budget holders. Both commissioners and providers recognise that much of their success in developing this new approach has been due to the level of openness and trust established between them.

As the national individual budgets programme drew to a close at the end of March 2008, B&D decided to extend its pilot for a further year, embedding self-directed support in two long-term condition teams (older people's services and younger physical impairment).

## Challenges

A key challenge has been getting the message across to both individual budget holders and providers that self directed support works and can bring great benefits and better outcomes. It is recognised that this change can feel daunting but also that people appreciate the

ability to exercise choice and control and receive more flexible services. Some commissioners and providers have expressed reservations about ISFs working for particular groups. However, practice is demonstrating that many people, regardless of type and level of need, are able to use ISFs successfully.

## Future development plan

The future development of ISF based contracting in B&D is set within the context of a widening use of all forms of individual budget holding. Alongside this market development is a major part of the overall Putting People First transformation plan in B&D. This will involve:

### Market choice

B&D will be moving away from the old task specified; cost and volume block contracts to an approach that puts the emphasis on providers marketing their services directly to budget holders. The aim is to provide more choice and to enable people to broker their own deals where they chose to do so.

### Consortiums and social enterprises

The adult services commissioners are working with Barking and Dagenham's small business service to stimulate a more diverse market by enabling the development of consortiums and social enterprises.

## Staff recruitment and development

B&D have recognised that provider development could also be further supported by linking it to other council agendas such as tackling worklessness, the development of accreditation systems, apprenticeships and linking providers into vocational training within schools.

## Mapping demand

Ensuring both commissioners and providers have an up to date picture of how demand is changing is considered essential to enable both creative service development and the effective management of business risks. The council is exploring how it can link its Geographical Information System (GIS), which is used to map changes in needs and communities, to the adult care information system. This would enable mapping of adult care services usage to be related to other key data such as that on diversity and deprivation.

## Key learning points

- **Bottom up change** – using ISFs to enable the development of personalised services works. The bottom-up dialogue between the budget holder and the provider enables the latter to learn at first hand what services are needed and to change their services accordingly. Whilst the number of

customers taking up ISFs is still less than those using Direct Payments, many new service users are selecting the ISF option over direct payments.

- **Opening up the market** – making information on the new approach available to providers across the UK enabled the council to link up with both new and existing providers who had an interest in developing services tailored to self directed support. When first introducing personalisation Barking and Dagenham held quarterly provider forums to support information sharing.
- **Split packages** – which enable a person to take part of their budget as a direct payment and manage the rest through an ISF enable greater flexibility whilst minimising the management burden on the individual.
- **Stability and change** – the awarding of mixed cost and volume and ISF based contracts to the approved ISF providers guarantees them some stability of income whilst also creating space for change.
- **Strategic signalling** – alongside working with those providers that were willing to collaborate the council wrote the requirement to move towards the use of ISFs in the future into all existing contracts, thus preparing the ground for future change.

- **A coalition of the willing** – starting with the providers who were open to change has meant that the council has formed a coalition of the willing who together want to make a difference.
- **Collaborative contracting** – openness and the development of trust between commissioners and providers has made a real difference in delivering change. The council found that providers had a real appetite for the new agenda. Early and clear communication and maintaining a dialogue were of key importance.
- **Consortia, subcontracting and business development** – encouraging providers to collaborate, draw on one another's strengths and also diversify is enabling much greater choice and flexibility for budget holders.
- **Drawing on corporate strength** – linking into corporate infrastructure, such as GIS and small business development, education and training, enables adult services to draw on additional resources delivering benefits both to users of adult services but also to the local community as a whole.

## Case study 2: Bath & North East Somerset Council

Bath and North East Somerset first began developing outcomes-based contracting in home care following the publication of the white paper 'Our health, our care, our say'. Being one of the Department of Health's individual budgets pilot sites provided the opportunity to further develop this form of contracting as part of the council's overall approach to personalisation. This has involved the recontracting of the whole of the home care service on an outcomes basis along with the decision to make individual budgets available to all service users from summer 2009.

### The previous approach to contracting

#### Traditional block contracting

Prior to personalisation, contracting for home care was mostly via block contracts with four providers. Of these providers five operated nationally, one (Carewatch) was a franchise and the remainder operated at a regional or city-wide level. The contracts specified the tasks to be carried out and the number of hours to be purchased. There was also some spot contracting with a further 19 providers.

#### Self funders

Prior to the personalisation of services, self-funders purchased their own services direct from providers outside of the council's block contract. If they wished they could obtain information about providers from the relevant social work team. Self-funders could also opt to pay the council for social services input into the creation of care plans and commissioning of services. Personalisation has increased the council's contact with self-funders. The availability of support for self-funders is now much more clearly defined, and there are systems in place to help self-funders navigate the market. The in-house brokerage service provides support to self-funders to find service providers and manage their budgets.

### Introducing outcomes based contracting

#### Drivers for outcomes based contracting

Whilst Putting People First was an important driver, Bath and North East Somerset were already moving towards outcomes based contracting prior to personalisation. The Our Health, Our Care, Our Say White Paper was published at around at the same time as the

local authority's home care contracts came up for renewal. The local authority seized this as an opportunity to:

- build the seven white paper outcomes into their new block contracts for domiciliary care
- provide service users with more choice and control and to increase flexibility in services
- secure capacity to tackle 'hotspots' where the council had previously struggled to meet need.
- better take into account the differences between urban and rural communities and their different needs
- maximise the use of available resources by avoiding duplication of service provision
- provide more joined up, outcomes-focused services in partnership with the PCT.

### The tendering process

From 2007- 2008 the local authority's entire in-house domiciliary care service was put out to national tender. Prior to the tendering process service users were involved in establishing the kinds of outcomes they would be looking for from the service. These outcomes were set out in the pre-tender information and the tender pack.

All potential providers were required to demonstrate how they were prepared to work with the local authority to provide a flexible, outcomes-focused service. They were able to submit questions to the local authority about its new requirements, the answers to which were then circulated to all tenderers.

In response to the invitation to tender 35 potential providers submitted Expressions of Interest, and of these, 28 submitted a pre-qualifying tender. Following evaluation 15 were invited to go forward with a full tender and 14 full tenders were received.

A range of evaluation methods including site visits and interviews were used to establish whether providers had the appropriate outcomes-focused orientation and were able to offer the right range and flexibility of services. All of the short-listed providers were interviewed by a panel of people using services drawn from within existing user-led groups. Those who expressed an interest in sitting on the panel were supported by the Care Forum in thinking through evaluation methods and developing a consistent set of evaluation criteria. The panel consisted of around 12 people. 60% of the overall score for each potential provider came from evaluation by this panel, with the remaining 40% focused on commissioners financial considerations. Five providers were finally selected, of whom two were providers with existing contracts.

## Outcomes based contracting

### The new contracts

Bath and North East Somerset now have five-year rolling contracts for domiciliary care (with the option to roll-on for further five years) with five "strategic partners." These five providers work across four geographical zones. Within each zone there are a minimum

of two providers with three operating in the larger zones. In theory, providers could operate outside of these geographical zones though in practice this has not tended to happen. It is the council's aim that the five providers will work together and complement one another's service provision. The new contracts do not specify any guaranteed minimum hours of service provision. However, the geographical basis of the contracts does mean that, as long as individual budget holders who choose the option of Social Services managing their budgets do not wish to choose an alternative provider, the individual contracts do go to the preferred providers for that locality.

When commissioning a service for a customer the local authority runs a mini tender with the providers operating in the relevant geographical zone to find out which provider is best placed to meet the outcomes set out in the individual's support plan. Rather than being in competition, the intention is to enable providers to work co-operatively to cater for the demand that comes their way. In some zones, providers have divided the zone between them geographically. Others may develop specialisms in particular kinds of care and divide work up along those lines. Sub-contracting is allowed so that if a provider is required to provide a particular form of support but lacks the appropriate staff, they can source them from elsewhere. All providers must keep the local authority informed of any sub-contracting that is taking place.

## Building in outcomes

Bath and North East Somerset held a series of consultation events with people using services to examine the seven white paper outcomes and what they might mean for services. They worked very closely with a number of groups such as the Care Forum, Care Network, and Action for Pensioners and ran events for adults with Learning Disabilities and carers. The seven outcomes and how people expected them to be realised in practice were then incorporated into the new contracts. Providers are now signed up to working towards these outcomes in partnership with the council and service users.

## Review process

The review system collates information on how providers are performing against the seven key outcomes. Providers hold face-to-face reviews with people using their services on a quarterly basis. Feedback from people with support needs and care staff on how individual plans are being met and the quality of service received is collated in a database with other information such as that pertaining to safety issues and complaints. Providers also share their information on quality monitoring and volume of service delivered.

The review system is in the process of being revised with the help of people requiring support to include feedback about how well individual outcomes are being achieved. At present it is difficult to capture information on

progress against very specific outcomes which do not fit in with any of the seven overarching outcomes. Support plans are also to be analysed to identify the range of outcomes that are important to budget holders.

## Partnership working

The local authority is committed to working in partnership with providers to develop outcomes based, personalised services. The flexibility this requires presents a number of challenges to providers. The employment and deployment of staff, rostering, invoicing and other administrative tasks require new systems and approaches to be developed. On the positive side, care workers are now able to respond to individuals' needs in a more flexible way rather than being constrained by an inflexible contract. This has led to improvements in both the quality of service and care workers' job satisfaction.

## Individual budgets

Bath and North East Somerset was one of 13 councils selected by the government to participate in the two year Individual Budget pilot programme. The Bath and North East Somerset pilot began by basing individual budgets on social care funds but has gradually included other funding streams such as: supporting people, equipment services, independent living fund and access to work. The scheme was originally focused on people with learning difficulties, those with physical

impairments and older people. The local authority has now decided to roll out individual budgets to all people using services over the summer of 2009.

In Bath and North East Somerset there are two ways that service users can manage a personal budget and organise the support they require:

- **Direct payment** – this could be deployed independently or through an agent, for example, a family member, friend, or group of friends;
- **Commissioned individual budget** – support is organised by social services, but with a greater degree of choice and control for people using services than under traditional arrangements.

