AGENDA ITEM 7 – APPENDIX 1

Royal Borough of Windsor and Maidenhead

Externalisation of Adult Social Care Business Case

26th June 2010

Version 0.5

EXECUTIVE SUMMARY

This document provides an outline business case for the externalisation of elements of the Royal Borough of Windsor and Maidenhead's (RBWM) Adult Social Care provision. The business case is intended to provide a basis for the council to take the decision on whether to proceed with the externalisation of these services, confirm the scope and phasing of externalisation and authorise officers to issue a suitable invitations to tender. The project also includes all internal steps necessary to support trading/charging of any remaining RBWM services and the transition of services to new providers.

The Strategic Case

Like all local authorities RBWM is facing a period of intense change with an increasing demand for social care services, a contraction of funding and a challenging policy environment.

Self Directed Support will bring a change in the type of care purchased and how these are commissioned. The government requires all Councils with adult social care services responsibilities to introduce personalisation and self-directed support. As RBWM implement self directed support the profile of our services will change and the mechanism by which these are purchased will also evolve with a significantly higher volume of customers responsible for purchasing their own care packages. This leads to less reliance on council provided services and the need for a more diverse social care market. If we take no action this leaves the council at high risk of in house provision becoming increasingly expensive as direct council activity is reduced through implementation of "My Care, My Choice". As part of this transformation RBWM is exploring ways in which the adult social care market can support greater levels of service delivery through the externalisation of services, reducing cost and creating a vibrant local market to support increasing demand and the personalisation agenda.

User volumes are expected to substantially increase over the next five year period: As outlined in the Joint Strategic Needs Assessment (JSNA) RBWM has the greatest proportion of older adults in Berkshire. This age group is predicted to increase over the next 5 years by 11% with a corresponding increase in the over 85's. Longer term growth estimates suggest that by 2019 there will be an extra 4700 people over 65, an increase from 943 people with learning disability to 956 and an increase from 1462 people with dementia to 2010 by 2021 (based on MHO estimates). This clearly leads to an increase in predicted users over the period and in associated spend if no action is taken.

There is a need to substantially reduce Adult Social Care spend for the next 5 years: The overall settlement for RBWM is set to reduce over the coming years resulting in a need to achieve significant directorate savings. Externalisation will play a key role in directly delivering a core element of these savings, particularly in year 2 and is a key enabler to delivery of expected commissioning savings arising from personalisation. The cost elements of the externalisation business case are based on the differential between the cost of current in house provision (approximately £42.50 per hour) and the cost of current external provision (on average £15.00 per hour for a basic service and £22.00 per hour for a premium service). Quality of provision does however need to be maintained through any proposed change and proposals reflect this requirement.

It is clear that policies of choice and of engagement of communities in services design and delivery will continue to be at the forefront of the Governments agenda. This means that the role of local authorities will need to change and through this project RBWM can not

only achieve needed financial savings but also help create a sustainable market for direct social care provision benefiting current and future service users, the council and the wider community. In the following sections we provide an outline of the economic case for these proposals and the financial implications of this, supported by an outline of the proposed procurement route and project management case.

The Economic Case

The economic case considers the benefits to society in undertaking externalisation of social care. Following an initial wider options analysis, the economic case focussed on three options:

Option 1 - Do Nothing: This option provides for a like for like renewal of existing contracts with no additional externalisation of services. It does not include the creation of new types of provision: personal assistant service or an explicit premium homecare service, nor does it provide for the council to create a trading and charging arrangements to support delivery of self directed support. The option relies on the market taking its course as personal budgets impact an expanded user and care choice, and procurement of care and support.

Option 2 – Externalise all provision: This option focuses on the externalisation of all adult social care provision within the scope of the project – shared lives, re-ablement, homecare, premium homecare, personal assistant service, day care and residential care. All impacted services are externalised in a single tranche. This option seeks to attract inward investment to the RBWM, transferring in house social care services “as-is” to a new supplier. As such this option includes TUPE of all existing council staff to a new provider and the additional liabilities incurred by the provider are reflected in reduced benefit levels.

Option 3 – Externalise selected types of provision with limited risk and high levels of market readiness: This option is a sub set of option 2 and involves externalising a more limited range of services that excludes re-ablement, residential care, and delays day care externalisation for 12 months to allow time to gain a fuller impact of self directed support, the impact of the charging review and the introduction of personal budgets. This option aims provide opportunities for redeployment of most of our existing homecare staff within RBWM, maximise benefits delivery while ensuring the continued delivery of high quality services. This option also recognises that significant work is underway within the services out of scope within this option which will enable them to deliver significantly more effectively on an in-house basis.

Each of these options have been assessed against a range of criteria (outlined in the table overleaf) with options 3 clearly the preferred option. The preferred option provides for the immediate:

- Re-let of existing external homecare (including extra care provision) contracts, in conjunction with,
- Externalisation of in house homecare
- Creation of a new external premium homecare service
- Creation of a new external personal assistant service
- Externalisation and expansion of the shared lives scheme

- Establishment of trading or charging arrangements for remaining in house trading services – day care and residential care

A further review will be undertaken in 12 months time to review day care and residential care and consider at this point future demand levels, market interest, potential savings and user views. At this point, further externalisation could be undertaken. During this period opportunities will be taken to encourage and support the development of social enterprise including employee led organisations.

	Option 1: Do Nothing	Option 2: Externalise All Provision	Option 3: Externalise selected provision
Benefits Delivery	This option delivers no savings. The project does not break even Cumulative NPV of circa -£80,000	£3.6 million cumulative savings, breakeven in 2012/13. Cumulative NPV of circa £2.4 million	£4.8million cumulative savings, break even in 2011/12 with a cumulative NPV of £3.8 million. This option does not have an external funding requirement.
Business Need	Does not meet business needs and places the council at risk of in-house provision becoming increasing expensive as activity is reduced with diversification of supply through personal budgets	Meets all business needs	Meets majority of business needs with alternative plans proposed for day care and residential care
User Support	Highest level of user support	High levels of user concern over learning disabilities day services and the ability of the private and third sectors to deliver care at the appropriate quality	Mitigates main areas of user concern by delaying and undertaking a further review of externalisation of day services. Concerns around quality of care provision by the private and third sectors do however remain
Strategic Fit	Does not support introduction of self directed support or provide for greater user choice and flexibility	Both options will support the introduction of self directed support and provide choice and flexibility for users	
Supply capability	Market has sufficient capacity and appetite	Market has sufficient capacity and appetite for majority of services however has expressed no interest in day services or residential care at this point	Market has sufficient capacity and appetite for phase 1 services however some concern over phase 2
Management complexity	Simple to commission and manage	Some complexity in commissioning and management	Some complexity in commissioning and management
Timeliness	Meets timelines	Some concern over timescale and transfer due to impacted asset base and user group	Meets initial timelines to support SDS
Risk	High risk strategy due to lack of benefits, but could be mitigated by aggressive internal change programme	High risk due to complexity of service provision and user concerns. Mitigated through additional external support. Economic and financial cases include contingency sums for any TUPE related issues.	Medium risk due to timescales and level of expected savings. Contingency plans in place. Economic and financial cases include contingency sums for any TUPE related issues.
Overall Ranking	**3rd**	**2nd**	**1st**

Figure 1: Summary of options analysis

The Commercial Case

Current external homecare services are provided principally through three block contracts which are scheduled to expire in March 2011. Due to the introduction of self directed support, and the increase in volumes of direct payments through the introduction of individual budgets these agreements are unlikely to be sustainable in the future. As such RBWM have taken the decision not to extend the current contracts but look to put in place a series of new contracts that will provide for current and future needs of RBWM.

RBWM intends to invite provision for the preferred option services from a wide range of private and third sector organisations through commercial contracts. The procurement will be undertaken through two procurements – one to support development of a wider shared lives services and a second consolidating our homecare requirements.

Shared Lives: Given the likely differing supplier profile for the shared lives tender and the relatively simple nature of this tender it is proposed that this is procured separately through a simple, single supplier framework agreement. In addition to allow RBWM to pilot externally provided premium homecare and personal assistant services a timebound contract for provision of these services is proposed – this is likely to be on the basis of spot provision with a small number of current suppliers.

Main Homecare Requirement: Given uncertainty over volume of services and the impact of self directed support we propose that the majority of services will be bundled into a single framework allowing suppliers to maximise the volume of business but also to provide flexibility and choice with the minimum of administrative burdens. Within this single framework we propose letting a number of alternative lots to allow for a differential between those suppliers who form the core of provision and would be expected to take larger volumes of users, and have no right to reject a client and those suppliers who would work on a similar basis to current spot contracts. From the soft market test and analysis of other council contracts suppliers it is proposed that a contact term of 4 years is most suitable with a break clause a year 2, and a maximum extension period agreed with legal advisers (generally 1 year) where the normal expiry periods should be supported by ’no fault’ break clauses in the event much earlier termination is required.

As we have worked to develop this business case we have achieved greater clarity on the specification, pricing and quality mechanisms and as such would propose that RBWM runs a public competition under an ‘adapted’ restricted procedure under Part B of the Public Procurement Regulations.

The Financial Case

From the councils medium term planning, indicative budgets for Adults and Community Services have been established which provide a profile of cost savings to be achieved over the coming years. Funding for the project will need to be found within the Department’s own budget however costs associated with redundancy payments will be met by wider council budgets. Costs that are already committed for example, time of staff currently in post, have been excluded from the financial case. Where TUPE may apply costs have been included for staff compensation should there be challenge under TUPE legislation. It should however be noted that this is a contingent liability and is included at this stage for prudence and that all staff related issues will be managed in line with best practice.

Financial analysis shows option 3 as the least expensive of the options and the one with the greatest level of financial benefits. Projections indicate that financial costs can be funded through levels of expected benefit in year.

Option	Estimated value of financial benefit	Estimated value of financial cost	Net Present Value	Break Even
Option 1: Do nothing	Nil	Nil	Nil	N/A
Option 4: Full externalisation	£3.6 million	£0.77 million	£2.5 million	2012/13
Option 5: Low risk externalisation	£4.8 million	£0.47 million	£4.0 million	2010/11

Figure 2: Summary of financial case

The Project Management Case

The project will be managed in line with best practice project management principles adopting a light PRINCE 2 approach. A high level project plan has been developed to guide phase 1 of the project:

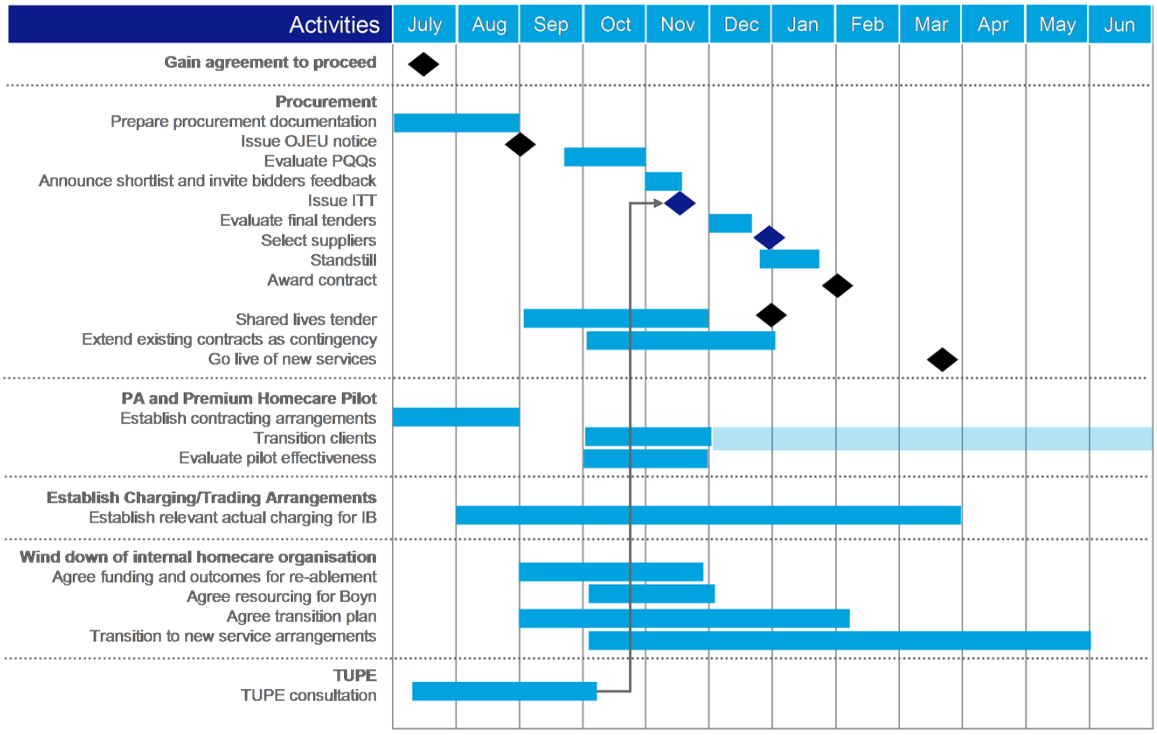

Figure 3: High level project plan

Key activities focus on:

- Procurement of new social care frameworks
- Procurement of external shared lives provision
- Procurement of pilot personal assistant and premium homecare services
- Establishment of charging/trading arrangements for remaining in-house services

- Wind down of existing homecare organisation and transition of users
- User and staff consultation and redeployment

The implementation approach for the project has been aligned with transition plans for the move to self directed support. New SDS assessments will be implemented by the end of June and at this point all new users will be offered the opportunity to hold an individual budget and receive funding through an associated direct payment.

Governance arrangements have been established to ensure aligned with the wider transformation underway within RBWM principally the implementation of self directed support, and a review of charging. Project governance will be through a project board that pulls in all areas of the council impacted by the change. The project board will report to the councils overall change programme board to ensure alignment with all other initiatives.

In line with good project management practice we will undertake a review of the project at key stages. We propose completing these reviews with a light touch version of the relevant OGC Gateway processes. These include the investment decision, readiness for service and operational review and benefits realisation.

Conclusion

A radical national policy agenda is changing the way in Adult Social Care Services are delivered - looking to deliver better preventative services with earlier intervention, “more choice and a louder voice”; reduced inequalities and Improved access to Community Services and more support for people with long-term needs. Coupled with a continual and increasing strong push towards delivering a reduction in spend as below inflation funding agreements begin to bite it is clear that no change is not an option.

The proposals outlined within this business case provide for a substantive change in how we deliver services for our local community, provide the opportunity to maximise the quality of outcomes for those who receive services and provide the most effective means of delivering these outcomes (an expected saving of £3.9 million over 5 years). It also provides the best future for our staff redeploying the majority of staff elsewhere in the council in sustainable roles.

The preferred option – a part externalisation of services – provides a mechanism to effectively mitigate risk associated with increasing costs of in house services, user concerns over externalisation of some service while also providing the range of services and purchasing mechanisms required to support self directed support.

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1. INTRODUCTION

1.1 PURPOSE OF DOCUMENT

This document provides an outline business case for the externalisation of elements of the Royal Borough of Windsor and Maidenhead's (RBWM) Adult Social Care provision. The business case is intended to provide a basis for the council to take the decision on whether to proceed with the externalisation of these services, confirm the scope and phasing of externalisation and authorise officers to issues a suitable invitation to tender. The project also includes all internal steps necessary to support trading/charging of any remaining RBWM services and the transition of services.

Following receipt of suitable tender submissions from suppliers this document will be updated and presented to the council to authorise officers to award a contract to the preferred supplier.

1.2 DOCUMENT STRUCTURE

The document is based on Office for Government and Commerce (OGC) requirements and is structured around the 5 case model:

- **The strategic case:** This aspect of the business case explains how the scope of the proposed project fits within the existing business strategy of RBWM; and the compelling case for change in light of the existing and future operational needs of the organisation.

- **The economic case:** This aspect of the business case, in accordance with HM Treasury's Green Book, documents the wide range of options that have been considered within the broad scope identified in response to the organisation's existing and future business needs. It aims to arrive at the optimum balance of cost, benefit and risk.

- **The commercial case:** This section provides an outline of the potential commercial arrangement associated with the externalisation exercise.

- **The financial case:** An assessment of affordability and available funding. Links proposed expenditure to available budget and existing commitments.

- **The project management case:** This section addresses the "achievability" aspects of the project. Its primary purpose is to set out the project organisation and actions which will be undertaken to support the achievement of intended outcomes including procurement activity.

1.3 DOCUMENT HISTORY

This document is currently issued for review:

Version	Date of Issue	Summary of Changes	Changes marked
0.1	10th May 2010	Draft outline structure issued for review	No
0.2	31st May 2010	Draft business case	No

Version	Date of Issue	Summary of Changes	Changes marked
0.3	7th June 2010	Updated to align with report to cabinet and revised procurement approach	Yes
0.4	16th June 2010	Updated to reflect TUPE advice and provide small restructure of document	No
0.5a	28th June 2010	Updated with RBWM feedback inclusion revision to TUPE contingency	No

This document has been distributed to:

Name	Title	Date of Issue	Version
Keith Skerman	Acting Head of Adult Social Care	16th June 2010	0.4
Chris Thomas	Head of Housing and Residential Development	16th June 2010	0.4
Alan Abrahamson	Finance Partner (Adult & Community Services)	16h June 2010	0.4
Tim Weston	Procurement Partner (Adult & Community Services)	16th June 2010	0.4

Name	Title	Date of Issue	Version
Keith Skerman	Acting Head of Adult Social Care	28th June 2010	0.5
Chris Thomas	Head of Housing and Residential Development	28th June 2010	0.5
Alan Abrahamson	Finance Partner (Adult & Community Services)	28th June 2010	0.5
Tim Weston	Procurement Partner (Adult & Community Services)	28th June 2010	0.5

2. STRATEGIC FIT: THE STRATEGIC CASE FOR THE PROJECT

This aspect of the business case explains how the scope of the proposed project fits within the existing business strategy of RBWM and the compelling case for change in light of the existing and future operational needs of the organisation. As context an analysis of the overall organisation and social care provision, including definitions of each type of care, is included within Appendix A of this document.

2.1 THE NATIONAL POLICY AGENDA

As reported by the Audit Commission, England's population is aging. In 2009 close to 33% of the total population was aged 50 or over. By 2029 this proportion is predicted to increase to around 39%, meaning an increase in numbers of people aged over 50 from 17.7 million to 22.9 million. Clearly this increase will create a comparable rise in the numbers of older people requiring social care services. In addition there is concern that numbers of learning disability clients is rising, largely as a result of improvements in health care.

A radical policy agenda is in play looking to deliver better preventative services with earlier Intervention, "more choice and a louder voice"; reduced inequalities and improved access to Community Services and more support for people with long-term needs. This is underpinned by a need to work more closely with health colleagues through local strategic partnership, joint strategic needs assessments and the pooling and integration of funding. It is also underpinned by a continual and increasing strong push towards delivering a reduction in spend as below inflation funding agreements begin to bite.

At the heart of this agenda is the concept of personalisation:

"Personalisation means thinking about care and support services in an entirely different way. This means starting with the person as an individual with strengths, preferences and aspirations and putting them at the centre of the process of identifying their needs and making choices about how and when they are supported to live their lives. It requires a significant transformation of adult social care so that all systems, processes, staff and services are geared up to put people first."[1]

Direct payments, personal budgets and, individual budgets are at the core of the government's aim of personalising adult social care services around the needs of users. Through the Putting People First initiative, councils will be expected to significantly increase the number of people receiving direct payments and roll out a system of personal budgets for all users of adult social care, from 2008-11. In the long-term all users should have a personal budget from which to pay for their social care services, apart from in emergencies.

Self-directed support is the mechanism and framework through which personal budgets are being delivered. The Department of Health along with key local authority social care stakeholders have worked on defining what self-directed support is and how it is to be implemented. They say:

[1] Social Care Institute of Excellence, Personalisation: A Rough Guide

"Self-directed support involves finding out what is important to people with social care needs and their families and friends, and helping them to plan how to use the available money to achieve these aims. It is about focusing on outcomes and ensuring that people have choice and control over their support arrangements. In practice, implementing self-directed support in social care means ensuring the following elements are in place.." [2]

This includes:

- Self-directed assessment
- Up-front (indicative) allocation
- Support planning
- Choice and control
- Review

In order to encourage Local Authorities to continue to use new ways of working that enable people to remain in their own homes for longer and in more cost-effective ways, the DH published the "Use of Resources in Adult Social Care – A guide for local authorities" in October 2009. Within this it provides guidance on changes in commissioning to support this agenda:

"Commissioning activity will seek to move investment from traditional services such as large scale domiciliary care, residential and nursing services and day centres towards individual service user purchase of personal care (micro-commissioning), including personal assistants, better use of diverse community provision, re-ablement, preventative and early intervention services. To achieve this, market development will be a key focus, as will partnership with User Lead Organisations to better engage service users, carers and third sector partners."

