**From:** Andrew Green
**Sent:** 12 October 2016 19:23
**To:** Ann Esterson
**Subject:** Re: Personal, in confidence - Homecare

Dear Ann, thank you for your email, clearly I have a slightly different perspective of events. I agree that we should meet as soon as diaries allow meanwhile can I suggest that we both avoid responding further to the media. Lesli will make contact to agree a suitable date and time. Once again thank you for your email.

Best wishes

Andrew

**Senator Andrew Green MBE**
**Deputy Chief Minister and Minister for Health and Social Services**
**Government of Jersey**
**Peter Crill House| Gloucester Street | St Helier | Jersey | JE1 3QS**
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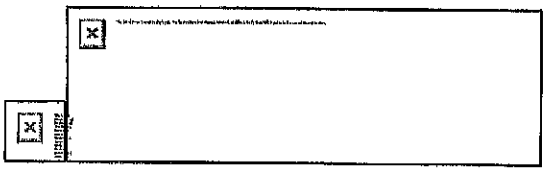

On 12 Oct 2016, at 07:36, Ann Esterson <annesterson1@gmail.com> wrote:

> Dear Andrew,
>
> I have read your Press Release and heard subsequent comments on the withdrawal of funding for Homecare, I have to admit, with increasing despair at the aggressive rhetoric which I have never known you use before. There were some inaccuracies in the media release and the Statement you read out in the States today and FNHC were put in a position of trying to respond to them in the subsequent media frenzy. This was never our intent.
>
> We were very careful in our initial Statements to say quite simply that HSSD were no longer going to fund Homecare and we had decided to risk setting up a not-for-profit business which would be tough for staff and our customers ( as I spelt out to you in my last letter.) The situation wasn't helped without a prior announcement of the change in policy to the States or public, nor the fundamentals being in place, especially the targeting of financial support which was key.
>
> In the end, we had to go ahead having been squeezed financially in July. Based on the figures used by your staff to calculate this year's deduction, we were looking at a total cut of around £1.5m, the remainder being due to be taken away in January 2017. We simply couldn't wait any longer for the survey of existing clients and the underpinning Policy 1 benefit.
>
> I believe that, together, we must ensure a seamless transition where the vulnerable elderly don't see the join and I was pleased to hear that you are putting more resources into this. We should also be united in our desire to ensure current and future elderly receive good quality

care in their own home and the important role FNHC will play in keeping up standards.

Personally, I think a meeting would help, at the very least, a joint statement is needed to demonstrate that there is no animosity between us, that you are being supportive to mitigate the concerns of staff and clients as well as States members and the public at large. As a matter of urgency, FNHC need to know the amount that will be taken away for Healthcare next year ( it would help if there was further phasing rather than a complete withdrawal ) and what we may have by way of budget for the other services which have yet to be fully funded. Perhaps this could provide a way of demonstrating joint commitment?

Kind Regards,

Ann

Sent from my iPad

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Family Nursing & Home Care

Mr Andrew Green
Health Minister
Health & Social Services
Peter Crill House
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26th September 2016

Dear Senator Green,

When we met in May, my understanding was that you would give FNHC until the end of the year to make changes to the Home Care service before withdrawing any of the grant. Even that short notice, as I advised you, would not allow for an orderly transition. So the cuts to the Home Care budget you have authorised for this year, on which we were given very little notice, with the zero funding coming in to place with effect from 1st January 2017, has meant that FNHC will now have to take immediate action to inform staff and patients of the changes. Also, despite being informed in October 2015 that "In 2016 HSSD will fund the totality of the District Nursing Service..." this did not happen and in fact we have still to receive any confirmation as to what funding may be applied to any of the Commissioned services for 2017.

We have taken legal and professional advice in respect of the staffing changes we are having to make and I have to reiterate the risks the organisation faces, the impact on staff and patients and potential costs.

As you know, three new members joined the FNHC Committee in May 2016 so previous decisions have been revisited afresh and further scrutinised. No one believes that it is in the interests of the Island to disband FNHC's Home Care service, make all staff redundant at a cost of around and leave at least 200 patients in limbo. There is renewed determination to retain our position as a major provider of home care in the Island but this means restructuring FNHC to enable it to compete in a commercial sector environment.

I believe you are also aware of the low rates of remuneration prevalent in the care sector and the impact this has had on standards of care in the UK. FNHC staff have traditionally been linked to public sector rates which now poses a problem. We have calculated that to break even, we will need to reduce the cost of staff salaries by around as well as reducing pension costs and other terms and conditions. This is the lowest we are prepared to go as we firmly believe that practices such as unpaid travelling time, training and sickness and zero hour contracts is not conducive to retaining high standards of care.

In bringing this change about, we are advised that we have to include all staff in the process of offering redundancy or new contracts. We have excluded from this process if they need to be a Registered Nurse to undertake their role for the following 2 main reasons:

a) *To facilitate the transfer of nursing staff within the Island; and*
b) *Maintaining the same terms and conditions that nursing staff receive from HSSD in order that we are able to retain our staff and attract staff with the right skills from both here and the UK.*

We are also mindful that these staff are having their terms and conditions reviewed under the job evaluation process.