Where people choose to have their support organised by Social Services, it is not able to employ individuals such as personal assistants on their behalf. Instead, it can purchase the services an individual requires from in-house provision or from contracted providers. In house services include: intake and re-enablement; community resource centres; and care home provision for older people.

When commissioning a service on an individual's behalf the council is restricted to organisations with whom they have a contract or who are willing to comply with the same contractual terms. If an individual wishes to use a provider with whom the local authority currently does not have a contract, a one-off agreement can be set up. This one-off agreement will very clearly state what the

outcomes are for that individual. In practice, the majority of people have been happy to use the council's contracted providers. Exceptions have included where a person is receiving care outside of the area in a relative's home or when somebody has very specific needs. The council would aim to monitor spot contracts such as these quarterly or twice yearly at a minimum.

### Managing budgets and payments

Each individual budget holder has a personal agreement with a provider which specifies a target number of hours support to be provided with flexibility for the individual to use more or less. This is similar to an Individual Service Fund but not labelled as such. Quarterly payments are made to providers to cover the services agreed in support plans, with flexibility for the individual to decide how their hours are deployed. Twenty-five per cent of a weekly payment can be carried over to the following month as a contingency fund, but this must be used before the end of the quarter. Managing this arrangement requires providers to account individually, submitting quarterly returns to the council to show the balance in each individual's account.

The carry over facility enables people to flex their support in response to what is happening in their lives. For example, not drawing on support when a relative is staying with them. Previously the service user would have lost any cancelled or changed support. At present, few people are taking up the

option of laying over their care in this way meaning that it is difficult to assess the implications for providers so far. If larger number of service users were changing their care regularly it may cause greater challenges in terms of the way providers employ and deploy staff.

### Challenges

The experience of the tendering and the implementation of new contracts has thrown up a number of challenges:

- **Resistance to change amongst service users** – whilst the new personalised approach has been developed in consultation with people who have support needs and providers many people who are already in receipt of services have not always felt ready for this new approach. This has particularly been the case amongst older people though this picture is changing.
- **Services tied into longer term block contracts** – there is still a long way to go in moving all services onto outcomes based contracts with many services still tied in to traditional block contracts with a number of years to run.
- **Managing risk** – putting more choice and control in the hands of people with support needs increases flexibility but has reduced the control the council has over services. This requires a closer working relationship with providers involving more trust than has always been the case in the past.

- **Impact on roles and jobs** – the move to greater flexibility requires a different way of working for the council as well as providers and affects how people see their roles and jobs in the future.
- **Stability and continuity** – maintaining stability and continuity in service provision whilst at the same time rolling out choice and flexibility has been recognised as an ongoing challenge.

## Future developments

Support planning for older people who opt for Social Services to manage their budgets is currently delivered by social workers who then hand over the support plans to an in-house brokerage team that commissions the services. A support brokerage pilot is now being undertaken with Age Concern and the Shaw Trust to develop further brokerage options for older people. It is hoped that the pilot will enable people to take more time over planning and commissioning their support.

As part of its overall approach to personalisation the local authority is further developing its Carers' Strategy. This will include the potential introduction of a system whereby carers are asked to assess their support needs a few weeks after the cared for person has assessed their own needs.

This recognises that carers should get some indirect benefit from services put in place for the cared for person. Hence waiting for a short time period before assessing their own needs should put them in better position to understand how the new support package really impacts on their caring role.

## Key learning points

- **Start early** – outcomes based contracting can begin to be introduced ahead of the use of individual budgets enabling both commissioners and providers to begin to re-orientate to the new approach.
- **Engagement** – of people with support needs, from the beginning, in reshaping contracts, provider selection and contract management makes good sense.
- **A range of support options** – including budget management by social workers, enables people who might not otherwise consider individual budgets to gain the flexibility they provide without having to take on the extra work of budget management and securing and ensuring service supply.
- **Think carers** – it is essential to address the personalised support needs of carers in a way that links to the personalised support needs of the person they care for.

- **Focus on outcomes** – service specifications must describe very clearly the outcomes that are required. It is important to take the time to get these right.
- **Robust monitoring and evaluation** – and high quality data collection are essential in order to be responsive to customers changing demands.
- **A rolling programme** – making use of the opportunities provided by contract renewals enables a rolling programme of provider and service market reshaping.
- **Reach out to new providers** – outside of the geographical area covered by the local authority.
- **A collaborative approach** – both between the local authority and providers and between providers enables faster learning and more flexible response to be developed to the changing requirements of people with support needs.
- **Recognising providers** – are the people in contact with the service users and charged with delivering their care, in some respects they are the people who know the service users best. Giving them the ability to work in a more flexible way greatly improves quality of service.

## Case study 3: Lancashire

Lancashire began developing self-directed support in 2003 and is now committed to moving to personal budgets for everyone eligible for ongoing services. As part of this transformation, the council is also changing the way it contracts with service providers from the previous block approach, to person-centred contracting. This is being developed on a rolling basis making use of the opportunities that present themselves when existing block contracts come up for renewal. The local authority works with three PCTs and 12 borough, city and district councils.

### The previous approach to contracting

#### Block contracting

Prior to the introduction of person-centred contracting, the contracting process involved the council establishing the market need and then tendering for services in the form of large block contracts lasting for a maximum of five years. Lancashire tried to be as person-centred as possible within the constraints of block contracting, for example by seeking the views of people using services and incorporating them into the contracts. The contracts covered services such as domiciliary care, extra care in sheltered housing and intermediate care.

Block contracts were only open to those providers on Lancashire's preferred provider list and tended to be commissioned to meet identified demands. Contracts were allocated to providers on the basis of them being able to undertake the work rather than on any geographical basis, though some providers were bound by their constitutions to work only in particular localities.

### The current approach – Person Centred Contracting

#### The new contractual arrangements

Lancashire operates a preferred provider contracting approach. The preferred provider criteria require providers to demonstrate that they are person centred, through, for example, being involved in council provided training and development. Contracts with providers are essentially spot contracts where the individual's support plan takes the place of what was previously a schedule within a traditional block contract. Service specifications are now focused on ensuring that providers have the necessary emphasis on person-centred approaches. Working to agreed support plans enables providers to offer more flexible, creative and person-centred services that focus on the outcomes people really want. Whilst in there is some indication of the volume of demand a

provider might expect, they are also aware that a service user could choose to take their personal budget and use it elsewhere at anytime.

The new model of commissioning has changed the contractual arrangements between the local authority, providers and people using services. The local authority's role is now to:

- Agree the "self rating questionnaire" (supported self-assessment), allocate budgets and sign off and review support plans to fulfill its duty of care;
- Maintain a schedule of preferred providers and educating people in the advantages of choosing a provider who meets and hopefully exceeds standards set by the council;
- Use creative commissioning to ensure the market develops in a way that meets the different and changing needs of people requiring support.

*'The role of the Local Authority has changed considerably under the new arrangements. The transaction is now between the budget holder and the provider. The council has become more remote, although it still has a duty of care'.<sup>4</sup>*

In practice, there is a continuing need for contractual relationships between providers and the council, primarily to safeguard and ensure the wellbeing of service users, but also to remove the potential risk of contravening statutory requirements, to minimise litigation challenges, and to ensure the transparent audit of public spend.

### Planning and managing support

Lancashire has established five pathways which people can take to plan and manage their support:

- Self (as direct payment)
- Agent (could be family member, friend or appointee)
- Trust Fund
- Provider/ 3rd sector
- Independent broker

Once the support plan is established the person uses their chosen pathway to purchase and manage their services and their budget. The local authority believes that this approach is suitable for everyone using services.

A sixth pathway, the involvement of Community Support in the form of user-led organisations is currently under development

<sup>4</sup> Haworth, K., 2009, *Self-Directed Support in Lancashire, A report from Lancashire County Council* <http://www.in-control.org.uk/site/INCO/Templates/General.aspx?pageid=1004&cc=GB>

in Lancashire and is viewed as one of the priority workstreams in their transformation programme.

The council strongly recommends that individuals use preferred providers, but budget holders are free to choose to lodge their budgets with other providers, so long as the council is satisfied that the customer is safe and that their support plan meets will meet their agreed outcomes. So far this remains untested however because all service users have chosen preferred providers.

## ISFs

The move away from block contracting in home care has removed the constraints of a system that focused on hours of support costed at different rates. Now the detail of any support provided is worked out between the provider and the person requiring support to identify the best possible use of their money. This alters the relationship on both sides. In theory, the provider need no longer have the current frequent contact with the local authority. If someone has a support plan that is signed off, then unless things are going badly, the only time Social Services become involved is at review.

*'For the providers, this divorce from Social Services means that their orientation as a business has, in theory, shifted 180 degrees from a Social Service focus to a customer focus.'*<sup>15</sup>

5 *Ibid.*

An example of how ISFs work in practice is provided by Castle Supported Living, a small family-led supported living scheme for adults with learning disabilities. Each person's personal budget is now treated as a 'restricted fund', so Castle must account for it individually and must use it to benefit the individual and any shared use of support must be part of an agreed plan. Castle charges each person a 10% management fee, but beyond that it does not take out any further money from the person's fund. It is also agreed that Castle can sub-contract with other preferred providers if they are better able to provide specific aspects of a person's support.

## The journey to person centred contracting

### Self directed support

Lancashire began developing self directed support along the lines of the In Control seven step model in 2003 with a small team in learning disability services investing £500 per partnership board area (£3,000 in total) from the Learning Disability Development Fund to explore personal budgets. This led to the establishment of a Resource Allocation System (RAS) to enable personal budgets to be allocated in line with individual need. Under this system individuals requiring support complete a "self-rating questionnaire" (SRQ) and, based on the RAS, are allocated indicative personal budgets.

This then allows individuals to make realistic plans for meeting their support needs.

So far, 500 people have taken up personal budgets. The majority of these budget holders have either a learning or physical disability, although the numbers of older people with a personal budget are steadily increasing. The overall target is for 10,775 personal budget holders by 2011.