Local authorities continue to be faced with the challenge of making best use of resources and evidencing value for money at every opportunity. As a minimum each authority must have in place a robust efficiency statement that will produce 3% efficiencies year on year for the comprehensive Spending review (CSR) 2007.

2.2 THE CASE FOR CHANGE WITHIN RBWM

Like all local authorities the RBWM is facing a period of intense change with an increasing demand for social care services, a contraction of funding and a challenging policy environment.

Self Directed Support will bring a change in the type of care purchased and how these are commissioned

In addition the government requires all Councils with adult social care services responsibilities to introduce personalisation and self-directed support. In the RBWM the new approach is called 'My Care, My Choice'. 'My Care, My Choice' will:

[2] ADASS Making progress with Putting people first: Self directed support, London: DH/ADASS/IDeA/LGA

- Improve access to social care support
- Enable our residents to take control of their assessments
- Enable our residents to have the independence to make plans and decisions regarding their care and support
- Enable people who meet our eligibility criteria to purchase the care they want with Personal Budget which has been allocated to them
- Seek greater choice in social care services and support
- Continue to safeguard vulnerable adults
- Be a fair approach which gives choice and control to our residents
- Incorporate an effective review process which ensures residents get the best out of their care and Personal Budgets

As we implement self directed support the profile of our services will change and the mechanism by which these are purchased will also evolve with a significantly higher volume of customers responsible for purchasing their own care packages. This leads to less reliance on council provided services and the need for a more diverse social care market. As part of this wider transformation RBWM is looking to explore ways in which the adult social care market can support greater levels of service delivery through the externalisation of services, reducing cost and creating a vibrant local market to support increasing demand and the personalisation agenda.

User volumes are expected to substantially increase over the next five year period

As outlined in the Joint Strategic Needs Assessment (JSNA) RBWM has the greatest proportion of older adults in Berkshire. This age group is predicted to increase over the next 5 years by 11% with a corresponding increase in the over 85's[3]. Longer term growth estimates suggest that by 2019 there will be an extra 4700 people over 65, an increase from 943 people with learning disability to 956 and an increase from 1462 people with dementia to 2010 by 2021 (based on MHO estimates).[4]

This clearly leads to an increase in predicted users over the period and in associated spend if no action is taken. For the purposes of this business case we have assumed a relatively stable increase in user volumes in line with the increase in population numbers. We have assumed no changes in FACS criteria.

There is a need to substantially reduce Adult Social Care spend for the next 5 years

The overall settlement for RBWM is set to reduce significantly over the coming years resulting in a need to achieve directorate savings.

[3] POPPI Database

[4] Royal Borough of Windsor and Maidenhead Joint Strategic Needs Assessment 2009

Externalisation will play a key role in directly delivering a core element of these savings, particularly in year 2 and is a key enabler to delivery of expected commissioning savings arising from personalisation. The cost elements of the externalisation business case are based on the differential between the cost of current in house provision (approximately £42.50 per hour) and the cost of current external provision (on average £15.00 per hour for a basic service). Quality of provision does however need to be maintained through any proposed change.

It is clear that policies of choice and of engagement of communities in services design and delivery will continue to be at the forefront of the Governments agenda. This means that the role of local authorities will need to change and through this project RBWM can not only achieve needed financial savings but also help create a sustainable market for direct social care provision benefiting current and future service users, the council and the wider community.

2.3 AN OUTLINE OF THE EXTERNALISATION PROJECT

Project scope, constraints and dependencies

All main Adult Social Care Services commissioned or provided by RBWM excluding supported living have been included within the potential scope of the project. Through the initial options analysis this has been narrowed to focus on a smaller range of services that will provide the most benefit to the council through externalisation, are attractive to the market and do not impose unnecessary risk on RBWM.

This business case has been constructed taking into account wider council plans for implementation of self directed supported, a charging review and a variety of lean initiatives being pursued within the Directorate. All options will be subject to full consultation, are based on an assumption of minimal adverse disruption to current users, and no degradation of services.

The strategic benefits of the Project

Historically, homecare provision by Local Authorities has been a mix of in-house services and provision by the independent sector, with an increasing trend towards externalisation. National reports in 2003 stated that 64% of homecare provision was by independent providers, with noticeable numbers of local authorities continuing to investigate or implement externalisation of all or part of their services.

Externalisation offers authorities a range of benefits:

- **Maximise the quality of service provision**, as service providers are more clearly commissioned and rewarded for the quality of service that they provide

- **Reduced costs**, as hourly rates for in-house homecare significantly exceed independent rates - the main influence on in-house costs being higher salaries.

- **Increased range of services,** as suppliers are incentivised to innovate and provide services that more directly meet users needs

- **Support to implement self directed support,** as externalisation will stimulate the market to provide different types of provision that will be effectively support SDS

It is clear that externalisation can be effective in delivering substantial cost savings - in 2002 Lambeth were saving £200k annually through externalising 100,000 hours of in-house homecare[5]. In 2006, Richmond calculated saving of £88k through externalisation, while in 2007 Camden planned to save £600k - £1m annually by moving £3m of homecare provision to the independent sector. Recently Manchester have stated that they expect to achieve savings of £1.4m by converting in-house services into trading units.[6]

Further examples of the benefits achieved by a range of comparative organisations are included within Appendix C of this document.

Critical success factors and risks

Critical success factors include:

- The ability of providers to meet user expectations of quality of services at a suitable price
- The ability of the Council's team of staff in Adult Services, finance, legal, procurement, and human resources to guide the project to the letting of a suitable and effective contract within a limited timescale
- The availability of suitable providers in the sector able to meet not only traditional requirements but provide new types of provision
- The ability to stimulate the market to support effective implementation of self directed support
- The ability to manage the staff transition
- The ability to establish suitable, non burdensome trading arrangements for the remaining in house provision.
- The affordability of the contract that is produced.

There are however a number of risks to externalisation:

- *The opportunity is not sufficiently attractive to the market:* We have sought to minimise this risk by undertaking a market test and structuring our approach based on market feedback. It is clear that size of the deal is important but also ongoing engagement with the market will be key to ensuring a successful contract let.
- *Running a competitive procurement even under the Part B exemption, will take effort and thinking on the part of the council on top of advisors and legal support costs*: We have sought to reflect this time through reasonable procurement timescales and costed for sufficient support.
- *The expected cost savings or KPI improvements are not achieved:* the commercial arrangements will be constructed so that they represent the contracted pricing below the current spend; and the service level agreements above the current service level.
- *Providers are unable to provide the quality of service that users expect and there is a backlash from user and carer groups:* the procurement exercise will have a large focus on ensuring quality of provision is met and will balance this with a fair pricing mechanism. The majority of current in house service users will be transitioned to a premium external service to manage transition risk.

[5] Lambeth Cabinet Paper, 14.2.00

[6] Department of Health, Use of Resources

- *The council may not have sufficient/experienced resources to effectively manage the externalised contract post-tender:* Steps to establish an effective commissioning function are outlined within the project management case.
- *Suitable provision needs to be in place to support implementation of personalisation:* The implementation approach recognises this need and proposes an approach that will utilise existing contracts, a small pilot for external and/or personal assistant service prior to the let of the full contract.
- *Redeployment of staff is not managed in line with statutory provisions*: All options within this business case take into account the application of statutory provisions related to TUPE and general employment law. Resources have been allocated to effectively manage these processes and plans reflect suitable consultation timescales.

2.4 STRUCTURE AND KEY RESPONSIBILITIES

Delivering exceptional services to residents and businesses across the region is the job of our four Directorates and two Units, reporting directly to the Chief Executive.

Figure 4: RBWM Organisational Structure

Responsibility for delivery of this aspect of the externalisation Project rests with Adult and Community Services with an emphasis on two specific services:

Adult Social Services	Housing Policy and Residential Development
Assessment of Care Needs	*Supported and Sheltered Housing*
Carers	Adapting Homes
Services for Adults with learning disabilities	Council Housing
Home Care	Help with repairs
Mental Health	Homelessness
Safeguarding Adults from abuse	Housing Advice
Services for Older People	

Figure 5: Impacted services

The Senior Responsible Owner for this project is Christabel Shawcross, the Strategic Director or Adult and Community Services, supported by Chris Thomas, Head of Housing & Residential Development as Project Manager and Keith Skerman, Acting Head of Adult Social Care Services as Senior User Representative.

2.5 STAKEHOLDER ENGAGEMENT AND COMMITMENT

A range of internal and external stakeholders will be impacted by the project. These include:

- Current and potential users
- Current and potential suppliers
- Current and potential carers
- RBWM homecare staff
- RBWM commissioning and procurement staff

The introduction of a personal assistant service could also have wider impacts including:

- RBWM voluntary organisations
- Community transport providers
- RBWM Safeguarding teams

In addition a range of additional stakeholders should be consulted as part of the externalisation project:

- Staff Unions
- Learning Disabilities Partnership Board
- User representative bodies

A formal consultation has been undertaken with users and carers and key findings are available on request from the project team. There was a strong interest in involvement by users and carers in the development of any specifications of service, and letting of contracts, and a wish to see sustainable quality of supply with continuity of care as well cost effectiveness. Generally most users and their carers would prefer the status quo and were concerned to ensure suitable quality of services remained. A soft market test has been undertaken with suppliers and key findings from this are included in Appendix C. Unions have been engaged and a formal consultation approach will be developed in coming weeks.

3. OPTIONS APPRAISAL: THE ECONOMIC CASE

This aspect of the business case, in accordance with HM Treasury's Green Book, documents the wide range of options that have been considered within the broad scope identified in response to the organisation's existing and future business needs. It aims to arrive at the optimum balance of cost, benefit and risk.

3.1 APPROACH TO DEVELOPMENT OF THE ECONOMIC CASE

The economic case considers the benefits to society in undertaking externalisation of social care. It does not consider who specifically funds or benefits from the changes, only the value of the change itself, and it only considers changes from the current level. We have assessed options against a range of criteria:

- **Business need:** To what extent does the option meet the business need, maximise outcomes for users and carers and support innovation in service delivery
- **User support:** To what extent does the option have the support of existing users and carers
- **Strategic fit:** To what extent does the option support the strategic objectives of the council and of the national adult social care transformation agenda
- **Benefits delivery:** To what extent does the options support maximum delivery of benefits
- **Supply side capacity and capability:** To what extent can the supply market meet the requirement and what level of willingness is there within the market to take forward this option
- **Management complexity:** To what extent is the option easily managed by RBWM
- **Timeliness:** To what extent does the option deliver within the required timeline
- **Risk:** What level of risk is inherent in the option

In assessing the long list of options we have applied a range of scores against each criteria (outlined in table 4 overleaf) and applied this to each of the options outlined in section 3.3. This then produced a short list of three options which were then developed in more depth. This more detailed analysis is then conducted in section 3.4.

Score	Criteria							
	Business Need	**User Support**	**Strategic Fit**	**Benefits Delivery**	**Supply capability**	**Management Complexity**	**Timeline**	**Risk**
1	Does not meet needs	Large number of users object to option	Does not support strategic objectives	Provide no or low levels of financial benefits	Supply market unable to meet requirement	Highly complex to commission and manage	Delivers 12 months plus beyond desired timeline	Very high risk – difficult to mitigate or to provide contingency
3	Does not meet majority of needs	N/A	Support some strategic objectives	N/A	Supply market partially able to meet requirement	N/A	Delivers within 12 months of desired timeline	High risk – can mitigate with contingency
5	Meets around 50% of needs and maintains outcomes for users and carers	Users ambivalent	Supports around 50% of strategic objectives	Delivers medium levels of financial benefits	Suppliers able to meet 50% of requirements	Some complexity in commissioning and management	Delivers within 6 months of desired timeline	Medium risk – with mitigation & contingencies in place
7	Meets most key needs	N/A	Delivers most strategic objectives	N/A	Delivers most key requirements	N/A	Delivers within 6 months of desired timeline and contingency arrangement can be made	Low risk
10	Meets key needs & most others and maximises outcomes for users and carers	High levels of user support	Meets all strategic requirements	Delivers high levels of financial benefits	Delivers key requirements & most others to target	Simple to commission and manage	Delivers within required timeline	Very low risk

Figure 6: Initial Assessment Criteria

3.2 OUTLINE OF OPTIONS CONSIDERED

A wide range of options were initially considered in to meet the overall objectives of the externalisation project. These included:

- **Option A - Do Nothing:** This option is based on a like for like renewal of existing contracts with no additional externalisation of services.

- **Option B – Retain current pattern of provision:** This option is in effect Option A but with initiatives for looking for savings in "in-house" service and in each contract as it comes up for renewal. It is based on the delivery of incremental savings on current provision.

- **Option C – Externalise all current in house provision:** This option is based on externalising all in house services (either individually, in tranches or as an entirety)

while leaving current external contracts unchanged. It assumes that all staff are TUPE transferred to private providers with some retained by the provider and some made redundant on economic grounds.

- **Option D – Externalise all provision:** This option builds on option C by adding in current external contracts (again sub-options exist that would allow externalisation either individually, in tranches or as an entirety). . It assumes that all staff are TUPE transferred to private providers with some retained by the provider and some made redundant on economic grounds.

- **Option E – Externalise selected types of provision with limited risk and high levels of market readiness:** This option is a sub set of option D and involves externalising a more limited range of services that excludes re-ablement, residential care, and delays day care externalisation for 12 months to allow time to gain a fuller impact of self directed support, the current charging review and the introduction of personal budgets. It assumes TUPE applies to all staff in scope but that internal redeployment opportunities are made available within the retained services.

- **Option F – Externalise using new Council company under s95 of the Local Government Act**: This option involves the creation of a community interest company and was considered in some detail when externalisation was first considered.

Given the implementation of self directed support option B, C and E include a requirement to create a trading or charging arrangements for RBWM own services. Where an option includes externalisation it is assumed that this relates to traditional private sector or existing third sector providers.

Opportunities to encourage greater user led organisation, social enterprise, and employee led organisation involvement in delivery are included in section 3.5

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3.3 HIGH LEVEL ANALYSIS OF OPTIONS

	Business Need	User Support	Strategic Fit	Benefits Delivery	Supply capability	Management Complexity	Timeline	Risk	TOTAL
Option A – Do Nothing	1	10	1	1	10	10	10	3	**46**
Option B – Retain current pattern of provision (the same as Option A in effect with small differences from in-house savings initiatives)	3	10	3	5	10	5	3	3	**49**
Option C – In house externalisation	5	1	5	10	7	5	7	3	**38**
Option D – Full externalisation	10	1	10	10	5	5	7	3	**51**
Option E – Low risk externalise	7	5	7	10	10	5	10	5	**59**
Option F – Community Interest Company	10	5	5	10	5	1	1	1	**38**

Figure 7: Summary analysis of all options

Following this high level assessment we have taken forward the two most highly rated options for further analysis – option D externalisation of all provision and option E – externalisation of selected types of provision with limited risk and high levels of market readiness. In line with good practice our detailed analysis will also include an assessment of option A – do nothing option. For simplicity in numbering these are explored as option1 – do nothing; options 2 – full externalisation and option 3 – low risk partial externalisation in the following detailed analysis.

3.4 DETAILED OPTIONS ANALYSIS

3.4.1 Option 1 - Do Nothing

This option provides for a like for like renewal of existing contracts with no additional externalisation of services. It does not include the creation of new types of provision: personal assistant service or an explicit premium homecare service, nor does it provide for the council to create a trading and charging arrangements to support delivery of self directed support.

This option would rely upon the market taking its course as the Personal budget impact expanded user and carer choice and procurement of care and support. The providers will have to adopt retail models of delivery in any event. The risk is the Council will not manage the transition over the next few years to maximise cost effectiveness and sustainable outcomes for vulnerable people. In particular it would run the risk of in-house services and staff being increasingly expensive as the activity reduced with diversification of supply at lower cost.

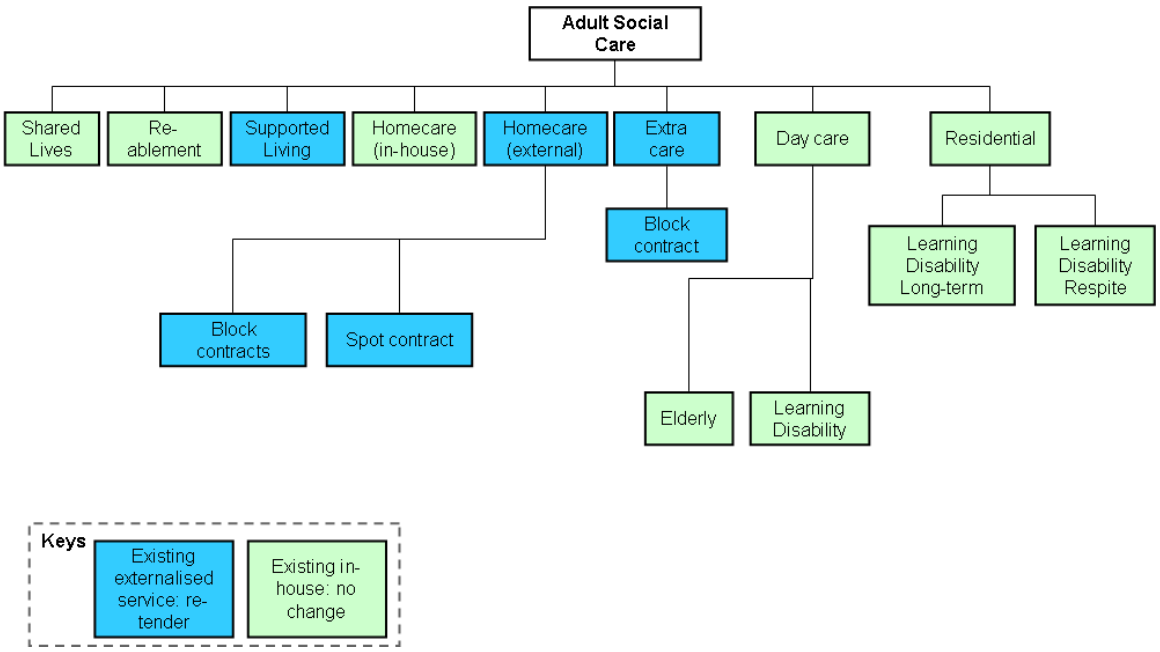

Figure 8: Do Nothing option service configuration

Strategic Assessment

- The option does not support the implementation of personalisation or self directed support.
- The option does not present opportunities to provide greater flexibility to residents in how they access and use services nor help create new types of more flexible cost effective provision. It does not users to “trade” with the council to purchase council services through full individual budgets.
- Existing users are supportive of the current arrangements and have limited desire to change however it is clear that new users do require different types of provision and support.

- The option does not provide enhance value for money and indeed would likely require changes to FACS criteria to allow the council to continue to provide services within predicted budgets.

- The option can easily be delivered by the existing supply market however is unlikely to attract new entrants to the Windsor and Maidenhead locality.

- This option is easy to implement and manage and can easily be delivered within the required timescales.

Economic Assessment

This option delivers no savings over a five year period. The project does not break even as remain economic costs associated with the re-let of the existing contracts. As such there is a cumulative net present value of circa **-£80,000** over the five year period.