Even with this exclusion, we now have to serve notice on half the staff, 117 people, informing them that they are at risk of redundancy. This includes all care staff wherever they work in the organisation as they are interchangeable, including clinical areas such as District Nursing, Rapid Response and Re-ablement, Child and Family Services as well as all Governance, administration and support staff up to and including the CEO and Finance Director.

I don't think I need to spell out the likely consequences and the level of risk in retaining all these staff on reduced terms and conditions whilst maintaining services.

The other problem at present is how to inform clients, mostly vulnerable elderly people. . We have looked at different fee arrangements, some seem to charge a basic rate and then various higher rates for weekend working etc. Our preference is to keep it simple and transparent with one published rate.

The difficulty we have is that there is nothing to offer clients in terms of financial support, other than to those in receipt of Long Term Care benefit. The social worker assessment of existing clients, promised last year, has only just begun and we have not heard anything further about possible financial support for the low income groups (Policy 1.) To help you bring these to a conclusion, we will only be giving warning of increased charges in the letter going out this week but with a promise that clients will receive details of new rates by the end of October 2016 at the latest. Even this is inadequate notice in the circumstances.

Apart from the impact on our most vulnerable elderly, and the moral and reputational risk being put on FNHC, we will also have a potentially high cost to bear. Put simply, the worst case scenario of all affected staff opting for redundancy would cost FNHC over whilst the best case brings a likely transitional cost of around as charges are increased and salaries reduced. This is based on fees increasing and staff terms and conditions changing on 1 January, 2017. Any delay beyond that adds considerably to these costs.

Needless to say, without some financial support from your Department to help us through this process, we may need to explore other ways of financing the transitional costs. It is a great pity that our funding was not left intact this year to mitigate some of these cost. Although the Charities Law has yet to be enacted, we have been applying the principals to our limited reserves and believe that it would be fraudulent to use money raised for the purpose of providing services to our community towards redundancy/transition costs.

It has been agreed that we set up a small hardship fund for clients who are in financial difficulty but this can only be for a very limited period to enable the States to take responsibility for those in need.

All parties are being advised of the change, meetings with staff and unions have been set up throughout this week. Employees who are at risk will be receiving a direct letter in the next few days. We have been liaising with various consultants, unions and stakeholders to ensure that all negotiations are fair to all employees and will do our utmost to help everyone through this process. This is a daunting task for a very small organisation with limited infrastructure.

You are well aware of our belief in the integrated nursing and home care model and getting the best outcomes for our patients and, as such, we will strive to continue to deliver excellent standards of care. FNHC has a proud heritage of over 100 years' service to the Island, nearly 65 years delivering home care support. We have been continually adapting to the needs of Islanders without any fanfare. We've thought long and hard about this, considered many options. We believe that this is the best way of offering a home care service to the high standards we set, of which the Island can be proud. Other options included lowering standards of care to unacceptable levels or reducing, even stopping the service, which did not sit well with us.

However, you are also well aware of our concerns about your decision not to allow any time for increased fee charges etc. to be phased in. Helping people afford home care needs your urgent attention as does the disincentive effect of high charges even for those who could afford them but chose not to opt for the required levels of care. Without any joined up policy, the impact could mean higher costs in the long term if the UK experience is anything to go by.

No doubt you will take our concerns on board and we will keep your officers advised of progress.

Yours sincerely,

Ann Esterson

**Ann Esterson**
**Chairman**

**Health and Social Services Department**
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6 October 2016

Dear Ann

## Re: Health and Social Services Commissioning Intentions for 2016

I was disappointed to receive your letter dated 26th September 2016, and also to see the media coverage regarding Home Care.

I can't find any record of us meeting in May which you refer to, but we did meet on 1st April, and I wrote to you on 13th April to confirm my position. In that letter, which I have attached, I clarified that my Department will cease the subsidy for home care from 1st January 2017, and that all clients in receipt of Long Term Care Benefit or Income Support personal Care Component (including the new 'PC4') should be using this to fund their Home Care.

Rachel Williams set out a clear timescale and expectations regarding the subsidy reduction in her letter of 13th April to your Chief Executive, which I have also attached:
*"In my letter of 18th December 2015, I offered an extension to your 2015 Agreement for a further 3 months, in order to provide you with some additional time to transition (noting that the subsidy withdrawal had first been signalled in 2014). It was agreed that you would produce a project plan, and John Spicer was made available to you 1 day per week to assist with either reducing your cost base / increasing productivity (a contractual obligation from 2014 and 2015), or making decisions regarding utilisation of charitable funding to subsidise your market rates.*

*Calculations undertaken by our Finance Department indicate that your direct costs of home care are c£40 per hour; I am aware that you receive income of £11 per hour from clients, therefore the required subsidy is £29 per hour. If the income you received from clients was set at the market rate of £19 per hour, you would require a £21 per hour subsidy from HSSD in order to achieve your current full direct cost recovery of £40 per hour.*

*With this in mind, the following timescales will apply:*

i. *From 1 May, HSSD will fund 100% of Home Care activity at £29 per hour (i.e. covering your direct costs of care)*
ii. *From 1 August, HSSD will fund at £21 per hour (i.e. covering the direct costs of care after deducting the market rate for care)*
iii. *From 1 August, all 48 clients currently receiving LTCB will no longer receive any HSSD subsidy"*

This was agreed in a meeting between Officers on 24th May (notes of which I have attached), and culminated in us agreeing the terms of the contract for the remainder of 2016 in the Officer meeting on 4th August. The contract also included the additional investment in Rapid Response and Reablement, which includes home care reablement (which is fully funded, as this service would not be funded through the Long Term Care benefit or Income Support Personal Care Component).

