



Adult Social Care Select Committee
30 April 2014

**Commissioning and managing the market
in Adult Social Care**

Purpose of the report: Scrutiny of Services/Policy Development

To support the Committee in its understanding of commissioning adult social care. The Commissioning function has a priority to manage and shape the care market to respond to local and national priorities. Importantly its role is to ensure support and care are available locally to meet the assessed needs of individuals.

Introduction:

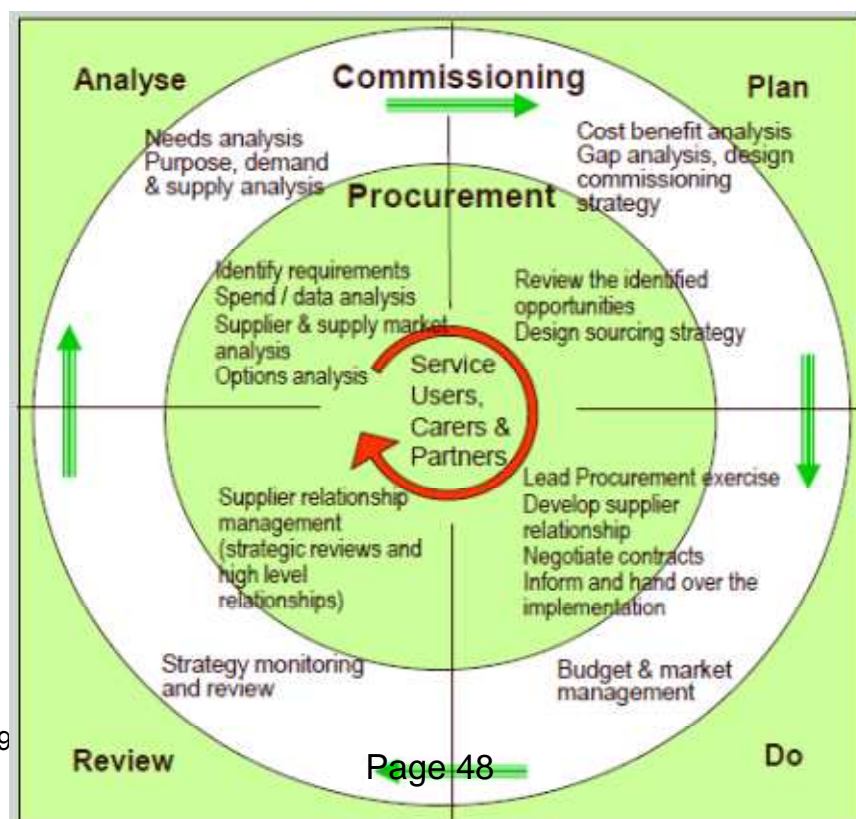
1. The commissioning function in adult social care is at the centre of providing good value, quality social care. It drives all that we do to deliver positive outcomes for the residents of Surrey. Commissioning is the process by which local authorities decide how to spend their money in the most efficient way to get the best possible outcomes for individuals and communities, based on local needs.
2. We work closely with colleagues in Personal Care and Support, Procurement and health partners to ensure an integrated approach to commissioning. Our clearly stated [commissioning principles](#) illustrate our values and approach to commissioning (Annex 1).
3. The commissioning function is integral to delivering family, friends and community support; we are currently developing our approach to this.
4. The Care Bill will have implications for commissioning and managing the market, with a focus on preventing and delaying needs for care and support.
5. Many of the areas of the Bill will impact on the commissioning and procurement of adult social care services. This includes the market impact of an increase in the number of self funders entering the adult social care system and potentially requesting the council to arrange care

on their behalf. Such an increase could cause the market to re-evaluate the rates at which it offers care and support services to Surrey County Council. This is because some services offer more advantageous rates to the council compared those offered to self funders arranging their own care. An increase in the proportion of council arranged services may cause providers to seek to increase the rates offered to the council and either maintain a higher self funder rate or equalise the two rates.

6. There are though specific clauses that require us to review, update or validate our practices, such as:
 - The general responsibility to promote the quality and diversity of local services
 - Provider failure and market oversight
7. Both Commissioning and Procurement are represented on the Care Bill Project Group at Senior Management level. This group is coordinating the implementation of the Bill in Surrey. Two Senior Commissioning Managers lead the dedicated Care Bill Commissioning workstream.
8. Commissioning and procurement work together to shape and manage the provider market so it can respond to the Bill.

How do we do it?

9. Our commissioning and procurement cycle illustrates our strategic approach of how commissioning and procurement work together to ensure investment matches needs and outcomes (see figure 1 below). The people we serve, carers and partners are at the heart of our commissioning cycle. Through a process of co-production, they are involved at all stages and we make sure that people's views and experiences are heard, taken into account and strongly influence how we get the best possible services.



