

Decision Maker: Executive

Date: 19 October 2011

Decision Type: Non-Urgent Executive Key

Title: TRANSFORMING COMMUNITY EQUIPMENT SERVICES

Contact Officer: Silivo Giannotta, Commissioning Officer, Adult and Community Services
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Chief Officer:

Ward: Boroughwide

1. Reason for report

This report outlines proposed changes to the Integrated Community Equipment Service (ICES) in Bromley, with the proposed externalisation of the in-house ICES store and transfer of the loan equipment and minor adaptations service to an external provider, including implementing a limited item prescription based 'Retail Model' for the provision of simple aids to daily living, typically items valued under £100.

The report also sets out the outcome from a staffing consultation on the proposals.

2. **RECOMMENDATION**

That the Executive:

2.1 **Notes the result of the staff consultation process**

2.2 **Agrees to pursue Option 4 (as set out in para 3.8) for the future provision of ICES**

2.3 **Agrees to participate in the London Consortium Framework agreement operated by the Royal Borough of Kensington and Chelsea**

2.4 **Approves the award of a call on contract with Medequip Assistive Technology Ltd for the provision of Community Equipment Services from the 01 April 2012 to the 31 March 2015, using the Framework Agreement**

2.5 **Delegates authority to the Chief Officer, Adult and Community Services to extend the Medequip Assistive Technology Ltd contract by a further two years following the expiry of the initial contract term on 31st March 2015.**

Corporate Policy

1. Policy Status: Existing policy. LBB Core Operating Principles
 2. BBB Priority: Excellent Council. Supporting Independence in Bromley
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Financial

1. Cost of proposal: Estimated cost £793k one off
 2. Ongoing costs: Recurring cost. £778k from 2013/14
 3. Budget head/performance centre: Care Services Division & Housing Division
 4. Total current budget for this head: £855 (£775 ICES plus £80k Handyperson Service)
 5. Source of funding: ACS Portfolio
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Staff

1. Number of staff (current and additional): 11 (10 full time, 1 part time)
 2. If from existing staff resources, number of staff hours:
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Legal

1. Legal Requirement: Statutory requirement. Statutory responsibility to have these services available, can be provided by any provider,
 2. Call-in: Call-in is applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): During the year 2010/11 approximately 10,000 delivery and collection visits were made by ICES
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The Integrated Community Equipment Service (ICES) is used by social and health care professionals to arrange for the provision of equipment and minor adaptations of properties to eligible service users following an assessment of needs, thus supporting people to maximise their independence and remain living in their own homes for as long as possible.
- 3.2 The in-house ICES store coordinates the provision of loan equipment, such as hoists, commodes, and “hospital style” beds via an approved list of nine suppliers. The minor adaptations service such as the installation of key safes and grab rails is contracted out to external providers. These arrangements are due to expire on 31st March 2012.
- 3.3 Loan equipment is issued to eligible residents on a temporary basis, and once it is no longer required by an individual, ICES will ‘recycle’ the equipment and reissue to other eligible users, this ensure the cost of providing equipment is kept to a minimum.

The Retail Model

- 3.4 Many people wish to choose equipment rather than accept the standard items used by ICES. A form of direct payment for equipment has been developed in conjunction with the Department of Health. The Retail Model works by social and health care professionals issuing “prescriptions” for low value items of equipment, typically below £100 for example grab rails, bath boards and perching stools, to eligible service users. Individuals can redeem these prescriptions from any one of the 12 accredited retailers in Bromley and also have the option to “top-up” the prescription value, giving them a wider choice of items to suit their preference.
- 3.5 Alongside the Retail Model, other options were examined for the provision of loan equipment including independent supply of items and also supply and delivery compared with the current in-house service. Options were evaluated against the following criteria:
- Supportive of retail model – proposals to facilitate the implementation of the Retail Model giving people greater choice and control
 - LBB Corporate Operating Principles (COP) – a commissioning organisation seeking those best placed to deliver services to the community
 - Efficiencies – delivering value for money to customers and council tax payers
 - Meets specification – any change in service must be fit for purpose and meet the requirements of all stakeholders
 - Implementation timescales - any change in service is to commence 01 April 2012 following the expiry of existing arrangements.