As I noted in April, I believe the agreed transition over 2016 should be achievable, particularly as my understanding is that your home care activity in 2016 is 30% less than 2015, so I am assuming this will have had an associated cost base reduction for home care and, as you have been aware of the Commissioning Intentions for some significant time, you will have been achieving staffing reductions through natural wastage or through transferring staff to your Home Care reablement service, which my Department fully funds.

There has been much misreporting in the media which I wanted to take this opportunity to clarify. As outlined in April, the phased reduction in the subsidy is not the same as 'removing a block contract'. I was under the impression that you had understood this in the meeting and you expressed your commitment to achieving the subsidy removal, so I am particularly disappointed to see the media coverage which intimates that my Department are removing block funding. The media coverage also make no mention of the additional investment provided by my Department.

On a more positive note, I understand that work is progressing well towards agreeing the details for District Nursing; it was agreed that this would be completed by the end of October. In addition, as previously agreed, my Department will also fund Children's services in 2017 and continue to invest in Rapid Response and Reablement.
Regarding 'policy 1', I understand that assessments are now being completed, and I will consider the policy position later this month when I have received information regarding the outcome of these assessments.

I must reiterate that I consider Family Nursing and Home Care to be key partners in delivering high quality, cost effective care. However, my Department cannot continue to subsidise a service in a competitive market. The phased reduction of the subsidy was agreed with your Chief Executive and Finance Director in early August. This was the culmination of numerous meetings, discussions and correspondence in 2015 and 2016, and followed the Commissioning Intentions which you were made aware of in mid-2014.

Yours sincerely

**Senator Andrew Green MBE**
**Minister for Health and Social Services**

Copy:
Constable Refault
Deputy McLinton
Julie Garbutt
Rachel Williams
Jason Turner

Attachment 1 – Letter from Senator Green to Ann Esterson, 13 April 2016

**Health and Social Services Department**
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Ann Esterson
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Family Nursing and Home Care
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13 April 2016

Dear Ann

## Re: Health and Social Services Commissioning Intentions for 2016

Thank you for meeting with myself and my officers. I think we had some useful and interesting discussions, and I hope the meeting went some way to clarifying the way forward, which we have discussed at various times over the past 2 years. As I noted at the meeting, I appreciate and value the work that is done by Family Nursing and Home Care. You are a much-loved Jersey organisation, and I know that many Islanders benefit from your services and hold you in high regard.

I have attached a letter from Rachel Williams to Julie Gafoor, which I hope will provide you with the technical detail and clarity that you have requested. I hope this addresses your questions, and also those which you raised in your email last Monday. I will try to respond to your email firstly; I have written your original email in blue, for ease of reading:

(1) Health will no longer fund any home care for the elderly (unlike the UK which funds it albeit on a limited budget). It was unclear whether homecare services currently paid through a block contract would continue to be funded by Health, typically complex child cases.

- the Long Term Care Benefit funds care for some Islanders, others will be considered within 'policy 1', which is being developed this year. Towards the end of the year we will be able to confirm the funding sources for all adults. Notwithstanding this, HSSD will continue to fund care for anyone under the age of 18.

(2)Existing funding, largely targeted at the more vulnerable elderly through FNHC, will be withdrawn. There is no intent to purchase any social care for the elderly through any provider.

- As I explained in our meeting, from 1st January 2017 we will fully withdraw the subsidy which is being used to reduce your home care charges.

(3)Jersey residents in need of homecare support will have to find a provider and pay the full cost of such services at a price the market determines. (4) Those who qualify for the Long Term Care Allowance will have a component to cover all or part of the cost (depending on fees charged by providers.)

- this is correct, and has been the case since the introduction of the Long Term Care benefit in 2014. An individual's Long Term Care Benefit amount is determined by their needs assessment and their ability to meet their initial care costs themselves.

(5) The less well-off and cash poor who don't come into the LTCA categories may be helped through the Income Support System but this has yet to be confirmed. I am unclear whether the Policy 1 proposal has been approved by the Social Security Minister, what level of support, if any, might be given and the timeframe.
- HSS is working very closely with the Social Security Department to ensure that low income households will be able to receive means tested support with care costs through an extension of Income Support Personal Care components.

(6) You want to keep FNHC in the mix of providers but may be unable to help ease the transition of the elderly receiving homecare services at a reduced to a full rate from FNHC ( and also FNHC's transition to the creation of a business model arm of the organisation) after the end of this year.
- I want Islanders to have choice, in order to achieve this we need a number of providers.