- 10. As co-production is so important to commissioning we have developed an [engagement protocol](#) (Appendix 1). This illustrates in more detail how people are involved in every stage of the commissioning cycle.
- 11. The commissioning function works not just on a strategic level but also locally to help Surrey residents access quality and safe care and support. With our colleagues across the Adult Social Care Directorate, in Public Health, the Districts and Boroughs and the Clinical Commissioning Groups we analyse population needs and assets, plan support for a defined population and then procure services to meet identified needs, within budget and to meet people’s desired outcomes. With this information we can also support social care practitioners with micro-commissioning, where they make spot purchases on behalf of individuals. In doing so, the individual needs of people and their carers, their choice, control and their views on the types of care and support they wish to receive remain a central focus (see Figure 2).



Figure 2: How we approach commissioning at a local/micro level

- 12. Case study examples demonstrating the depth and breadth of how commissioning works are available in Annex 2.

Managing the social care market

- 13. There are a number of key elements used by Surrey County Council to manage the Adult Social Care market.
- 14. **Category Management:** Surrey County Council procurement utilises a category management approach for all of its £750m spend. This includes the £270m spend in ASC. By regularly going to market to procure all

services, we ensure we have an understanding of the commercial and market drivers. This also means that we routinely benchmark all aspects of quality and cost. We have skilled category managers who work with Commissioning to procure the right quality service, at the right price delivering the best possible outcomes for the people of Surrey. This has delivered over £30 million pounds of savings over the last 4 years.

15. **Supplier relationship management (SRM):** Procurement and Commissioning have established a Supplier Relationship Management programme to enhance our relationships with all Adult Social Care strategic and critical suppliers to improve performance and innovation across our current contracts.

15.1 SRM related work will save over £3 million in 2013/14. This is more than 30% of the overall Adult Social Care Procurement savings target. The programme has also helped negotiate and secure at least 450 apprenticeships across the Council over the next five years, as a result of our work with key suppliers and other partners.

15.2 The success of the programme has also been highlighted in a benchmarking exercise carried out by State of Flux, a leading procurement and supply chain consultancy. The results show that we have delivered a 35% improvement in the last twelve months in SRM maturity and outcomes. We have moved from a “Developing” to an “Established” and high performing SRM operation compared to both public and private sector organisations.

16. **New ways of working with the market:** Commissioning and Procurement are exploring new ways of working the provider market:

16.1 Joint procurement of services where scale and leverage could be supported. We offered resource to support this project, to help with financial analysis and to identify opportunities. To date, 7 suppliers have given us limited information on their temporary staff numbers. We need to increase the sample size in scope and scale to ensure beneficial outcomes. The intention is that savings achieved would be split 50/50 between the Council and the suppliers, helping reduce their cost base and delivering a win/win for all parties.

16.2 A 'true cost of care' exercise across older peoples residential care providers. At this point we have received a small sample of information. If we can increase size and scale of response, we can get a true picture of the cost of care and see how we can best to respond to market requirements. A similar process across the learning disability supplier market delivered a 1% fee increase for learning disability residential care suppliers within Surrey for 2013/14.

16.3 Investigating options in which providers could support each other. Potentially this might involve developing opportunities to 'share' assets or utilise voids to increase efficiency across the market.

- 16.4 An offer to work with Suppliers to review or support new models of delivery. For example, 4 bed homes may be too small to be economically viable in the current market; however 6 bed homes are now seen as the starting point for a successful business plan. Working with the market offering commercial consultancy, while being open and transparent about how we feel they can best support the Local Authority outcomes based approach, has the potential to further build trust, deliver better outcomes and nurture an economically sustainable market.
17. **New technology:** A new contract management system (CMS) is being rolled out across Adult Social Care, giving us a shared centralised online database holding all strategic and critical contracts, performance reporting and activity logs. For the first time we have a single place to hold all contract-related information, increasing the quality of our contract management and providing proactive alerts and reminders.
18. **Sharing the knowledge:** We continue to deliver bespoke contract and supplier management training to all commissioners. This training is to ensure the SRM principles are utilised to build better relationships, deliver improved performance and value for money across the Adult Social Care directorate with all strategic suppliers and partners. The team continue to review all aspects of the SRM framework in conjunction with commissioning to ensure continued success
19. **Commercial insight and knowledge:** The procurement team have in its product range a commercial insight team. This means we have the ability to scan a wide range of sources to give us up to date information on suppliers' finances, mergers and acquisitions and the impact of wider legislation across not only within Surrey, but also the national trends within Adult Social Care. All information helps ensure we are prepared as possible for potential supplier failure, or the impacts of such legislation as the Care Bill.
20. All the above aligned with the feedback and relationships with front line teams and commissioning ensure we work and understand all suppliers of Adult Social Care both from contracted and non contracted basis, ensure we are in a position to influence, support and manage the Adult Social Care supply market to the highest standard. All of our work is delivered in line to support the Medium Term Financial Plan and the wider Adult Social Care strategy for the next three years.