	2010/2011	2011/12	2012/13	2013/14	2014/2015
Costs					
Procurement Costs	£ 30,000	£ 5,000	£ 5,000	£ 30,000	£ 5,000
Legal Costs	£ 5,000	£ -	£ -	£ 5,000	£ -
Additional external support	£ -	£ -	£ -	£ -	£ -
Redundancy costs	£ -	£ -	£ -	£ -	£ -
Contingency	£ -	£ -	£ -	£ -	£ -
TOTAL	**£ 35,000**	**£ 5,000**	**£ 5,000**	**£ 35,000**	**£ 5,000**

Benefits	2010/2011	2011/12	2012/13	2013/14	2014/2015
Shared lives contract	£ -	£ -	£ -	£ -	£ -
In house homecare	£ -	£ -	£ -	£ -	£ -
External homecare	£ -	£ -	£ -	£ -	£ -
Day care	£ -	£ -	£ -	£ -	£ -
Other	£ -	£ -	£ -	£ -	£ -
TOTAL	£ -	£ -	£ -	£ -	£ -
	£ -	**£ -**	**£ -**	**£ -**	**£ -**

	2010/2011	2011/12	2012/13	2013/14	2014/2015	
Undiscounted costs	-£ 35,000	-£ 5,000	-£ 5,000	-£ 35,000	-£ 5,000	
Undiscounted benefits	£ -	£ -	£ -	£ -	£ -	
Undiscounted total	-£ 35,000	-£ 5,000	-£ 5,000	-£ 35,000	-£ 5,000	
Discount factor	1.000	0.996	0.934	0.902	0.871	
Present Values	-£ 35,000	-£ 4,981	-£ 4,668	-£ 31,567	-£ 4,357	
NPV						**-£ 80,572**

Figure 9: Option 1 Economic Analysis

It is assumed that current contracts are renewed on similar commercial terms to those in place today and that no additional changes are made to direct service provision or commissioning arrangements. All the figures have been rounded to the nearest thousand and the net present values are shown (using a discount rate of 3.5%). Details of supporting assumptions made in the calculation of the economic case are included within Appendix E.

Associated risks

Risk	*Impact*	*Probability*	*Mitigation*
Service costs rise and breach budgeted levels	High	High	Changes to be made to FACS criteria and services provided to those only with critical needs.
There is limited progress in the implementation of self directed support	High	Medium	Additional work undertaken with existing suppliers and voluntary sector to encourage new types of provision
An increase in volumes of direct payments reduced the volume commissioned by the council putting pressure on supplier relationships and financial sustainability	Medium	High	6 monthly forecasts of likely care volumes prepared and shared with suppliers
Suppliers do not adjust to new models of delivery under personalisation agenda	Medium	Medium	Additional support to be provided by the council (e.g. additional training) to help providers adapt.

Figure 10: Option 1 Risk Assessment

3.4.2 Option 2 – Externalise all provision

This option focuses on the externalisation of all adult social care provision within the scope of the project:

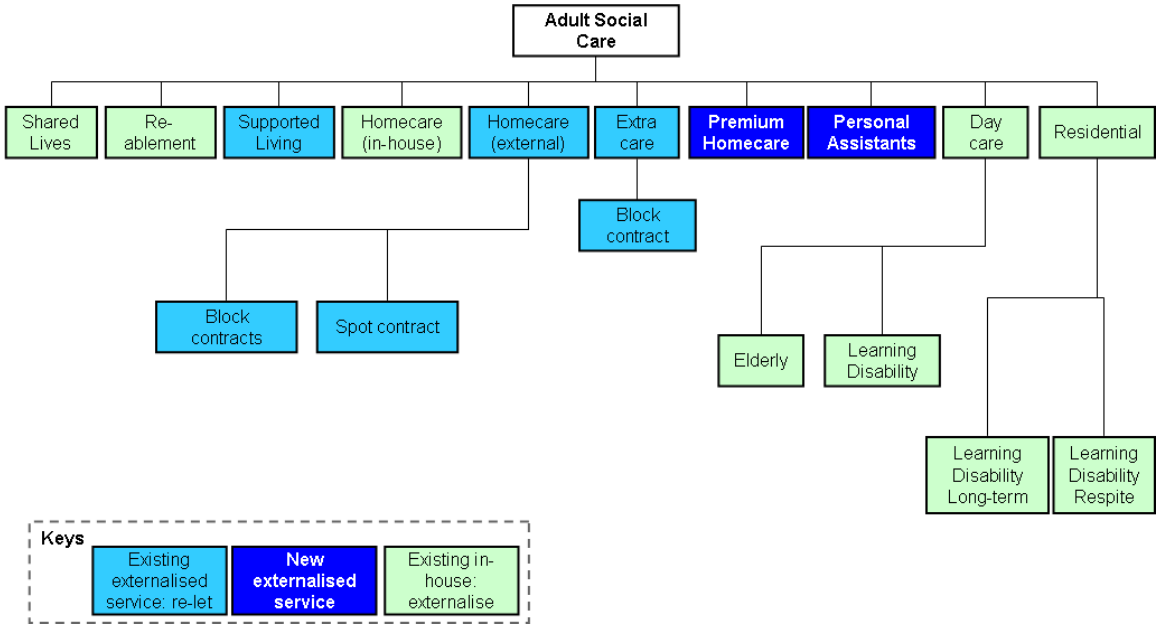

Figure 11: Option 2 service configuration

This option provides for the creation of new types of external service provision – a personal assistant service and a premium homecare service and will effectively support implementation of self directed support. Given all services are externally provided there is no need to establish any trading arrangements. However it does carry significant risk in that it is extremely difficult to forecast service volumes in day services in particular, the market has so far shown limited interest in some of these services and re-ablement is currently jointly provided and funded by the PCT. Under this option we have assumed that all staff are TUPE'd to private providers and that all non homecare staff are retained

by the providers but homecare staff are made redundant and managed out by provider organisations.

For the purpose of this business case we have assumed that this option is implemented all at one time.

Strategic Assessment

- The option effectively support the implementation of personalisation or self directed support through the creation of new types of provision and is likely to sustain and attract further providers to the area.

- The option presents opportunities to provide greater flexibility to residents in how they access and use services. It does not provide the council with any retain adult social care services should there by difficulty in service provision within the market.

- The option presents greater risk to the council as it no longer control re-ablement provision – a key service for managing demand for wider services down. Given this is jointly commissioned service with the PCT, we have assumed that there would be a loss of the current joint funding (£700,000) and that this would require a consequent reduction in staffing within re-ablement.

- Users of day services in particular are concerned about the externalisation of these services and suppliers have actively discouraged externalisation of these services at this point in time.

- The impact on internal staff would be significant with all current members of homecare staff facing potential TUPE like transfer to an external provider(s). It is assumed that staff would be retained by some service providers but that there would be a need for redundancy/pension provision for others. For services where no redundancy's are and we have assumed no financial benefit from externalisation.

- This option will provide greater continuity of care for existing providers, at least in the short term due to TUPE like transfer of some staff

- It is likely that this option would attractive new providers to the Windsor and Maidenhead market, however great care would need to be taken on the structuring of commercial arrangements

- This option is more complex to deliver and as such will incur greater cost.

- It has high levels of reputation risk associated with the high levels of TUPE transfers.

Economic Assessment

This option delivers around £3.6 million cumulative savings over a five year period. The project breaks even in 2012/13 (delayed due to the significant redundancy costs likely to be incurred). Nevertheless over the 5 year period there is a significant positive NPV of circa **£2.42 million** over the five year period.

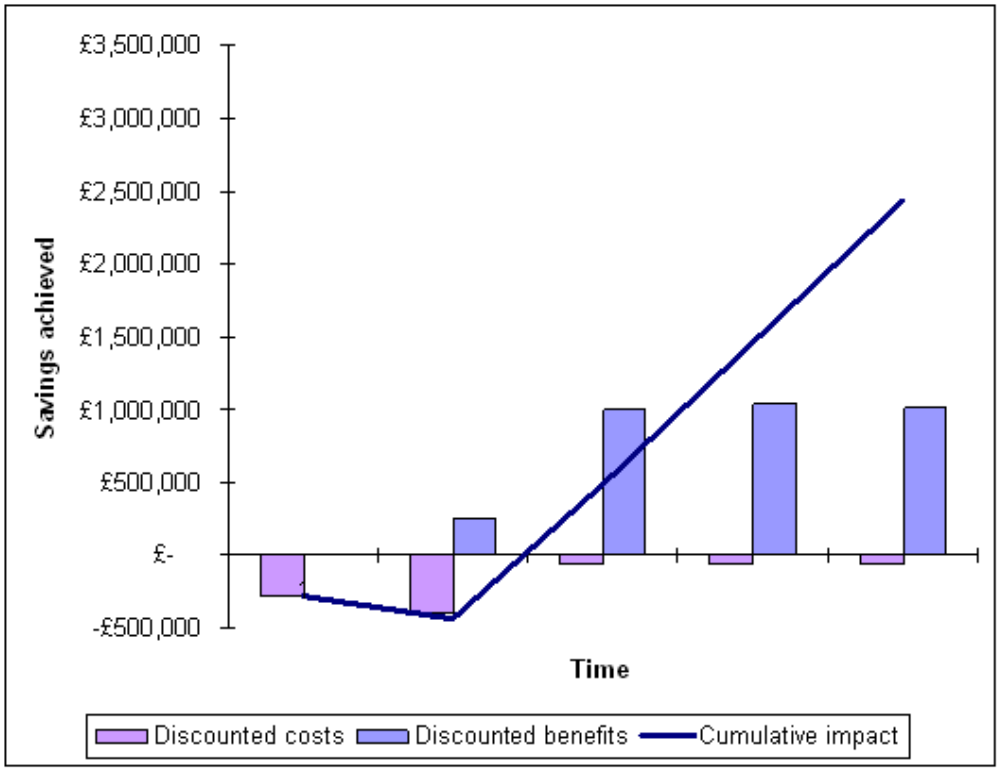

Figure 12: Option 2 NPV

It is assumed that current contracts are renewed on similar commercial terms to those in place today. We have assumed no savings will arise from the tender of re-ablement (due to the TUPE transfer of staff and more specialist nature of the service), existing shared lives provision continues at the same costs as today but that we are able to widen access providing for increased placements which generate significant savings. Existing external homecare services are assumed to generate no new savings however we have assumed that through outsourcing of existing internal homecare we are able to gain similar prices for basic homecare to today's contracts but that significant savings are also made on premium services. To achieve these savings it is assumed that while staff will be TUPE transferred it is likely that providers will take forward a redundancy programme. Costs associated with these have been deducted from expected benefit levels. We have assumed no savings for day care provision and residential care given lack of interest in the market.

Key elements of costs are additional external professional fees to help establish the new arrangements and redundancy costs associated with the externalisation of internal homecare provision and reduction in available funding from the PCT to re-ablement services. All the figures have been rounded to the nearest thousand and the net present values are shown (using a discount rate of 3.5%). Details of supporting assumptions made in the calculation of the economic case are included within Appendix E.

	2010/2011	2011/12	2012/13	2013/14	2014/2015
Costs					
Internal Procurement costs	£ 48,000	£ 5,000	£ 5,000	£ 5,000	£ 5,000
Internal Legal costs	£ 10,000	£ -	£ -	£ -	£ -
Internal HR costs	£ 24,000	£ 12,000	£ -	£ -	£ -
External support (legal and other)	£ 200,000	£ -	£ -	£ -	£ -
Redundancy costs	£ -	£ -	£ -	£ -	£ -
Contingency	£ -	£ 366,114	£ -	£ -	£ -
Other - including increased administration cost for expansion of shared lives	£ -	£ 20,000	£ 60,000	£ 60,000	£ 60,000
TOTAL	**£ 282,000**	**£ 403,114**	**£ 65,000**	**£ 65,000**	**£ 65,000**

Benefits	2010/2011	2011/12	2012/13	2013/14	2014/2015	
Re-ablement	£ -	£ -	£ -	£ -	£ -	
Shared lives contract - existing volume	£ -	£ -	£ -	£ -	£ -	
Shared lives contract - new users	£ -	£ 75,000	£ 150,000	£ 225,000	£ 225,000	
In house homecare - basic service	£ -	£ 137,500	£ 357,500	£ 415,250	£ 455,675	
In house homecare - premium service	£ -	£ 307,500	£ 553,500	£ 510,450	£ 480,315	
In house homecare - TUPE'd redundancy	£ -	-£ 276,884	£ -	£ -	£ -	
External homecare	£ -	£ -	£ -	£ -	£ -	
Day care and residential	£ -	£ -	£ -	£ -	£ -	
Other	£ -	£ -	£ -	£ -	£ -	
TOTAL	**£ -**	**£ 243,116**	**£ 1,061,000**	**£ 1,150,700**	**£ 1,160,990**	**£ 3,615,806**

	2010/2011	2011/12	2012/13	2013/14	2014/2015	
Undiscounted costs	-£ 282,000	-£ 403,114	-£ 65,000	-£ 65,000	-£ 65,000	
Undiscounted benefits	£ -	£ 243,116	£ 1,061,000	£ 1,150,700	£ 1,160,990	
Undiscounted total	-£ 282,000	-£ 159,998	£ 996,000	£ 1,085,700	£ 1,095,990	
Discount factor	1.000	0.996	0.934	0.902	0.871	
Present Values	-£ 282,000	-£ 159,390	£ 929,766	£ 979,193	£ 955,046	
NPV						**£ 2,422,615**

Figure 13: Option 2 Economic Analysis

Associated risks

Risk	***Impact***	***Probability***	***Mitigation***
Suppliers are unwilling or unable to take on all services	High	High	Procurement undertaken with a supplier engagement process that allows 'mini dialogue' with suppliers as we proceed.
Re-ablement service does not contain expected increase in demand for services	High	Unknown	Suitable commercial arrangements put in place to incentivise.
The level of expected savings can not be realised	High	Medium	Business case to be updated following commercial negotiation but prior to contract signature. Clear benefits realisation plans and tracking arrangements put in place to manage realisation – to include clear links with care management reviews that are being undertaken.
Levels of TUPE transfer are politically unacceptable	High	High	Political steer sought early in the process and HR team engaged as key part of project team.
Homecare staff redundancy is politically unacceptable	High	High	Political steer sought early in the process and HR team engaged as key part of project team.
Transition to new suppliers causes a deterioration in current services provision	High	Low	Clear transition arrangements put in place. Contract to address quality assurance and service quality to be a clear evaluation criterion of the procurement exercise.

Figure 14: Option 2 Risk Assessment

3.4.3 Option 3 – Externalise selected types of provision with limited risk and high levels of market readiness

This option is a sub set of option 2 and involves externalising a more limited range of services that excludes re-ablement, residential care, and delays day care externalisation for 12 months to allow time to gain a fuller impact of self directed support, the impact of the charging review and the introduction of personal budgets:

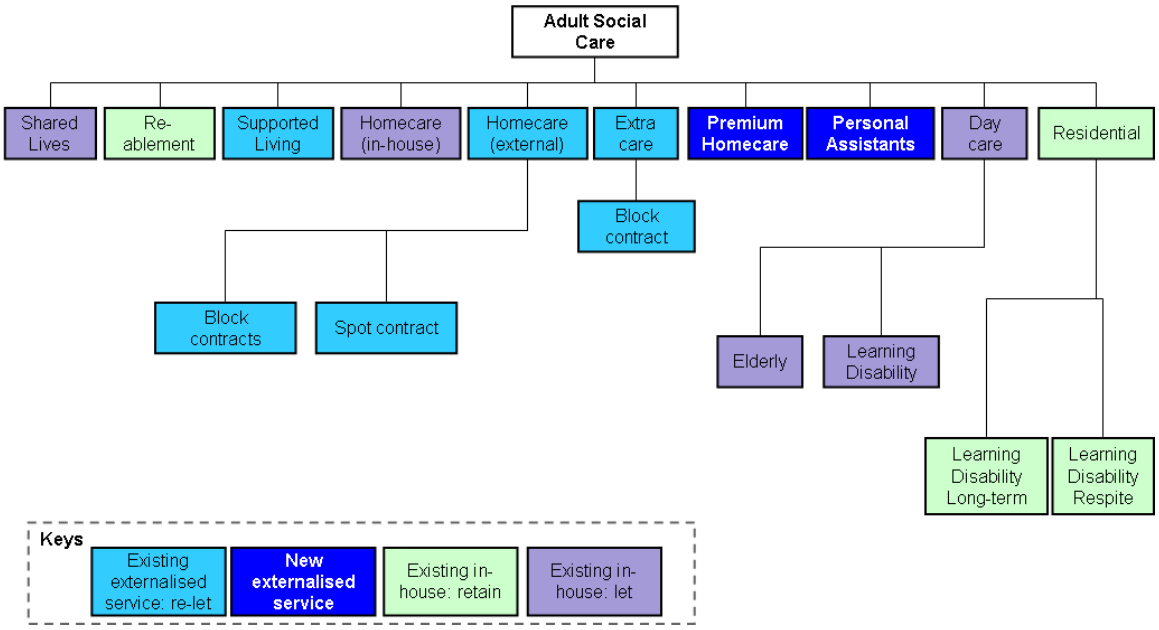

Figure 15: Option 3 service configuration

This option provides for the creation of new types of external service provision – a personal assistant service and a premium homecare service and will effectively support implementation of self directed support. Given not all services are externally provided there is a need to establish some limited trading or charging arrangements. This option limits many of the risks inherent in option 5 through the retention in house of the re-ablement service (to help manage demand; and a delay in externalisation of day care services for a 12 month period – this will allow a re-assessment of the best course of action for these service in light of changes in demand over the next 12 months. In addition this provides a route whereby the majority of staff who wish to ne redeployed within internal services can be accommodated

Strategic Assessment

- The option effectively supports the implementation of personalisation or self directed support through the creation of new types of provision and is likely to sustain and attract further providers to the area.

- The option presents opportunities to provide greater flexibility to residents in how they access and use services. It provides the council with some in house provision which enables it to manage demand through greater preventative activity through the re-ablement service.

- It is proposed that the re-ablement service grows taking on additional commissioned activity from the PCT enabling the transfer of some staff from in house homecare to this new enlarged service.

- Users of day services in particular are concerned about the externalisation of their services and suppliers have actively discouraged externalisation of these services at this point in time. The impact of the current charging review is also unclear. As such this option allows a delay to assess the impact of these changes on day centre provision for a 12 month period. (Please note savings from 2013/2014 have been included on the assumption that some form of further externalisation will occur).

- It is proposed that most staff are provided with the opportunity to be internally redeployed, or offered voluntary redundancy thereby avoiding the need for TUPE transfer. There is a slight risk that approx. 25% of staff may fall outside this redeployment arrangement, but analysis to date indicates that this risk is unlikely to materialise.

- This option is more complex to deliver than a simple renegotiation of contracts and as such will incur greater cost.

Economic Assessment

This option delivers just over £4.8million cumulative savings over a five year period. The project breaks even in 2011/12 and delivers a net present value of circa **£3.8 million** over the 5 year period.

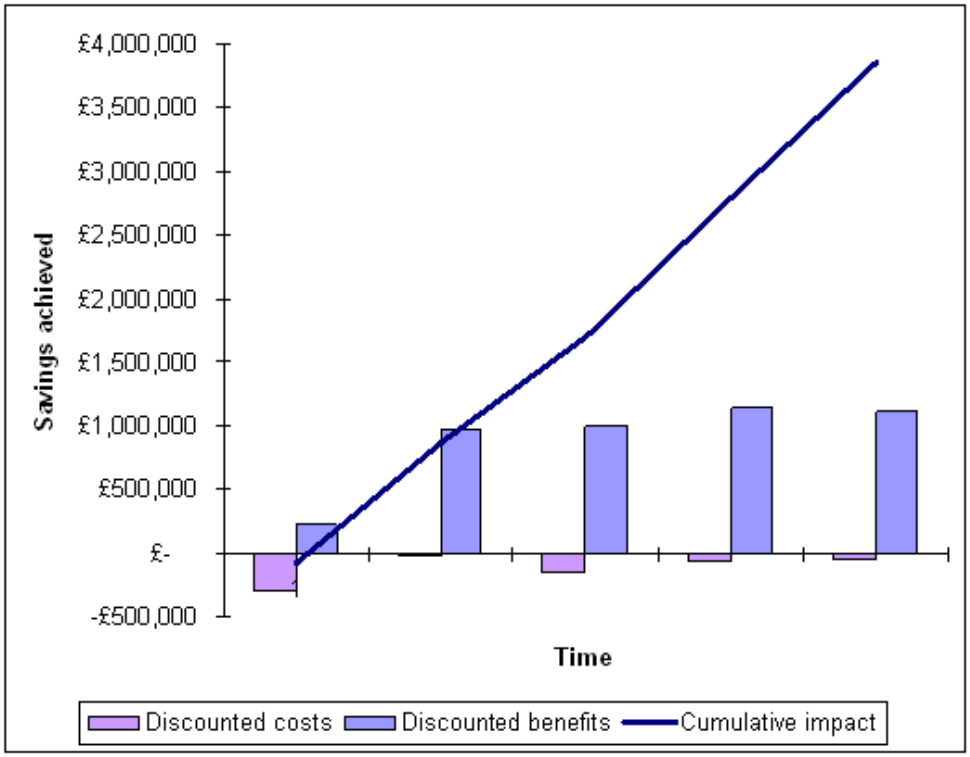

Figure 16: Option 3 NPV

It is assumed that current contracts are renewed on similar commercial terms to those in place today. We have assumed no savings will arise existing shared lives provision but that we are able to widen access providing for increased placements which generate significant savings. Existing external homecare services are assumed to generate no new savings, however we have assumed that through outsourcing of existing internal homecare we are able to gain similar prices for basic homecare to today's contracts but

that significant savings are also made on premium services. We have assumed a 10% savings for day care provision in later years.