(7) The policy intent is to fund District Nursing Services in full but as yet the basis of assessing full costs and timeframe is unclear.
- I understand that both of our teams have agreed to complete this work by the end of this month; Rachel's letter (attached) refers to this.

As explained in the meeting, I am clear that my Department needs to cease the home care subsidy from 1st January 2017, and also needs to improve value for money from District Nursing. To that end, Rachel has set out a clear timescale and expectations in her letter to your Chief Executive. I believe this is a considered and achievable plan, which should provide you with enough time to make any changes, for example, by considering whether you wish to subsidise your services using other funding sources. I just wanted to be clear, though, that this isn't the same as 'removing a block contract', and I was heartened that you understood this in the meeting and expressed your commitment to achieving the subsidy removal.

In terms of District Nursing, our teams will continue to work together on the service specification, and the amount of services that Islanders need. I understand that this will be complete by the end of this month.
I can also confirm that the funding for Children's services will remain at 2015 levels for the remainder of 2016.

In summary, I wanted to note that I understand you are concerned about the changes facing FNHC, but I hope you also agree that there are many opportunities to develop and integrate care in order to ensure that services remain safe, sustainable and affordable and are delivered in partnership.

I intend to continue to support the most vulnerable individuals in our society, in particular by investing in rapid response, reablement home care, mental health and sustained home visiting, and I hope that FNHC will continue to be a key partner in this journey, receiving additional funding to provide some of these new and expanded services.

I trust this letter has helped to clarify your questions, and I would like to take this opportunity to thank you again for your hard work and dedication, and to the difference you make to Islanders on a daily basis.

Yours sincerely

**Senator Andrew Green MBE**
**Minister for Health and Social Services**

Copy: Constable Refault, Deputy McLinton, Julie Garbutt, Rachel Williams, Jason Turner

Attachment 2 – Letter from Rachel Williams to Julie Gafoor, 13 April 2016

**Health and Social Services Department**
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States of Jersey

Julie Gafoor
Chief Executive
Family Nursing and Home Care
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13 April 2016

Dear Julie

## Re: Health and Social Services Commissioning Intentions for 2016

I am writing following the meeting between HSSD and yourselves on 1st April. In that meeting, and in your recent letter, you requested further clarity regarding HSSD's Commissioning Intentions and in particular regarding timescales. I will address each of the three services in turn (Home Care, District Nursing and children's services):

### Home Care

As noted at the meeting, it is useful to consider two elements separately:

1. Withdrawal of home care subsidy and reduction in home care cost base
2. Clarity over funding sources (Long Term Care Benefit and Policy 1)

To be completely clear, we are not 'removing a block contract'; we are withdrawing the (anti-competitive) HSSD subsidy and also working with you to identify the most appropriate funding sources for your clients. This needs to have been fully implemented by 1st January 2017, but the subsidy transition needs to start immediately.

I will outline each of the two elements separately:

**Withdrawal of subsidy**

As your Chairman recognised in the meeting, the Department cannot continue to subsidise the cost of your home care services, as these services are now provided in a competitive market; to continue the subsidy using taxpayers' money would be unfair to the other providers.

In my letter of 18th December 2015, I offered an extension to your 2015 Agreement for a further 3 months, in order to provide you with some additional time to transition (noting that the subsidy withdrawal had first been signalled in 2014). It was agreed that you would produce a project plan, and John Spicer was made available to you 1 day per week to assist with either reducing your cost base / increasing productivity (a contractual obligation from 2014 and 2015), or making decisions regarding utilisation of charitable funding to subsidise your market rates.

Calculations undertaken by our Finance Department indicate that your direct costs of home care are c£40 per hour; I am aware that you receive income of £11 per hour from clients, therefore the required subsidy is £29 per hour. If the income you received from clients was set at the market rate of £19 per hour, you would require a £21 per hour subsidy from HSSD in order to achieve your current full direct cost recovery of £40 per hour.

With this in mind, the following timescales will apply:

iv. From 1 May, HSSD will fund 100% of Home Care activity at £29 per hour (i.e. covering your direct costs of care)

v. From 1 August, HSSD will fund at £21 per hour (i.e. covering the direct costs of care after deducting the market rate for care)

vi. From 1 August, all 48 clients currently receiving LTCB will no longer receive any HSSD subsidy.

The rate at which you market your services is, of course, a matter for you to decide. Whilst we cannot require you to utilise alternative funds to subsidise your Home Care, I would expect you to consider using your charitable funds or reserves in the period to 1 January 2017 (when the Income Support Personal Care Component 4 is planned to be introduced), in order to protect individuals from financial hardship.

In terms of the safe transition and achievability of my proposals, my understanding is that you are projecting home care activity in 2016 that is 30% below your activity levels from 2015; I am assuming this will have an associated cost base reduction and, when considered along with the financial information above, an immediate reduction in HSSD's subsidy should be safely achievable.

