

Cabinet Member for Adult Social Care and Health

**Ref No. ASCH05
(13/14)**

Approval of the procurement process for the Integrated Community Equipment Service

**Key Decision:
Yes**

December 2013

Part I

Report by Director Adult's Services

**Electoral
Division(s):
(N/A)**

Executive Summary

This report recommends the commencement of a competitive dialogue procurement process for a new contract to provide an Integrated Community Equipment Service. The current service provided by Nottingham Rehab Supplies (NRS) is to West Sussex County Council (WSCC) as the lead contracting authority in partnership with the Sussex Community NHS Trust (SCT). The current contract value is estimated at £6.5million a year.

The current contract expires on 31 March 2015 so, to ensure continuity of service, the new contractual arrangements will need to commence on 1 April 2015. The minimum duration of the core contract will be no less than five (5) years. The maximum contract period may be seven (7) years. Extension option(s) are currently the subject of discussion between WSCC and the two Northern West Sussex (Horsham & Mid Sussex and Crawley) Clinical Commissioning Groups (CCGs) who are the lead commissioners for West Sussex for services provided through Sussex Community NHS Trust.

Discussions regarding mutual agreement of appropriate funding levels are on-going between WSCC and the CCGs but confirmation has been received from the lead CCG confirming their agreement to proceed with the procurement process as set out in this report. The procurement process will ensure continuity of a service which is crucial to meeting strategic objectives to enable people to remain safe and independent in their own homes, and offers a clear opportunity for service improvement.

Recommendation(s)

That the Cabinet Member approve:

1. The commencement of a competitive dialogue procurement process for the provision of an Integrated Community Equipment Service for West Sussex.
2. A contract period of a maximum term of seven (7) years, with a core term of no less than five (5) years, plus extension options as agreed between WSCC and the CCGs. This will be subject to the future requirements for this service and the performance of the appointed service provider.
3. Brighton & Hove City Council as a permitted body within the Public Contract Regulations 2006 should be permitted to use the subsequent contractual arrangements in agreement with WSCC and the successfully appointed service provider. This is seen

as an essential option for Sussex Community NHS Trust, who currently manages the health element of equipment services across both WSCC and Brighton & Hove.

4. That Authority is delegated to the Director Adults' Services to agree or settle the final spend provided it is within portfolio parameters and to award the contract to the bidder submitting the most economically advantageous tender(s) in terms of technical and commercial ability.

1. **Background**

- 1.1 The publication of 'Fully Equipped' (2000) the Department of Health circular HCS2001/008: LAC(2001)(13) – Community Equipment Services in April 2001, set out how the integration of community equipment services, as laid out in the NHS plan, was to be achieved. NHS Trusts and Social Services Departments were expected to work together using additional funding allocated through the Intermediate Care agenda and the Local Government settlement to meet the targets as set out in this circular to provide for all age groups including children.
- 1.2 The government considered the provision of 'community equipment' as the gateway to independence for many older and disabled people. Considerable emphasis was placed on achieving a prompt responsive service for users and carers of all age groups.
- 1.3 The current contract that commenced on 1 April 2005, sought to address this agenda. In essence it facilitated the merger of the already outsourced service provided by Health Partners in West Sussex and the outsource of WSCC Disability Equipment Service.
- 1.4 At the time (2004/5) WSCC was the lead contracting authority; the intention now is that this arrangement will continue with the Northern West Sussex Clinical Commissioning Groups (CCGs) leading for the NHS.

Whilst the CCGs have formally indicated their approval to undertake the proposed procurement, and their notification to this effect is included as Appendix B, discussions are on-going to reach a financial commitment to fund the service to the required level.

WSCC is also considering the possibility of entering a 'provider to provider' agreement with Sussex Community NHS Trust (SCT), who manage the NHS element of the service on behalf of the CCGs, to cover appropriate financial provision for the full contract term.

Ultimately, WSCC does have an option to procure a reduced service to cover its own needs. However, this would be considered as the position of last resort. Consultation with the market has already indicated that a small contract is unlikely to attract a great deal of interest and it would be retrograde to WSCC, CCG and SCT ambitions to integrate further.

