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| Subject: | Integrated Community Equipment Services | | |
| Date of Meeting: | 11th January 2022 | | |
| Report of: | Executive Director of Health & Adult Social Care | | |
| Contact Officer: | Name: | Anne Richardson-Locke | Tel: 01273 290000 |
| | Email: | anne.richardson-locke@brighton-hove.gov.uk | |
| Ward(s) affected: | All | | |

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The report sets out the proposed approach to the re-commissioning of the integrated Community Equipment Service (CES) and seeks agreement to proceed with a tender process.
- 1.2 The current service has run successfully under a five-year contract that has been extended for two years. It is a good example of an integrated health and social care service but the model and specification would benefit from a refresh to ensure best value and that sustainability and innovation are maximised.

2. RECOMMENDATIONS:

It is requested:

- 2.1 that the Sub-Committee approves the joint procurement of the Integrated Community Equipment Service Contract in collaboration with the Brighton and Hove Clinical Commissioning Group (BHCCG);
- 2.2 that the Sub-Committee delegates authority to the Executive Director of Health & Adult Social Care to award the contract to the successful bidder for an initial term of five years with the option to extend the contract for a further period of up to two years, subject to satisfactory delivery and performance.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The CES supplies equipment to Brighton & Hove residents and those out of the city who are registered with a Brighton & Hove based GP. The equipment, that includes a range of health and social care items, such as beds, hoists, bath lifts and small adaptations such as rails and ramps, are provided on a loan basis. The service is available to children and adults and equipment is 'prescribed' by 675 health and social care professionals who work for the Council and Health Trusts in a number of different roles such as occupational therapists, nurses, physiotherapists and social care staff.

- 3.2 The CES service is jointly commissioned under a Section 75 agreement between the Council, as the lead authority, and the CCG, and funded via the Better Care Fund (BCF). Local Authorities take the lead on contracting for equipment services as they can recover all of the VAT on the equipment purchased. The service meets both social care and health requirements under the Care Act 2014 and the NHS Act 2006 and supports people to live independently at home and improves outcomes as well as enables discharge from hospital, admission prevention and reduction in health inequalities. The service also meets the requirements of the Government's white paper, 'Integration and innovation: working together to improve health and social care for all' (Feb 2021) that sets out the need for place level commissioning as well as the importance of bringing together systems to support integration.
- 3.3 The current service is provided by Nottingham Rehab Limited which is the trading name for NRS Healthcare Limited who were awarded a seven year (five + two) contract following a West Sussex County Council led procurement. The actual spend on the contract since October 2015 until March 2021 was £14.756m (excluding VAT). Current forecasts indicate the spend on the contract, which has been extended to March 2023 will total £20.206m (excluding VAT).
- 3.4 This is a demand led service and as more people are supported at home more equipment is prescribed and consequently the cost of the service increases proportionately. Therefore, increased utilisation is seen as positive as it relieves other pressures in the system. Financial pressures, however, mean that efficient service delivery and high rates of recycling are essential to reduce unit costs accordingly.
- 3.5 During the 2020/21 financial year 8,750 individuals received community equipment, 45% more than the 6,000 people supported when the service transferred. Despite lower than average units of equipment prescribed in 2020/21 due to the pandemic the numbers have still increased significantly since 2016/17 to 47,909 (48% increase). Yet, the spend has only grown by an average of approximately 2% per year over the period 2016-2021. The number of people over 65 in the city however is projected to increase by 19% between 2020 and 2030. By 2030 15% of people will be 65 or over and this group of people use 72% of equipment prescribed through the CES.
- 3.6 Commissioners from Health & Adult Social Care (HASC) and B&HCCG alongside legal, finance and procurement representatives have formed a Commissioning Board to oversee the re-commission. This Board has also co-ordinated a review of the specification and contract model, the Equalities and Health Impact Assessment (EHIA) and the engagement work. All of which will feed into the new specification and tender documents and are described in more detail below.
- 3.7 A report was submitted to the 29th November Procurement Advisory Board (PAB) and the Board recommended that the Council and CCG proceed to reprocure the CES for an initial term of five years with the option to extend for a further period of up to two years, subject to satisfactory performance. As the spend for this service is in excess of the threshold for light touch services the commissioners are required to follow a compliant process as set out by the regulations.