### The tendering process

The services that have been subject to tendering have mostly comprised domiciliary care for people with learning and physical disabilities. These have been recommissioned on a locality basis. Services chosen for recommissioning have typically been those that were considered no longer fit for purpose or where the service was not seen as the provider's core business, for example, a PCT providing social care support.

In two areas of East Lancashire services were recommissioned by approaching those on the preferred provider list and inviting them to complete an Expression of Interest (EOI). The EOI asked organisations to apply to provide services where they could demonstrate they had relevant experience. Those shortlisted were required to do a "meet and greet session" with people using services and their families. Representatives from the tenant panel and family network group sat on the selection panel. Bids were evaluated solely on the basis of quality, performance and delivery. This led to a mix of eight local and national providers being

commissioned to provide personalised services. For some of these providers the change has been more a matter of them personalising their existing service delivery rather than being required to provide completely new services. The council is now looking to update its selection process for preferred providers to better reflect the work that has been done in recent years on personalisation.

As personalisation has been introduced on an incremental basis the county currently manages a mix of traditional block and new personalised contracts. However, from this point onwards the council anticipates that a minimum number of block contracts will be issued.

### Challenges

Those working on personalisation have experienced a groundswell of support following its announcement which has strengthened the authority of the transformation programme. However there have been, and continue to be, a number of challenges that will have to be met in order to fully implement personalisation in Lancashire.

### Communication

The move towards personalisation has not always been fully understood and there has been natural resistance to the reshaping of some services such as day centres. Lancashire has found that some providers have really embraced personalisation, some are still on the fence, and others are still in denial. As well as

providers, families, social workers and commissioners haven't universally seen personalisation as the way forward. Good communication through newsletters has helped convince many people of the benefits. This was supported by dedicated websites developed by WebEnable designed to be accessible to people with learning disabilities. However the local authority is still working hard to support people through a period of significant change.

### Legal issues

There was concern in some quarters that the new contracting arrangements would have legal ramifications. The agenda for personalisation aims to assign full control to the individual in terms of assessing needs and procuring services. However, this level of flexibility is not fully reflected in the current laws affecting Local Authorities' statutory duty of care. For example, under the National Assistance Act, statutory organisations hold the statutory functions of assessment and providing support and care. If the local authority is unable to provide a service themselves it should be sub-contracted. Training is now being provided by In Control to enable people to better understand the different statutory duties and how they can be met through personalisation.

### Providers

Providers are having to shift from working to block contracts with a familiar contracts manager to meeting the needs of an array of

individuals with differing support needs, each armed with their own purchasing power. Some providers are looking to the future and considering how they should change their overall business strategy to meet the needs of personalisation. Others however are taking time to accept the reality that the future of their business is dependent upon their ability to work directly with personal budget holders. There is therefore a need for regular joint planning to enable providers to develop their services and models to fit the requirements of personalisation.

Under the new arrangements providers face challenges in the form of: changing levels of demand; staffing; their accounting and financial management systems; and the way in which they relate to the local authority. The local authority has run training and workshops for providers to enable them to prepare to meet these challenges.

*'There is a feeling that the picture is quite bleak for commercial organisations that have been comfortable in the present climate of preferred-provider status and pitching for block contracts.'*

- **Potential reductions in demand** – by paying close attention to each individual's needs through support planning it has been possible to build up a much more accurate picture of costs and how they relate to needs than was possible under block contracting. This has led to the identification of individuals who have in the past been over-supported compared to

their assessed level of need. In these cases the agreement of non-recurring funding has enabled the amount of support to be tapered down in a planned and managed way. In aggregate, this suggests that as individual budgets are rolled out the volume of service purchased may decrease and therefore impact on the profitability or viability of some providers' operations.

- **Staffing** – person centred contracting is impacting on provider staff in a number of ways. Providers are now beginning to recruit on the basis of matching staff to particular service-users. Rotas must be much more flexible to accommodate week-to-week changes in working hours in line with support plans. In some cases the new support plan requirements involve substituting the use of technology for staff, for example where service-users are choosing to use voice activated control technology.

Day-to-day responsibility for managing the budget is effectively delegated to front-line care workers. This allows them to use their initiative and creativity in order to meet the support plan. This new way of working provides greater job satisfaction but also raises questions about who can now best fulfil these new requirements.

- **Accounting and financial management** – managing individual budgets involves providers setting up individual cost centres for each person to track the quantity of service provided so that individuals always have an up to date account of how they

are using their budgets. 'The change is from big block contracts to meeting the demands of what could be a fast-moving retail business where the 'sales' are small and frequent.'

Additional challenges are posed when one or more individuals wish to share services, for example, a supported tenancy where a certain proportion of everyone's budget is pooled. If their circumstances change so that they no longer have the same need for background support, the arrangement would also have to be reviewed and their support plan changed accordingly.

Where providers also manage ISFs, they also have to be able to handle the accounting requirements of sub-contracting for some of the services that individuals require. Providers are also having to find ways of living with irregular cash flow, including making accounting provisions to accommodate: refused hours; unplanned non-usage of hours; and banked hours.

- **Working with the local authority** – some providers have generally been slow to see personalisation as a business opportunity and a way of achieving better outcomes for individuals. However, providers in East Lancashire have had the opportunity to work more closely with the local authority to explore what it means for them and their organisations. The results of this work has been very encouraging.

Investment in providers can help them to understand what the implications are for their future business, and to support them

in applying different models in practice. For example, in East Lancashire the joint commissioning manager has commissioned training on person-centred practice for all providers and the local authority now expects providers to demonstrate that they have taken part in that training. True partnership working, trust, shared problem solving and leadership can help to harness the expertise and knowledge of providers to deliver individualised support. Lancashire is now seeing a range of providers coming forward to provide personalised support to the full range of service user groups.

*'Within Learning Disability services person-centred planning is one of the criteria for preferred provider status. But now many providers have recognised independently that SDS is the future basis of support and are adapting their long-term strategy accordingly.'*<sup>6</sup>

## Continuing development

Lancashire is now part of the In Control Total Transformation Programme's 'Network for Social Innovation'. Along with other programme members it is working hard to ensure that they have the capacity, knowledge, skills and abilities to enable everyone in Lancashire who is eligible for services to take up a personal budget. At present, there is a feeling that the work in enabling individuals to use personal budgets is

more advanced than the supporting infrastructure, e.g. finance, IT and so on. Work is underway to make the changes necessary.

## Key learning points

- **The RAS** – the use of the RAS has been central in linking resources to needs and in promoting flexibility in the way people use their budget.
- **Support planning pathways** – the use of different pathways for both support planning and handing over the budget caters for a wide range of needs and aspirations.
- **Information provision** – is important for people who require support and their families and for local authority staff and providers to enable them to understand the benefits of personalisation, how it will operate and how services will change.
- **Market signalling** – setting a timetabled target of 100% usage of self directed support and widely publicising that to people requiring support, staff and current and potential providers has proved beneficial.
- **Seizing recommissioning opportunities** – use of the opportunities to recommission services as block contracts come up for renewal.
- **Collaborative working with providers** – for example, by involving them in joint planning and providing them with training and staff development opportunities.

<sup>6</sup> *Ibid.*

## Case study 4: Manchester City Council

**Manchester moved its home care providers onto outcomes based contracts in June 2008. The council enables market choice by providing information to all personal budget holders and self-funders on contracted and non-contacted services, including via the MyManchester website. A major contribution to the success of the change has been a shift from previously adversarial to collaborative approaches to contracting with providers.**

### The previous approach to contracting

Before the move towards outcomes-based contracting, Manchester procured a traditional style of home care from twenty eight providers using a mix of cost and volume and spot contracts. Originally there were only supposed to be ten providers, however as these original providers struggled with staff recruitment, further contracts were let to meet demand. The number of contracts eventually became unmanageable, the department's ability to monitor and manage services was compromised and the volume of complaints from people receiving support increased.

Manchester felt that the difficulties of managing so many contracts also served to undermine the quality of services available to people requiring support. For example, it

became increasingly difficult to find providers to work with people with more complex needs, such as those discharged from hospital, as the providers chose to 'cherry pick' working with those with less complex needs. The practice of 'call cramming,' where despite half an hour's care being requested, a care worker would spend considerably less time with the person requiring support so as to cram more visits into each hour, became widespread. This practice in particular has led to the introduction of electronic monitoring of care workers as part of the new approach.

Following these concerns, Manchester's Corporate Improvement Programme was tasked with reviewing the current service and recommending how it could be remodelled to be more outcomes-focused.

### Outcomes-based contracting

Outcomes-based contracting was implemented in June 2008. The bulk of the home care service is delivered by ten providers. Each provider is contracted to work within one of eight geographical localities (two of the localities are serviced by two providers each). Eight of the ten providers selected were existing providers. Five of the providers are national companies, two are charities and three are small local companies. Manchester chose a mix of providers in order

to balance the need for economies of scale with the desire to contract providers with strong local links to the community.

Personal budget holders are free to choose to purchase domiciliary services from the council's in-house services, from contracted providers or other home providers. The self-funded market is small in Manchester in comparison to those funded by the local authority (Manchester is ranked 4th in the Indices of Multiple Deprivation 2007 rankings) though self-funders are also able to draw on the new contracts.