Conclusions:

21. The Commissioning and Procurement functions of Adult Social Care work together to drive high quality, efficient and effective services and manage the Adult Social Care market.

Recommendations:

22. Select Committee Members are asked to note and consider the content of this report and recommend any areas for development.

Next steps:

Commissioning and Procurement will continue to work together, to manage the Adult Social Care market,

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Sources/background papers:

[Commissioning in Adult Social Care](#)

[Procurement function in Surrey County Council](#)

ADULT SOCIAL CARE – COMMISSIONING PRINCIPLES

- **Leadership** in the Commissioning and de-commissioning of services and **transparency** in decision-making
- **Equity of services** across Surrey – manage markets to meet the needs of and to secure outcomes for service users and carers in a consistent way
- **Person-centred service models** are at the heart of everything we do – users and carers to drive and co-design all that we do
- **Value for money** and **outcomes related to population needs assessments** – make sound and well-informed choices and investments to ensure value for money and maximum outcomes for users and carers
- **Focus on quality** and **improved outcomes** for service users and carers – promote and specify continuous improvements in quality and outcomes through innovation and new ways of working together
- **Partnership working** with users and carers and with a range of organisations both in the public and third sector, as well as social care and health professionals, to deliver shared and effective outcomes. **Joint Commissioning**, where possible, to share resources and maximise outcomes for the residents of Surrey.
- **Secure performance management** that supports the delivery of services of high quality and best value for money
- **Manage knowledge** and **assess needs** – Commissioning will be based on sound knowledge of what people need
- Develop **Commissioning competencies** and **Procurement skills** that promote good working relations with service providers and achieve expected outcomes for service users and carers

Annex 2

Case study 1: Community connections services

The Mental Health Public Value Review recommended a strategic shift to early intervention and preventative services. As part of this shift, local voluntary sector “community connections” organisations are recognised as a key way to help people reduce their isolation and access mainstream community activities, and as a result help people with mental health needs keep well.

Once funding was secured in partnership with the six Clinical Commissioning Groups, the Mental Health Commissioning Team involved the local Voluntary, Community and Faith sector (VCFS), adults with mental health needs, carers and other stakeholders in developing an outcome-based service specification for each District and Borough in Surrey.

This co-production continued throughout the commissioning and procurement process, with the VCFS leading local forums with service users to help design their service proposals and using an e-tendering system to submit them.

As a result, Community Connections services have been in place as a universal access service for adults with mental health needs since April 2013. These comprise a range of opportunities, including self-help groups, training, volunteering, social and leisure activities, which are run by a lead provider in each District and Borough working in partnership with other local VCFS organisations.

Whilst the commissioning approach has encouraged providers to think in innovative ways to support people with mental health needs, services complement existing mental health schemes at a local level. Now they are in place, each Community Connections service is reviewed through ongoing input from service users and carers, whilst regular monitoring meetings discuss performance so that local adults with mental health needs continue to receive the quality support of their choice.

Case study 2: Learning Disabilities Commissioning Team process for supported living and residential care referrals

The Learning Disabilities Commissioning Team manages a distinct process for all new learning disability supported living and residential referrals.

The process operates as follows:

- Referrals from practitioners go to a dedicated email address
- Referrals are then logged, anonymised and then sent to over 40 strategic providers that Surrey County Council have agreed terms with
- Providers can then contact practitioners directly to discuss and agree a service

The benefits of this process lie in ensuring that Surrey County Council only uses supported living and residential care providers who have agreed the Council's commercial and quality terms. In addition, as each provider has a relationship manager in the Commissioning Team, any issues with regard to the provision of services can be responded to in a timely and appropriate fashion. Lastly, but by no means least, this process saves time for social care practitioners, who no longer need to spend valuable time searching for quality services.

Case study 3: The Home Based Care retender

In 2013 approximately £40 million was spent on home based care – care provided in people's homes to help them to continue living there and remain in their local communities.

Currently this care is delivered on the basis of a framework agreement with 29 home based care providers across the county. As this arrangement is due to end in October 2014, Commissioners in Older People's Services and colleagues in Procurement are working to develop a new approach for a retender.

This new approach will respond to customer feedback, focus on individual outcomes and include incentives for key areas of customer satisfaction, whilst quality mechanisms like electronic monitoring to manage late and missed calls are set to be a requirement for any provider to contract with the Council. The new home based care tender will also support both health and social care agendas in helping people to return home quickly and comfortably after they are discharged from hospital. At the same time, it will recognise the geographical and logistical diversity of Surrey by offering a level of guaranteed supply to providers so that they can more easily cover challenging areas and maintain their business in the face of short term changes in demand.

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