

Report to Amanda Jupp, Cabinet Member for Adults Services

April 2022

Integrated Community Equipment Service Procurement

Report by Jane Walker, Head of Service – Quality, Practice and Business Development

Electoral divisions: All

Summary

West Sussex County Council (WSSCC) has a contract with NRS Healthcare (NRS) for the provision of Community Equipment Services (CES).

The CES provides equipment as well as advice, guidance and support for Community Equipment prescribers, patients and customers. It supports people to live as independently as possible, facilitates hospital discharge, and reduces hospital admissions.

The current CES contract was awarded following a compliant tender process on 1 April 2015 for an initial period of 5 years with an option to extend for a further 2 years. The contract was extended compliantly for those 2 years in 2020. In August 2021 a Single Tender Waiver was approved for a further 12 months Direct Award expiring on 31 March 2023 to enable sufficient time for CES provision to be remodelled and the optimum recommissioning strategy to be adopted for the next competitively tendered contract, work that had been substantially delayed by the Covid-19 pandemic.

Recommendation

The Cabinet Member for Adults Services is asked to authorise:

- (1) The commencement of a procurement of an all age countywide Integrated Community Equipment Service as set out in the report for a period of up to 7 years (including contracted breaks and extensions) and to delegate authority to the Director of Adults Social Services (DASS) to let the contract on the basis of the most economically advantageous bid.
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Proposal

1 Background and context

- 1.1 The existing West Sussex County Council (WSSCC) Community Equipment Service (CES) enables the Council to deliver on West Sussex Plan priorities such as 'keeping people safe from vulnerable situations' and 'helping people and communities fulfil their potential' as well as key Adult Social Care Strategy (2022-25) priorities promoting independence, such as supporting people to be in their own homes.

- 1.2 The CES provides advice, guidance and support for Community Equipment prescribers, patients and customers. It supports people to live as independently as possible, facilitates hospital discharge, and reduces hospital admissions.
- 1.3 CES are legislated for under the Care Act 2014.
- 1.4 The CES is commissioned through a partnership between the Council acting as Lead Commissioner and the West Sussex Clinical Commissioning Group (CCG). The CCG will become part of the Sussex-wide Integrated Care System from July 2022.
- 1.5 The CES is currently provided via a contracted independent provider - NRS Healthcare (NRS).
- 1.6 Day to day administration of the NHS elements of the service has previously been delegated from the CCG to Sussex Community Foundation NHS Trust (SCFT), however, following notice being served by SCFT, budgetary oversight has returned to the CCG with effect from April 2022. Work is also being progressed to develop a single management function and an integrated service model of delivery to support the joint strategic vision and to re-set the governance around prescribing practice under a joint health and social care clinical governance and contract management structure.
- 1.7 The current CES contract was procured, (decision [ASCH05 \(13/14\)](#) refers), and awarded following a compliant tender process on 1 April 2015 for an initial period of 5 years with an option to extend for a further 2 years. The contract was extended compliantly for those 2 years in 2020. In August 2021 a Single Tender Waiver was approved for a further 12 months Direct Award expiring on 31 March 2023 to enable sufficient time for CES provision to be remodelled and the optimum recommissioning strategy to be adopted for the next competitively tendered contract, work that had been substantially delayed by the Covid-19 pandemic.

2 Proposal details

- 2.1 To commence the procurement of an all age countywide Integrated Community Equipment Service for a period of up to 7 years (including extensions) with the ability to terminate the contract for convenience if required.
- 2.2 The recommissioning provides an opportunity to procure a new Integrated Community Equipment Service (ICES) alongside the West Sussex CCG. To go alongside this, there is an aspiration to create a pooled budget arrangement (with the associated process and financial efficiencies that this provides). This is being pursued separately because further work is required to align the strategic priorities of the Council and the CCG related to budget and consistency in prescribing practice.
- 2.3 The financial envelope for the full 7 years of the contract is £72m based on current spend but the commissioners do anticipate growth and this could be up to a maximum of £99m.
- 2.4 The Council proposes to commence a compliant procurement process via competitive tendering, through a working group with internal Finance, HR,

Procurement and Legal team membership as well as relevant representatives from CCG Commissioning, Finance and Procurement.