- 3.8 An open tender route was approved by PAB as it will drive competition between providers, deliver the highest quality service at the most economically advantageous price and encourage providers to propose improvements and added value in the service within areas such as innovation and sustainability, thereby driving efficiencies within the service. An emphasis on this will be placed within the tender. Members at PAB were also supportive of the proposal to evaluate the tender on the basis of a 60% quality / 40% cost split.
- 3.9 The CCG commissioners have already presented a Contract Activity Registration form regarding the jointly commissioned and Procurement of ICES at their Procurement Steering Group (PSG) meeting where permission was granted to proceed to complete their Procurement Strategy Document (PSD) and present it at the PSG meeting scheduled on 17 December 2021. Following this they will need to present the PSD at the Leadership Management Team meeting in January 2022 to provide an update and gain authorisation to proceed to ITT stage. The CCG will also be presenting at the Better Care Fund Steering Group on a date to be agreed.
- 3.10 There is a small market of CES providers who provide a number of different commercial models. The Commissioning Board has considered fully all of the different models and also engaged with the market to gain further insight. The Board were particularly interested in any outcome-based models that would benefit the client and reduce their health inequalities and benefit the service which in turn would relieve pressures in the system, as well as examples of how financial benefits could be shared.
- 3.11 The current service operates well and is popular with both prescribers and service-users. It is not proposed that any significant changes are made but there are a few areas that would benefit from some further development:
- Greater use of technology to enable service-users to book and amend deliveries, collections, repairs and maintenance;
 - Greater emphasis on the loan element of the service with increased tracking and retrieval of equipment to enable more recycling;
 - Improved communication and technical support for prescribers.
- 3.12 In order to help manage the spend on equipment, reduce the risk of harm, and support prescribers and commissioners it is proposed that an Occupational Therapist is recruited. They will be responsible for reviewing equipment to ensure the catalogue meets people's needs, reviewing and retrieving equipment from the community and providing support and advice on equipment to customers and prescribers.
- 3.13 The current service includes the 'Safe and Well' offer: <https://www.safeandwell.co.uk/brighton-hove>. This enables people to complete a self-assessment, speak to an occupational therapist or pay for a visit from an occupational therapist to help identify equipment that they need and where to find it. It includes local suppliers as well as the option to buy from NRS or online retailers. It is essential that a similar offer is provided in the future to complement the statutory service and is used by people who are willing and able to pay for their equipment and would like greater choice.

- 3.14 Officers are seeking authority to jointly procure and award a five-year contract with the option of a two-year extension subject to satisfactory delivery and performance with an estimated five year contract value of £13.175m, with the Council contribution to the contract being up to £1.045m.
- 3.15 If authorised, the tender will be advertised in April 2022, with evaluations taking place in July and then contract award in August. Following contract signatures this will allow for around six months of implementation time.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

The following options were considered:

Option 1 – Open Procurement Procedure (recommended)

- 4.1 As the spend for this service is in excess of the threshold for light touch services the commissioners are required to follow a compliant process as set out by the regulations.

Option 2 – Transfer the service In house

- 4.2 Prior to 2015 the Community Equipment Service was provided by Sussex Community (Foundation) Trust (SCFT) with a small number of Brighton & Hove City Council staff. The Trust gave notice that they would no longer provide the service as it did not fit with their core business. The decision was made to source provision of the service via competitive tender with the view that the CCG and Council would gain from the expertise and efficiency associated with specialist equipment providers.
- 4.3 Consideration has been given to the business case for directly providing this service in house and it would be possible for the Council to rent warehouse space and purchase or lease the necessary fleet but the cost of transferring the staff would be greater due to higher infrastructure, overhead and service on-costs within the Council. The service would also have to purchase its own stock and it is unlikely that it would have the same buying power that the specialist providers have. Also as joint funder the CCG is fully committed to appointing the best provider possible via an open and competitive procurement exercise.
- 4.4 It is the view of the Council and CCG that a specialist provider is best placed to respond to volatility in the marketplace and has the infrastructure and capacity to refine/relocate freight routes and equipment quantities in response to issues such as Brexit and the Pandemic. With a seven year (five + two) year contract term the successful provider will be able to invest and work with manufacturers and providers in the most flexible way and make the most of technology to provide a high-quality service. Those with longer term/multiple contracts also benefit from economies of scale and the ability to share equipment and warehousing facilities according to fluctuations in demand across other areas.