**Funding Sources**

I understand that previous discussions have clarified there are 4 categories of clients:

1. Individuals currently in receipt of Long Term Care Benefit, who are already appropriately using this to purchase home care services
2. Individuals currently in receipt of Long Term Care Benefit, who are not using this to purchase home care services
3. Individuals who may be eligible for the Long Term Care Benefit, but have not yet been assessed
4. Individuals who do not meet the Long Term Care Benefit criteria ('policy 1')

I understand that you have reduced the number of clients for whom you provide home care, to approximately 220 individuals, c58% of whom you believe have care needs at GNS 3 – 5. You also currently have 48 clients who are already in receipt of Long Term Care Benefit.

With this in mind, I am proposing that, over the course of 2016, we will assess all of your clients using our standard assessment tool, and will transfer their funding to the Long Term Care Benefit at that point.

I have asked Chris Dunne to confirm the timescales for these assessments with you.

As you are aware, we are also progressing political decisions regarding 'policy 1'; this being the clients who are not eligible for the Long Term Care Benefit but for whom the States will in future provide means tested funding through Income support. This policy will be complete by Q4 2016.

In our January meeting you agreed to alter your financial reporting to provide clarity regarding funding sources, and to progress service line costing once the 2015 accounts are closed; this should provide you with clarity in order to robustly plan the transition of funding sources.

## District Nursing

As stated in the Commissioning Intentions and in meetings in January and February, HSSD will commission and fund District Nursing, against a revised specification and metrics. I understand that the specification has been completed by John Spicer and Tia Hall; the next step is to specify the level (volumes) of services that HSSD wish to commission, based on International benchmarks. This will be complete by 30th April 2016.

The new specification, with clear commissioned volumes and metrics, will be introduced from 1 January 2017; until then, HSSD will continue to fund District Nursing at the same levels as in 2015. Given the 2014 contractual requirement to improve productivity and efficiency, and the fact that your funding has increased with inflation since that time rather than reducing to take account of increased productivity, this should provide you with sufficient financial headroom to transform services safely in the remaining 8 months of the year.

## Children's Services

I can confirm that the funding for Children's services will remain at 2015 levels for the remainder of 2016. Andrew Heaven will discuss any required changes to Children's services with you in Q3 2016.

Any new Agreement will apply from 1 January 2017 for 2 years, during which time, HSSD may decide to re-tender services.

## Summary

I understand your concerns regarding the changes facing FNHC, but I hope you also agree that there are many opportunities to develop and integrate care in order to ensure that services remain safe, sustainable and affordable and are delivered in partnership. Both P82 and the Sustainable Primary Care Strategy are important in this regard, and FNHC have been a key partner in this journey, receiving additional funding to provide new services such as Rapid Response and Reablement.

I trust this letter has clarified the required timescales and funding levels, and I look forward to continuing our regular meetings and to working together as you move safely towards the new funding arrangements.

Yours sincerely

Rachel Williams
Director of System Redesign and Delivery
Health and Social Services
States of Jersey Department

cc.
Ann Esterson
Senator Green
Constable Refault
Deputy McLinton
Julie Garbutt
Rachel Williams
Jason Turner

**Attachment 3 – Notes of Officer meeting, 24 May 2016**

**Notes of a meeting between FNHC and HSSD, 24 May 2016**
**Present:** Julie Gafoor, Adrian Blampied
Rachel Williams, Amy Taylor

**Home Care**
Julie noted that FNHC accept the principle of reducing the subsidy.

Adrian noted that we need to agree the elements of the 2016 costs that need to be removed from the overhead calculations e.g. EMIS, refurbishment.

Adrian suggested that the Home Care funding from HSSD for May – December 2016 should be £555,488 (for 44,000 hours). This is pro rata at the rate of £29 per hour for 1 May – 31 July, and £21 per hour for 1 August – 31 December. Long Term Care Benefit should fund 16,973 hours.

It was agreed that, by 30 June at the latest (but earlier if possible, in order to provide FNHC with certainty) that:

- HSSD will fund Home Care for 2016 on this calculation basis
- Adrian to remove the non-overhead costs from the overhead calculation
- Amy and Adrian to agree the apportionment of overheads to services
- Adrian to refresh the other costings e.g. the Rapid Response and Reablement

**District Nursing and Specialist Nurses**
Julie noted that FNHC are broadly in agreement with the updated specifications. Rachel noted that there are a small number of changes that will be added following a discussion with Claire White.

Julie explained that FNHC will be piloting EMIS data collection for District Nursing, from 1st July.

Rachel explained that HSSD will be commissioning on an activity basis from 1 January – i.e. that there will be a payment for an amount of activity (which will be determined by benchmarking and considering current activity levels). Bronwen Whittaker (Deputy Director Community & Primary Pathways) will lead on this when she is in post from 27 June. This will provide the remainder of the year to be clear on requirements and safely transition. Julie expressed her comfort with Bronwen taking this role.

**Rapid Response & Reablement**
The 'implementation plan' was discussed. Julie noted that this was a plan to improve productivity, not a plan to transition from Proof of Concept' to 'Business As Usual'. Julie noted that a transition plan from Proof of Concept' to 'Business As Usual' was required. She would send this to Rachel, along with the proposed budget and staffing structure. Rachel noted that, once she has received and reviewed this, she would be in a position to agree that Rapid Response & Reablement can move into 'Business As Usual'.