- 2.5 The recommended open tender process provides the best opportunity to achieve value for money by fully testing the market.
- 2.6 The core objectives of the procurement are to develop and commission an ICES model of service delivery to achieve both quality customer outcomes and value for money for the health and social system, namely:
- Increasing the level of customer independence in activities of daily living.
 - Improving customer health and wellbeing.
 - Supporting hospital admission avoidance.
 - Facilitating timely discharge from hospital and supporting flow through the system and 'community response' activities.
 - Reducing the number of customers that need long term funded social care by promoting independence.
 - Increasing support to formal and informal carers in delivering their caring role.
 - Better integration with prescribers and the ICES provider is proposed through the creation of a single (contract) management function across health and social care, incorporating contract management, financial analysis and clinical expertise and support.
 - Improving the experience of residents of West Sussex through a redesigned service specification to ensure that there is greater efficiency in the process of ordering, delivering and returning equipment.
 - Providing for customer/patient choice within the offer by including an equipment catalogue, devised from feedback on the current service together with clinician and service user engagement, to ensure this includes equipment to meet customer/patient needs. Anything outside of the catalogue can be applied for via the 'specials process' whereby equipment outside of the catalogue is supported if clinically appropriate and value for money.
- 2.7 The service delivery core objectives, as supported by this recommissioning are:
- The ICES should provide for the delivery, installation, collection, maintenance, repair and recycling of a range of health and social care equipment and minor adaptations such as stair rails, external rails and other fixed items. The service is available to people with physical and sensory impairments of all ages, including children.
 - The service should include the recycling and reusing of equipment where possible, and peripheral stores of available smaller equipment for prompt access (to include hospital locations). There should be urgent, same day, next day, 3 and 5 day and dated delivery options available, to support urgent community response, discharge support and admission avoidance.
- 2.8 It is proposed that the tender will be released to the market in May 2022 giving sufficient time for tender evaluation, contract award and mobilisation with a new contract starting on 1 April 2023.

2.9 Timeline

Key dates:

| DATE | ACTIVITY |
|-----------------------------|----------------------------|
| May 2022 | Publish tender |
| June, July, August 2022 | Evaluation of tender |
| September, October 2022 | Award of contract |
| November 2022 to March 2023 | Mobilisation period |
| April 2023 | Start date of new contract |

3 Other options considered (and reasons for not proposing)

3.1 Full details below:

- Do nothing (do not undertake a compliant process to procure a new service from April 2023) – not recommended - the CES is fundamental to the operation of the whole health and social care system: supporting customers/patients to live as independently as possible, facilitating hospital discharge, and reducing hospital admissions.
- Continue with the current arrangements – not recommended – it is not legally viable to continue with the current arrangement, so this option has been discounted.
- Utilise the Kent County Council Framework – not recommended – this option was ruled out due to the 1% fee charged to CES providers for use of the Framework (a significant sum over the life of the contract) and the risk that this would increase the bid prices.
- Direct award – not recommended - this option was ruled out because this would not allow the Council and CCG to fully test the market and it is noted that this contract has already been extended by 1 year by way of a direct award and to do so again would carry a high risk of challenge.

4 Consultation, engagement and advice

4.1 Extensive market engagement has been undertaken with the main providers in the market.

4.2 To better understand the service design and approaches of other local authority Community Equipment Services, benchmarking has been undertaken with the following, all of whom are either currently recommissioning or have recently recommissioned:

- East Sussex County Council
- Brighton and Hove City Council
- Surrey County Council
- Kent County Council
- Portsmouth City Council
- Southampton City Council
- Medway Council

4.3 Collaboration was also explored with Brighton and Hove City Council and East Sussex County Council but not pursued for the following reasons:

- a. The different models of ICES design being preferred by the respective contracting authorities.
- b. The limited time available to agree a service design.
- c. The different local authority and CCG governance processes could have increased the timeline beyond the tolerance available.
- d. Each contracting authority had different contract end dates at the time of exploration.

4.4 Consultation was undertaken with prescribers, patients and customers in December 2021/January 2022 as well as with internal stakeholders (and NHS stakeholders) through dedicated service design workshops and attendance at the Community Response Project Group.

4.5 Procurement, Finance and Legal Services have been consulted and informed through the appraisal of options and this paper.

5 Finance

5.1 The CES budget is jointly funded by the Council and the CCG. The Council has financial responsibility for all equipment prescribed for social care reasons and the CCG for equipment that is issued for health reasons. That distinction creates a challenge in estimating a financial envelope for the procurement, because of the different funding regimes under which the Council and the CCG operate as well as different approaches to budgeting. This is a complication which is compounded by the demand growth that has affected the service in the recent past, which at various times has led both partners to agree real terms increases in funding.

5.2 Based on 2022/23 budget contributions, an amount of £10.342m is available for the procurement, to which indexation will be applied with the aim of maintaining purchasing power. For the purpose of the contract service specification, assumptions will be included to indicate the potential scale of growth funding, although this will be caveated as subject to being affordable within the limits of the annual funding that the partners eventually allocate. In the event that resources are provided at a lower level, the partners will deliver the service within the available budget, making such changes to operational delivery arrangements as may be necessary to manage within the sums available. This means the revenue consequences of the proposal are as follows:

| | Year 1 2022/23 £m | Year 2 2023/24 £m | Year 3 2024/25 £m | Year 4 2025/26 £m |
|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Revenue budget | | | | |
| Council contribution | 4.381 | 4.381 | 4.381 | 4.381 |
| CCG contribution | 5.961 | 5.961 | 5.961 | 5.961 |
| Total | 10.342 | 10.342 | 10.342 | 10.342 |