London Consortium

- 3.6 The London Consortium framework is led by the Royal Borough of Kensington and Chelsea with 15 other participating London Borough members to date. The framework was established over a considerable timeframe with input from founding members, and it has established a tested and agreed common equipment catalogue, resulting in bulk buying; a bespoke IT system ensuring greater controls on ordering equipment and a joint working approach which has led to improved shared knowledge and better common practices amongst member authorities. It commenced on 1st April 2010 and was to run for a period of 5 years with an optional 2 year extension.

A one off joining fee is payable to the Consortium to reflect the work that has gone into developing the framework by the founding members, along with annual administration and IT fees.

Advantages of joining the consortium are:

- Lower cost of equipment through efficiencies of scale (equipment can be up to 25% cheaper than current suppliers)
- Networks in the consortium resulting in shared practice
- Parity of equipment within the consortium
- IT System – greater ability to control spend at the point of ordering the equipment
- High performance – currently around 99% of deliveries are on time
- Bespoke items of equipment are all catalogued – resulting in higher re-use rate and the opportunity of re-selling these within the consortium

3.7 The Medequip equipment catalogue is 99% compatible with the national catalogue used for the Retail Model. The compatibility of the Medequip catalogue and the LBB stock catalogue was endorsed as meeting the required standard by the ICES Advisory Board on 13th May 2011, comprising service leads of health and social care professionals issuing equipment.

Option	Comment
<p>1. Partial Membership of the London Consortium</p> <p>Option 1 = Partial membership without a retail model</p> <p>Option 2 = Partial membership with a retail model</p>	<p>Partial membership of the consortium would enable the Council to continue providing loan equipment through its in-house store, with a change in supplier contract resulting in the equipment provided via the London consortium agreement with Medequip. Residual stock items will continue to be issued until all stock has been depleted.</p> <p>Minor adaptations, including fittings and installations would transfer from the current contractors to Medequip.</p> <p>As part of the options analysis, consideration was given to the implementation of the retail model and how this new model could be implemented in a cost effective manner. Therefore a financial analysis was completed for the partial membership of the consortium without a retail model [Option 1] and also what the impact would be of implementing a retail model [Option 2].</p>
<p>2. Full Membership of the London Consortium</p> <p>Option 3 = Full membership without a retail model</p> <p>Option 4 = Full membership with a retail model</p>	<p>Full membership of the London Consortium would result in the externalisation of all ICES activities to Medequip via the London Consortium Framework Agreement.</p> <p>This includes the provision of equipment, minor adaptations, delivery and collection, service and repair, decontamination, recycling and storage of all LBB equipment.</p> <p>The in-house ICES store would no longer be required, with ICES staff transferring to Medequip. All current stock would be audited by Medequip and will continue to be issued until depleted.</p> <p>As for the partial membership outlined above, the option analysis considered the impact of joining the consortium, but also the impact of implementing a retail model. Option 3 represents full membership <i>without</i> a retail element, whereas Option 4 includes a retail element. Furthermore, this option would free up the premises</p>