Option 3 – Direct award

- 4.5 A direct award is not a valid option under the Public Contracts Regulations 2015 and it carries an unacceptably high risk of challenge given the interest shown by the market.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Healthwatch Brighton & Hove were commissioned to carry out service-user and prescriber engagement. Previous engagement by Healthwatch in 2017 had indicated high levels of satisfaction with the service so it was hoped to gain feedback on the outcomes of the service, identify any improvements and explore how people feel about using technology.
- 5.2 Of the 343 service-users who responded to the survey, most were generally satisfied with the support they received regarding their equipment and minor adaptations. The majority did not have any problems when waiting for their equipment; most were contacted by the Community Equipment Service (CES) when arranging equipment delivery; delivery and fitting occurred mostly on the agreed day and time expected and was to a good standard; and the equipment had ultimately helped most people stay at home rather than having to be in a care environment.
- 5.3 However, there are areas for development with 15% of people reporting that they had equipment they no longer require, and 17% unaware how to report a fault or return equipment. Over half had already purchased additional small items of equipment or technology to improve their daily living activities, such as grabbers, jar openers, or a chair raiser. This indicates a willingness and could be expanded to include other small, low cost items that are still being provided via the CES. 67% had 'access to the smart phone, tablet or computer', but only 35% were happy to use this technology to 'assist with their equipment deliveries and collections'. Further encouragement, advice and support would be needed for this to be a viable option.
- 5.4 The 92 Prescribers who responded were highly satisfied in most areas, including communication from the CES, the ordering and process of orders, access to online information regarding catalogue items and non-standard equipment, and the level of equipment choice including spare parts. However, there were also some areas for development with prescribers wanting more technical information and advice, greater access given to the 'Hand it Back' postcards to be able to hand out, or the time to review equipment once it is in situ, and the ability to use the online system remotely (only 6% use the NRS app).

6. CONCLUSION

- 6.1 Officers recommend Option 1, to reprocur the service via the open route as:
- 6.1.1 It will drive competition between providers within the market which in turn will deliver the highest quality service at the most economically advantageous price.
- 6.1.2 It will encourage providers to propose improvements and added value in the service within areas such as innovation and sustainability, thereby driving

efficiencies within the service. An emphasis on this will be placed within the tender documentation.

- 6.2 Officers recommend that following the completion of the open competitive tender the successful supplier be awarded a seven year contract, five year initial term with the option to extend for up to two years

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The Community Equipment Service is within the Better Care Fund pooled budget Section 75 agreement between the Council and Brighton & Hove CCG, and the budget is agreed on an annual basis by the Health & Wellbeing Board.
- 7.2 The annual provisional pooled budget for April 2021 to March 2022 is £2.635m (excluding VAT), with Brighton & Hove CCG contributing £2.426m and the Council contributing £0.209m. However, the Better Care Fund budget for financial year 2021/22 is still to be finalised.
- 7.3 The estimated budget for the next 5 years is £13.175m excluding inflation and VAT, based on the 2021/22 provisional budget. The annual funding is subject to government financial settlements which can impact on the availability of funding.
- 7.4 There is currently a 50/50 risk share of any year end variance in the Better Care Fund pooled Budget between Brighton & Hove CCG and the Council.

Finance Officer consulted: Sophie Warburton

Date: 09/11/2021

Legal Implications:

Standard legal implications for procurement of a contract subject to Schedule 3 PCR 2015 (Light Touch)

- 7.5 The services required fall with Schedule 3 of the Public Contract Regulations 2015 and are therefore subject to the "light touch regime". This means that there is flexibility as to the design of the procurement process providing that safeguards around equal treatment and transparency are observed and the process is advertised in accordance with PCR and as required by reference to the threshold value. The threshold for the publication of light touch regime opportunities is currently £633,540.00.

Lawyer Consulted: Sara Zadeh

Date: 09/12/2021

Equalities Implications:

- 7.6 An Equalities and Health Impact Assessment (EHIA) has been completed to identify any impact on people using the service with protected characteristics. Healthwatch B&H have carried out an engagement activity that will be reported on 30th December 2021. The engagement findings will seek to improve outcomes for local people by improving service delivery, performance, and efficiency. The outcomes will inform the specification and ensure the best quality service is procured.

- 7.7 The engagement was informed by the EHIA and included questions that relate to how people's equalities characteristics are responded to by the CES service. Upon completion of the engagement, the EHIA will be reviewed further to reflect new information as appropriate and inform the specification further. The equipment service is designed to support people and promote independence and is of particular benefit to older people, children and adults living with long term conditions and disabilities who are the primary beneficiaries of the service.
- 7.8 Many of these people will have more than one protected characteristic (intersectionality). There should be a positive impact on people who are members of more than one protected characteristic and/or health inequalities group. The EHIA has identified gaps in information about the equipment needs of the BAME communities, asylum seekers, gypsies, travellers, LGBTQ+ and those with sensory needs so it is important to build up trust and include these population groups in decisions about their health and social care.
- 7.9 Providers will be required to demonstrate both their awareness and policies in relation to equalities within the tender and evaluation processes which will then be monitored throughout the contract term.