Rachel noted that she is on leave from Thursday 2nd June to 13th June.

In terms of the future, Rachel noted that, like District Nursing, the intention is to commission Rapid Response & Reablement on an activity basis from 1 January 2017. This will mean that FNHC will be responsible for operationally managing the service in order to achieve that activity, and therefore will not need to seek agreement for operational matters such as changing staffing levels. Julie welcomed this approach.

Rachel noted that FNHC still need to agree a Memorandum of Understanding (MOU) with Community & Social Services, regarding matters such as staff deployment and availability. She suggested that this should be progressed as a matter of urgency, and included in the transition plan.

**Policy 1**

Rachel provided an update on timescales and actions, and shared the action plan with Julie and Adrian.
Julie agreed that FNHC would send letters to their clients in due course, and would assist in arranging the assessments as HSSD cannot contact FNHC's clients due to Data Protection issues.

**Actions and update from February meeting**

**Adult Commissioning Intentions**

Requested Action 1: Provide information regarding progress against contractual requirement to improve efficiency for District Nursing and Health Visiting and Invest to Save projects (electronic patient record and Clinical Management system). Not yet received

- Reiterated that JS would work with FNHC to identify the data / information that could demonstrate improvements in efficiency.

JG explained that the FNHC Business Plan has not yet been to their Committee. JG to send to RW when this has happened – possibly end of February. Received

Requested Action 2: refund HSSD for any posts that are funded but are vacant

- AB noted that 2015 accounts are not yet closed, but would be completed in draft by 12 February. AB to then confirm the unspent P82 monies. Not yet completed

Commissioning Intention 1 – Alter financial reporting to provide clarity regarding funding sources; progress service line costing

- AB agreed to progress this once the 2015 accounts are closed. In progress?

Commissioning Intention 2 – work together to align processes and criteria for Policy 1, and Commissioning Intention 4 – review all Homecare clients and transfer to appropriate funding source

- FNHC will send data to Will Lakeman this week, then meet in the week commencing 22 February. Complete
- JG noted that the client base is now c220, with approximately 58% at GNS 3 – 5
- RW noted that clients are assessed, their Indicative Budgets identified and the individuals then choose their providers; she suggested that FNHC should consider how to make themselves more financially competitive and/or to consider their offering in order to ensure clients continue to choose their services
- JG noted that FNHC may decide not to remain in the market for traditional home care in the future
- JG noted that the next FNHC Committee meeting is 12 April, as Ann Esterson is away for 7 weeks

Commissioning Intention 5 – HSSD to fund District Nursing, with a revised specification and metrics. In progress

- RW reiterated that HSSD are intending to fund District Nursing (all service provision costs). An updated service specification is required
- JS and FNHC to revise and update the service specification and metrics in Q1 (action as per previous meeting); this will include considering service models from other jurisdictions and their outputs / outcomes, modelling to understand volumes, understanding the current services and identifying gaps

Commissioning Intention 8 – produce a project plan to improve sustainability. Not received

- FNHC had not produced an initial draft project plan. This was an agreed action from the previous meeting, and was to be discussed in this meeting

- A short discussion ensued regarding workstreams; RW asked if FNHC needed help to produce the initial draft; JG / AB noted that they could do it
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    - 2015 staffing and cost
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    - Reasons – how this will increase capacity and value for money
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- A short discussion was held regarding strategic / future ambitions for RRRT, including which organisation should employ staff once the team has moved to 'business as usual'

**FNHC / HSS contract 2016 – summary proposals**

1. **Summary**

In summary, it is proposed that a contract is signed for 2016 to cover the following elements:

- District Nursing
- Children's services (including MESCH)
- Homecare
- RRRT

This contract will set out the service specifications for each service.

The funding for the contract will be confirmed for 2016 on signing. FNHC will work with the Deputy Director, Primary and Community Services over 2016 to agree the 2017 specifications, contract and funding. This will include commissioning based on activity.

The 2017 service specifications will be finalised by 31 October 2016, and the funding to be agreed no later than 30 November 2016. Should the specifications and/or funding not be agreed by the above dates due solely to the Commissioner not progressing their agreed actions to the agreed timescales, payments will be made on account for 2017.

Once signed, FNHC will be responsible for delivery of each of these services, in line with service specification. FNHC will also be responsible for developing the services in order to ensure they meet the 2017 service specifications. This includes providing services as agreed irrespective of sickness / vacancies etc.

HSS will commit to funding the contract at the agreed rate, with no recovery of funding for vacancies going forward to recognise the move from IPOC to BAU for the RRRT element and in order to provide stability for FNHC over the remainder of 2016.

The proposed financial schedule for the contract for 2016 is:

| | 2016 |
|---|---|
| | £ |
| Core contract (DN, Children's and H/C) | 5,970,000 |
| MESCH | 335,000 |
| RRRT 2015 team | 689,000 |
| Additional RRRT nurses | 42,000 |
| | 7,036,000 |

Funding for 2017 will include the following elements:

- Full funding of District Nursing service (formula to be agreed)

- Full funding of Children's services (formula to be agreed)
- No further funding for Homecare services
- RRRT to be funded at 2016 (full year effect) rate of , adjusted for impact of MOU with CSS including additional nursing posts for mental health services (total budget for service : . This could be amended earlier than 2017 if the MOU and implementation plan are finalised earlier.