Key elements of costs are additional external professional fees to help establish the new arrangements, internal legal, HR and procurement resource costs and redundancy costs associated with the externalisation of internal homecare provision.

All the figures have been rounded to the nearest thousand and the net present values are shown (using a discount rate of 3.5%). Details of supporting assumptions made in the calculation of the economic case are included within Appendix E.

	2010/2011	2011/12	2012/13	2013/14	2014/2015
Costs					
Internal Procurement costs	£ 48,000	£ 5,000	£ 35,000	£ 5,000	£ 5,000
Internal Legal costs	£ 10,000	£ -	£ 10,000	£ -	£ -
Internal HR costs	£ 24,000				
External support (legal and other)	£ 150,000	£ -	£ 50,000	£ -	£ -
Redundancy costs	£ 69,221	£ -	£ -	£ -	£ -
Other - including increased administration cost for expansion of shared lives	£ -	£ 20,000	£ 60,000	£ 60,000	£ 60,000
TOTAL	**£ 301,221**	**£ 25,000**	**£ 155,000**	**£ 65,000**	**£ 65,000**

Benefits	2010/2011	2011/12	2012/13	2013/14	2014/2015	
Re-ablement	£ -	£ -	£ -	£ -	£ -	
Shared lives contract - existing volume	£ -	£ -	£ -	£ -	£ -	
Shared lives contract - new users	£ -	£ 75,000	£ 150,000	£ 225,000	£ 225,000	
In house homecare - basic service	£ 89,375	£ 275,000	£ 357,500	£ 415,250	£ 455,675	
In house homecare - premium service	£ 138,375	£ 615,000	£ 553,500	£ 510,450	£ 480,315	
External homecare	£ -	£ -	£ -	£ -	£ -	
Day care and residential	£ -	£ -	£ -	£ 120,000	£ 120,000	
Other	£ -	£ -	£ -	£ -	£ -	
TOTAL	**£227,750**	**£965,000**	**£ 1,061,000**	**£ 1,270,700**	**£ 1,280,990**	**£4,805,440**

	2010/2011	*2011/12*	*2012/13*	*2013/14*	*2014/2015*	
Undiscounted costs	-£ 301,221	-£ 25,000	-£ 155,000	-£ 65,000	-£ 65,000	
Undiscounted benefits	£ 227,750	£ 965,000	£ 1,061,000	£ 1,270,700	£ 1,280,990	
Undiscounted total	-£ 73,471	£ 940,000	£ 906,000	£ 1,205,700	£ 1,215,990	
Discount factor	1.000	0.996	0.934	0.902	0.871	
Present Values	-£ 73,471	£ 936,428	£ 845,751	£ 1,087,421	£ 1,059,614	
NPV						**£3,855,743**

Figure 17: Option 3 Economic Analysis

Associated risks

Risk	*Impact*	*Probability*	*Mitigation*
Suppliers are unwilling or unable to take on all services	High	Low	Scope limited to those services of most interest to the market. Procurement undertaken with a supplier engagement process that allows 'mini dialogue' with suppliers as we proceed.
The level of expected savings can not be realised	High	Medium	Business case to be updated following commercial negotiation but prior to contract signature. Clear benefits realisation plans and tracking arrangements put in place to manage realisation – to include clear links with care management reviews that are being undertaken.
Homecare staff redundancy is politically unacceptable	Medium	High	Redundancy levels limited. Political steer sought early in the process and HR team engaged as key part of project team.
Possibility of TUPE transfer	High	Low	Redeployment opportunities or voluntary redundancy sought for all staff, and HR team engaged as key part of project team.
Transition to new suppliers causes a deterioration in current services provision	High	Low	Clear transition arrangements put in place. Contract to address quality assurance and service quality to be a clear evaluation criterion of the procurement exercise.

Figure 18: Option 3 Risk Assessment

3.5 OPPORTUNITIES FOR INNOVATION

A key goal behind externalisation is to create innovation in social care provision within RBWM helping us to meet the changing needs of our population in an ever more efficient means. Through the procurement process we will work with suppliers to bring about innovation in service provision. Opportunities also exist not just to encourage innovation in service provision but also in the type of organisation that provides services and in this section we will explore two areas of further medium to long term opportunity for RBWM: social enterprises and employee led organisations.

Social Enterprises

Social enterprise already has a robust reputation for transforming many sectors – including housing, leisure and transport – through its innovative, flexible and non-bureaucratic approach. More than ever before, the "Our health, Our care, Our say" White Paper, and wider health reforms, are paving the way for these organisations to replicate this success in health and social care. The social enterprise model offers a number of advantages for the delivery of health and care services. Social enterprises are well placed to involve both patients and staff in designing and delivering services, improving quality, and tailoring services to meet patients' needs. Indeed the Darzi review included concrete commitments for social enterprise.

Within this business case we have excluded the option of establishing a RBWM Community Interest Community primary due to concerns over timeliness and the more limited nature of savings. We do however wish to encourage social enterprises to flourish within this market and involves both short and medium term initiatives.

Within the commercial case we outline the proposed procurement route. This will obviously be open to private sector, existing third sector and existing social enterprises and through the selected procurement route we believe we can support any social enterprises who choose to submit a bid. Longer term we wish to build a sustainable social enterprise supply base such that as time goes by self funders, those receiving direct payment and any residual commissioning of social care by the authority can be supported through a social enterprise model.

In support of this we will:

- Work with social enterprise support organisations and networks to raise awareness of opportunities for suppliers and to encourage social enterprises to bid for advertised tenders

- Arrange regular 'meet the buyer' days and establishing a 'local provider forum'

- Ensure financial eligibility criteria and other contract requirements are proportionate to the risks associated with a contract and do not pose an unnecessary barrier to smaller social enterprises

- Engage early and commissioning for outcomes. We will provide non-overly prescriptive approach by focusing on outcomes rather than processes and outputs.

- Ensure the procurement process is open and transparent[7]

Employee led organisations

The Conservative manifesto planned to provide public sector workers a powerful new right to form employee owned co-operatives to take over the services they deliver. Employee owned co-operatives will continue to be funded by the state so long as they meet national standards, but will be freed from centralised bureaucracy and political micromanagement. They will be not-for-profit organisations - any financial surpluses will be reinvested into the service and the staff who work there, rather than distributed to external shareholders.

Employee owned co-operatives will be able to decide on management structures, innovate to cut costs and improve the quality of service, and share any financial surpluses amongst the staff. Conservative proposals provide for staff to create their own employee-led organisations by setting up as co-operative enterprises, facilitated by a team in the cabinet office. The Conservative manifesto suggest that there are also many council services where staff could potential take over and them and that they will consult on how the same right could be provided in a local authority context.

Opportunities exist within all options to take forward these ideas in the next round of contract lettings however timescales are likely to be prohibitive within this round of procurement.

3.6 PREFERRED OPTION

A summary of the economic case for each of the three options investigated is included within the table below.

[7] Based on material contained within "Healthy Business: A guide to Social enterprise in health and social care", Social Enterprise Coalition and Hempsons

	Option 1: Do Nothing	Option 2: Externalise All Provision	Option 3: Externalise selected provision
Benefits Delivery	This option delivers no savings. The project does not break even Cumulative NPV of circa -£80,000	£3.6 million cumulative savings, break even in 2012/13. Cumulative NPV of circa £2.4 million	£4.8million cumulative savings, break even in 2011/12 with a cumulative NPV of £3.85 million. This option does not have an external funding requirement.
Business Need	Does not meet business needs and places the council at risk of in-house provision becoming increasing expensive as activity is reduced with diversification of supply through personal budgets	Meets all business needs	Meets majority of business needs with alternative plans proposed for day care and residential care
User Support	Highest level of user support	High levels of user concern over learning disabilities day services and the ability of the private and third sectors to deliver care at the appropriate quality	Mitigates main areas of user concern by delaying and undertaking a further review of externalisation of day services. Concerns around quality of care provision by the private and third sectors do however remain
Strategic Fit	Does not support introduction of self directed support or provide for greater user choice and flexibility	Both options will support the introduction of self directed support and provide choice and flexibility for users	
Supply capability	Market has sufficient capacity and appetite	Market has sufficient capacity and appetite for majority of services however has expressed no interest in day services or residential care at this point	Market has sufficient capacity and appetite for phase 1 services however some concern over phase 2
Management complexity	Simple to commission and manage	Some complexity in commissioning and management	Some complexity in commissioning and management
Timeliness	Meets timelines	Some concern over timescale and transfer due to impacted asset base and user group	Meets initial timelines to support SDS
Risk	High risk strategy due to lack of benefits, but could be mitigated by aggressive internal change programme	High risk due to complexity of service provision and user concerns. Mitigated through additional external support. Economic and financial cases include contingency sums for any TUPE related issues.	Medium risk due to timescales and level of expected savings. Contingency plans in place. Economic and financial cases include contingency sums for any TUPE related issues
Overall Ranking	**3rd**	**2nd**	**1st**

Figure 19: Summary analysis of short listed options

This clearly shows Option 3 – the externalisation of selected provision as the preferred option. This option will provide for immediate:

- Re-let of existing external homecare (including extra care provision)
- Externalisation of in house homecare

- Creation of a new external premium homecare service
- Creation of a new external personal assistant service
- Externalisation and expansion of in house shared lives capability
- Establishment of trading or charging arrangements for remaining in house trading services – day care and residential care

A further review will be undertaken in 12 months time to review day care and residential care and consider at this point future demand levels, market interest, potential savings and user views. At this point further externalisation could be undertaken (associated costs and benefits are included within the economic case).

4. COMMERCIAL ASPECTS: THE COMMERCIAL CASE

This section provides an outline of the potential route to procure and establish commercial arrangements with provider(s) of the externalised services.

4.1 COMMERCIAL APPROACH

Our current external homecare services are provided principally through three block contracts. These contracts will expire in March 2011 and due to the introduction of self directed support, and the increase in volumes of direct payments through the introduction of individual budgets these agreements are unlikely to be sustainable in the future. As such RBWM have taken the decision not to extend the current contracts but look to put in place a series of contracts that will provide for current and future needs of RBWM.

RBWM intends to invite provision for the preferred option services from a wide range of private and third sector organisations through commercial contracts. This maximises the range of potential suppliers and reduces the risk that incumbent members of any one sector can cartel by cooperating to act against RBWM's interests. The degree of change anticipated will mean substantially revised contracts and we intend to invite new entrants to compete with incumbent providers to increase the opportunities for value for money provision. We will work to stimulate the wider market and to ensure that new entrants have an opportunity to prevail against incumbent providers should their tenders better meet our aims.

A soft market test was undertaken in May to inform this commercial strategy and further details of the results are contained in Appendix D.

4.2 SPECIFICATION OF CORE REQUIREMENT

4.2.1 Service specification

RBWM has reviewed the Services provided under current contracts against its future needs and, although the current providers provide services appropriate to meeting the needs of the Service Users, the current remit of the contracts is limited and does not explicitly provide for the new services needed such as a premium homecare service or the provision of personal assistants. Also, the current contracts appear too 'rigid' to cater for the impact of adult social care policy changes.

Consequently, RBWM is currently developing revised specifications for the new contracts to cater for each of the phase 1 scope of the option preferred in this business case. The phase 1 scope includes:

A. Re-let of existing external homecare

B. Re-let of existing extra care services

C. Creation of a premium homecare service

D. Creation of a personal assistants service

E. Externalisation of the current in-house homecare

F. Externalisation of the shared lives service

4.2.2 Commercial specification

There are a variety of means in through which the supply arrangements could be structured taking into account the desired:

- Number of suppliers
- Structure of the market
- Geographic distribution of services
- Level of required efficiency savings
- Level of acceptable risk
- Approach to ensuring seamless service continuation for the existing users of external homecare

Given the factors above, three main commercial 'packaging' options exist as to the bundling of services:

- All services within scope of phase 1 are consolidated into a single "package" of framework (i.e. an 'approved supplier list/catalogue') that is procured and managed as a single standardised set of contract terms; or
- Services are let on an individual basis – under multiple contract terms.
- Services are let on the basis of a single contract on a consolidated basis

Given uncertainty over volume of services and the impact of self directed support on the majority of these service profiles we propose that the majority of services within phase 1 will be bundled into a single framework allowing suppliers to maximise the volume of business but also to provide flexibility and choice with the minimum of administrative burdens.

Given the likely differing supplier profile for the shared lives tender and the relatively simple nature of this tender it is proposed that this is procured separately through a simple, single supplier framework agreement. In addition to allow RBWM to pilot externally provided premium homecare and personal assistant services a timebound contract for provision of these services is proposed – this is likely to be on the basis of spot provision with a small number of current suppliers.

To help mitigate the risk that all suppliers will not be able to supply all services we are proposing that sub-contracting and consortium/group bids will be permissible as long as there is a clear contractually accountable body between RBWM and the service provision

In addition to packaging there remains a number of options around the structure of the contract - the key options are outlined below:

	Advantages	Disadvantages
Option 1: Single multi-supplier framework	• Consolidated volume but manages risk through multi-supplier environment • Additional volume should attract new and major suppliers, allow for better pricing and more innovative pricing models • Volume should be sufficient to ensure sustainable new types of services provision	• Risk of a reduction in geographic spread of service providers • May reduce the number of suppliers within the market – potentially increasing market dominance (see section 4.3.2).
Option 2: Multiple (2-3) multi-supplier frameworks	• Reflects current split of frameworks – hence less need to set up new process • Ensures choice and effectively manages risk of suppliers being unable to provide services • Clearly aligns with geographic desires of citizens	• Volume may be insufficient to attract new entrants to the market • Costs likely to be higher than single supplier contracts but less then multiple spot provision • May lead to larger variations in service level
Option 3: Single one supplier contract	• Consolidated volume makes this more attractive for larger suppliers • Should result in better pricing and should allow more innovative pricing mechanisms to be used •	• Smaller locally based suppliers may be unable to meet requirements • Will lead to a single supplier having a dominant position within the market • May lead to closure of a number of smaller local suppliers – possibly jeopardising the ethos of 'universal service provision' • High risk if there is a failure of the supplier
Option 4: Multiple Spot contracts	• Allows for a spread of provision across a range of suppliers • Provides complete flexibility for the council	• Unlikely to provide innovation needed for example in provision of personal assistants • Likely to be high cost due to use of multiple sets of differing contract terms • Will not attract new suppliers to the market • High administrative burden due to need to manage multiple contract terms

Figure 20: Contracting Options

Given the relatively small size of the contract and nature of the local market we are proposing option 2 – a multi-supplier framework is established separated into a number of lots to allow for both higher volume provision and current spot like provision. It is

envisaged that this would entail appointment of between 3 and 5 main suppliers and a larger volume of suppliers that would provide smaller volume of services which would be subject to a mini-competition when let.

4.3 SOURCING OPTIONS

4.3.1 Procurement procedure

RBWM intends to invite provision of the services from private sector companies, third sector organisations and not for profit organisations. This maximises the range of potential suppliers and reduces the risk that incumbent members of any one sector can cartel by cooperating to act against RBWM's interests.

Main contract

Given that the total potential value of the contract is above the OJEU threshold[8], Services will need to be tendered competitively in public. Therefore, there are three main options for the commercial route to letting the contracts:

- Use other Local Authorities' contracts.
- Open competition – using the Office of Government Commerce (OGC)
- Open competition - full OJEU/public advertisement

Purchasing Service from other Local Authorities (or through their contractual arrangements) Although collaboration is attractive this option is unlikely to meet RBWM's future needs. Other LA's or their existing frameworks are unlikely to be able to provide the required geographical coverage or the services 'localised' to Windsor and Maidenhead residents' needs and the full impact of Self Directed Support and use of personal budgets has not yet been reflected in many other authorities contracts

Open competition using existing Office of Government Commerce contracts: Use of existing framework contracts has attractions as suppliers have been pre-selected and contract terms already agreed (i.e. faster procurement time) - conversely the framework restricts the scope of the permissible contract and limits the potential supply base. Current OGC frameworks do not however provide for these types of services.

Open competition under OJEU/public advertisement: Procurement through advertisement in the OJEU/other media provides the widest range of potential suppliers and allows the procurement to be precisely tailored to the business and technical requirements. Under the Public Contracts Regulation, social care falls under "Part B Service"[9] and, as such, a 'full' tendering process using an OJEU advertisement does not have to be followed. However, even though the bulk of the Regulations do not have to be complied with, the essential principles behind the Regulations should still be observed as a matter of good practice: openness, fairness, consistency and clarity. These principles remain good even where a strict process is not being followed under Part B, firstly to ensure fairness and value for money and secondly to help to protect RBWM from any legal challenge by judicial review.

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[8] Approx. £160,000

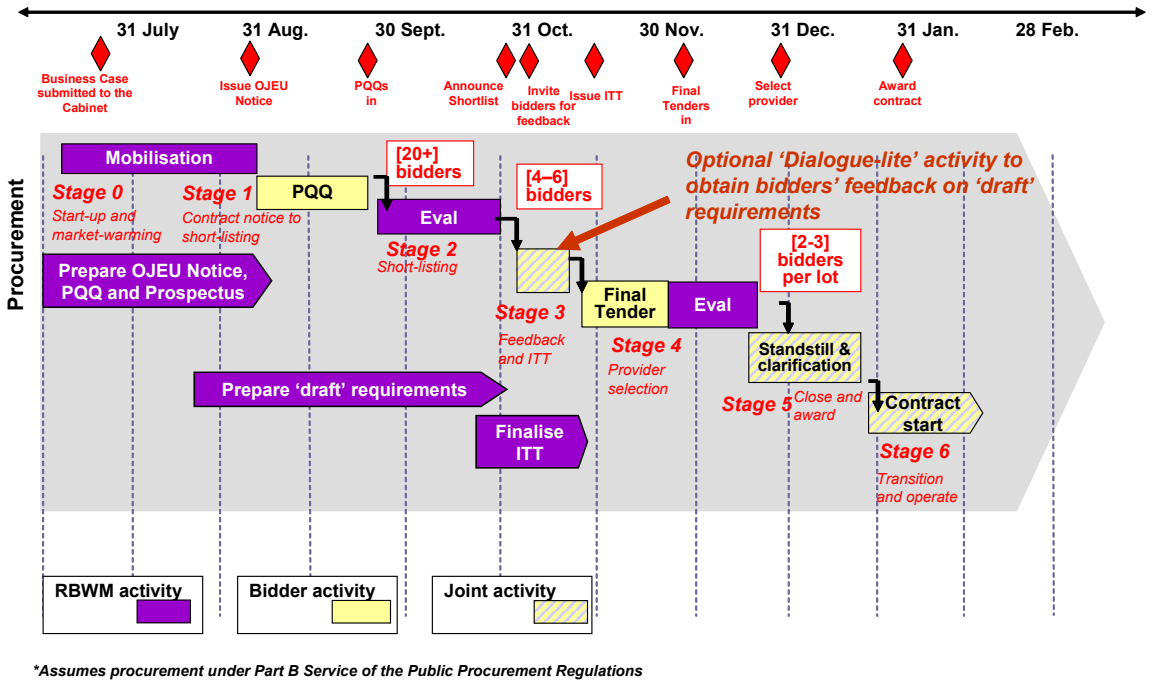
[9] Category 25 Health and social services

Given the increasing clarity on specification, pricing mechanisms and approach to quality it is proposed that RBWM runs a public competition under an 'adapted' restricted procedure with some tightly controlled elements of dialogue (if required). Running an almost 'full' process has the following benefits:

- Compliance with the principles – by following a full Regulation, as a best practice, will result in RBWM adhering to the principles hence reducing risk of legal challenges

- Coverage – by advertising in the OJEU, RBWM can tap into the widest range of supply market's expertise.