- 1.5 The County Council manages the contract on behalf of itself and these NHS partners. The current contract was for an original period of seven (7) years

with the option to extend for periods of up to three (3) years. The extension options were used and at the same time the opportunity was taken to:

- introduce service improvements
- improve the efficiency of the service
- manage the increased activity within the contract
- improve the sustainability of the service with a focus on recycling equipment
- mitigate the impact on the available budget
- introduce technology to improve management reporting

Having taken up these extension options the contract expires on 31 March 2015. Therefore a new service needs to be commissioned; a competitive procurement process undertaken and a new contract mobilised and implemented to deliver a seamless service to the customer to commence on 1 April 2015.

- 1.6 The current service requires the provider to purchase, store, maintain (i.e. planned preventative maintenance), deliver, fit and demonstrate to West Sussex residents an extensive range of daily living and nursing equipment to people living in West Sussex or registered with a West Sussex General Practitioner to support their health and social care needs.
- 1.7 The technical staff employed in the service is able to fit equipment either following a face to face assessment by a Health or Social Care Professional or for some items of simple equipment where a telephone assessment by the professional has taken place. The provider purchases the full range of equipment specified ensuring best value, to store and decontaminate the equipment and to repair and maintain all the equipment.
- 1.8 Technical advice is provided about installation of equipment to Health and Social Care Professionals working in the community.
- 1.9 The provider manages the stores fully utilising IT to provide financial and activity reports to the commissioning organisations. The provider is required to meet stringent standards relating to Health and Safety legislation, Medical Devices Management and a wide variety of related legislation and statutory guidance.
- 1.10 The estimated value of the contract for both West Sussex CCG's and WSCC is approximately £6.5 million per annum
- 1.11 To encourage innovation, partnership working, the use of new technology and a more flexible commercial model to better reflect the needs of the Council and the customer it is proposed that a competitive dialogue procurement process is adopted.
- 1.12 The competitive dialogue process is adopted in circumstances for 'particularly complex' contracts (which the ICES contract is), where it is not in the best interests of WSCC to award a contract using the open or restricted procedures. The aim is to develop the best solutions to ensure the resulting contract meets our requirements, and embraces the expertise of the market.

Any supplier can apply for the opportunity when advertised in the public domain and submit a response to the procurement documents issued by WSCC when the opportunity is advertised. Bidders (based on pre agreed selection criteria) are then selected to enter into dialogue with WSCC (that can have several stages) during the period the tender is open.

- 1.13 The contract(s) should be awarded to the bidder(s) submitting the most economically advantageous tender, which balances technical and commercial criteria to ensure the delivery of a best value for money service.
- 1.14 In recognition that the new arrangements for a more integrated approach to the provision of health and social care services are still in the early stages of development, it is proposed that the contract period for the new service should be for a maximum period of seven (7) years, with a core term of no less than five (5) years, should be procured, subject to the needs of the service and the performance of the appointed service provider(s).

This will allow the market to invest in the service commercially, and is due to (and not limited to) the following issues that the successful bidder would be required to manage:

- the complexity of the service,
- the amount of upfront investment by the contractor to mobilise and implement the contract,
- locating and equipping a suitable warehouse in or in close proximity to the county boundaries,
- potential investment in supplementary facilities in different parts of the county that could accommodate direct public access to the service,
- manage the expected increase activity on the contract due to an aging population,
- source and manage the vehicle fleet to reduce the carbon footprint of the contract

And to deliver the identified service improvements for the new contract a long contract period would be required.

- 1.15 The longer contract period would enable the successful bidder who is awarded the contract to amortise these investment costs mentioned above (1.10) over a longer period of time that would be in the interests of both the Health economy and WSCC.
- 1.16 It has been identified that there are potentially only a small number of suppliers in the marketplace who are able to deliver the service.
- 1.17 The procurement process will be undertaken using the West Sussex eSourcing portal to increase the efficiency of the tender process for WSCC and potential bidders.
- 1.18 The procurement process will be open, fair and transparent in compliance with WSCC Standing Orders on Procurement and Contracts and the Public Contract Regulations 2006.