The aim of the move to outcomes-based contracting, using a smaller, locality focused provider base, was to increase both the quality of provision and the degree of choice available to people. This is being achieved in number of ways:

- **Personalised commissioning** – previously, home care services had been contracted on the basis of specifying which tasks should and should not be provided. The new contracts do not stipulate tasks. Instead, providers are required to work to a general specification based on the “Our Health, Our Care, Our Say” White Paper outcomes by linking into the individual level commissioning process for self directed support. This involves the local authority agreeing with individuals who are eligible for a personal budget, their needs assessment, a budget and their support plan. Should the support plan require home care and the customer is happy to use the contracted provider, then the contracted provider will be engaged on their behalf by the Council. Where a customer chooses to directly manage their individual budget they will directly engage the provider of their choice.
- **Personalising outcomes** – the support planning process is central to ensuring that provided services meet individual needs and preferences. The individual's desired outcomes are recorded on the support plan in the person's own words. The support plan then becomes the vehicle for making services person-centred. Customers are able to record their desired outcomes using alternative communication methods. For example, some use DVDs, others notebooks; the only requirement is that they

Apart from some details such as for medication regimes, the support plans agreed by budget holders with the local authority do not specify the detailed nature of services to be provided and how and when they will be delivered. The home care provider therefore visits the customer, discusses their support plan and agrees an outcome focused home care plan, known as the task plan. The task plan specifies the individualised home care support that the person requires and can afford within their personal budget. This is also shared with the customer's care manager. The fact that the task plan is agreed between the customer and the provider and specifies in detail the type of support, when and how it is delivered, enables it to be used as a tool for assessing complaints and reviewing safeguarding measures.

can be entered into the case management system in some form. The support plan details who the customer is, what they want to achieve and what their care and support needs are. This is made available to the provider before they meet with the customer to agree the task plan. This helps the providers to better match care workers with customers and take into account risk management issues at an early stage.

**The outcomes that providers are expected to deliver are based on those contained in the “Our Health, Our Care, Our Say” White Paper:**

- a) **Improved Health** – ensuring appropriate care and support is maintained in managing customers long term conditions.
- b) **Improved quality of life** – providing information on access to leisure, social and community activities (e.g. maintaining or developing interests and social contacts)
- c) **Making a positive contribution** – encouraging customers to maintain or develop ways of being involved in their local communities, including policy development and decision making. For example being encouraged and enabled to communicate their wishes or preferences for the way statutory and non statutory services are managed and delivered locally.

- d) **Exercise of choice and control** – enabling customers to maximise their independence and choose and control the way services are delivered.
- e) **Freedom from discrimination or harassment** – providing equality of access for customers and freedom from abuse.
- f) **Economic well-being** – enabling customers to maximise their income potential
- g) **Personal dignity** – encouraging customers to maintain their personal dignity and hygienic home environment.

In addition, the customer may add their own more detailed outcomes under the above headings, to their individual support plan.

- **Care managers as facilitators** – care managers in Manchester are no longer the prescribers of care packages but are encouraged to act as facilitators. This has involved a culture change and a shift in the core skills required by care management staff who now have to listen to the customer and document and facilitate the support planning process, in addition to ensuring safeguarding and managing risk. This shift in culture has also been facilitated by the new locality based contracts, which allowed a greater proportion of time to be spent with customers. The diagram below outlines the customer journey through the self-directed support process in Manchester.



## Customer Journey – Adult Social Care



- Flexible care** – the service specification requires the provision of flexible care and allows for ‘pop backs’ e.g. the customer can ask the care worker to come back at a time which is outside their usual arrangement. While there is an expectation for providers to provide flexible care, this has been balanced in Manchester with the need to tightly roster care workers to

reduce their travel and down-time. Customers who require revisions to their agreed task plan are advised to give the provider 24 hours advance notice of their intentions in order to enable them to rework their rosters. Where this is not possible, providers are encouraged to consider more flexible ways of meeting the customer’s desired outcomes.

- **Enabling independence** – a major feature of the service specification is an emphasis on enabling independence. For example, the traditional home care package would be designed to get the customer out of bed, bathed and dressed; now there is an expectation that the care worker prompts and supports people to do as much of this as they can for themselves.
- **Covering all levels of need** – it is a requirement of the new contracts that each provider should provide services to all people in their locality who request it regardless of their level of need and cultural requirements, hence overcoming the previously experienced problem of ‘cherry picking’.
- **Affordability** – geographical concentration reduces travel time for home care staff and makes it easier to provide management and supervision. These in turn reduce the overhead costs of home care provision that can be recycled to offset some of the extra costs of providing a more flexible, personalised service.
- **Electronic monitoring** – is a system which tracks the actual amount of time care workers spend with each person and is a requirement of the new contracts. Monitoring the degree to which the actual time used falls below or above the originally planned allocation enables reassessments of need to be triggered automatically and simplifies the process of invoicing. Electronic monitoring is also considered to increase customer safety by alerting care providers of missed visits.
- **Quality assurance** – a quality assurance framework is being implemented that combines provider self-assessment with feedback from people receiving support. Providers will be required to self assess themselves in a number of areas such as the development and implementation of operational policies, recruitment and training. The self-assessments will then be validated with a commissioning manager. Care managers review the support received by individuals in relation to the achievement of the outcomes specified in the task plan.

## Collaborative contracting

Manchester now believes that it has a coherent strategy for home care in the city and a greater understanding of both the changing needs of people wanting support and the pressures on home care providers making the transition to personalisation. This has been accompanied by a shift from an adversarial to a constructive, collaborative relationship between providers and commissioners. Examples of this new type of relationship are:

- **Guaranteeing demand** – Manchester believe that any service provider requires a minimum level of guaranteed income to stay in business. In the past this was provided through the use of block

contracting. The challenge that Manchester faced was how to enable providers to reshape their businesses around personalised support plans whilst not being able to guarantee demand. Manchester has sought to provide some guarantee of demand by according each contracted provider the exclusive right to provide home care in a given locality. This means that anyone who chooses to use the local authority to help manage their support plan, or opts for an individual service fund managed on their behalf by a provider, will be first linked to the contracted home care provider for their area. Manchester has therefore moved from a supply side approach to contracting i.e. guaranteeing purchase of a given number of hours, to a demand management approach based on signposting people to contracted providers. Should customers choose not to utilise the contracted providers, then they are free to select a home care provider of their choice using direct payments or an individual service fund.

- **Mapping demand** – as part of the service, Manchester mapped provision to all those older people or people with a physical disability in receipt of home care. As part of the tendering process prospective providers were given copies of these locality profiles detailing the total volume of hours currently being delivered in each locality, and a ward profile to help them understand the population based on gender and black and minority ethnic groups. This enabled providers to better gauge the risk involved in entering into an outcomes based contract

and also signalled the adoption of a much more open and collaborative relationship between providers and commissioners.

- **Rethinking services** – Manchester recognised the need to enable providers to understand what personalised services might look like and to assist them in developing them. As part of this process Manchester researched some of the innovative forms of support that customers were now requesting and produced examples of how providers could meet these new demands. The aim was to provide concrete examples of what personalisation would mean in practice to enable providers to begin to think about how they might respond.
- **A business opportunity** – Manchester recognised that in raising the expectations of new and existing people requiring home care it also needed to work with providers to help them meet those expectations. It was therefore considered important for to listen to their concerns. At a series of events held for existing and potential providers, presentations were given on Manchester's vision and what this might mean for providers. Self-Directed Support Team officers attended the events to answer providers' questions about the self directed support process and the way personal budgets work.

The move to flexible contracting was marketed by Manchester as an opportunity for businesses to diversify and meet individuals' future needs. However, some

local businesses voiced concerns that they were going to be squeezed out of the market and instead of seeing the changes to contracting as an opportunity to diversify saw it as a direct threat.

- **Relationship management** – good collaborative relationships require constant work which Manchester recognised from the beginning. Once contracts had been awarded, contracts officers met with individual providers on a weekly basis for the first 3 to 6 months. They also made sure that email addresses and phones details were available to key people in the provider organisations to enable open and constructive discussions to tackle issues and resolve difficulties. These included not just branch managers but also directors and chief executives. Ensuring that provider branch managers were in place from day one of the new contracts was a challenge and Manchester has noticed that the providers who have experienced most difficulty in making the transition to different ways of working were those who had not had effective or consistent managers from the start of the contract.
- **The tendering process** – the first stage of the tendering process was open to all providers, with adverts placed in the local and national press inviting expressions of interest. Over one hundred responses were obtained. At the tender stage providers who had expressed an interest were asked to complete a Pre-Qualification Questionnaire (PQQ) demonstrating that

they were able to comply with financial regulations and were either currently providing home care services or were capable of doing so. Just fewer than seventy providers completed the PQQ. Forty companies proceeded to the Invitation to Tender stage (ITT) and thirty bids were received, eighteen of which were then selected for a formal interview with ten providers eventually awarded contracts.

The PQQs were assessed by a panel of officers drawn from the contracts unit, health and safety, corporate procurement, corporate finance, two commissioners from physical disabilities and older people services and two care managers from each of those service areas.

The (ITT) assessment criteria for awarding contracts were based on 60% quality, 40% price. This included the provider's ability to provide good quality outcome-focused services for the complete volume of care predicted for each locality. Providers were required to describe in detail their proposed methods for providing flexible care e.g. how they would enable the care delivered to fluctuate according to customer's daily needs and to demonstrate the provision of choice to customers. Built into the service specification were requirements for providers to meet specific community needs, such as the provision of male carers and culturally sensitive care in languages other than English.

Providers' tender responses were rated as varying from excellent to very poor. Much of the variation resulted from the degree to

which providers understood of the concept of personalisation. As the knowledge that providers at large have of the requirements of personalisation is now much greater, there is an expectation that the quality of responses to future tenders will be much higher.

- **Enabling access to non-contracted providers** – the council provides information and signposting for personal budget holders and self-funders about all possible service providers. This has included adding the details of all providers who unsuccessfully tendered for the home care contracts to the MyManchester website (accessed via the Council's home webpage).

## Managing the transition

Managing the transition involved three major changes: moving existing contracted providers who had been unsuccessful in tendering off block and spot contracts; enabling people who had previously been served by these providers to either retain their provider or move new ones; and supporting new or existing providers who had been awarded flexible contracts to develop and deliver personalised services.

### Working with outgoing providers

Of the previous twenty eight providers, eight had been awarded new flexible contracts.