**2. Main contract**

The main contract in 2015 had a value of £6,402,000. This reflects the 2014/15 contract, adjusted for inflation as agreed in the contract.

It is proposed that this is adjusted in 2016 in line with the Commissioning intentions to reduce the HSS subsidy to FNHC for Homecare, reflecting a reduction in hours provided and a process to ensure that HSS is not subsidising in a competitive market by the beginning of 2017.

As part of the transition, it was agreed that reductions in subsidy would only commence from May 2016 (stepped).

The adjustments proposed are as follows:

A. Reduction in Activity

The reduction in hours between 2015 and 2016 is 12,000 hours, down to 44,000 in 2016. The reduction seen in the previous year (2014 to 2015) in Home Care relates to the Social Care Assessment Team that had been disbanded and reintegrated with District Nursing in 2014. This team had original come from District Nursing and had only been part of Home Care for management purposes.

The net reduction in hours is therefore 12,000 hours (to 44,000 hours at the start of 2016).

B. Subsidy level

HSS have estimated the per hour subsidy to be £29 per hour based on the 2014 accounts which showed a per hour direct cost of homecare of £40.

Based on the 2015 accounts, the direct cost of Homecare was £2,118,000 for 56,000 hours of care, which represents £37.80 per hour of direct cost.

It is therefore proposed that the rate to be used for calculating the current subsidy for this contract is £26 rather than £29.

It is proposed that the contracted hours from 01 April are 44,000 and that therefore a reduction in payment is calculated using the £26 per hour rate for the 12,000 hour reduction.

From August 2016 this subsidy will be reduced further to £21 per hour.

C. Removal of subsidy for Long Term Care clients

It is proposed that, from August the subsidy attributable to those clients in receipt of Long Term Care Benefit will cease. This represents 17,000 hours of care.

D. Adjustment for inflation 2016

The 2014/15 contract allowed for a non-pay inflation annual increase based on an assumption that non-pay represented 10% of the contract. It is proposed that this principle is maintained for 2016 (impact £16,000) although it is noted that HSS has not been funded for non-pay inflation for 2016 – 2019 and therefore this is not likely to be continued in future years.

Overall the calculation for the proposed reduction is therefore as follows:

| | £ per hour | Hours | Full year equivalent | Months | Pro Rata |
|---|---|---|---|---|---|
| | | | £ | | £ |
| Reduction from 1st May | 26 | 12,000 | (312,000) | 8 | (208,000) |
| Reduction from 1st August | 5 | 44,000 | (220,000) | 5 | (91,700) |
| Removal of LTC clients | 21 | 17,000 | (357,000) | 5 | (148,800) |
| Adjustment for non-pay inflation | | | | | 16,000 |
| Net reduction in funding | | | | | (432,500) |
| | | | | | |
| 2015 contract value | | | | | 6,402,000 |
| | | | | | |
| 2016 contract value | | | | | 5,969,500 |

3. Rapid Response and Reablement

The 2015 (recurrent) contract amount for RRRT was £715,000 with an agreement that the £180,000 additional funding for HCAs would increase for the full year effect to £200,000 in 2016. This brings the brought forward baseline value to £735,000.

In addition there is funding identified to meet the costs of 2 additional nurses in 2016 (£100,000 in 2016, £120,000 recurrently), and from December 2016 for two mental health nursing posts (£10,000 in 2016, £130,000 recurrently).

For 2016, there have been vacancies in existing posts and the two new posts have not yet been confirmed. This leads to underspends to the 31 July of £46,000 and £58,000 respectively.

The funding for 2016 for RRRT would therefore be £731,000 as shown in the table below.

| | 2016<br>£ |
|---|---|
| RRRT existing team (FNHC) | 735,000 |
| Additional RRRT nurses | 100,000 |
| **Full year budget** | **835,000** |
| | |
| Underspend on existing team to 31 July | (66,000) |
| Underspend on new posts to 31 July | (38,000) |
| | (104,000) |
| | |
| **Net contract amount** | **731,000** |
| | |
| Existing CSS budget (including GP funding of £12k) | 435,000 |
| Existing ED consumables budget | 40,000 |
| Additional MH nurses (part year 2016) | 10,000 |
| **TOTAL funding for RRRT** | **1,216,000** |

Contract funding for 2017 is dependent on the outcome of the MOU with CSS. In total the available budget is which will be divided between FNHC and HSS based on the MOU.

4. **Sustained Home Visiting (MESCH)**

MESCH funding is agreed at £335,000 recurrently. No change is proposed to this for 2016 and it will be included in the 2016 contract at this value.

For 2017, the funding will be included within the FNHC Children's services provision and funded.