	currently occupied by the ICES store. The Chief Property Officer has identified that the vacant space released by the externalisation of ICES could potentially be used for alternate purposes.
3. Joining the Integrated Procurement Hub (Croydon Council)	<p>The hub can be described an umbrella type arrangement, with the host authority leading on procurement of equipment and partner Authorities choosing in what capacity to participate i.e. for the provision of equipment, the provision of equipment and delivery to in-house stores or alternatively a full service.</p> <p>Croydon Council were recently announced as the Host Authority for the Procurement Hub by the Department of Health and have been tasked with designing a pilot scheme meeting the needs for complex aids to daily living in a more efficient and cost effective manner. In order to generate any significant savings, the pilot will require 4/5 partner authorities to join the scheme and have significant input into the design, build and running of the pilot.</p> <p>It is estimated that approximately 3-4 months will be required to design and build the pilot, with a further 2-3 months required testing the new processes.</p> <p>Given the timescales involved and uncertainties with the design and build of the pilot scheme and unknown cost of the service, joining the hub does not presently represent a viable option, however this could be reconsidered in 2015 when the framework agreement expires.</p>

Based on the options appraisal, a full financial model was completed for both partial and full membership of the London Consortium (Options 1-4).

Full Membership

- 3.8 Following the options appraisal against the evaluation criteria, Full Membership of the London Consortium with implementation of a Retail Model is recommended **[Option 4]**. This option is supportive of the LBB Core Operating Principles, generating significant efficiencies, whilst vacating the ICES store for re-use.

Implementing the Retail Model would give service users greater choice and control over the equipment they choose and the Medequip catalogue has been deemed as meeting the required specification by those professionals who would be using it.

4. POLICY IMPLICATIONS

- 4.1 The recommendations outlined in this report support the Corporate Operating Principles of Delivering Value for Money and Supporting Independence, by encouraging citizens to take more responsibility of their own lives through the implementation of the retail model and achieving excellent value for money by joining the London Consortium Framework.

5. FINANCIAL IMPLICATIONS

5.1 There are 4 proposals outlined in this report ranging from changing supplier with or without the retail option (option1/2) or externalising the service with or without the retail option (option 3/4). The use of the depot will be required for option 1 and 2 and therefore the cost of running the building is assumed in the financial models. Appendix 1 provides a detailed breakdown of all 4 options.

5.2 The table below provides a high level summary of the 4 options:

	Option 1		Option 2		Option 3		Option 4	
	2012/13 £	Full Yr £	2012/13 £	Full Yr £	2012/13 £	Full Yr £	2012/13 £	Full Yr £
Costs	749,306	738,648	798,375	787,716	793,844	779,200	792,704	778,060
Less 2011/12 Budget	855,200	855,200	855,200	855,200	855,200	855,200	855,200	855,200
Net Saving	-105,894	-116,552	-56,825	-67,484	-61,356	-76,000	-62,496	-77,140

5.3 Whilst option 1 is the most cost effective for Adult Services, option 3 and 4 will mean that the ICES store at the central depot will be freed up for use by other departments in the council. At the moment various options are being explored for the use of this building, looking at potential to generate rental income or allowing other departments to use this site.

5.4 There are one-off costs in the first year which include:

- Consortium Joining Fee: £10,500
- MESALS Decommissioning Cost: £2,000
- Vehicle termination Cost for options 3 and 4 only : £4,674

5.5 Both option 1 and 4 will require additional resources in the Exchequer Team to manage the increased workload, which will equate to 0.25 (Full time equivalent) at a cost of £6,250 p.a.

5.6 In addition options 2 and 4 also assume a £20k contingency to cover VAT implications which may arise from implementing the Retail Model. Discussions are ongoing between HM Revenue & Customs (HMRC) and the Department of Health to ascertain whether the VAT paid by accredited retailers can be reclaimed by the local authority.

5.7 Savings can only be estimated as the cost of providing a community equipment service will fluctuate according to the levels of demand. The IT software package used through the London Consortium is a web based solution and among its many features possesses a budget forecasting tool and reporting tools allowing for close monitoring of spend. Furthermore the IT software is supportive of the Retail Model.

5.8 In respect of the annual price review, the contract has a continuous improvement clause under which Medequip is required to demonstrate that the services are provided having regard to a combination of economy, efficiency and effectiveness. Failure by Medequip to make service improvements, or to demonstrate value for money, could result in formal action under the contract and/or be taken into account in an annual price review.