The way in which outgoing contactors were enabled to manage the transition included:

- **Temporary extension of existing spot contracts** – the impact of personalised services on contractual arrangements, particularly in terms of predicting future volumes, is not yet known so in order to mitigate this Manchester extended the existing spot contracts for outgoing providers for 12 months longer. There was no increase to the 2007/8 financial year rate, so no increase in costs. The spot contract extensions were granted to enable back-up provision to remain in the city whilst the new locality providers built up their workforce. This involved the transfer of staff from the outgoing companies to the newly contracted providers under Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) legislation along with their existing customer base.
- **Continuing customer satisfaction research** – to enable both past and current providers to adapt their services, Manchester is carrying out regular customer satisfaction research with a random cross-section of the customers in each locality. The results are being made available to all providers to enable service improvements and better outcomes for customers to be achieved.
- **TUPE arrangements for staff transfer to incoming providers** – the TUPE legislation that preserves employees' terms and conditions when business is transferred to a

new employer, is a cornerstone of the new contracts. This is to ensure continuity of care for customers by enabling their existing care workers to transfer from the outgoing providers to the new providers where possible. However, due to perceived issues with electronic monitoring, many care workers chose not to transfer under TUPE. This had a real impact on the incoming providers who had based their estimates of their capacity on the expectation that a number of care workers would transfer from previous providers. The newly contracted providers were therefore faced with the challenge of directly recruiting a significant numbers of care workers.

Manchester was advised that direct intervention in the TUPE process was not advisable due to legal liabilities and that the Council could only act as a third party to facilitate the TUPE transfers. The newly contracted providers therefore had to manage the TUPE process with the outgoing companies by themselves. Some outgoing providers co-operated fully in assisting the transfer of their care workers to the incoming providers. Other providers refused to share information about the people to whom they delivered home care or refused to transfer personnel files. This caused delays in transferring people requiring support and staff to the incoming providers. These difficulties were ultimately overcome by the council facilitating meetings between the outgoing and incoming providers.

## Enabling people receiving support to manage the transition

Many people who were already receiving services were happy to transfer to the new providers, especially if their care workers were also moving to their locality. Others wished to retain their current provider and care worker. This was enabled by:

- **Enabling individuals to retain or change provider** – people who are eligible for support are offered a range of ways of controlling the support they receive including, cash personal budgets (DPs) and the use of individual service funds (ISFs). They have the option to buy services from the providers with whom Manchester has contracts, or to choose to use other providers advertised on the MyManchester website. Typically younger people, especially those with physical disabilities, prefer to directly manage their budgets. Older people have so far more often opted for ISFs. Both are being used by people whose provider no longer has a contract with Manchester but where the person wishes to retain their services. This also enables outgoing providers to retain a presence in city wide market that is ultimately shaped by customer demand and satisfaction.
- **The tension between quality and choice** – a major reason for Manchester reducing the number of its contracted providers was to filter out providers whose services were of low quality. However, Manchester also recognised that some people had

longstanding relationships with their providers and care workers and are willing to trade-off lower quality against the emotional upset they would experience in changing provider and care worker. Manchester is now looking to develop an accredited list of brokers who can help people choose the providers they want to buy their support from. Currently, a small number of independent brokers are in the process of being appointed and Manchester plans to continue developing brokerage options for the future.

- **Communicating with next of kin** – enabling the transition of people from existing to new providers was difficult. Although Manchester corresponded with people who currently received support about the changes and set up a hotline to deal with queries, complaints did increase in the initial stages of the transition period. Many of the complaints came from next of kin who were often found to have had limited information about the new arrangements. In hindsight, communicating directly with next of kin around transfer arrangements should have been a priority. In practice, this has quickly been rectified as the transfer process continues.

### Enabling new providers to develop personalised services

At the time this case study was developed, Manchester was only ten months into the new contracts and most of the providers and the people they support were still adjusting to

the new approach. Typical issues that have arisen so far include:

- **Changing support plans** – the detailed task plan that people negotiate with providers is often significantly different from that in the support plan signed off with the care manager. This is partly due to people being prepared to be more assertive when working with providers and may also be coloured by the fact that it is easier to articulate support needs when dealing with the concrete situation of receiving support.
- **Flexible use of time** – providers and, to a certain extent, people who have in the past received home care still think of support as being provided in half hour or full hour blocks. It will take time for customers to realise they can be more flexible in their requirements and for providers to respond accordingly.
- **Feasibility** – the growing expectations of customers and care managers about the times care workers will visit presents a major challenge to all providers. It is recognised that some people have a requirement to have services at specific times to meet medical needs, child care or employment requirements. For example, enabling a young physically disabled person to get up and be ready for work on time. This is specified in the customer's support plan. Manchester considers flexible care to be about understanding what individuals want and their lifestyle preferences. Providers are expected to be upfront with people about any limits to flexibility in the timing tasks that care workers can do.

Ultimately, where a compromise cannot be reached, the budget holder has the option of changing provider.

- **Electronic monitoring of care workers** – the new service specification stipulates that providers have to install the electronic monitoring systems themselves. Currently some providers are 90% compliant with electronic monitoring and others are 40% compliant, which has meant that Manchester has not yet seen the full realisation of savings expected from this aspect of the contract. A major reason behind the differential take up of electronic monitoring has been care workers objections to using it as it could lead to a reduction in their income. Previously extensive “call cramming” took place in many parts of the City and care workers were claiming payment for more hours than they had actually worked, meaning that many customers previously received a poor service and poor value for money.

The introduction of electronic monitoring has led to a significant number of care workers leaving the profession. This is a big challenge for providers which impacts on how they manage their existing workforce and recruit new staff. This challenge is likely to reduce over time as a new generation of care workers is recruited for whom electronic monitoring is an accepted feature of the job. Manchester is now looking at how to achieve 100% compliance with electronic monitoring. This includes stringently enforcing the contractual requirement to use electronic monitoring by withholding

payment for providers' invoices that are not evidenced by electronic monitoring. However, this is accompanied by working with providers to encourage incentive schemes for care workers to use electronic monitoring. e.g. vouchers or bonuses. The council is also facilitating the formation of purchasing consortia of providers who choose to use the same electronic monitoring system thus reducing their pin code licensing and service support costs.

- **Guaranteeing the minimum wage** – providers have a duty to meet the minimum wage but the new system of charging by the minute presented pricing difficulties. As Manchester was the first authority to use this system there was no precedent and it was difficult for providers to know how to price their services. Whilst the council did not stipulate how providers were to price their services the expectation was their pricing would include their care workers' entitlement to a minimum wage, plus the cost of overheads and a profit margin. All providers comply with the national minimum wage legislation but some have so far been more successful in their service pricing than others.

## Key learning points

- **Personalised commissioning** – involves moving from prescriptive task-based contracting to services being contracted to meet the customer's desired outcomes. The support planning process is essential in

allowing care managers and providers to understand the needs and preferences of individuals

- **Provider mix** – a mix of contracted providers enables a balance to be struck between a preference for locally based providers and the need for economies of scale afforded by national providers
- **Locality based contracts** – have cut the time that care managers previously spent on finding providers to deliver care packages allowing them to spend more time on support planning. Care workers also spend less time travelling between customers and the risk of providers ‘cherry picking’ less complex care packages has reduced.
- **Collaborative contracting** – allows the previous adversarial, overly bureaucratic approach to contract management to be replaced by a creative joint development approach.
- **Electronic monitoring** – has been seen in Manchester as essential to enabling individual responsiveness, removing “call cramming” and ensuring customer safety as well as reducing the transaction costs of personalisation. However, this has been very challenging to introduce.
- **Enabling provider transition** – has been very important, including: temporarily
  - extending existing spot contracts to enable back-up provision while new locality providers built up their workforce;
  - continuing customer satisfaction research;
  - and facilitating TUPE arrangements for care workers to transfer to incoming providers
- **Enabling customer transition** – has been very important, including enabling customers to choose between directly managing personal budgets or using ISFs and retaining or changing their provider.
- **Communicating with next of kin** – as well as people receiving services is an essential part of managing the transition process.
- **Making personalisation real** – supplying providers with concrete examples of what personalised services might look like encouraged providers to see personalisation as a business opportunity.
- **Continuing relationship management** – putting a lot of effort into relationship management helps encourage providers to buy into the changes and work collaboratively with the local authority towards better outcomes for people.
- **It will get easier** – as more is known about what personalised services look like, how to cost and manage them and how to handle the transition.

## Case study 5: West Sussex County Council

**West Sussex County Council is introducing self-directed support for all people with support needs. As part of this approach, the council has made outcomes-based domiciliary care available to older people throughout the county. Key to this development, has been the experience gained by the local authority, providers and people with support needs through involvement in piloting Partnerships for Older People Projects (POPP), Individual Budgets and, in one district, outcomes-based commissioning for domiciliary care. The new approach enables spot purchasing by personal budget holders within an outcomes-based framework agreement for domiciliary care services. Whilst this approach has been developed for use by older people, it is also seen as being suitable for all groups with support needs.**

### **The previous approach to contracting**

In the past West Sussex had contracted for domiciliary care through a mix of block contracts and a framework agreement used to spot purchase services. 60% of home care was purchased via block contracts and 40% through spot purchases with customers matched to contracts by Council staff. Block

contracts were spread geographically across 15 providers with a further 30 used for spot purchases, dependent on capacity within the blocks and the in-house service. Within the contracts, care and support planning for individual service users was focused on 'time and task.' This proved an efficient way of purchasing services but resulted in limited choice and control for customers. West Sussex is a large county with many rural areas, so in some parts of the county choice was particularly restricted.

### **Piloting outcomes-based commissioning**

During 2005-2006, West Sussex County Council ran a small outcomes-based commissioning (OBC) pilot in the district of Horsham as a forerunner to the full introduction of self-directed support. OBC originated from research undertaken by SPRU at the University of York in 2005 and was defined as:

- Comprising the assessment of need and identification of outcomes to be achieved with the person receiving care and support
- The actual activities to be undertaken to meet the required outcomes are the subject of discussion and agreement between the customer and the provider with the only criteria being that the agreed activities

should directly contribute to the achievement of the required outcomes.

- Service delivery should allow greater on a day-to-day basis to meet the changing needs and preferences of the customer.
- The volume of care commissioned can be drawn upon flexibly, e.g. 40 hours allocated over a four weekly period, with flexibility to change the volume of care provided in any one week to meet changing circumstances.

The aim of the pilot was primarily to identify whether OBC would improve the quality of life for individuals and their carers by giving them more choice and control over how their needs were met. Whilst the OBC pilot was underway West Sussex also became one of the Department of Health pilot sites for the introduction of Individual Budgets.

