

**HERTFORDSHIRE COUNTY COUNCIL**

**CABINET**

**MONDAY 15 MARCH 2004 AT 2.00 P.M.**

Agenda Item  
No.

**5**

**LEONARD CHESHIRE HOME CARE CONTRACT - Duration**

Report of the Director of Adult Care Services

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**1. Purpose of report**

To seek agreement to extend the Leonard Cheshire domiciliary care (home care) contract for a further 2 years, when the contract's initial duration of 5 years expires, in 2005. (This service is referred to as "Hertfordshire Care At Home Service" (HCAHS).)

**2. Summary**

The report addresses the following areas:

- (i) Background to the award of the contract
- (ii) Nature of the contract
- (iii) Contract Performance:
  - (a) Management, Capacity and Responsiveness
  - (b) Quality
  - (c) Service Development.
- (iv) Financial Implications
- (v) Implications for Access to Services

Despite some initial teething problems, the contract has proved successful, with good working relationships having been forged.

Monitoring data demonstrates that Leonard Cheshire are providing a quality service and meeting their contractual obligations in terms of the overall number of hours of service delivered.

Leonard Cheshire have invested effort and money into the training and development of staff and the benefits are now starting to accrue in terms of their ability to develop specialist services, focussed on people with dementia, people with learning disabilities and enabling people to stay in the community in extra-care facilities.

The options are for the contract to be allowed to terminate through the effluxion of time in February, 2005, or for the County Council to exercise its option to extend the contract for a further 2 years. In either case, the services provided under this contract would need to be the subject of a competitive tender exercise at the end of the contract.

If the contract is allowed to terminate in 2005, there is the danger that some highly trained staff would be lost. Furthermore, the specialist service initiatives may lose momentum as neither Leonard Cheshire nor their care staff have incentive to develop those services if the contract is to end.

There may also be financial implications of terminating in 2005 which would come to bear on the Council sooner rather than later, in 2007. Under the present contract, as transferred staff leave, Leonard Cheshire replace those staff with staff employed under Leonard Cheshire's terms and conditions of employment, less costly than those of the transferred staff. Changes to the guidance around TUPE mean that a new provider may have to employ any new staff on terms no less favourable than those who transferred to them, with a consequent impact on price.

### **3. Conclusion**

In light of all the information set out in this report Cabinet is invited to consider the extension of the contract with Leonard Cheshire and what conditions it might be appropriate to attach to any extension.

## 4. Background

### 4.1 *Background to the Contract*

In October, 1998 Social Services Committee authorised a competitive tender process to be carried out with a view to awarding a contract(s) for the future management of the (then) in-house home care service.

Following the tender process, in September 1999, the Social Services Committee accepted the recommendation of the Director of Social Services, that a single countywide contract be awarded to the Leonard Cheshire Foundation, a registered charity, not-for-profit voluntary organisation and plc.

The basis of the recommendation was that the tender offered the best combination of price and quality, both in comparison to the existing in-house service and to other tenderers. The tender also demonstrated the best understanding of the issues associated with a Transfer of Undertakings (Protection of Employment) transfer ("TUPE" transfer) of around 800 County Council staff, essential to a smooth transition for staff and clients using the service.

Accordingly the contract was awarded with a start date of 1 February, 2000.

### 4.2 *Nature of the Contract*

The contract is for the provision of 512,000 hours annually, delivered across the whole county, to around 2,000 clients. The majority of the clients are older people, but the specification also covers a small number of people with physical disabilities, learning disabilities, mental health problems and children.

### 4.3 *Contract Performance*

#### 4.3.1 *Management, Capacity and Responsiveness*

In October, 2001 the County Council's Audit Committee was alerted to some concerns about the operation of this contract. These concerns centred around a lack of confidence in the ability of the Leonard Cheshire General Manager to effect operational changes to improve the contract and Leonard Cheshire's ability to meet the volume of hours required, in the longer term.

As a result of the Council's concerns, Leonard Cheshire replaced their General Manager and allocated responsibility for the contract to their Regional Director. Consequently, there was a marked improvement in performance particularly in relation to responsiveness and ability to accept new clients. This was reported back to Audit Committee in March, 2002.

Overall, Leonard Cheshire have demonstrated a genuine commitment to their clients, have made efforts to promote a good working relationship with the trade union representatives of the transferred staff and been willing to work with the County Council to effect improvements in service.

Notwithstanding this good-will, Leonard Cheshire are sometimes somewhat slow at implementing initiatives such as electronic monitoring. However, their progress has been hampered by an abortive attempt to implement a new IT system that proved unsuitable. This situation has been rectified by the purchase of another new system.