5.3 The effect of the proposal:

(a) How the cost represents good value

- CES is a critical preventative service, which delivers a positive rate of return for the health and care system across West Sussex by enabling people to continue living independently in the community and reducing demand for acute hospital services. In addition, there is an established 'Efficiency Plan' with the incumbent to drive out cost, and this will be a requirement for bidders to respond to. Specific areas of opportunity for the successful provider and commissioners to focus on include prescribing practice; optimising re-use of non-standard items of equipment; optimising recycling; use of technology/digital and customer-led approaches to reduce the cost of failed deliveries.
- The following social value benefits are also noted:
 - Significant recycling/reuse of equipment is expected within the ICES contract – the performance target for the current contract is 90%.
 - Aspirations to minimise the environmental impact of the service and mechanisms to deliver these related to the operating practices of the new contract provider are being developed with the support of the Council's Climate Change Team and will be included.
 - Focused recruitment and employment of local people with employment opportunities for long term unemployed and disadvantaged groups by making reasonable adjustments to the roles to ensure employees can fulfil their role.

(b) Future savings/efficiencies being delivered

As a preventative service, the new contract will play an enabling role in supporting delivery of a number of existing Adults' Services savings targets.

(c) Human Resources, IT and Assets Impact

Human Resources, IT and Assets Impact has been sought accordingly.

6 Risk implications and mitigations

| Risk | Mitigating Action (in place or planned) |
|---|---|
| Re-commissioning is not completed in a timely manner reducing the mobilisation period (minimum 4 months required) for the new contract and impacting upon provider performance. | Significant re-commissioning activity has already been progressed. Potential slippage is being robustly monitored by the Project Steering Group and Commissioning/ Procurement leads. |
| Community equipment activity is also concurrently taking place in East Sussex and Brighton and Hove (as well as London and Essex). This may present a risk in terms of provider bid writing capacity and therefore impact | Comprehensive market engagement has been undertaken and continues to be taken forward with providers. Frequent officer and senior level communication has also been in place with East Sussex and Brighton and Hove throughout the re-commissioning period. |

| Risk | Mitigating Action (in place or planned) |
|---|--|
| on the number and quality of tender responses that West Sussex receives. | |
| Potential disruption to the service as a result of award to a new provider and possible short-term impact on the customer experience of those accessing the service. | The project plan includes a minimum of four months for mobilisation. It is understood that there are a number of providers with expertise in delivering community equipment services. The evaluation process will provide scrutiny of the bidders' timelines at the tender stage to ensure they are realistic. Commissioners will if necessary work closely with the current and new provider to ensure a smooth transfer of services and mobilisation and ensure that any changes for customers are clearly communicated in a timely manner to customers. |
| Affordability of the procurement related to current inflationary increases in equipment costs, (related to increase in raw material and transportation costs), fuel costs and staffing costs. | Council and CCG Finance are represented on key working groups to provide financial scrutiny of service design principles, proposals and procurement plans including the development of tender documentation. |

7 Policy alignment and compliance

- 7.1 Under the Care Act 2014 the Council has a mandatory obligation to provide a Community Equipment Service.
- 7.2 The value of this procurement is considered a Key Decision because it will result in the Council incurring expenditure which is significant as decided by the Council. In accordance with its constitution, this is expenditure over £500k and it is significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in West Sussex.
- 7.3 The Council is a Contracting Authority as defined in the Public Contract Regulations 2015 ("PCR") and as such is governed by those regulations. The value of the proposed contract is above the relevant UK Thresholds as referred to in the PCR and as such the Council will competitively tender these services in accordance with the procedures set out in PCR.
- 7.4 The Council will enter into a services contract using terms and conditions, approved by Commercial Legal Services and compliant with section 10 of the Council's Standing Orders on Procurement and Contracts.
- 7.5 The Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") is likely to apply on the commencement of the new contract should there be a change of service provider. The Council has adequate contractual provisions in place in the existing contract to facilitate the transfer of relevant information between old and new provider above and beyond the statutory provisions which should ensure a smooth transfer of service.

7.6 There is no risk that this contract will be considered illegal state subsidy within the subsidy control requirements because the contract will be subject to a competitive tender thereby ensuring that the Council is not selectively granting an advantage to one particular economic operator over another.

7.7 Equality duty and human rights assessment

A full equality impact assessment was completed for the last procurement and has been undertaken once more as part of the current procurement process. The assessment indicated that no changes are planned within the new contract that would have any additional impact on Equality and Human Rights and work will be initiated to ensure robust data collection processes and enhanced engagement activities are in place for the service across all nine protected characteristic cohorts (Equality Act 2010). The service also brings a strong benefit to disabled and older customers of West Sussex and ensures that they are supported to remain as independent as possible in the community.

There are no Human Rights implications arising from this procurement activity.

7.8 Social Value and Climate Change

As noted in paragraph 5.3 social value and minimising the environmental impact of the service are important aspects of this procurement and the tender evaluation. Both the Council and the CCG have made key commitments in these areas and the weighting attributed to them in the evaluation process has been increased accordingly since the last procurement.

7.9 There are no crime and disorder or public health implications.

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Background paper – [Equality Impact Assessment \(PDF, 210KB\)](#)