The OBC pilot ran for 6 months. One provider was chosen from the existing block contracted providers for the Horsham area, with an addendum agreed to the existing contract so that elements of the service could be varied during the pilot. The provider retained the remainder of the block alongside this. A total of 23 older people participated in the OBC pilot, 11 who were already receiving a service and 12 who were new customers. The pilot operated a pooled “pot of hours” arrangement for the older people participating in the project. Care hours were allocated to each person, which could be used flexibly within a four-weekly period. If hours were underused in one week, they could be used, if

appropriate, by any of the group in the following week.

During the pilot, care managers were responsible for the community care assessment, the agreement of a care plan based on outcomes, and subsequent reviews to confirm if outcomes were being met. Care managers received training in approaching community care assessments within an outcomes framework and were supported by outcomes-focused, care planning guidance developed during the project. This focussed on outcomes as either the maintenance of existing skills/abilities or changes to existing skills/abilities where improvement were desired and possible.

A six-month set-up period was used to allow for the shifts in practice, develop local processes, prepare and deliver staff training and ensure that everyone involved felt ownership of the new approach.

### Piloting Individual Budgets

The Individual Budget (IB) pilot ran between 2006 and 2007, beginning as the OBC pilot was coming to an end. Given the length of time to set up governance structures in place for the IB pilot there was little overlap between the two pilots. However there was useful learning from the OBC pilot which was transferred to the IB pilot:

- Understanding the amount of time it takes to introduce a new way of working; e.g. changing forms, training staff etc

- Undertaking outcomes based support planning
- Recognising that a pooled 'pot of money' approach would not work for individual budgets where entitlements for each individual would be calculated using a Resource Allocation System.

### Consultation on the National Agenda for Personalisation of Services

In late 2007, West Sussex commenced a three month consultation process with people who have support needs, commissioners and providers as part of the consultation on the national personalisation agenda for Services. The consultation was set within the context of the national direction of travel towards personalisation and focused on whether people thought the current contracting models were fit for purpose in delivering personalisation. Through customer reference groups (set up during the POPP pilot) and provider forums, discussions took place to identify the barriers to take forward the vision in the social care white paper.

This consultation period was a critical means of initiating a local dialogue about personalisation and its implications for contracting and for developing an understanding of the perspectives of different stakeholders.

The consultation process resulted in a consensus that it would be very difficult to deliver personalisation within the traditional type of 'time and task' contracts and that new contractual arrangements would be required

to enable people with support needs to have more control over the services they receive. Whilst people were clear that they wanted more control, they did not want the process to be too onerous and wanted simple ways of comparing prices to help them choose between providers.

### Outcomes based contracting

The results of the consultation were reported in March 2008 and a decision was made that from April 2009, the council would shift all its contracted home care to **spot purchasing from within outcomes-based framework agreements**. Over the following six months the local authority worked with providers and people with support needs to prepare them for outcomes-based commissioning and develop the new contract specifications. This included both clarifying the principles underpinning the outcomes based approach and how its delivery would be measured and audited in practice. The consultation had also found that people wanted providers to have links with their local communities and knowledge of local neighbourhoods, so 'promotion of social inclusion' was also built into the new contracts and service specifications. In addition, the POPPs project had set up successful user networks and community partnerships and West Sussex was keen that these were promoted by the different services and agencies that go into people's homes so that they reached as wide an audience of older people as possible.

## Spot purchasing

All people who now approach the local authority for help with meeting their support needs undergo a self or supported assessment which includes means testing. Those that meet the eligibility criteria are allocated a personal budget on the basis of the indicative amount calculated by the RAS. The support planning process is undertaken by the customer with support from their social worker, representative or family member. In the future the Council is looking to commission third sector organisations to provide further help with support planning.

In the support planning process the customer not only considers what outcomes they want to achieve, but also how they want to manage their money. There are three pathways available to customers:

- 1) **Direct Payment** – customer purchases and manages their own services
- 2) **Indirect Payment** – an unpaid third party, usually a family member, purchases and manages the services on behalf of the customer
- 3) **Council Managed Budget** – local authority purchases and manages the services on behalf of the customer

West Sussex aims for as many people as possible to take up Direct Payments to give them the optimum flexibility and choice. However, they also recognise that some customers may not have the capacity or feel

confident enough to purchase and manage their own services, so have included the option of Council Managed Budgets, often as a 'stepping stone' to Direct Payments. At the moment, if the Council are managing the budget the customer has to use in-house or contracted services, but given that there are only a handful of providers not signed up to the framework, this is not considered to be overly restrictive.

All customers who have opted to receive their money as a direct or indirect payment are offered support to do so. Referrals are made to the contracted ULO, the Independent Living Association, for free support and advice. It is up to the customer whether they want to use the Independent Living Association. The great majority of customers make use of the free support and advice on offer. If they opt not to use it, West Sussex require that people explain how they will access good advice on issues such as employment of Personal Assistants etc.

The Independent Living Association also offer payroll and administrative services which customers can buy. A new recruitment fund scheme has recently been introduced, where customers pay a weekly contribution of £3 – £5 to be able to access a fund to pay for advertising and recruitment expenses when finding staff.

Customers opting for a Council Managed Budget are provided with an information pack about providers in their area and are offered support to negotiate and set up their services

– some customers like to work directly with the provider, while others like help to facilitate the arrangements. Customers are only provided with information relevant to their area of the county and for providers who are able to take on new work.

The chosen service provider receives a copy of the support plan, detailing the outcomes to be achieved, the available budget and any further information required to inform a risk assessment. The provider then works with the customer, and their supporter if requested, to draw up a Customer Service Delivery Agreement which details how the service will be delivered to meet the outcomes on the support plan, including how it can be flexed within the personal budget. They also provide key contact details; a price list covering the different services available; assurances regarding how personal information will be recorded and shared; and confirmation of feedback, review and complaints procedures.

Local care commissioners with a sound knowledge of local provision, based within the contracts team, have responsibility for contract monitoring. These small local teams are currently acting in a brokerage role to support customers to make informed choices and facilitate discussions with providers if required. It is envisaged that as providers become more confident and proficient in drawing up the Customer Service Delivery Agreements this role will diminish, but it has been vital to supporting customers and providers through early implementation.

## The focus on outcomes

Outcomes are built into the new contracts in two linked ways:

- **Individual support plans** – these are used as the basis for spot purchasing within the framework contract and are built around the social care white paper outcomes. There is no standard template and people are free to draw up their plan as they wish, though customers have struggled with a blank page approach and support planning guidance has been drawn up to help people get started. In the support planning process the customer considers how they want these outcomes to be met and how they are going to be measured. Within each outcome, the plan also identified someone's needs with respect to:
  - **Maintenance** – e.g. keeping active and alert, mobility/physical health, quality of life maintained, hygiene maintained, social contacts continuing, keeping safe etc
  - **Change (improvement)** – e.g. increased physical ability, higher morale / mood state, increased confidence, more social contact, finances in order, cleaner environment, reduced risks etc
  - **Processes** – customers' experience of services e.g. feeling valued, being involved, being more in control, able to plan daily life, routines and services.
- **The framework contract** – In addition to delivering on the support plan providers are required to demonstrate:

- **Empowerment value** – e.g. systems and practices ensure customers are encouraged and involved in shaping their service to take account of their daily living patterns and preferences.
- **Promotes social inclusion** – by enabling the inclusion of the person with support needs in their local community. For example, local websites have been set up to detail coffee mornings, luncheon clubs, community groups etc through the POPP pilot, and care staff now have information to inform customers about what is going on in their area and how they can be supported to access it.
- **Risk management and safeguarding** – e.g. ensuring customers are supported to manage their own risk where possible, and kept safe within a framework of recorded risk assessment compiled with the customer and/or their representative.
- **Adequate resources to meet customer needs** – e.g. the service has access to appropriate staffing etc to support customers to have flexible services.
- **Customer participation** – e.g. there are various means and channels for communication and feedback informs developments to improve service delivery.
- **Good management of services** – e.g. the service operates effectively and efficiently, meeting all legislative and regulatory requirements to deliver good quality flexible services.

Customers were involved in determining the outcomes for the framework contracts

through the POPP pilot customer reference groups. For example, older people in the reference groups emphasised that home care can be a means to living a more fulfilling life and that agencies could have an important role in helping maintain people's social contacts, by dropping people off at coffee mornings, for example.

### Monitoring

The service provider is responsible for continually reviewing and monitoring service delivery on a day-to-day basis. Social Workers monitor and review with regard to people's individual outcomes. Contracts staff monitor and review with regard to service outcomes as specified in the framework.

### Locality based

Providers are allocated to work in six geographical localities covering the whole of West Sussex and can cover more than one locality. There are a total of over 100 providers across the county. The number of providers within one locality varies between rural and urban localities but there are at least three providers in each locality.

The size of the self-funded market varies across the county but is generally fairly large compared to other counties. The vast majority of providers who deliver services to self-funded customers are also part of the framework agreement, though six have chosen not to contract with the local authority. Self-funders and people with direct payments can make

separate arrangements, but the Council has taken the approach of not working only with preferred providers instead choosing an “any willing provider” model to shape the domiciliary care market in West Sussex. This is so the widest possible range of customer can benefit from the outcome-based approach.

## Pricing

Providers are able to set their own rates but must publish them to enable customers to make informed choices. In order to help providers decide what to charge, the local authority analysed its purchases over the previous year and supplied providers with the average rate charged in each of the six localities. Tracker systems have also been set up in to monitor the costs of services to ascertain their impact on prices. The requirement to supply cost information in a comparable format is built into the framework.

Alongside achieving service personalisation, West Sussex wanted to ensure that it did not lose out on the economies of scale that had previously been achieved through bulk buying via block contracts. The local authority has therefore built volume discounting into its new framework. This involves monitoring, on a four weekly basis, the total spend on each provider’s services compared against a predetermined threshold. Where the total spend exceeds the threshold, a 2% discount is applied, calculated across the total invoice, not just the amount that the spend exceeds the threshold. The threshold for spend in April 2009 was £14,000 over a four week period.