Sustainability Implications:

- 7.10 The current contract encourages the reuse of equipment. Within the last 12 months 65.3% of the equipment budget was spent on reused stock. This represents an increase of 7% on the previous year. Equipment recycling is a key performance measure within this contract and providers will be expected to provide evidence of success in this area and how they will maximise recycling locally.
- 7.11 Brighton & Hove City Council is committed to taking responsibility for its own impact on the environment and recognises that purchasing equipment and associated services has an environmental impact. Sustainability considerations and benefits will form part of the evaluation of bids for the contract in line with the Council's Sustainable Procurement Policy and Climate Change Strategy, providing 10% of the total quality score.
- 7.12 The proposed Community Equipment Service and Provider will work in line with the Brighton and Hove's sustainability and climate change commitments. Consideration will be given to the economic, social, and environmental factors of the production, supply, delivering and cleaning of equipment and the impact on the broader city climate and economy goals.
- 7.13 Providers will need to demonstrate how they will achieve best practice, value for money, and adapt the circular economy principles through improvements and innovations so that the local area can benefit from and deliver the requirements specified by BHCC. This will include reducing energy consumption, minimising non – recyclable waste through smart design and packaging and products that can be easily disassembled and repurposed, promoting recycling and reducing vehicle emissions and water waste within the decontamination processes.
- 7.14 Commissioners will achieve this by ensuring that sustainability requirements are covered in the specification and include a sustainability performance indicator in the contract (CO2 and supply chain carbon reduction initiatives).

Social Value and Community Wealth Building Considerations

- 7.15 The Council has a duty under the Public Services (Social Value) Act 2012 to consider how the service being procured might improve the economic, social, and environmental wellbeing of the area. Social value benefits will form part of the evaluation of bids and provide 10% of the total quality score and a specific Social Value performance indicator will be included in the contract.
- 7.16 Providers will need to demonstrate how they will achieve and exceed the social value requirements. This will include promoting people's independence and choice, employing and training locally, paying a living wage, supporting the local economy, developing community partnerships and initiatives, and delivering environmental commitments.
- 7.17 Current users of the service and stakeholders, including carers and prescribers, have been consulted via the engagement to clearly define needs and design methods to meet these needs.

Brexit Implications:

- 7.18 The impact of Brexit (and the Covid 19 pandemic) on equipment is still being quantified in terms of costs and market variances due to international shortages in raw materials, manufacturing and import delays. For example, the incumbent provider reported that during the early stages of the pandemic, the volume of shipping containers reduced which resulted in a 78% increase in the cost per container. The financial impact of events such as these will continue to cause volatility in the international market. It is our expectation that providers will seek to refine recycling systems and access locally manufactured equipment.

Risk and Opportunity Management Implications:

- 7.19 A risk log has been completed to identify risks, potential consequences and the mitigating controls and actions. A summary of the highest scoring risks and mitigations are included below:

| <i>Risk description</i> | <i>Potential consequences</i> | <i>Score</i> | <i>Mitigating controls and actions</i> |
|--|--|---------------------|--|
| Timeline isn't met and the new service doesn't start in April 2023 | Legal challenge from providers. Further contract extension with associated costs. | 12 | Contract extended for 6 months to allow more time. Monthly Project Board to keep track of deadlines. Attend PAB & ASC&PH in Dec & Jan to allow plenty of time for tender & mobilisation. |
| Budget inadequate for the new service | Provider does not cover costs and requires further funding | 12 | BHCC & CCG accountants on the Board. Analysis of any demographic changes Alert BCF Board of expected growth in demand |
| Change of supplier leads to service disruption | People and prescribers do not have prompt access to equipment | 12 | Include minimum of 6 months for mobilisation Scrutiny of bidders' timelines at tender stage to ensure realistic |

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| Incorrect business model selected | Value for money not achieved. Recycling not incentivised | 8 | Early market engagement Financial modelling of each commercial model |
| New service doesn't reflect best practice. | Service is not as efficient or sustainable or value for money | 8 | Link with other commissioners. Early market engagement Seek advice from sustainability team |
| New service doesn't reflect the need & demand | Complaints from users, prescribers & health & social care. | 8 | Engagement with users & prescribers. Equalities Health Impact Assessment |

Public Health Implications:

7.20 See section 7.6 – 7.8 for more details

Corporate / Citywide Implications:

7.21 The service meets the corporate priority of being a healthy and caring city and in particular the following objectives:

- Increase healthy life expectancy and reduce health inequalities
- Support people to live independently
- Support people in ageing well
- Support carers
- Ensure that health and care services meet the needs of all