**Notes of a meeting between FNHC and HSSD, 24 May 2016**

**Present**: Julie Gafoor, Adrian Blampied
Rachel Williams, Amy Taylor

**Home Care**
Julie noted that FNHC accept the principle of reducing the subsidy.
Adrian noted that we need to agree the elements of the 2016 costs that need to be removed from the overhead calculations e.g. EMIS, refurbishment.
Adrian suggested that the Home Care funding from HSSD for May – December 2016 should be £555,488 (for 44,000 hours). This is pro rata at the rate of £29 per hour for 1 May – 31 July, and £21 per hour for 1 August – 31 December. Long Term Care Benefit should fund 16,973 hours.

It was agreed that, by 30 June at the latest (but earlier if possible, in order to provide FNHC with certainty) that:

- HSSD will fund Home Care for 2016 on this calculation basis
- Adrian to remove the non-overhead costs from the overhead calculation
- Amy and Adrian to agree the apportionment of overheads to services
- Adrian to refresh the other costings e.g. the Rapid Response and Reablement

**District Nursing and Specialist Nurses**
Julie noted that FNHC are broadly in agreement with the updated specifications. Rachel noted that there are a small number of changes that will be added following a discussion with Claire White.
Julie explained that FNHC will be piloting EMIS data collection for District Nursing, from 1st July.
Rachel explained that HSSD will be commissioning on an activity basis from 1 January – i.e. that there will be a payment for an amount of activity (which will be determined by benchmarking and considering current activity levels). Bronwen Whittaker (Deputy Director Community & Primary Pathways) will lead on this when she is in post from 27 June. This will provide the remainder of the year to be clear on requirements and safely transition. Julie expressed her comfort with Bronwen taking this role.

**Rapid Response & Reablement**
The 'implementation plan' was discussed. Julie noted that this was a plan to improve productivity, not a plan to transition from Proof of Concept' to 'Business As Usual'. Julie noted that a transition plan from Proof of Concept' to 'Business As Usual' was required. She would send this to Rachel, along with the proposed budget and staffing structure.
Rachel noted that, once she has received and reviewed this, she would be in a position to agree that Rapid Response & Reablement can move into 'Business As Usual'.
Rachel noted that she is on leave from Thursday 2nd June to 13th June.

In terms of the future, Rachel noted that, like District Nursing, the intention is to commission Rapid Response & Reablement on an activity basis from 1 January 2017. This will mean that FNHC will be responsible for operationally managing the service in order to achieve that activity, and therefore will not need to seek agreement for operational matters such as changing staffing levels. Julie welcomed this approach.

Rachel noted that FNHC still need to agree a Memorandum of Understanding (MOU) with Community & Social Services, regarding matters such as staff deployment and availability. She suggested that this should be progressed as a matter of urgency, and included in the transition plan.

**Policy 1**
Rachel provided an update on timescales and actions, and shared the action plan with Julie and Adrian.
Julie agreed that FNHC would send letters to their clients in due course, and would assist in arranging the assessments as HSSD cannot contact FNHC's clients due to Data Protection issues.

**Actions and update from February meeting**

**Adult Commissioning Intentions**

Requested Action 1: Provide information regarding progress against contractual requirement to improve efficiency for District Nursing and Health Visiting and Invest to Save projects (electronic patient record and Clinical Management system). Not yet received

- Reiterated that JS would work with FNHC to identify the data / information that could demonstrate improvements in efficiency.

JG explained that the FNHC Business Plan has not yet been to their Committee. JG to send to RW when this has happened – possibly end of February. Received

Requested Action 2: refund HSSD for any posts that are funded but are vacant

- AB noted that 2015 accounts are not yet closed, but would be completed in draft by 12 February. AB to then confirm the unspent P82 monies. Not yet completed

Commissioning Intention 1 – Alter financial reporting to provide clarity regarding funding sources; progress service line costing

- AB agreed to progress this once the 2015 accounts are closed. In progress?

Commissioning Intention 2 – work together to align processes and criteria for Policy 1, and Commissioning Intention 4 – review all Homecare clients and transfer to appropriate funding source

- FNHC will send data to Will Lakeman this week, then meet in the week commencing 22 February. Complete
- JG noted that the client base is now c220, with approximately 58% at GNS 3 – 5
- RW noted that clients are assessed, their Indicative Budgets identified and the individuals then choose their providers; she suggested that FNHC should consider how to make themselves more financially competitive and/or to consider their offering in order to ensure clients continue to choose their services
- JG noted that FNHC may decide not to remain in the market for traditional home care in the future
- JG noted that the next FNHC Committee meeting is 12 April, as Ann Esterson is away for 7 weeks

Commissioning Intention 5 – HSSD to fund District Nursing, with a revised specification and metrics. In progress

- RW reiterated that HSSD are intending to fund District Nursing (all service provision costs). An updated service specification is required
- JS and FNHC to revise and update the service specification and metrics in Q1 (action as per previous meeting); this will include considering service models from other jurisdictions and their outputs / outcomes, modelling to understand volumes, understanding the current services and identifying gaps

Commissioning Intention 8 – produce a project plan to improve sustainability. Not received

- FNHC had not produced an initial draft project plan. This was an agreed action from the previous meeting, and was to be discussed in this meeting
- A short discussion ensued regarding workstreams; RW asked if FNHC needed help to produce the initial draft; JG / AB noted that they could do it
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