This discounting mechanism was agreed with providers after the Council agreed to move away from the preferred provider approach.

It was initially agreed that discounting would be applied as a rebate from the provider to the local authority following quarterly review. However, given the current economic climate, providers were concerned about the impact that bills building up might have on their cash flows. As a result, rebates are applied to the invoice submitted by the provider on a four weekly basis.

Discounting is not considered as a disincentive for taking up Direct Payments because the discount does not feedback to the rate the customer pays (administration costs would be higher than the discount) but comes back into the local authority budget.

## The development process

The critical success factor for West Sussex in managing the transition towards outcomes based commissioning has been the three-way dialogue between the Council, providers and people with support needs. The consultation workshops began this dialogue, which has continued ever since. Open and honest discussion has meant that all parties have had an opportunity to understand one another’s perspectives and the challenges faced in the moving to the new approach. While the local authority has arrangements to suspend providers that fail to meet expected standards, it stresses that during the transition

it is important to appreciate that the new approach requires providers to work in new ways and that mistakes are inevitable on this journey. Working collaboratively to meet these challenges is seen as the best way to manage the transition.

At this stage, West Sussex is not paying monies up front to providers, i.e. they do not lodge monies with providers (as with ISF) but still require providers to invoice the Council against a “virtual personal budget”. Collaborative working ensures a seamless service for the customer with invoices for different elements of service dealt with by the Council. The current arrangements will be reviewed at the end of the year and consideration will be given to whether some customers and providers are in a position to move to an ISF model, which could be dealt with through an addendum to the framework agreement.

## Tendering

West Sussex originally intended to invite providers to tender to become preferred providers for Self-Directed Support. However, the consultation process identified concerns from people with support needs that this might lead to them losing their local provider and from smaller providers that they would be disadvantaged. The tender process was therefore made open to all providers who: could demonstrate they met the benchmark standards required for a 2 or 3 CQC star ratings; had good links with the local community; supporting social inclusion; were financially sound; and had the capacity to

deliver the required services. The format to be used by providers wishing to tender was kept deliberately simple to minimise bureaucracy/costs and encourage as many providers as possible to work with the Council, including the very small local services that some customers prefer.

West Sussex received over one hundred and twenty Expressions of Interests (EOIs). There are currently around one hundred providers within the framework contract but it is expected that this number will decrease as people stop choosing providers who either do not meet their expectations or who have priced themselves out of the market.

Providers considering tendering for inclusion in the framework contracts had to be willing for the Council to publish their rates. This was something that initially worried providers, but the consultation workshops provided an opportunity for concerns to be discussed and customers' views better understood so that providers have come on board with this approach.

## People with support needs

During the consultation, people with support needs asked for simple and easy to use systems to enable them to make choices about how to spend their budgets. This led to the following developments:

- **Prices:** Providers have to publish their rates in a simple comparable format for inclusion in the framework. Each provider was asked to have just one rate for a service that was

the same for different times of the day and weekdays, weekends and Bank Holidays. This was to avoid the difficulties people already experienced in making sense of bills for other services, such as energy bills which used different tariffs for different times of the day. As not all providers were prepared to do this, an approach which required each provider to set pro rata hourly rates for weekdays, weekends and bank holidays, with the option to set a minimum call out charge. Providers recognised that customers needed a simple rating system that could easily be calculated within a set budget, but not all felt able to do this by way of a single rate.

- **Quality:** Providers are required to be 2 or 3 star rated with CSCI and a provider representative group called the West Sussex Forum are working to develop a local accreditation scheme to operate at arms length from the local authority to provide information to customers on the quality of different providers' services.

## Supporting providers

Providers wanted support in a number of areas such as how to develop personalised services and track spend for customers spot buying within the framework contract. The local authority responded by introducing a number of support mechanisms:

- **Combined workshops for people with support needs and providers** – to share good practice and challenges. These

workshops took place in November 2008 to help build confidence for customers to speak up for change and encourage providers to sign up to new ways of working. Providers found the opportunity to hear people's stories and have a 'safe' means of engaging in dialogue helpful for understanding what was required to make a success of outcomes based commissioning. People with support needs found the opportunity for dialogue helpful for understanding the provider perspective and being able to help them to change. A summary report of the workshops was produced and actions implemented e.g. free training to support providers. Further workshops will be held towards the end of 2009 with a view to understanding the shift that has occurred and where further challenges might lie.

- **Free training** – for provider staff on what is meant by outcomes based services is being provided throughout 2009.
- **Web based information about local community services** – has been developed to enable providers to better meet people's social inclusion needs.
- **A shared spreadsheet** – has been developed for providers and the care commissioning Team to enable both to track spend and accruals against personal budgets. This method will be reviewed at the end of the year.
- **Measuring outcomes** – examples have been developed to illustrate how the

outcomes required by the framework contract can be met and measured. For example, for 'customer empowerment,' providers are asked to consider whether their code of practice includes meeting cultural and faith needs. The service outcomes are measured by the contracts team and customer outcomes are measured by the care provider and social worker based on how the service has helped to meet their agreed outcomes, e.g. from not at all through to fully, and the level of satisfaction experienced.

### Collaborative contracting

West Sussex recognised that the new contracting arrangements required new ways of working between council staff and providers with the former needing to 'let go' to some extent and trust providers. West Sussex has also found that some providers are more amenable and flexible when negotiating directly with people with support needs rather than the local authority. Examples of changes in relationships include:

- **Monitoring quality:** the local authority has set a number of standards that all providers must meet in order to become a contracted provider, for example, having a 2 or 3 CQC star rating. However, the council is keen to work collaboratively with providers to help them raise their standards if their star rating falls by working with the provider to develop and implement an action plan with penalties if the action plan is not met.
- **Collaboration between providers:** despite the competitive commercial environment there are a number of examples of provider-provider collaboration. Following the consultation workshops, providers in the local area began coming up with their own solutions to the challenges that faced, for example around staff rostering, and shared these solutions with other providers. Some have also been delivering joint training to their care workers. West Sussex has also found that for providers who resisted the move towards outcomes-based commissioning, discussions with other providers have been key to developing more positive attitudes and engagement.
- **Market development:** West Sussex has a high proportion of self-funders who West Sussex felt could have been disadvantaged if outcome-based home care was only developed for those receiving state funding. It was also recognised that it would be easier for providers to operate using one model for all. The local authority's policy is therefore to support all providers, regardless of whether they are within or outside of the framework contract, to deliver outcomes-based services to people regardless of whether they are state or self-funded. This has been facilitated through the provision of: free training to providers; induction packs for use with their staff; and information about support planning for use with self-funders. It is currently too early to know what the impact of this has been on self-funders although this will be reviewed at the end of the year.

## Learning points

- **Three way dialogue** – between the local authority, providers and people with support needs has led to improvements in the framework contract, the tendering process and continuing service development.
- **Clear outcomes** – built into both the support plans and the framework contracts with examples provided of what they look like in practice and how they can be measured have helped all parties to manage the transition effectively.
- **Standards, information and choice** – enabling all providers who can meet the basic framework contract standards to participate and ensuring that people with support needs have the information required to make informed choices is seen as a way to determine which providers will ultimately remain within the framework. West Sussex consider there to be no optimum number of providers in the framework as this will be customer led. At the end of the year, West Sussex will review whether there are providers in the framework that customers are not using, will to try to establish why this is and will consider whether they should remain in the framework agreement.
- **Involvement of people with support needs** – although the involvement of customer representative groups presented challenges at times, allowing providers to hear directly from customers about the difference that outcome based commissioning has made to their lives has been invaluable in bringing providers on board.
- **Self funders** – ensuring that the new development benefits both self funders as well as those who receive state support was considered particularly important.
- **Provider support** – throughout the change process has been very important. West Sussex has recognised that mistakes are inevitable during new developments but has ensured that practice is audited against the framework outcomes and that improvements are required and supported where necessary.
- **Provider – provider collaboration** – speeds up innovation and reduces the perceived and actual risks to providers of adopting the new approach.

## Case study 6: Wigan Council

**Wigan's approach to contracting supports personalisation in two main ways, firstly through a new framework agreement established to increase flexibility and choice and secondly through use of an online marketplace (shop 4 support). the new framework agreement and an online market place called Shop4Support. Wigan's new framework agreement, put in place in January 2009, covers the provision of twenty-four hour care, support and accommodation, home support, residential respite care and day support within the community for people with learning and/or physical disabilities. Wigan is now moving towards self directed support for all eligible customers.**

Wigan was an original in Control pilot site involved in developing self-directed support for people with learning disabilities. Currently, they are piloting a Resource Allocation System (RAS) for use with all new people with learning and/or physical disabilities with the aim of moving towards a single RAS for all groups and a service based on needs and aspirations rather than impairment type.

### **Prior to development of person centred contracting**

Prior to the development of person-centred contracting Wigan had a mix of block (60%)

and spot (40%) contracts. This ratio was purely historic and did not reflect any planned split between block and spot commissioning. Spot purchasing, primarily from a list of preferred providers, had tended to take place in response to emergency demand where the timescale precluded tendering under block arrangements. Whilst the number of principal providers varied, there would generally be ten to twelve providers being used at any one time.

The block contracts were established through formal tendering processes fulfilling the objective to test for best value. However, it was recognised that in the future personalisation would require more flexible and responsive services driven by individual choice, preferences and expectations. This led to the establishment of a framework, which has incorporated mini competition process when commissioning individual packages as means of continuing to test for best value.

### **Drivers for change**

The expiry of existing contracts provided a good opportunity to move away from 'traditional' contracting arrangements to ones where the principles of personalisation could be embedded within contracts. It was decided that moving towards a framework agreement would enable Wigan to facilitate greater choice, flexibility and personalisation for

people using services. There was also some concern with the quality of service secured from certain providers, so the expiration of existing contracts was also seen as an opportunity to drive improvements in quality in the market.