Timescales have been conservatively estimated but allow sufficient time to actively engage with suppliers through a dialogue (if this is required):



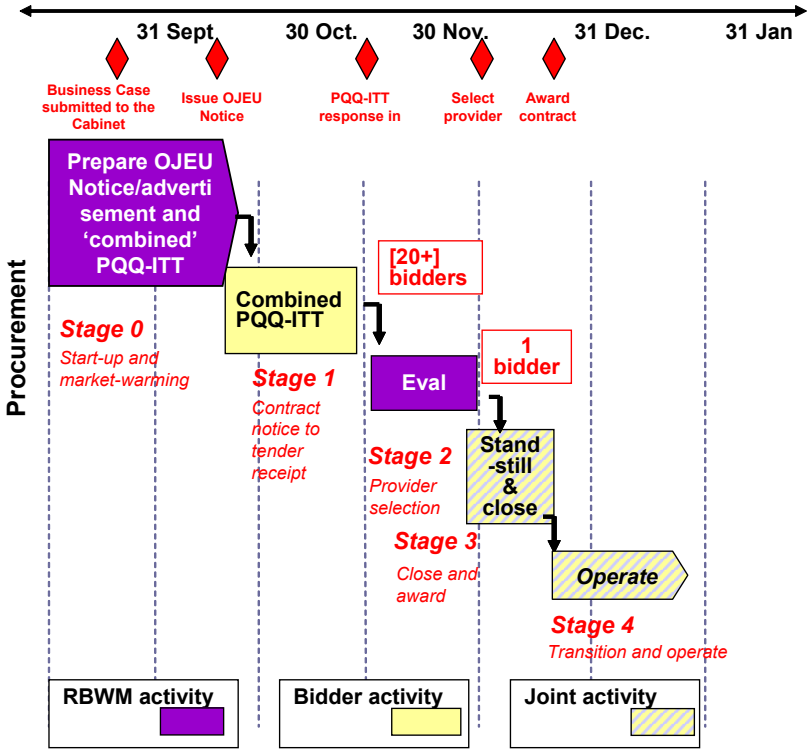
**Assumes procurement under Part B Service of the Public Procurement Regulations*

Figure 21: Key stages of proposed main procurement process

It should be noted that running this type of procurement, even when it is 'adapted' for a Part B Service, is a complex and will be demanding of resources, including administration and officer time. Anticipated timing, tasks and resources for procuring Service are further described in Project Management Case.

Shared Lives Tender

Like the main tender this procurement will be above the OJEU threshold however is a service that can be relatively well specified making it a significantly simpler process.



**Assumes procurement under Part B Service of the Public Procurement Regulations*

Figure 22: Shared Lives procurement approach

Personal Assistant and Premium Homecare Pilot

In order to provide services in support of the care management review that will be undertaken from June to December, and to support the introduction of self directed support assessments we propose utilising existing framework agreements to purchase basic homecare services, but work with some of our largest providers on a spot basis to provide a small number of premium homecare services and pilot personal assistant services. This will be small scale and will be undertaken below the OJEU thresholds.

4.3.2 Preventing market dominance

The homecare market is an extremely fragmented with the top ten UK suppliers only accounting for 15% of the overall market.[10]

[10] Laing and Buisson

Homecare provider	Estimated annual homecare turnover (£m)	Market share %
Allied healthcare Group limited	131	2.5%
Carewatch	122	2.4%
Nestor Healthcare Group plc	104	2.0%
Mears Group plc	103	2.0%
Care UK plc	80	1.6%
Housing 21 (inc Claimar)	72	1.4%
Enara Community Care Ltd	50	1.0%
Supporta Care ltd	42	0.8%
Lifeways Community Care Ltd	42	0.8%
London Care plc	42	0.5%
TOP TEN	769	15.0%
Remainder	4,375	85.0%

Figure 23: Top Ten Homecare Providers, Laing & Buisson

81% of publicly funded homecare is now provided by the independent sector, compared to 5% in 1993[11] The main purchasers of homecare are local authorities who are estimated to buy 80% of the hours of care provided by the independent sector.[12] In a survey undertaken by United Kingdom Homecare Association (UKHCA) in 2004 60% of independent providers were thought to rely on local authority purchase for more than three quarters of their business, with almost 15% of providers dependent on local authorities as their only customer[13]. At April 2009 19% of providers were graded as excellent and 58% as good.[14]

Provision is currently fragmented with the largest volume of care being provided by the council's in house services and a wider range of suppliers providing varying levels of additional support:

[11] Community Care Statistics 2008, Home care services for adults. NHS Health and Social Care Information Centre (2009),
[12] Time to Care? Commission for Social Care Inspection (2006).
[13] Who Cares Now? An Updated Profile of the Independent Sector Homecare Workforce in England. UKHCA (2004)
[14] Care Quality Commission, The state of health care and adult social crae in England (2010)

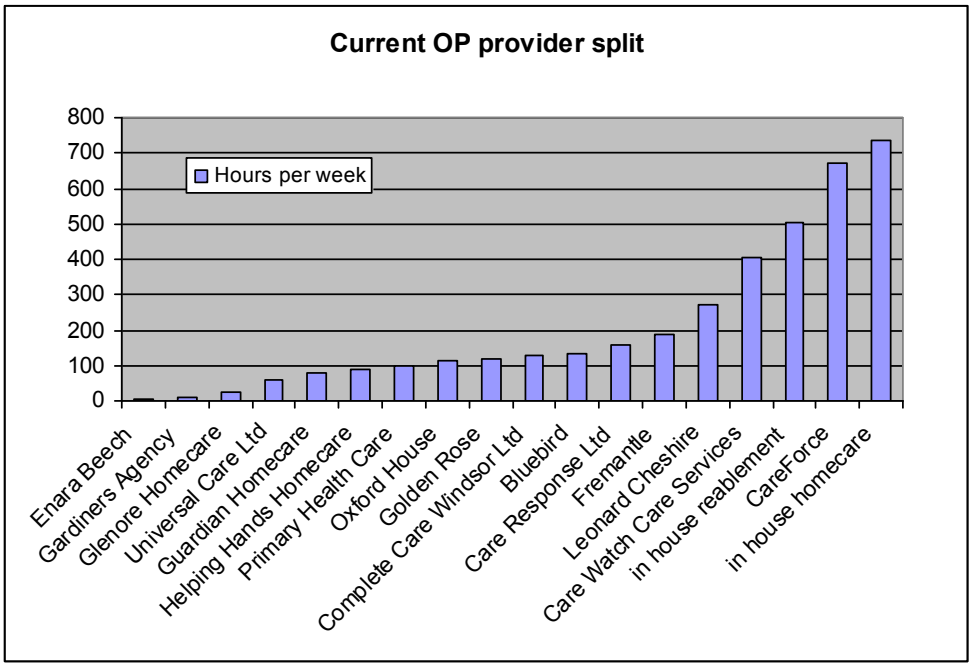


Figure 24: Current split of suppliers of services to older people

At a local level within the Borough there are 13 domically care providers registered within the Borough who currently provide services to all types of service users, including 2 provided by RBWM. These providers are supplemented by 2 of the largest national providers – Carewatch (with the largest volume) and Enara (at an extremely small scale), and a small number of additional providers, and a small number of out of authority providers.

Historically in any area the local authority exerts significant market power commissioning 50-60% of provision. As such it is vital that through letting of any of these contracts the council do not create an unhealthy market dominance as this will adversely impact not only the councils ability to gain competitive deals in the medium to longer term but also will stifle the Market for self-funding users.

This safeguard will be achieved by implementing the following commercial measures:

- Non-exclusivity – right for RBWM to source alternative providers at its will
- Continuous competitive pressure including use of a multi-supplier frameworks
- Audit right
- Flexible termination rights
- Benchmarking/market testing rights.

4.3.3 Contract length

There are a range of contract term options within scope of this business case each with their own advantages and disadvantages. A summary of these is outlined below:

Option	Advantages	Disadvantages
1 year	• Provides a transition period to allow fuller impact of self directed support to be understood • Flexible if demand falls	• Costs of procurement and contracting high in relation to overall value of contract • Provides limited stability • Would require another major near term procurement exercise
2 years	• Retains flexibility to cope with uncertainty and changes in demand patterns	• Potential push back from providers given scale of change envisaged within contracts from existing provision • Will require re-tendering very soon • Will discourage potential new entrants
3 years	• Precedent of current contracts – enables RBWM to 'jump start' • Balances flexibility and sufficient volume to achieve better pricing	• Too short to allow for a mid point review • May be insufficient length to encourage new providers or the set up of new services
4 years	• Allows review after impact of anticipated medium-term policy developments • Encourages Providers to invest mid-term • Can be structured with a mid point review point	• No long term stability • Locks RBWM into a limited range of suppliers for a reasonable period
10 years	• Provides borough stability • Encourages providers to invest long-term	• Potentially inflexible and could stifle innovation – supplier 'complacency' • Beyond effective planning horizon

Figure 25: Contract Term Options

From the soft market test and analysis of other council contracts suppliers it is proposed that a contact term of 4 years is most suitable with a break clause a year 2, and a maximum extension period agreed with legal advisers (generally 1 year) where the normal expiry periods should be supported by 'no fault' break clauses in the event much earlier termination is required. There will also be requirements for a wide range of break arrangements in the event of the provider's failure including step in rights.

4.3.4 Pricing Mechanism

Guiding principles

The current block contracts operate with no overall guarantees of revenue but do guarantee the provider a percentage of new users. This mechanism may still be effective under less predictable future demand is that RBWM however suppliers will be keen to seek higher levels of assurance. Therefore, the new pricing mechanism needs to ensure:

- Value for money - RBWM pays for the values it receives while the provider is compensated in proportion to the risks it is taking on

- Robustness - the payment mechanism must continue to provide good value for money if demand for the services varies over the life of the contract

- Transparency - any factors determining payment (e.g. volumetrics) must be objectively measurable

- Ease of administration - the payment mechanism should not incur excessive administration costs (for either RBWM or the supplier), and RBWM must be able to monitor and validate levels of charges

- Quality of service and innovation – the payment mechanism should reflect differentials in quality of provision and encourage providers to innovate while ensuring suitable safeguarding provisions are met.

Bearing these principles in mind, a number of options have been considered for defining the pricing mechanism for the core provision:

Option	Description	Advantages	Disadvantage	Principles achieved
1.Fixed	RBWM pays a fixed amount over an agreed period of time (e.g. monthly)	Predictable amount – easier to budget Transfers element of risk to providers	RBWM may be paying for capacity that is not needed Unlikely to be	Robustness Transparency Ease of administration
2.Variable	RBWM pays an agreed 'unit rate' (e.g. £ per hour) Please note a range of variations are possible to reward suppliers for quality and complexity	RBWM pays for 'actual usage'.	Hard to budget if the volume movement is not predictable. Artificially inflated pricing - provider will include risk premium to ensure that it makes minimum return in case of no usage	Value for money Transparency Quality and innovation

Option	Description	Advantages	Disadvantage	Principles achieved
3. Outcome based	RBMW pays an agreed 'person rate' related to delivery of identified outcomes (e.g. user able to x,y and z)	Provides flexibility in care provision Limits administration	Can be difficult to assure "value for money" Council has less control over delivery of service Potential for artificially inflated pricing - provider will include risk premium to ensure that it makes minimum return in case of no usage	Robustness Ease of administration Quality and innovation

Figure 26: Assessment of Pricing Mechanisms

As shown above, enabling all the principles requires adopting all the options. Based on feedback from suppliers it is proposed that pricing mechanisms will be developed together with bidders during the dialogue period. Nevertheless this should contain the key advantages of the three options above and accommodates likely introduction of Personal Allowance regime in future – but with various 'twists' to protect RBWM from pricing risks such as:

- 'Cap & collar' volume banding arrangements that takes account of difference in providing 15 minutes of care as opposed to 30/1 hour of care
- An element of 'Payments-on-outcome'
- Robust volume forecast to plan pricing collaboratively with the provider.

In addition we will ensure during the procurement proves that that tendered prices meet the full costs of workers' training and development and that the workers' pay component compares with competing sectors, including retail and catering.

4.3.5 Managing and pricing volume and flexibility

As the take up of Services is under the influence of internal and external factors, the provider is unlikely to take responsibility for generating the demand. The provider should however own the ability to meet this volume of service as it controls its staff. Therefore, the volume/capacity risk should lie with the provider. To mitigate this risk, the provider should be asked to offer banded prices for Services up to the anticipated maximum volume levels – which will be supplied by RBWM.

We will test these assumptions by preliminary discussions with providers and through the adopted Restricted procedure with 'mini dialogues'. As part of this we may invite tenders priced for a range of volumes.

4.3.6 Price review mechanism

Using open book accounting and agreeing the rate of return to be made by the supplier will provide a mechanism for calculating the cost of future changes in the volume or nature of the Services. This mechanism should be supplemented by a schedule of key input costs (e.g. day rates etc.).

Furthermore, the following value for money mechanisms will be deployed during the contract term:

- Open book accounting to provide transparency of costs and charges
- Profit sharing, sharing excess profit above an agreed level
- Benchmarking of service costs and quality against comparable services (in practice matching service elements)
- The option to compete or re-compete service elements
- Gain share, re-calculation of charges to reflect cost savings from changes to technologies or working practices.

4.3.7 Performance management

Annual Review: All adults in placements will receive an annual review carried out by a Review Officer within the Care Management Team, to ensure continued appropriateness of placement.

Changing Needs: Should a users' needs change necessitating a change in care between reviews, referral should be made to care management for re-assessment. All other terms and conditions are detailed in the Individual Placement Contracts.

Contract Monitoring: The finance and procurement business partners will undertake effective contract monitoring, in conjunction with the care management team. This will include:

- Monitoring visits
- Spot checks
- Monitoring of all complaints received direct by the Council and of those received by providers
- Quality monitoring by a variety of methods
- Monitoring and reporting of activity levels
- Reporting of all the above to regular contract monitoring meetings (6 weekly)

A CM 2000 system is in place to monitor activity undertaken within existing external homecare contracts. It is proposed that this will continue however the output from the system will be utilised in differing ways dependent upon the agreed pricing mechanism.

Quality: Service level agreements and contracts will all contain requirements of quality standards specific to the service being commissioned and relevant to the client group. These are likely to include provisions on minimum qualifications of staff, minimum wage levels for premium services.

4.4 RISK ALLOCATION AND TRANSFER

RBWM carries a limited volume risk in its current Services service contracts due to a 'fixed-price' nature of the block contracts. Under the new contracts, RBWM aims to place risk where it can best be managed so that there is a fair and equitable allocation of risk and rewards between RBWM and the suppliers. We therefore envisage the following risk placement strategy for the core Services:

Risk category	Magnitude	Applicability	Current owner	Intended owner	Rationale/ mechanism
Design and development	Low	Service definition	RBWM	Provider	Move from input to outcome specification and assets to services.
Commissioning and implementation	High	Service user transition between providers	Shared	Supplier	Service user transition to be planned in conjunction with roll out of self directed support.
Operational	High	Service Delivery	Shared	Provider	Quality provisions to be included within evaluation criteria and reflected within performance elements of contracting.
Financial	Medium	Financial sustainability of suppliers	Shared	Eliminate	Procurement process to ensure financial sustainability of potential suppliers, a fair pricing mechanism to be adopted and sufficient suppliers included within contracting arrangements to provide contingency.
Demand and volume	High	Matching supply with demand	RBWM	Reduce: residual with provider	Contracts will have volume and group size flexibility to match supply to evolving demand. Predictive models will be shared without prejudice.
Change control	Low	Requirement evolves	RBWM	Shared	Framework approach proposed to allow for greater flexibility of provision
Regulatory	Moderate	Market regulations	RBWM	RBWM	Suitable provisions contained within contract to cover regulatory changes
Technological obsolescence	Low	Provision of ecare	RBWM	Provider	Base technology requirements to be included within contracts
Termination and residual value	Moderate	Termination of contracts	Provider	Provider	RBWM will seek to maintain the unilateral right to terminate and limit the associated compensation.

Figure 27: Risk Allocation Assessment

4.5 OTHER COMMERCIAL CONSIDERATIONS

There are a range of legal considerations to be taken into account in implementing the preferred option. These drawn on community care law, general employment law and

Transfer of Undertaking (Protection of Employment) (TUPE) like provision. Legal and HR advice has been sought and suitable activity included within the ongoing plan to ensure we remain in line with legislation. Financial provision has been included where this is considered appropriate in acknowledgement of the level residual risk following mitigation.

5. AFFORDABILITY: THE FINANCIAL CASE

This case provides an assessment of affordability of the option and available funding. It links proposed expenditure to available budget and existing commitments.

5.1 APPROACH TO THE FINANCIAL CASE

From the councils medium term planning, indicative budgets for Adults and Community Services have been established which provide a profile of cost savings to be achieved over the coming years. Funding for the project will need to be found within the Department's own budget however costs associated with redundancy payments will be met by wider council budgets. Costs that are already committed for example, time of staff currently in post, have been excluded from the financial case.

5.2 SUMMARY OF FINANCIAL CASE

Option 1: Do Nothing

This option is financial neutral with no additional costs required to deliver, however it does not deliver any financial benefits to the council and places RBWM at significant risk.

	2010/2011	2011/12	2012/13	2013/14	2014/2015
Costs					
Procurement Costs	£ -	£ -	£ -	£ -	£ -
Legal Costs	£ -	£ -	£ -	£ -	£ -
Additional external support	£ -	£ -	£ -	£ -	£ -
Redundancy costs	£ -	£ -	£ -	£ -	£ -
Contingency	£ -	£ -	£ -	£ -	£ -
TOTAL	**£ -**	**£ -**	**£ -**	**£ -**	**£ -**

Benefits	2010/2011	2011/12	2012/13	2013/14	2014/2015
Shared lives contract	£ -	£ -	£ -	£ -	£ -
In house homecare	£ -	£ -	£ -	£ -	£ -
External homecare	£ -	£ -	£ -	£ -	£ -
Day care	£ -	£ -	£ -	£ -	£ -
Other	£ -	£ -	£ -	£ -	£ -
TOTAL	£ -	£ -	£ -	£ -	£ -
	£ -	**£ -**	**£ -**	**£ -**	**£ -**

	2010/2011	2011/12	2012/13	2013/14	2014/2015
Undiscounted costs	£ -	£ -	£ -	£ -	£ -
Undiscounted benefits	£ -	£ -	£ -	£ -	£ -
Undiscounted total	£ -	£ -	£ -	£ -	£ -
Discount factor	1.000	0.996	0.934	0.902	0.871
Present Values	£ -	£ -	£ -	£ -	£ -
NPV					**£ -**

Figure 28: Option 1 Financial Case

Option 2: Externalise all provision

There are two key financial costs associated with this option – external legal and other professional support (which will need to be met from within existing Adult and Community Services budgets) and staff redundancy costs. In year 2 we have also included a contingency cost related to compensation where RBWM was deemed not to have applied TUPE appropriately. Please note that this is a contingent liability but for the purpose of prudence we have included at full value.

	2010/2011	2011/12	2012/13	2013/14	2014/2015
Costs					
Internal Procurement costs	£ -	£ -	£ -	£ -	£ -
Internal Legal costs	£ -	£ -	£ -	£ -	£ -
Internal HR costs	£ -	£ -	£ -	£ -	£ -
External support (legal and other)	£ 200,000	£ -	£ -	£ -	£ -
Redundancy costs	£ -	£ -	£ -	£ -	£ -
Contingency	£ -	£366,114	£ -	£ -	£ -
Other - including increased administration cost for expansion of shared lives	£ -	£ 20,000	£ 60,000	£ 60,000	£ 60,000
TOTAL	**£ 200,000**	**£386,114**	**£ 60,000**	**£ 60,000**	**£ 60,000**

Benefits	2010/2011	2011/12	2012/13	2013/14	2014/2015
Re-ablement	£ -	£ -	£ -	£ -	£ -
Shared lives contract - existing volume	£ -	£ -	£ -	£ -	£ -
Shared lives contract - new users	£ -	£ 75,000	£ 150,000	£ 225,000	£ 225,000
In house homecare - basic service	£ -	£137,500	£ 357,500	£ 415,250	£ 455,675
In house homecare - premium service	£ -	£307,500	£ 553,500	£ 510,450	£ 480,315
In house homecare - TUPE'd redundancy	£ -	-£276,884	£ -	£ -	£ -
External homecare	£ -	£ -	£ -	£ -	£ -
Day care and residential	£ -	£ -	£ -	£ -	£ -
Other	£ -	£ -	£ -	£ -	£ -
TOTAL	£ -	**£243,116**	**£1,061,000**	**£1,150,700**	**£1,160,990**

	2010/2011	2011/12	2012/13	2013/14	2014/2015
Undiscounted costs	-£ 200,000	-£386,114	-£ 60,000	-£ 60,000	-£ 60,000
Undiscounted benefits	£ -	£243,116	£1,061,000	£1,150,700	£1,160,990
Undiscounted total	-£ 200,000	-£142,998	£1,001,000	£1,090,700	£1,100,990
Discount factor	1.000	0.996	0.934	0.902	0.871
Present Values	-£ 200,000	-£142,455	£ 934,434	£ 983,702	£ 959,403
NPV					**£2,535,084**

Figure 29: Option 2 financial case

Given the legal constraints associated with this option we have assumed no benefits I year 1 however this does result in a need for additional funding in year 1. It is assumed that some redundancy costs are incurred but that these would be borne by the supplier and are shown as a reduction in benefit rather than a cost. Commercial agreement would need to be reached with the provider on how this would be dealt with.