5.9 Option 4 is being recommended by officers which will deliver savings of £77,140 in a full year for Adult & Community Services plus allow the flexibility to use the ICES store to generate other savings in the future, depending on its use.

6. LEGAL IMPLICATIONS

- 6.1 The Council has the obligation to carry out an assessment of individuals needs under the NHS and Community Care Act 1990 of those people who appear to require services under section 4 Disabled Persons (Services and Consultation and Representation) Act 1986 and section 2 Chronically Sick and Disabled Persons Act 1970 and to provide those services in circumstances were they would not otherwise be available.
- 6.2 The Council has power to enter into contracts for the provision of community equipment services under Section 1 Local Government (Contracts) Act 1997 on the basis that such services are properly required for the discharge of the Council's functions. The prospective value and nature of any contract would bring it within the scope of the Public Contracts Regulations 2006.
- 6.3 The London Consortium Framework agreement has been established in accordance with the Public Contracts Regulations 2006 ("the Regulations") and was advertised in the Official Journal of the European Union. The contract notice specified the ability of other contracting authorities in London to join the framework.

Following the competitive tender process, the framework agreement between Medequip Assistive Technology and the Royal Borough of Kensington and Chelsea (the "primary contracting authority" or "PCA") was formed on 1st April 2010. This framework agreement can be accessed, in order to create a call-off contract, by any London health or local authority, subject to agreement by the PCA [so doesn't this need to be part of the recommendation?] on behalf of all members and Medequip.

Each secondary contracting authority (or "SCA") must form an access agreement, in order to call off the framework agreement, with the PCA and Medequip. These access agreements are the legal basis of "the consortium". Although each authority has its own call-off contract, the members generally strive to forge agreements and act uniformly when major decisions or changes need to be made, for example to ensure the efficiency of the service.

- 6.4 The framework agreement was advertised as being of 7 years duration (including all extensions). Normally such agreements should be of no more than 4 years duration, however, Office of Government Commerce (OGC) guidance states that a longer duration can be justified '... in order to ensure effective competition in the award of the framework agreement [where].... four years would not be sufficient to provide a return on investment.' It is arguable that the complex aids that are the subject of this procurement meet this requirement. In any event the framework contract started on 1st April 2010 and the six months period within which the award could be challenged, has now lapsed.
- 6.5 The Equalities Act 2010 has now superseded and consolidated legislation such as the Equal Pay Act 1970, Sex Discrimination Act 1975, Race Relations Act 1976 and the Disability Discrimination Act 1998. The Council must eliminate unlawful discrimination and promote equality of opportunity in relation to disability, race and gender, and take account of disabilities even where that involves treating the disabled more favourably than others An Equalities Impact Assessment is has been carried out, and is attached as Appendix 2. As the service to individuals is not changing, it is considered there are no equalities issues to be specifically addressed.

7. PERSONNEL IMPLICATIONS

- 7.1 There are currently 11 employees (10.5 full time equivalent) who will be directly affected by these recommendations. A consultation period, initially for 30 days, then extended to 45 days, took place with staff and their representatives to consult with them on the proposal to outsource ICES and to awarding the contract to an external provider.
- 7.2 Should the Executive agree to the recommendation of joining the London Consortium, the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply to the 11 employees already identified elsewhere in this report. In this event the Council would commence formal consultation with staff, their representatives and Medequip to ensure that they are fully informed and consulted on the decision to transfer the undertaking and on the implications for their employment including any measures that Medequip might be considering in relation to this transfer.
- 7.3 As outlined in para 5.4 above, implementing the retail model (option 1 and 4) will require additional resources in the Exchequer Team to manage increases in workload, the financial model assumes an additional 0.25 Full time Equivalent post.
- 7.4 The ICES staff have been consulted on the proposals. Appendix 2 outlines their views together with a management response for each of these.