Finally, Wigan was keen to improve the services received by people such as those with challenging behaviour, for whom it had been traditionally difficult to commission services. In the past some services had been commissioned from providers based out of borough because of a lack of local capacity, particularly services for those with challenging behaviour. The framework seized the opportunity to reverse this by generating further capacity from local providers who have demonstrated their ability and experience to deliver service to people across the full service spectrum of needs.

## Introducing person centred contracting

The new approach to contracting is based on person centred contracts that are awarded to providers through mini-competition processes within the framework agreement. Person centred contracting means tailoring services to the needs of the individual and introducing greater flexibility into contract. The mini competition process incorporates an anonymised referral/specification, based on the outcome of the individual's assessment/support plan, being passed to

each provider in the framework. Providers, if they wish, can then provide a quotation for delivery of the individual's package. Service users/families are involved at the assessment phase and, as has happened with some packages, can also interview and choose from a selection of potential providers once quotes are received

Because the framework application process evaluated and approved suppliers for inclusion, the criteria for selection at the mini-competition are narrowed to price and other quality assurance factors. As personalisation is implemented the process will be the same but the choice of provider will lie entirely with the service user, who will use their own selection criteria and make a judgement on how much of their personal budget they wish to spend on particular aspects of their care package. The Framework has its own service specification and contractual terms and conditions which commence as soon as a service is commissioned with a provider and would cover all activity commissioned. Each individual package of care has separate documentation which becomes an addendum to the contract – in this case called an 'individual placement agreement.'

## The Framework Agreement

In order to make informed choices about how to spend their budget, customers need to know what the available options are as well as what other people have used and recommended. Wigan's new framework

agreement aims to create a 'supermarket of providers,' so that if someone is eligible for care and support they can go 'shopping' with their care manager, advocate or supporter and choose their own provider from those included in the framework. If a customer wishes to purchase services from a provider that is more costly than their personal budget allows for, they are able to top up the additional costs themselves. The principle of enabling customers to 'shop' for providers is why Wigan opted to include 32 providers on the framework agreement rather than restrict it to a smaller number of providers.

Customers, including those with direct payments, also have the freedom to shop outside of the framework.

The framework service specification requires providers to have specific experience in providing services such as 24 hour respite care and support for people with challenging behaviour and people on the autistic spectrum. Following receipt of applications an in-depth evaluation of their submissions took place across a wide range of factors including track record and experience, how they would manage and operate the service, quality standards and monitoring processes, staff training and development, diversity, outcome based service delivery etc. Also, financial risk assessments, reference to CQC reports and references were routinely requested. The CQC rating must be at an acceptable level of performance and in some instances, CQC registration is obligatory.

Inclusion in the framework agreement is not a guarantee of work. To win work, providers in the framework agreement must go through 'mini-competition' processes with other providers in the framework to tender for individual contracts.

Wigan was keen to ensure a good mix of providers were available within the framework, ranging from national to local and from independent to voluntary sector. Fifteen of the 32 providers had pre-existing contracts and 17 were new providers. In terms of service type, the 32 providers consisted of:

- 29 – 24 x7 Supported Living
- 26 Care at Home
- 15 for Respite Services
- 21 for Day Services in the Community

Services can be commissioned across the borough so there is no geographical element to Wigan's framework agreement. Providers are able to subcontract with Wigan's permission and are particularly encouraged to subcontract with third sector providers. Plans are in place to extend further Frameworks to cover other specialities including people with mental health needs.

### The tendering process

The framework agreement was advertised both nationally and within OJEU. The selection process involved interviewing some of the providers who submitted tenders. There were a number of providers who were

known to the Council and already providing a good level of service and, subject to satisfying all pre-tender evaluation requirements, these were “passport” onto the framework. In order to ensure that the process was not professionally led, the experiences of service users as “experts by experience” were drawn upon at the tendering stage. A group of service users who had received services from particular providers were asked about their good and bad experiences. These were then used to formulate questions that were used in the provider interviewing process.

The framework agreement is also to be used by Community Matrons to enable them to meet the needs of people assessed as in need of continuing care which also led to the inclusion of Community Matrons on the interviewing panel.

Providers were questioned about the outcomes for people using their services, their experience of working with people with very high or complex support needs, their safeguarding policies and how they ensure value for money. All the criteria used in the evaluation were judged as having an equal weighting. In addition successful providers, who were included on the Framework, had to fulfil to the satisfaction of the panel all of the evaluation. Whilst Wigan reported that it was normal practise is to include service user/family representation on such panels, on this occasion it proved difficult to find volunteers who could commit to interview that ran over three days. However, people using services and their

families are involved when individual packages are commissioned through the Framework.

## The journey to person centred contracting

Making the transition to person centred contracting has involved development work to support both providers and personal budget holders.

### Working with providers

- **Collaborative development** – before moving to person centred contracting, Wigan held a series of meetings with two of their existing providers (one national and one from the North West) with whom they had a longstanding relationship. These meetings provided an opportunity to collaboratively think through how introducing person centred contracting would affect providers, what personalised services would look like and how to calculate the cost of individual services within a block contract.
- **Flexible staffing** – the new person-centred approach requires services to be flexible and outcomes focused. Whilst providers have been supportive of the aims of service personalisation, Wigan is aware that from the provider’s point of view it is logistically more difficult to plan staff rotas to deliver the flexibility budget holders require. Providers have responded by reviewing

their employees' terms and conditions and providing their staff with training in personalised service delivery.

- **Consistent approach to personalisation** – as the local authority felt there was not always a consistent approach to personalisation amongst providers it instituted two monthly meetings with providers on the framework to discuss practice. The workshops have covered issues such as safeguarding and service user involvement. Initially Wigan was uncertain whether providers would want to attend and expected a low turnout at the workshops. However, all providers have been attending the workshops.

The workshops have provided an opportunity for providers to share their experiences and fears and to develop collaborative solutions to ensuring that personalisation and the aims of Valuing People Now are embedded in their practice whilst also maintaining efficiency. For example, in response to a shared concern that they would be competing against one another to recruit staff, some providers proposed the creation of a common pool of staff to be accessed via Job Centre Plus. This demonstrates the potential for a more collaborative approach than has previously been the case.

- **Quality assurance** – rather than building in penalties for poor quality or breach of contract, Wigan has adopted a customer driven approach to quality control of services. If the customer is not happy with the provider they are free to walk away

from the contract. As with all contracts the Department will be implementing routine and regular monitoring of service delivery under the Framework including consultation with service users and families and reference to other sources of information eg CQC. This provides an incentive for providers to make sure they are meeting the needs of their customers. The providers have in principle signed up to this arrangement but as the framework agreement has only been in place for a short period of time it is too early to tell how this works in practice.

### Supporting customer choice

Currently Wigan is piloting a RAS model that will enable the availability of personal budgets to be extended to all. Personal budgets are seen as one element of a transformed social care service, sitting alongside enhanced advice and information so people are empowered to make choices and direct their own care.

- **Shopping for providers** – once customers have been informed of their budget entitlement, they are supported in making informed choices about which provider to select through an online marketplace called Shop4Support that covers both health and social care support as well as community based and universal services. When logged onto the site, customers can see and manage their budget, book services and support, buy equipment, find out about getting involved in their local community and exchange tips and recommendations

with other people. There is also an area where customers can rate providers on the quality of their support and costs, similar to Amazon and eBay. Providers can also advertise their services, their inspection ratings and their prices on the website. In Wigan providers can decide whether or not they wish to post their prices on the website. Whilst Shop4Support were keen for this to be mandatory, Wigan felt that it should be left to provider choice. Early indications suggest that they are happy to do so as they are aware of operating in a market environment.

- **Customer choice in Shop 4 Support** – The Framework is not a ‘must go’ route but an option for people with a personal budget. People may choose an alternative route to decide on the services that are right for them, which could include Shop4Support or other approaches. Providers will ultimately make their own business decision as to whether to register on Shop4Support.
  - Shop4Support is a social enterprise that is majority owned by Wigan Council and the site has been developed by a Wigan based company called Valueworks. Shop4Support is currently being trialled in six local authorities including Wigan. Wigan sees Shop4Support as an ICT solution for a 21st Century life where buying things electronically is something that both older and younger people are increasingly doing, but are keen to stress that it cannot be considered as a blanket approach or panacea.
- **Supporting customers to manage their money** – in Wigan’s experience, access to IT and the internet has been less of a barrier for customers in managing their personal budgets than capacity as defined under the Mental Health Act. The principle of best interest underpins Wigan’s approach to self-directed support. So, unless there is evidence that self-directed support is not in the customer’s best interest, Wigan takes steps to ensure that people are enabled to self-direct. In order to ensure that all customers can benefit from the Shop4Support service, Wigan has set up a number of pathways for customers to manage their money:
  - **Budget minder:** a scheme called budget minder in which a charity called Embrace works with customers and their families to support the individual to manage their direct payment and ensure that the money is being paid into the customer’s account. It is not a brokerage scheme.
  - **Payroll function:** under this arrangement, Wigan pays an individual’s direct payment to Disability Direct, a local disabled people organisation, and the provider invoices Disability Direct rather than the individual.
  - **Trust circle:** under this arrangement a person, or group of people, is appointed to manage the customer’s money, in the majority of cases this is a relative. In all cases, risk is assessed through a risk enablement panel.

## Challenges

Length of time – Seeking quotations via the framework does have some timescale issues; current experience is a turnaround time of up to 5 days to establish a listing of interested companies with quotations. It is recognised that in the future providers are going to need to be very flexible and responsive to meet the needs and expectations of individuals.

## Future developments

The plans for the future are to further develop Framework Agreements extending to all client group categories, though also into areas such as Interpreting, Advocacy and Brokerage services. Alongside this, arrangements for individuals who wish to commission services more independently, such as through Shop4Support, will be further explored so that all individuals requiring services have the same level of choice.

## Key learning points

- **Informed choice** – is essential to ensure that people can choose options that best fit their individual needs and are empowered to use market intelligence to quality assure provision.
- **Think big** – a market approach to quality assurance and choice requires a large number of providers to be included within a framework agreement.
- **Shared market intelligence** – benefits budget holders, providers and commissioners alike.
- **Collaborative development** – enabling this between commissioners and providers and also between providers pays dividends.