It is assumed that there will be no transfer of physical assets as a result of this contract – that is the property assets associated with day care and residential provision will remain

the property of RBWM and with usage provided on a peppercorn or commercial usage basis through the contract with suppliers.

Option 3: Externalise selected types of provision with limited risk and high levels of market readiness

The financial costs associated with this option are relatively similar to option 2, however it is envisaged within this option that RBWM would be required to make redundancy payments and that these would be incurred in year 1 of the project.

	2010/2011	2011/12	2012/13	2013/14	2014/2015
Costs					
Internal Procurement costs	£ -	£ -	£ -	£ -	£ -
Internal Legal costs	£ -	£ -	£ -	£ -	£ -
Internal HR costs	£ -	£ -	£ -	£ -	£ -
External support (legal and other)	£ 150,000	£ -	£ 50,000	£ -	£ -
Redundancy costs	£ 69,221	£ -	£ -	£ -	£ -
Other - including increased administration cost for expansion of shared lives	£ -	£ 20,000	£ 60,000	£ 60,000	£ 60,000
TOTAL	**£ 219,221**	**£ 20,000**	**£ 110,000**	**£ 60,000**	**£ 60,000**

Benefits	2010/2011	2011/12	2012/13	2013/14	2014/2015
Re-ablement	£ -	£ -	£ -	£ -	£ -
Shared lives contract - existing volume	£ -	£ -	£ -	£ -	£ -
Shared lives contract - new users	£ -	£ 75,000	£ 150,000	£ 225,000	£ 225,000
In house homecare - basic service	£ 89,375	£ 275,000	£ 357,500	£ 415,250	£ 455,675
In house homecare - premium service	£ 138,375	£ 615,000	£ 553,500	£ 510,450	£ 480,315
External homecare	£ -	£ -	£ -	£ -	£ -
Day care and residential	£ -	£ -	£ -	£ 120,000	£ 120,000
Other	£ -	£ -	£ -	£ -	£ -
TOTAL	**£227,750**	**£965,000**	**£ 1,061,000**	**£ 1,270,700**	**£ 1,280,990**

	2010/2011	*2011/12*	*2012/13*	*2013/14*	*2014/2015*
Undiscounted costs	-£ 219,221	-£ 20,000	-£ 110,000	-£ 60,000	-£ 60,000
Undiscounted benefits	£ 227,750	£ 965,000	£ 1,061,000	£ 1,270,700	£ 1,280,990
Undiscounted total	£ 8,529	£ 945,000	£ 951,000	£ 1,210,700	£ 1,220,990
Discount factor	1.000	0.996	0.934	0.902	0.871
Present Values	£ 8,529	£ 941,409	£ 887,759	£ 1,091,930	£ 1,063,971
NPV					**£ 3,993,598**

Figure 30: Option 3 Financial Cost Analysis

Some savings are expected in year 1 (£227,750) from the transfer of existing in house homecare to external provision and this is expected to be sufficient to fund external costs associated with the procurement exercise. Benefits profiles in later years provide sufficient to cover all external costs.

Again it is assumed that there will be no transfer of physical assets as a result of this contract – that is the property assets associated with day care and residential provision will remain the property of RBWM and with usage provided on a peppercorn or commercial usage basis through the contract with suppliers.

5.3 AFFORDABILITY

Option	Estimated value of financial benefit	Estimated value of financial cost	Net Present Value	Break Even
Option 1: Do nothing	Nil	Nil	Nil	N/A
Option 2: Full externalisation	£3.6 million	£0.77 million	£2.5 million	2012/13
Option 3: Low risk externalisation	£4.8 million	£0.47 million	£4.0 million	2010/11

Overall, option 3 provides the only in year cost neutral solution.

6. ACHIEVABILITY: THE PROJECT MANAGEMENT CASE

This section addresses the "achievability" aspects of the project. Its primary purpose is to set out the project organisation and actions which will be undertaken to support the achievement of intended outcomes including procurement activity.

6.1 PROJECT MANAGEMENT APPROACH

The project will be managed in line with best practice project management principles adopting a light PRINCE 2 approach. Governance arrangements have been established to ensure aligned with the wider transformation underway within RBWM principally the implementation of self directed support, and a review of charging.

Project governance will be through a project board that pulls in all areas of the council impacted by the change. The project board reports to the council's overall change programme board to ensure alignment with all other initiatives.

Key roles within the project are outlined in Appendix F.

6.2 PROJECT PLAN

A high level project plan has been developed to guide phase 1 of the project:

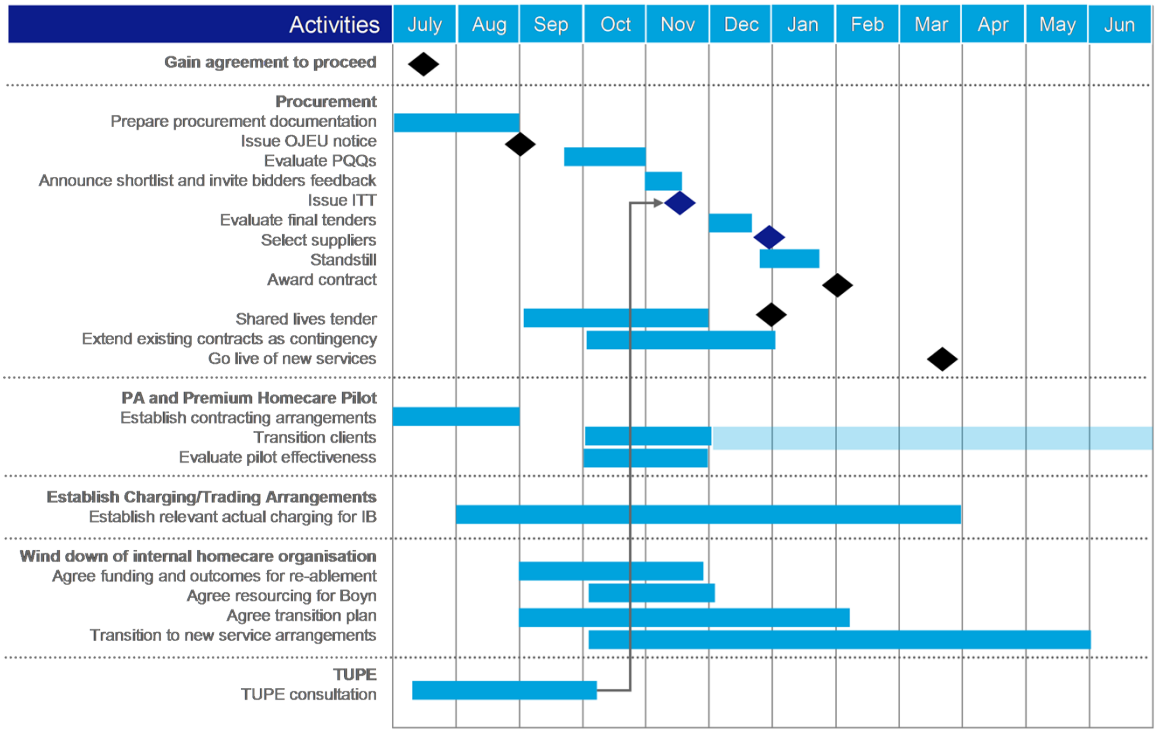


Figure 31: High level project plan

Key activities focus on:

- Procurement of new social care frameworks
- Procurement of external shared lives provision

- Procurement of pilot personal assistant and premium homecare services
- Establishment of charging/trading arrangements for remaining in-house services
- Wind down of existing homecare organisation and transition of users
- User and staff consultation, including those required under employment law and TUPE provision

The implementation approach for the project has been aligned with transition plans for the move to self directed support. New SDS assessments will be implemented by the end of June and at this point all new users will be offered the opportunity to hold an individual budget and receive funding through an associated direct payment.

Key milestones include:

- Agreement to proceed: 21st July 2010
- Issue OJEU for main tender: 1st August 2010
- Establish pilot personal assistant and premium homecare services: 31st August 2010
- Award shared lives contract: 30th November 2010
- Establish trading/charging arrangements: 31st March 2010

6.3 RISK MANAGEMENT STRATEGY

Our approach to managing risks focuses on identifying what might prevent the desired outcomes of the programme and stopping that happening, rather than seeking false reassurance from a lengthy and cumbersome risk register. We propose adopting a simple process to do this:

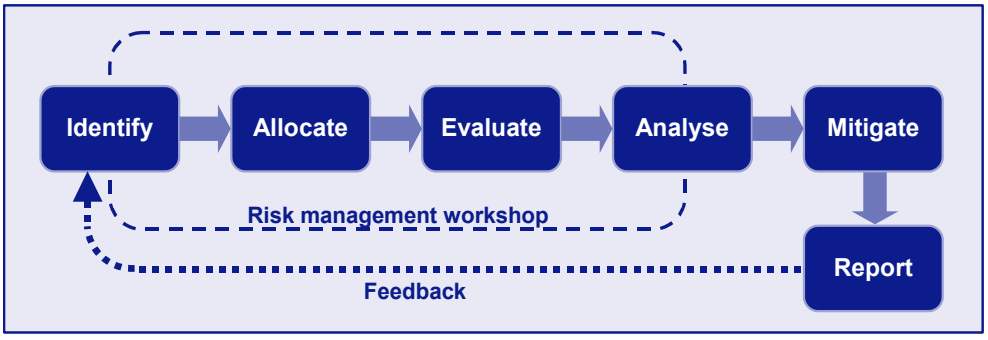


Figure 32: Risk Management Approach

On a monthly basis we will undertake a risk review to ensure that we identify risks on a proactive basis as well as those that naturally arise from project reporting. We will allocate each risk to an owner who is responsible for monitoring the risk, determining its likelihood and impact, assessing relevant dependencies, developing contingency plans and taking active steps to prevent the risk occurring. We will make assessment, planning and mitigation activities actually happen.

Project checkpoint meetings require risk owners to re-assess the risk likelihood and mitigation each time, and mitigation activities are not permitted to remain the same week after week without robust challenge.

Through aggressively managing risks we will:

- Ensure that the impact of uncertainty on the Project outcomes are actively managed and mitigated (e.g. establishing and managing project contingency)
- Actively reduce the level of uncertainty in the project outcome as the lifecycle progresses (e.g. maintaining and actioning the risk register).
- Optimize the trade-off between risk and return, e.g. balancing risk mitigation investment against potentially lower cost, but at higher risk of overrun.

A copy of the Projects current risk register is available from the project manager on request.

6.4 BENEFITS REALISATION STRATEGY

The business case for this project sets out a clear set of business benefits that should be realised as a result of this project. The benefits realisation strategy outlines how these will be realised and provides a mechanism to monitor and track benefits delivery. In delivering benefits there are a small number of critical success factors:

Aspect	**Critical success factor**
Benefits are defined	All benefits are defined and estimated.
Accountabilities are clear	All benefits have their owners who are responsible and accountable for delivery.
Changes are managed	The benefit model is maintained throughout the lifecycle of the project
Benefit delivery is tracked & visible	The delivery of benefits is measured, forecast and reported to senior management in a way that establishes the credibility of benefits delivery from the project.
Benefit delivery is driven	It is clear from the plans what activities are required to achieve the benefits, when and where these are being delivered, and by whom.
Benefit delivery reinforces the case for change	The phasing and beneficiaries of early benefits and quick wins are determined to enhance the case for change

Figure 33: Benefits realisation critical success factors

Benefits realisation will be tracked through:

- Contract drawn down – hours and rates by supplier and service type
- In house home care staff numbers

Benefits will be tracked on a monthly basis and will be the responsibility of the finance business partner.

6.5 REVIEW ARRANGEMENTS

In line with good project management practice we will undertake a review of the project at key stages. We propose completing these reviews with a light touch version of the relevant OGC Gateway processes. These include:

- The investment decision
- Readiness for service
- Operational review and benefits realisation.

6.6 CONTINGENCY

Given the criticality of the services provided by existing contracts and current contract expiry dates it is proposed that the existing contracts be extended on for a three month period as a precautionary measure. This extension should only be used if there is a delay in establishing new arrangements outlined within this business case.

APPENDIX A: ORGANISATIONAL OVERVIEW AND SERVICE PROFILE

The Royal Borough of Windsor and Maidenhead's (RBWM) goal to be a truly world class Council. To be seen as world class we will have to be innovative in delivery of services that work from our residents' perspectives. Residents will be first. To do this we will need to run our business differently, so that it is significantly more efficient in everything we do, moving to levels of consistency, speed and quality some would say are "impossible" today. Continuous improvement will be an expectation of everyone. In order to provide our residents with services and a quality of life that stands comparison with the very best anywhere we will need to deliver together with others in the public, private and voluntary sectors, so that residents get a single, joined-up service that "just works" from their point of view. In order to equip ourselves for the future we will need to recruit and develop employees who constantly seek to make what they do better for residents. We will judge our success by the number of people who describe the Royal Borough as a great place to live, work and visit.

Our strategic priorities focus on:

- **Residents First:** Offering residents and customers more flexibility in how they access and use our services and more opportunities to tell us what they want and to influence services.

- **Value for Money:** We will identify new sources of income, create efficiencies and work with our partners to deliver high quality, joined up services at the lowest cost, including learning lessons from market leading companies.

- **Delivering together:** The Council is committed to working with local, regional and national partners in order to improve performance, increase customer satisfaction and reduce costs.

- **Equipping Ourselves for the Future:** We are committed to developing our teams and creating a robust workforce that is highly skilled, flexible and fit for purpose.

Accounting for 42%[15] of the overall council's resource allocation the strategy for Adult & Community Services will be critical to achieve the overall council objectives. As a key element of the "healthy people and lifestyles" theme underpinning residents first the delivery of greater choice and control for users of adult social care services through personalisation is a key priority of the council as is delivery of a wider range of preventative services.

User profile

RBWM is a dynamic and diverse area, with much to offer residents, visitors and those who work here. It has a population of 110,300[16] (2009) and sits in one of the most prosperous regions in the country about 20 miles west of London. Although 83% of RBWM is designated Green Belt, it is relatively densely populated compared to the rest of the South-East Region. Most people live in the two urban centres of Windsor and Maidenhead, with Maidenhead being twice the size of Windsor. There are fourteen rural

[15] Royal Borough of Windsor and Maidenhead Corporate Plan, 2009/2010

[16] PANSI and POPPI database

parishes, one of which includes Ascot, the Royal Borough's third town, and Eton Town Council, which has similar status to a parish Council.

Service users are predominated by users with physical disabilities who account for 35.9% of users, closely followed by mental health service users (26.2%) and finally older people (22.5%):

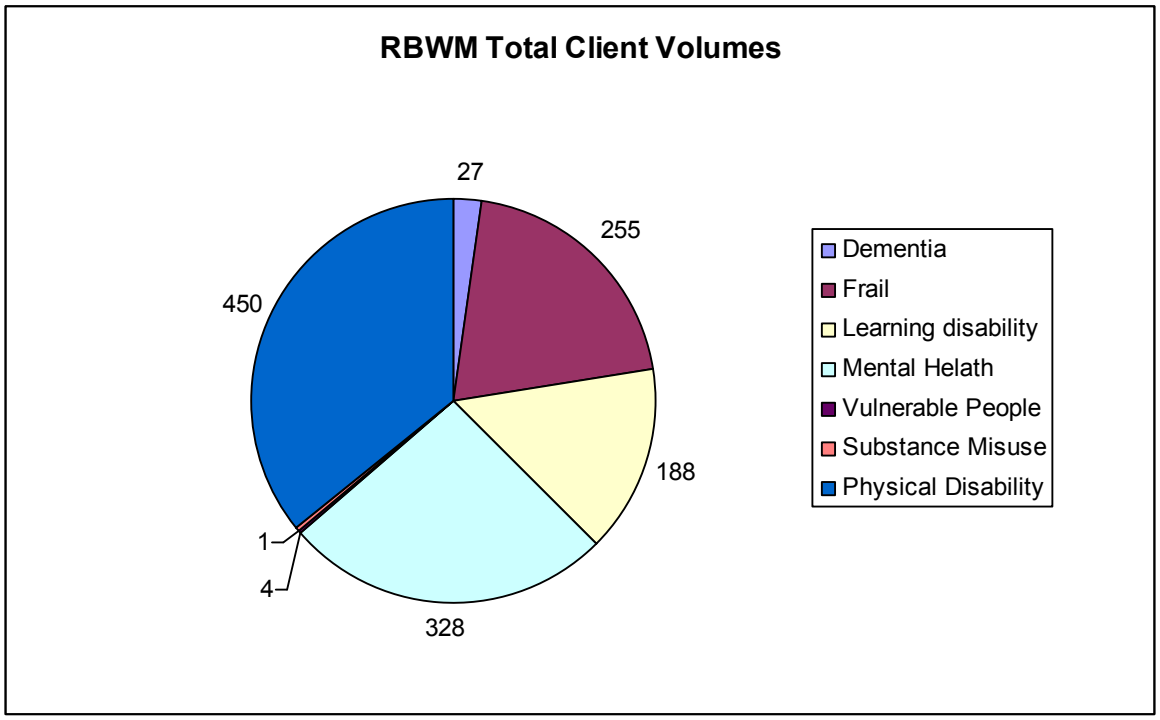


Figure 34: RBWM Client Volume Breakdown

The population is generally affluent, healthy and mobile: 55% of households are employed in either the professional or managerial/technical occupations compared to 38% in Great Britain. House prices within RBWM are the highest outside Greater London and local residents expect quality services from the Council. There are pockets of deprivation scattered across RBWM and the general high standard of living can mask these.