It is accepted that Leonard Cheshire have made progress in tackling staff inflexibility, which was an issue at the time of the transfer, demonstrated by improved client contact time. It is also understood that there is a limit to which Leonard Cheshire can tackle staff inflexibility because of the danger of serious industrial relations problems and the possible consequence of losing a staff resource that is scarce.

As with most employers of care staff in Hertfordshire, recruitment continues to be difficult with a consequent impact on ability to deliver the volume of hours required. Leonard Cheshire have actively conducted recruitment campaigns and in the period January, 2003 to January, 2004 were able to deliver 96% of the overall hours required across the County. An analysis of hours provided is shown in Appendix 1. Note that the St. Albans area continues to be the area in which Leonard Cheshire are least able to recruit.

#### *4.3.2 Service Quality*

Quality of service is monitored using the Adult Care Services "Quality Matrix" benchmarking tool which collates data from a number of sources and scores and weights the data according to degree of importance:

- Data gained from Contract Compliance visits to branch offices; performance is monitored against 9 standards
  - Data showing ability to respond to requests for new packages of service
  - Data relating to concerns, complaints and compliments
  - Data gained from Quality Monitoring Officers (“QMOs”) visits to service users.

Analysis of this data enables comparisons to be made between providers and evidences changes in performance over time.

As can be seen in the extract of the Quality Matrix (at Appendix 2), Leonard Cheshire score at the higher end of the Matrix, well within the acceptable quality standard.

A contractual compliance inspection has been conducted in all of the four branches. Generally the standard of policies and procedures that the agency have are good, and are well maintained. A few changes to their policies are required, and these have been acknowledged and are in the process of being amended.

One underlying concern from these inspections in all 4 branches has been the poor recording of concerns and issues raised directly or indirectly from service users or members of local teams. Leonard Cheshire’s performance data does not always correlate with data collected elsewhere within our monitoring system. Reports from District Commissioning Officers have suggested that there are more concerns raised about Leonard Cheshire services than those actually recorded.

Leonard Cheshire have tended to record only Stage 1 complaints and not other issues, e.g. missed calls, late calls, etc. This poor recording may account for why Leonard Cheshire score extremely well against the standards for continuity of care, arrival times and attendance (i.e. there are very few missed visits to clients) (see Appendix 3). This will be addressed with Leonard Cheshire.

A further issue is Leonard Cheshire’s compliance with the standard relating to length of visit (see Appendix 3). Both of these concerns will in part be addressed by the introduction of electronic monitoring.

### 4.3.3 *Service Development*

In pursuit of quality and the development of specialist services Leonard Cheshire have developed a strong training function, making them well placed to meet the standards required by the National Care Standards Commission (NCSC); they have established an NVQ assessment centre with dedicated assessors and an accredited training programme for their managers, together with a health and safety advice and training service.

Leonard Cheshire are now actively implementing 3 focussed service developments:

- (i) There has been a successful pilot dementia service with staff trained to meet the specialist needs of this client group. Discussions are taking place to agree a roll out of this service across the county.
- (ii) Discussions are taking place to explore the possibility of a service focussed on the needs of people with learning disabilities; this may create additional capacity by making use of staff outside of the peak times when they are needed to attend to elderly clients.
- (i) Leonard Cheshire have developed care provision in the extra-care facility at Emmanuel Lodge, Broxbourne. This is now well established and has proved successful. Leonard Cheshire are now keen to provide this service in other parts of the County.

### 4.4 *Financial Implications*

Under the present contract with Leonard Cheshire, as ex County Council staff who transferred to Leonard Cheshire under TUPE leave, there is an assumption that Leonard Cheshire will replace those staff with new recruits employed on Leonard Cheshire's terms and conditions of employment, less costly than those of the transferred staff.

However, where any new contract is entered into, post 13<sup>th</sup> March 2003, local authorities must have regard to the ODPM (Office of the Deputy Prime Minister) Circular (03 / 2003) – “Best Value and Performance Improvement” and its accompanying Code of Practice. The essence of this guidance is that Best Value can not be delivered without a well trained and motivated workforce and that a “2-tier” workforce is not conducive to this. Accordingly “new joiners” who work beside transferred staff should be employed on terms and conditions which are fair and reasonable and overall no less favourable than those of transferred employees. The consequence of this can contribute to an upward pressure on price. The guidance applies to new contracts and “2<sup>nd</sup> generation”, retendered contracts, so would apply to the Leonard Cheshire contract in either February 2005 or February 2007, dependent on whether the contract is extended or not.