Users are distributed across the Borough with the largest concentration in Clewer South, Oldfield and Pinkney Green:

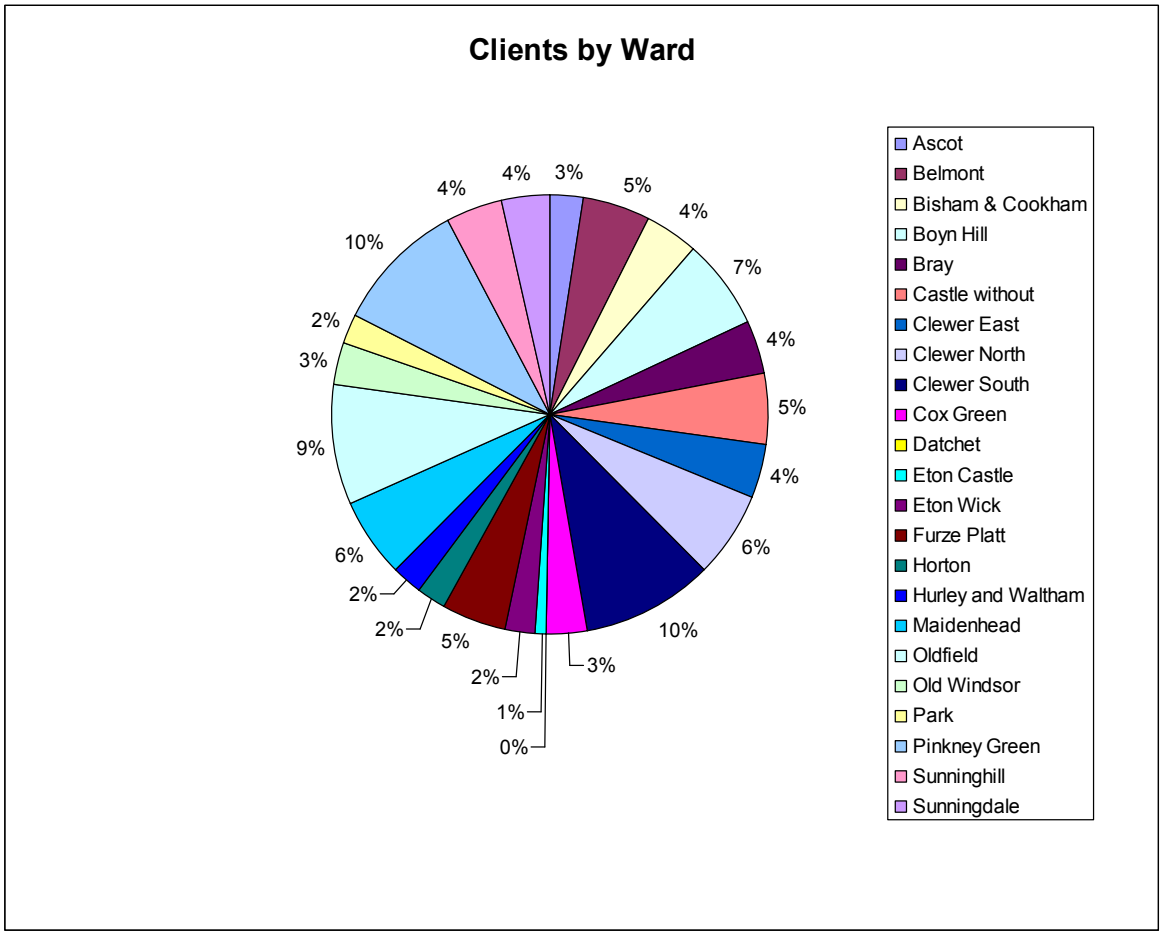


Figure 35: Client Breakdown by Ward

Service profile

RBWM provides a range of adult social care services that are used to meet the defined needs of clients and through this project are looking to commission new types of service. The main services considered as part of this options analysis are outlined below:

Shared lives: Shared Lives is a model of adult placements that offers personalised services. The schemes recruit, assess and support carers who offer accommodation or care and support in their family home to people who are unable to live independently. They are usually managed by local authorities or voluntary sector providers and are monitored by the Care Quality Commission. There are 7 long term and 7 respite care placements in the current scheme which is restricted in scope by Council staffing policies.

Reablement: This service works towards people regaining their independence to enable them to return home or to retain their independence and prevents admissions to hospital or long term care. The council have successfully worked with partners at reducing the delayed discharges from hospital for which the council is responsible, and promotes different options for people to regain their independence. The service has been judged as excellent for a third consecutive year by the Care Quality Commission (CQC). It is also jointly funded by the PCT.

Supported Living: Supported Living services allow individuals with a Learning, Mental Health or physical disability to be supported in a community setting. The service is provided in an individual's home - either their own home or tenanted accommodation (not

including those who live in a residential care setting or family home). The support focuses on the individual and may consist of non-personal support and /or personal care which enables the service user to maximise independence. Supported Living can take a number of formats from group homes and blocks of flats to individual flats. The key principles underpinning this are that individuals can choose how they live where they live and who they live with. In the context of this business case we are only referring to the care element of this provision.

Homecare: 24 hours home care provision is available Borough-wide and supports frail, elderly and younger adults with disabilities and also their main carers. Assistance is given in the person's own home with intimate personal care tasks such as washing, dressing and toileting, the taking of medication and also domestic tasks, following an assessment of the person's needs by a social worker. This assistance enables the person to remain in their own home with the home care staff encouraging and motivating them to reach and maintain their highest level of independence, according to their individual needs and abilities. A range of needs are met through homecare with low level support through to more complex, intensive support.

Extracare: Extra Care Housing is housing designed with the needs of frailer older people in mind and with varying levels of care and support available on site. People who live in Extra Care Housing have their own self contained homes, their own front doors and a legal right to occupy the property. Extra Care Housing is also known as very sheltered housing, assisted living, or simply as 'housing with care'. It comes in many built forms, including blocks of flats, bungalow estates and retirement villages. Domestic support and personal care are available, usually provided by on-site staff. Properties can be rented, owned or part owned/part rented.[17]

Day Care: Day centres are available for members of the community who may find themselves less able to get out unaccompanied but still have the desire to enjoy a day out. Day centres provide the opportunity for people to share a cooked meal and to join in with activities provided by the centre. Some day centres run by voluntary organisations can be accessed directly but others require a referral from Adult Social Care following an Assessment of Need these include:

- Elderly day care: Gardner House, maidenhead
- Elderly day care: Windsor
- Learning disability respite care: Allenby Road, Maidenhead
- Learning disability daycare: Brunel Centre, Maidenhead
- Learning disability daycare: Oakbridge, Windsor
- A new centre is also currently being commissioned at Boyn.

Personal assistants (PA): PAs are typically employed by service users, with support and brokerage via a third sector or council organisation. They are generally believed to provide a welcomed alternative to traditional services, particularly for Learning Disability and Physical Disability clients, at a reduced cost – offering greater personalisation and flexibility. Personal Assistants are a new innovation that are currently not on offer with RBWM, however are seen as a key enabler for the delivery of self directed support and the personalisation agenda. Given the newness of personal assistant services a more detailed analysis is included within Appendix A.

[17] Elderly Accommodation Counsel www.housingcare.org

Residential Care: A residential care home provides accommodation, meals and personal care for older people, people with disabilities, or people who are unable to manage at home, for whatever reason. The level of care varies from home to home, but the Government defines it as the kind of care you would receive from a competent and caring relative. This includes: help with eating, washing, bathing, dressing and toilet needs; and caring for you if you become ill. However, residential care does not include nursing care.

The Borough also provides a range of supporting adult social care services e.g. nursing care, medicine services, provision of OT equipment and services that are not included within the scope of this business case.

Currently 13.5% of interventions are day services (238) and 27.9% related to domiciliary care (490):

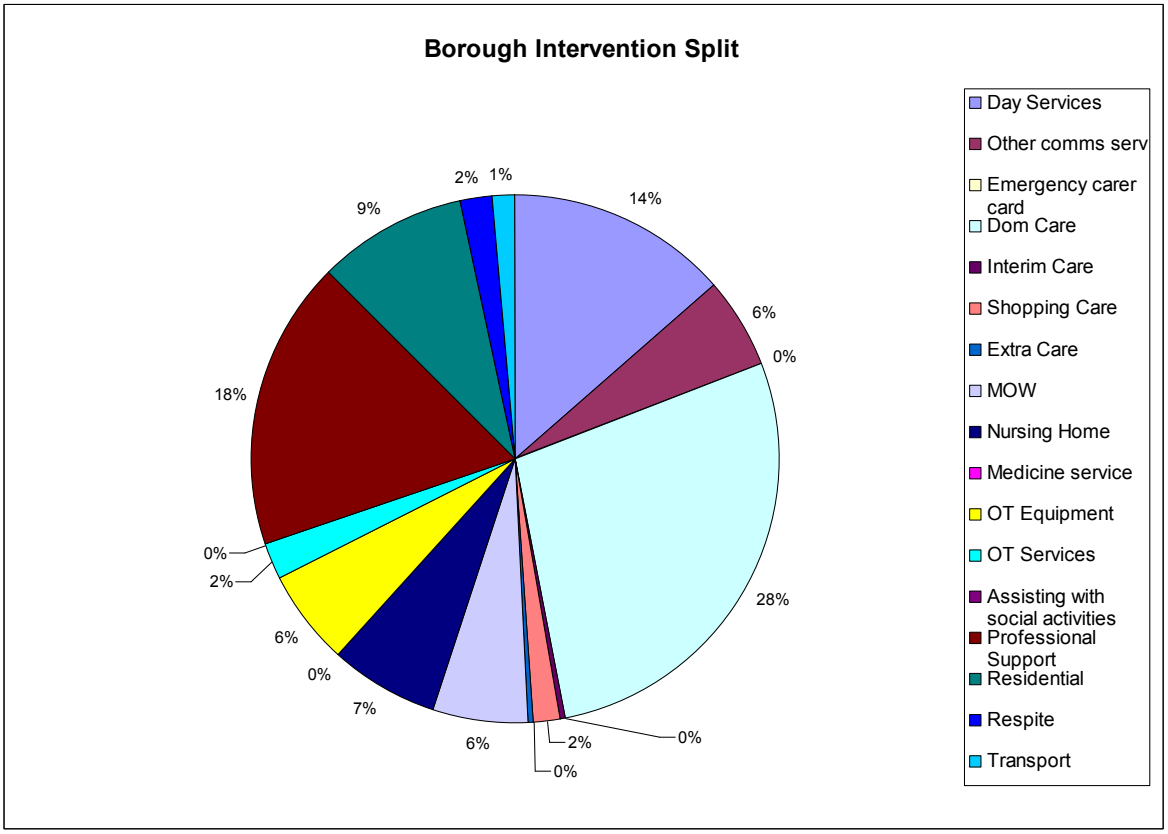


Figure 36: RBWM Intervention Type Breakdown

Commissioning arrangements

The council currently operates a mixed economy with a range of services provided by its in house teams supported by a number of externally commissioned services:

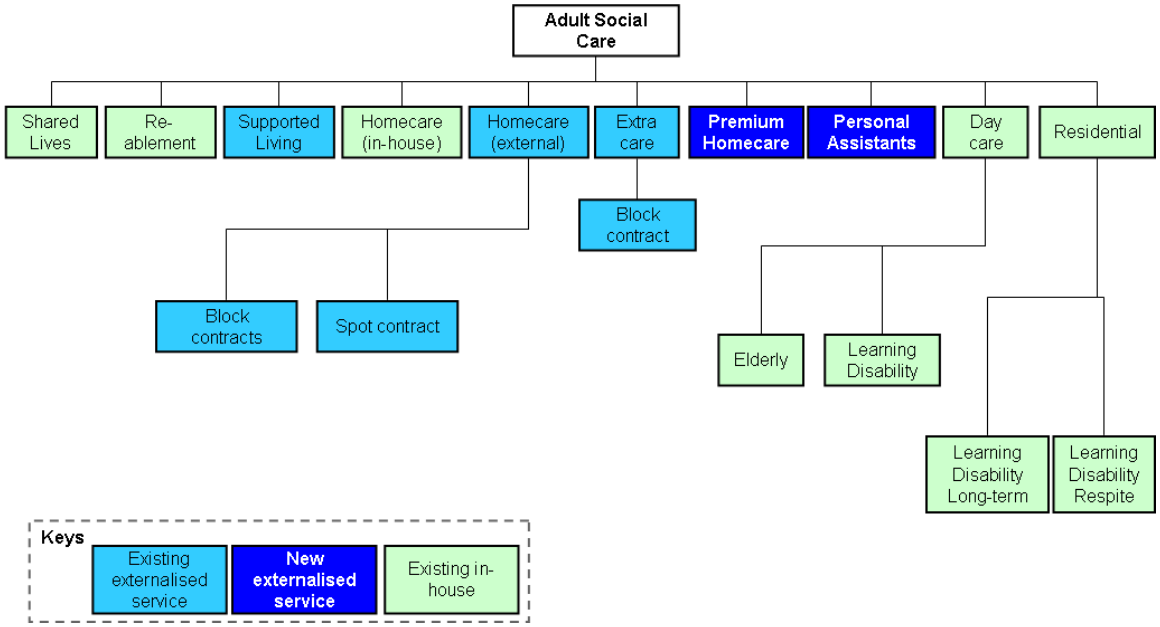


Figure 37: Adult Social Care Commissioning Arrangements

Internal homecare service: This service is currently provided by RBWM's Adult and Community Services Directorate across the Borough. The service is accessed through The Royal Borough's Care Management arrangements, and provides assistance with personal and practical care following an assessment of need. The service aims to support those with the most complex needs, and those who may be reluctant to accept the help they have been assessed as needing. Through our internal services we deliver 40,000 hours of care.

Current external provision: Our current external homecare services are provided principally through three block contracts (one of which relates to extra care), with a number of spot contracts being used to supplement capacity as needed. These contracts provide for a draw down of additional services as required by the council on an individual basis. The block contracts provide for minimum hours guarantees, with mirroring commitments that require the providers to deliver a minimum percentage of commissioned hours by geographical zone. Through our current external contracts we deliver approximately 160,000 hours of care. The council effectively uses regulatory information from the Care Quality Commission to inform placement decisions and to identify the circumstances when they would intervene and seek improvement.

Outputs and outcomes

In the latest Care Quality Commission the Council are deemed to be performing well with performance from adequate to excellent against specific outcomes:

- Outcome 1: Improving health and emotional well being — Excellent
- Outcome 2: Improving quality of life — Well
- Outcome 3: Making a positive contribution — Well
- Outcome 4: Increased choice and control — Well
- Outcome 5: Freedom from discrimination and harassment — Well

- Outcome 6: Economic well-being — Well
- Outcome 7: Maintaining personal dignity and respect — Adequate

RBWM's internal homecare service was awarded 2 stars (good) in its most recent care quality commission assessment. When commissioning care services that are regulated by the CQC the council uses services that are also mainly rated as good.

APPENDIX B: THE PERSONAL ASSISTANT MARKET

The role of personal assistants

The personal assistant (PA) role is playing an increasingly important role in the expansion of individual budgets and the personalisation of social care in the UK. A PA is a professional carer, as opposed to an unpaid carer, who is employed to enable an individual assessed as needing care to live as independently as possible at home.

The PA is employed either directly via a local authority social services department, or via an outsourced independent homecare agency or is directly employed by the individual requiring the care. The exact duties of a PA depend on the requirements of the individual but general examples of duties they carry out range from cooking and cleaning, help with personal care such as washing to shopping, banking and paying bills. These are similar to the care provided by unpaid homecarers and evidence from pilot studies of the use of individual budgets indicates that many PA staff are in fact members of the family or friends.

The role is different from that of the "traditional" homecare worker role

The growth of personalised services has led to a change in thinking about the provision of care and support services to individuals needing support. The emphasis is clearly on starting with the person needing care and putting them at the centre of the process of identifying their needs and making choices about how and when they are supported to live their lives. This means that PAs typically need to learn a wide range of new skills and be prepared to be flexible and adaptable as the ways in which people who are supported change. In contrast to the traditional homecare worker on fixed hours and terms and conditions, the PA will have a range of working conditions, with a range of working hours to suit the supported person, and will be more likely to work on their own often without the clear support of a team and management structure that characterises local authority social care. The Social Care Institute for Excellence notes that whilst for people coming new to this role, this new way of working and terms and conditions of employment will seem straightforward, it is likely that people who have worked in social care for some time will find this new way of working seem quite challenging.

Numbers of Personal Assistants

Getting information on the number of PAs has often proved difficult, due mainly to the fact that there has not been a clear requirement for individuals or employers to register with the General Social Care Council. Evidence from the IDeA study into lessons learned from outsourcing adult social care indicate that the overall numbers of adult social care staff employed by local authorities in England fell from an estimated 228,000 in 2006-7 to 221,000 in 2007-8. During the same period the numbers working in the independent sector increased from an estimated 988,000 to 1,070,000 with **PA roles increasing from 113,000 to 152,000.**

Other data on the PA workforce can be gained from the Skills for Care study of the employment aspects and workforce implications carried out in 2007. The study was based on information provided by 16 local authorities who were prepared to give details of direct payment employers within their areas. The 16 areas included 14% of individuals receiving direct payments nationally during that period and 1% of the total number of employers nationally. The 16 included large counties such as Lancashire and Cornwall with over 1000 people registered for direct payments, to smaller councils such as Slough with under 160 people registered.

The overall findings were;

- At least 76,000 individuals were working as PAs covering 125,000 PA roles
- Around 11,000 of these moved from previous work in domiciliary care or a nursing agency
- Around 4,000 moved from care homes
- About 1/5th of the PA workforce came from other areas of non social care/health work
- Only 2% had moved from local authority services either voluntarily or via TUPE transfer

Providers of Personal Assistant Services

Evidence on sourcing **PA specific** services for local authorities is limited as this tends to be rolled up in homecare services as a whole. A number of local authorities such as Manchester, Camden and Islington have outsourced these services.

Other studies of the independent providers indicate that many are concerned about the nature of contractual relationships with their local authority with common problems identified being, the harsh competitive environment in which they operate and the failure by local authorities to engage constructively with homecare providers in their localities. Providers indicate that many of the problems occur because commissioners do not fully understand the complexity of providing homecare services. A further key concern was the decision by many local authorities to reduce the number of contracted providers and to concentrate on building relationship with “preferred” suppliers – in many cases the larger national providers who have a local presence rather than smaller more “genuinely” local providers.

From the local authority point of view, this concentration on smaller numbers of providers enables them to retain a competitive market with a sufficient range of services which will enable people needing support to have a real choice whilst allowing their providers to develop relationships with people in their locality, crucially offering more continuity for people – a key driver for direct payments and personalisation.

Issues for Personal Assistant Services

Studies by Skills for Care and the IDeA show that there are a number of issues around the employment of PAs which need to be acknowledged and addressed by providers – whether in-house or independent. These are;

- Levels of pay for personal assistants tends to be lower than that of homecare workers which can have a considerable impact on the ability of organisations to recruit and retain appropriate staff. However, evidence from surveys of PAs themselves indicates that job satisfaction is high with most finding the work enjoyable and rewarding.
- Lack of formal opportunities for promotion, training or progression. Studies indicate that up to 50% of PA staff are “new” to social care and did not see the role as a long term commitment. Some PAs see the role as a “launch-pad” for better paid work in health and social care. This clearly impacts on the continuity of service which people needing support identify as one of the main advantages of direct payment arrangements.

- The perception that some independent providers are not sufficiently robust in checking references or carrying out CRB or POVA checks. This raises concerns that vulnerable individuals may not be sufficiently protected from potential abuse. However, many of the people requiring support are understandably unwilling to take on these extra responsibilities and indeed as they typically directly employ family members or people known to them through previous local authority service, do not see the need for this.

- Lack of clarity on the level and types of services required to be undertaken by PAs. In most cases of direct employment there is no agreed job description. However the flexible nature of the support, in terms of hours and activities is generally highly valued by people requiring care and support and by PAs themselves who are able to combine their role with family duties and in many cases with another source of employment.

The future development for Personal Assistant Services

As noted above, the issue of training and development is a key one for the development of PA services and helping PAs to adapt to the more flexible way of service delivery. The 2008 Skills for Care research recognises that the development of personalisation and specifically direct payments has direct implications for workforce planning, training and education for PAs. They will need to:

- Learn a wide range of new skills that are specifically focussed on the individual they are providing support for

- Be flexible and adaptable as the way in which people are supported change

- Work closely with the person they support to decide which model of employment - direct employment, agency or self-employed – is best for everyone

- More involved in care planning and work with the people they are supporting to solve problems rather than relying on a more traditional management structure provided in local authority care worker roles

- Be helped and supported to adapt to new ways of working, particularly if they are used to working in a more structured care worker role within a local authority.

Norfolk County Council

The experience of authorities such as Norfolk County Council who have outsourced all standard homecare services, including PA services, show that a strategic approach to outsourcing is key to success. Norfolk laid the foundations for its approach by carefully managing the market by initially increasing, then stabilising and finally improving the homecare service by actively engaging with the market.

To do this the council adopted a 3 phase approach;

- Phase 1 – expanding supply by increasing provision by commissioning the independent sector on a large scale. This enabled the council to reduce the hourly cost of provision during the first year from £8.06 in-house to £7.09 from independent suppliers with no loss of quality

- Phase 2 – stabilising the supply by establishing block contracts to give independent providers greater predictability which impacted on their ability to recruit and retain quality staff

- Phase 3 – reconfiguring the supply for a better targeted service. A best value report indicated that whilst the in-house service provided a declining proportion of the homecare service, its hourly costs continued to rise. This led to the decision to outsource standard homecare services – approximately 80% of the total homecare provided. By 2008 it was estimated that independent sector provision was within 10% of achieving the 80% goal and could provide a reliable and improving service at a lower unit cost.

In this case, the Council achieved its aims through a strategic approach to outsourcing. There are good reasons to expect that the recent decision to outsource all standard home care service will prove successful. But it is important to note that the Council has laid the foundations for its approach by carefully managing the market. This has allowed it to progressively outsource a larger proportion of its home care over a long period, thereby reducing the disruption that can lead to a drop in service quality when services are initially outsourced. This approach will be more difficult where barriers to market entry are high, or where councils do not take active steps to manage the market. [18]

Cambridgeshire County Council

In recent years, Cambridgeshire has experienced the highest rate of population growth of any county in the UK, and this is expected to continue. The population of 557,000 is expected to grow by about 7,000 by 2006. The largest percentage increase is projected in those aged over 85 years, where growth of 23 per cent is forecast for the 10 years up to 2006, the highest in the Country, with a significant impact on the demand for social care and healthcare.

In partnership with providers, Cambridgeshire commissioned an independent consultant, Laing and Buisson, to research and advise on the cost/price structure of the local market

[18] Audit Commission http://www.audit-commission.gov.uk/localgov/goodpractice/olderpeople/Pages/norfolkhomecare.aspx

for social care. The research was done and as a result different levels of funding were agreed that reflect local market differences within Cambridgeshire.

The benefits of this approach are that:

- Capacity has expanded or been retained where it might have declined.
- Delayed transfers of care from hospital have improved.
- Providers appreciated the shared approach to understanding their costs and pressures, though some tensions remain with the residential and nursing home sector, who feel that the Laing and Buisson recommendations were not fully implemented.

Home care providers are very positive about the agreement reached on the formula for annually updating rates, which recognises pay and inflation rates in the market. Independent providers, through the Independent Service Providers Consultative Committee, worked with the Authority to develop a purchasing strategy. Providers also appreciated the time, effort and degree of consultation involved in drawing up service specifications.

"They really are partners." Home care provider

Sandwell Community Care Trust

In the mid-1990s, Sandwell Metropolitan Borough Council needed to reduce its social care budget by over £8m and a range of highly valued services were in danger of being closed down. Against this background, Sandwell Community Caring Trust was set up with the aim of:

- providing existing services more cost effectively while improving quality;
- providing well-remunerated, stable employment for former council employees;
- finding alternative sources of capital funding for the replacement of poor quality care homes;
- and developing new flexible services.

The decision was made to register as a charity, both for tax reasons and in order to access grant funding for capital investment. It also provided reassurance that any profits would be retained in the trust for the development of future services. 82 staff were transferred across to SCCT, and the trust was given a five-year contract, worth £1.2m a year, to run the care homes on behalf of the council.

Over the following ten years the trust consistently proved itself capable of improving the performance of previously council-run services, and its success has led to other services being transferred across as well as the development of a range of services from scratch. As a result, the trust has expanded the range of services if offers to include daycare, respite care, and supported living for children and adults with physical and learning disabilities.

A further advantage for the local authority since the creation of SCCT has been significant

efficiency savings in the cost of its care services. Residential care for the elderly, for example, cost the local authority £657 per person per week to provide when last monitored in 2007, whereas SCCT has reduced the cost to £328 per person per week.

Having initially been an option of last resort for the council, the relationship has developed into something far more constructive. Recent services have been designed in partnership with service users and the council, such as a respite care unit for profoundly disabled children and supported living for people with learning disabilities. However, convincing local authorities to separate their commissioning and provider roles in the provision of care remains a challenge for the trust. Outside of its locality SCCT is in the early stages of exploring how other communities can be assisted to replicate its model. The overall aim is to create a network of individual units, each separately managed and with an independent board deciding on how surpluses are invested locally, but ultimately responsible to the main board of trustees and operating in line with the same values and principles as SCCT.

In addition to the monitoring arrangements built into the contracts SCCT holds, the trust carries out formal, independent reviews to monitor user experience. The results of these are shared with the council. It has a range of Key Performance Indicators (KPIs) in place to measure business objectives, with individual managers responsible for delivering against these. They include staff turnover, staff absenteeism, the percentage of income spent on front-line care and rates of occupancy.

Sunderland Home Care Associates

In 1993 Sunderland Council called for expressions of interest in providing domiciliary care. A local resident, who had previously run a number of co-operative businesses in the city, decided to submit a business plan. The plan, heavily influenced by the experience of care cooperatives in the US, was one of seven ventures selected and the local authority provided £10,000 in pump priming money, supplemented by an £11,000 grant from a local trust. In 1994 Sunderland Home Care Associates was established and an initial contract for 450 weekly hours of care from the council enabled the business to recruit its first 20 employees.

Over the next six years SHCA grew steadily, winning increasingly large contracts from the council for the provision of domiciliary care. During this period, the board took the decision to adopt a new, more strategic approach to growing the business. Significant effort was put into diversifying the company's customer base and exploring potential new markets, and SHCA has since won a range of new business from the University of Sunderland, further education colleges, private clients and others, including the provision of academic support services, 'bank' staff for respite care, care for disabled children and one-to-one support for autistic individuals.

In 2004, Care and Share Associates Ltd (CASA) was created to replicate the SHCA business model across the UK. CASA provides development and support services to independent 'satellites' linked together in a federal structure. Following CASA's initial successful start up, core funding for CASA was provided by a European EQUAL funded project, while each new business requires an initial investment of around £90,000 from a local funder and a commitment from the local authority to purchase a specified number of hours once the company is established. In addition CASA has an ongoing relationship with social finance provider 'Cooperative and Community Finance', who have made loan agreements with each new unit to contribute towards working capital. Work began on the first 'replication unit' in North Tyneside before the establishment of CASA, and it took two years for the business to begin delivering on the ground. However, this experience

enabled CASA to become operational very quickly and in its first eighteen months two further Home Care Associations in Newcastle and Manchester were established, which along with North Tyneside HCA are now providing over 2,800 hours of support services a week and employing over 100 staff.

APPENDIX D: SOFT MARKET TEST FINDINGS

RBWM Attendees:

- Christabel Shawcross, Director of Adult & Community Services
- Keith Skerman, Interim Head of Adult Services
- Chris Thomas, Head of Housing
- John Scaife, Joint Commissioning Manager
- John Starkey, Consultant for Externalisation Project
- Alison Jaap, PA Consulting
- Yoon Chung, PA Consulting

Providers:

- Kevin Nutt, Care UK
- Debbie Jones and Jason Morris, Medico
- Mike Smith, Better at Home
- Surjit Jandu, Surecare Slough
- David Janetta and Christine Price, Alzheimer's Society Windsor, Maidenhead, Slough & Langley
- Sean King and Denise Milligan, Turnstone
- Beverley Buckner and Beverly Everton, Complete Care Windsor
- Nina Thakkar and Laila Amari, Allied Healthcare
- Jo Courtenay, Age Concern Slough & Berkshire East
- Tony Johnston and Donna Doyle, Oxford House Community Care
- Mark Smith and Ann Moss, Maccaring
- Sean King and Denise Milligan, Turnstone
- Kim Gill, CareForce
- Bwalya Treasure, WRVS

Agenda:

- Opening, welcome and strategic context
- Transforming social care including question session
- Procurement and challenges including question session
- Group Sessions
- Feedback, Q&A and next steps

Main Questions and Answers:

New service users are to get a universal SDS offer but what about reviewing existing service users under self directed support?

KS advised that all service user reviews from now on will include a universal offer to the service user. Reviews take place yearly so that means that reviews of all service users should be included by the end of March 2011. If a service user is happy with the service they are receiving then things can be left as they are.

What is the current provision of homecare?

We have two significant block home care contracts which are due to expire at the end of this financial year and they will not be renewed and will not be replaced with like. But we all need to explore what services should be in place instead. People will be able to pick/buy their own services so providers now need to be more innovative in selling a good range of quality services. RBWM will not be a commissioner of services anymore but will still be a funder. RBWM wish to facilitate the market to provide a choice of quality services.

We currently also have a mixed market approach so we also deal with other providers on a spot basis as well as the two main block contracts.

You mentioned that the RBWM in-house home care is a premium service. Why is this?

The in-house home care service provides a high level of support and it's staff are highly trained NVQ3 level and are able to cater for complex needs and cases especially dementia or other cases where communication levels are low. RBWM recognise that some providers can produce this service as well.

Feedback from Group Discussions:

Strategic understanding

- Possible outcomes from Transforming Social Care are not well understood by providers - the concept of personal budgets is understood widely but not how it will be implemented in different areas, so planning for it is difficult.

- A view was expressed that service users are not happy with the changes as they fear the budgets won't stretch far enough, and this creates uncertainty for providers.

Supplier readiness

- Organisations have mixed positions on preparation for change, with larger providers possibly giving more strategic thought to it than smaller ones.

- Some providers are already dealing with brokerage, but they are concerned about gearing up for safeguarding issues, particularly if someone currently outside the care system at present sets up web based advertising for care. It was also suggested that providers should be allowed to sub contract, particularly where there are volume issues.

Service appetite

- In terms of setting up new services most providers have uncertainty about what users will want in the future, so have not moved into new areas as yet in any big way. Some have been looking at what self funders currently look for as a way of looking into the future, but transport problems and costs were raised as a possible barrier.

- Some concern that it would hard for one provider to provide both standard homecare and premium homecare but other views expressed that this would be helpful in that it provides a career path for staff.

- Categorisation / specification of service is key and flexibility for providers is necessary i.e. to allow them to use off peak times resource to ensure more service time at lower cost.

- It was not felt that providers would really be interested in taking on traditional Day Services at this point in time, and it was better to wait and see how the market develops before considering any externalisation.

- One Provider has a specialist dementia service, but higher cost, could this be a premium service?

- There was a consensus that the role of the Local Authority in the future should be that of an enabler, particularly in relation to web based advice services about locally delivered care services.

Commercial arrangements

- Commissioners should look to "Outcome Based" commissioning

- Many authorities looking for cheapest deal, no incentive for quality. Payment should recognise quality, not just using CQC Stars. Description of service on website, or where support planners commission services, should clearly address quality of service

- Happy to work with us to share risk when innovating

- Consortium bids could be useful

- Suppliers are concerned that services will require TUPE like provision and are keen to avoid this.

Other comments

- Providers are attending many events like this with Local Authorities.

- Groups of individual budget holders should have ability to pool all or part of their budgets – this requires an enhanced role of brokers to deal with groups/packages

APPENDIX E: ECONOMIC CASE ASSUMPTIONS

General assumptions

- Economic case assumes no wage and no contract inflation
- Costs associated with the review of individual care packages are excluded from the business case and provided for within implementation of self directed support programme costs
- Costs associated with preparation of the business case and development of specification to date are assumed sunk and as such have not been included within the business case
- Current external homecare provision continued at current costs

Option 2: Externalise all provision

- *Procurement costs:* Assumed a procurement officer on £50k per annum with 20% on costs for 12 months to undertake procurement and establish new contract arrangements. Ongoing costs associated with procurement and contract review of 1 month per year.
- *Legal costs:* Assumed a legal officer on £50k per annum with 20% on costs for 2 month to establish new contracts in year 1
- *HR costs:* Assumed a HR officer on £50k per annum with 20% on costs for 6 month to manage staff transition in year 1
- *External support:* Assumed external legal costs incurred to advice and construct framework agreement and limited bidder engagement support
- *Redundancy costs:* Assume no redundancy costs however likely provider redundancy costs have been discounted from benefits profile
- *Contingency:* A contingency may be required for damages should a court rule that RBWM has not applied TUPE provision appropriately. This is based on an average award sum of £7,959 and has been included for all homecare staff.
- *Existing shared lives benefits:* Assume no direct savings in outsourcing current provision however 33% saving on care packages moved to new external service. For the production of this business case we have assumed that these are medium care cost packages of £45,000 per annum and that savings are affected immediately. (Note savings could be substantially more if individuals with high care cost packages are migrated). Assume full time placements expanded by 5 in year 1, an addition 5 in year 2 and another addition of 5 in year 3 and that these then continue through to the end of the contract period. Existing services are staffed through sort term contracts and no dedicated internal RBWM staff are associated with this service. Furthermore, it is assumed that there will be an increase of administration cost by £20,000 in year 1 and £40,000 in year 2, resulting in a 'steady-state' cost of £60,000 from year 2.
- *In house homecare:* Assumed that of current 40,000 per annum provision 50% of provision is of a specialist/premium nature and 50% is of a basic level however to ease transition 75% of current service users are migrated to a premium service

initially. New users calculated at 30% of provision on a yearly basis. Benefits based on difference between current cost of internal homecare of £42.50 per hour and external basic homecare price of £15.00 per hour, and £22.00 per hour for a premium service. No savings assumed in year 1 due to timescales to put in place new provision and type of transfer envisaged.

- *In house TUPE'd redundancy:* Redundancy costs have been included for all homecare staff. This is based on an average redundancy figure of £3,278 and a pension release figure of £11,159. Pension release has been applied for 16 staff, redundancy for 30 staff. As we have assumed no price arbitrage benefits for other types of provision no redundancy figures have been included for other staff.

- No savings assumed on renegotiation of external homecare services, externalisation of day care or residential services.

Option 3: Low risk externalisation

- *Procurement costs:* Assumed a procurement officer on £50k per annum with 20% on costs for 12 months to undertake procurement and establish new contract arrangements. Ongoing costs associated with procurement and contract review of 1 month per year. Additional resource provided in year 3 to undertake procurement of remaining day care and/or residential care if required.

- *Legal costs:* Assumed a legal officer on £50k per annum with 20% on costs for 2 month to establish new contracts in year 1. Similar provision in year 3 related to day care and/or residential care procurement.

- *External support:* Assumed external legal costs incurred to advice and construct framework agreement and limited bidder engagement support. Lower than option 4 due to reduced complexity.

- *HR costs:* Assumed a HR officer on £50k per annum with 20% on costs for 6 month to manage staff transition in year 1

- *Redundancy:* Redundancy costs have been included for 25% of homecare staff who have not been redeployed. This is based on an average redundancy figure of £3,278 and a pension release figure of £11,159. Pension release has been applied for 35% staff redundancy for remaining.

- *Existing shared lives benefits:* Assume no direct savings in outsourcing current provision however 33% saving on care packages moved to new external service. For the production of this business case we have assumed that these are medium care cost packages of £45,000 per annum and that savings are affected immediately. (Note savings could be substantially more if individuals with high care cost packages are migrated). Assume full time placements expanded by 5 in year 1, an addition 5 in year 2 and another addition of 5 in year 3 and that these then continue through to the end of the contract period. Existing services are staffed through sort term contracts and no dedicated internal RBWM staff are associated with this service. Furthermore, it is assumed that there will be an increase of administration cost by £20,000 in year 1 and £40,000 in year 2, resulting in a 'steady-state' cost of £60,000 from year 2.

- *In house homecare:* Assumed that of current 40,000 per annum provision 50% of provision is of a specialist/premium nature and 50% is of a basic level however to ease transition 75% of current service users are migrated to a premium service initially. New users calculated at 30% of provision on a yearly basis. Benefits based on difference between current cost of internal homecare of £42.50 per hour and external basic homecare price of £15.00 per hour, and £22.00 per hour for a premium service.

- *Day care:* Assumed 10% savings on current internal provision

- No savings assumed on renegotiation of external homecare services, or residential services.

APPENDIX F: CURRENT CONTRACTS

Confidential data

APPENDIX G:PROJECT ROLES

Key roles

The **Senior Responsible Owner (SRO)** will be responsible for:

- Providing strategic directions to the other team members
- Monitor and control the progress of the project at a strategic level
- Obtaining the Council's strategic stakeholders' support – including approvals on the long and short lists, Preferred Bidder and Contract Award
- Obtaining decisions and directions from the Council's leadership
- Representing the Council leadership's views/decisions (with an authorisation to do so) as the lead negotiator
- Ensuring adequate resource to support the project
- Ensuring that the risks are being tracked and mitigated as effectively as possible

The **Project Manager** will be responsible for:

- Running the project on a day to day basis
- Ensuring the project produces the required deliverables within the specified constraints of time, cost and quality
- Overall progress and use of resources
- Managing risks, including the development of contingency plans
- Reporting to the project board
- Ensuring engagement of other impacted parts of the business
- Project administration

The **Senior User Representative** will be responsible for:

- QA of the key documents
- Specification of required services
- Evaluation of supplier responses to the procurement
- Consultation and engagement with users throughout the project
- Consultation and engagement with staff throughout the project
- Management of user and service transition
- Ownership and delivery of expected business benefits

- Ensuring the project has access to relevant adult social care staff as required

The **Procurement Business Partner** will be responsible for:

- Ensuring all relevant procurement legislative requirements are met
- Production of the key procurement documents
- Management of the overall procurement exercise including the evaluation process

The **HR business partner** will be responsible for:

- Leading engagement with unions
- Management of any requirements for redeployment or redundancy of staff
- Management of any TUPE implications

The **finance business partner** will be responsible for:

- Supporting the overall procurement exercise
- Financial evaluation of supplier responses to the procurement
- Maintaining and updating the overall project business case
- Monitoring and managing benefits realisation

Legal services will be responsible for:

- Ensuring all legal requirements are met
- Putting in place a suitable contract/framework
- Put in place trading arrangements to allow the council to provide services to holders of individual budgets
- Leading contract negotiation
- Liaising with any externally appointed specialist legal advisors
- Identifying and managing any legal risks associated with the project

Additional specialist procurement and legal skills may be required to support the process and will be purchased externally as required. A financial allocation has been included within the business case to support this.

APPENDIX H: REVIEW ARRANGEMENTS

The investment decision

A review will be undertaken prior to completion of contract arrangements and will:

- Confirm the Full Business Case and Benefits Plan now that the relevant information has been confirmed from potential suppliers and/or delivery partners
- Check that all the necessary statutory and procedural requirements were followed throughout the procurement/evaluation process
- Confirm that the recommended contract decision, if properly executed within a standard lawful agreement (where appropriate), is likely to deliver the specified outputs/outcomes on time, within budget and provide value for money
- Ensure that management controls are in place to manage the project through to completion, including contract management aspects
- Ensure there is continuing support for the project
- Confirm that the development and implementation plans of both the client and the supplier or partner are sound and achievable
- Check that the business has prepared for the development (where there are new processes),implementation, transition and operation of new services/facilities, and that all relevant staff are being (or will be) prepared for the business change involved
- Confirm that there are plans for risk management, issue management and change management (technical and business), and that these plans are shared with suppliers and/or delivery partners

Readiness for service

Prior to go live of the new service this review will:

- Check that the Business Case is still valid and unaffected by internal and external events or changes
- Check that the original projected business benefit is likely to be achieved
- Check that there are feasible and tested business contingency, continuity and/or reversion arrangements
- Ensure that all ongoing risks and issues are being managed effectively and do not threaten implementation
- Evaluate the risk of proceeding with the implementation where there are any unresolved issues
- Confirm the business has the necessary resources and that it is ready to implement the services and the business change
- Confirm that the client and supplier implementation plans are still achievable

- Confirm that there are management and organisational controls to manage the project through implementation and operation
- Confirm that contract management arrangements are in place to manage the operational phase of the contract
- Confirm that all parties have agreed plans for training, communication, rollout, and support as required
- Confirm that all parties have agreed plans for managing risk
- Confirm that there are client-side plans for managing the working relationship, with reporting arrangements at appropriate levels in the organisation, reciprocated on the supplier side
- Confirm that defects or incomplete works are identified and recorded
- Check that lessons for future projects are identified and recorded

Operational review and benefits realisation

- Assess whether the Business Case justification for the project was realistic
- Confirm that there is still a business need for the investment
- Assess whether the benefits anticipated at this stage are actually being delivered
- Assess the effectiveness of the ongoing contract management processes
- Confirm that the client side continues to have the necessary resources to manage the contract successfully
- Confirm continuity of key personnel involved in contract management/'intelligent customer' roles
- Assess the ongoing requirement for the contract to meet business need. Ensure that if circumstances have changed, the service delivery and contract are adapting to the new situation. Changing circumstances could affect: partner management; relationship management; service management; change management; contract management; benefits management; performance management
- Check that there is ongoing contract development to improve value for money
- Confirm that there are plans to manage the contract to its conclusion
- Where applicable, confirm the validity of exit strategy and arrangements for re-competition

APPENDIX I: GLOSSARY

FACS:	Fair Access to Care Services
JSNA:	Joint Strategic Needs Assessment
LD:	Learning difficulties
NPV:	Net present value
OGC:	Office for Government and Commerce
OP:	Older People
PANSI:	Projecting Adult Need and Service Information
POPPI:	Projecting Older People Population Information
RBWM:	Royal Borough of Windsor and Maidenhead
SDS:	Self Directed Support
SRO:	Senior Responsible Owner

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