1.19 Confirmation has been received from the North CCG, who is the lead commissioner for the NHS in respect of Community Equipment, that they are in agreement to the procurement process as set out in this report with the aim of secure a contract of 5 years with the option to extend for a further 2 years. There will be further discussion with the North CCG about the term of the contract once the tender process has begun

2. Consultation

2.1 Collaborative procurement opportunities have been considered with neighbouring authorities, potentially within the South East 7 Group (Hampshire County Council, Kent County Council, Surrey County Council, East Sussex County Council, Brighton & Hove City Council, Medway Council and WSCC). However on reviewing these opportunities it was identified that the only authorities where collaboration was a possibility were Surrey County Council and Brighton & Hove City Council. Surrey County Council's (SCC), current service is provided by Millbrook. Brighton & Hove City Council's (BHCC), current service is provided by Sussex Community NHS Trust.

2.2 Therefore when the market consultation exercise took place in September and October this year, WSCC and Sussex Community NHS Trust were joined in the market consultation by Surrey County Council and Brighton & Hove City Council.

2.3 The Key issues that were explored in the market consultation exercise with the organisations that responded were:

- How to improve access to the service
- How to improve collections from customers and increase recycling
- How to improve deliveries to customers
- The use of technology to improve the service

The information obtained from the market consultation provided further evidence of the need for the procurement process to follow a competitive dialogue route to fully explore a new service delivery model for the Integrated Community Equipment Service in West Sussex.

2.4 It is considered the potential needs of the other five authorities in the South East 7 could not be met though a WSCC and Sussex Community NHS Trust contract arrangement.

2.5 Although the four authorities agreed to undertake a joint market consultation, subsequent to the event it has been decided that a joint competitive procurement process should not be undertaken. This is mainly due to the timings of the need to replace each authority's current arrangements for their community equipment and the different potential service delivery solutions each authority will be adopting in the future.

2.6 However it was subsequently agreed that the contract arrangements that the West Sussex authorities must put in place should only be made available to BHCC should it be in the West Sussex authorities' interests to do so. BHCC

are a permitted body in accordance with the Public Contract Regulations 2006.

- 2.7 A sustainability appraisal has been completed the findings of which will be incorporated into the design of the new service, the specification of requirements and tested through the procurement process. With particular focus on the recycling of equipment, the move to a more standardised product range to mitigate the cost of purchasing new standard and special equipment.
- 2.8 The Cabinet Member for Finance has been consulted and further consultation will continue with officers of WSCC, Sussex Community NHS Trust, the CCGs and BHCC.

3. Customer Focus Appraisal

- 3.1 A full Customer Focus Appraisal (CFA) has been completed (Appendix A), drawing on the consultations carried out with a range of staff groups and customers who access the service via the NHS and Social care. The findings will be integrated into the design of the service where appropriate.
- 3.2 As identified in the CFA the procurement process for the new service delivery model will have to carefully consider and take into account the findings of the consultation process with the identified groups.

4. Resources Implications and Value for Money

- 4.1 Resources will be made available during the procurement process to ensure that the County Council obtains the service it requires from the bidder(s) who submit the most economically advantageous tender which balances technical and quality requirements against commercial elements.
- 4.2 The intention is to ensure the delivery of an affordable service that is best value for money for customers.
- 4.3 The involvement of Procurement and other business services such as Legal, Health & Safety and Internal Audit will potentially have an impact on officers' availability for other initiatives. It is not expected this will impact on current resource levels.
- 4.4 The service budget for the current (2013/14) financial year is in the order of £6.5M, and calculation of the annual contract value of the Integrated Community Equipment Service will be based on these figures. However, significant service growth rates mean that WSCC and the CCGs will need to agree a final figure prior to publishing an Invitation to Submit a Proposal.
- 4.5 All suppliers that participated in the market consultation exercise stated that the service could successfully be delivered by addressing the four key issues raised with them (see 2.3 above). In essence:
- improving recycling,
 - introducing new technology,
 - improving collections from customers

- improving deliveries to customers
 - improving access to the service.
- 4.6 This should generate efficiency savings and potentially reduce the per capita costs, but would not necessarily reduce the number of customers using the service and the level of activity that has steadily been increasing over the life of the current contract. Consequently rather than delivering outright savings, the main effect of those efficiencies is that the budget should be able to support more users without a commensurate increase in resources.
- 4.7 Since 2008 the number of people in the community who are in receipt of equipment has grown by nearly 30%, with a current annual growth rate in terms of the number of people receiving equipment of approximately 11%. This increase in activity and the commensurate increase in costs have been mitigated due to the work undertaken as detailed in paragraph 1.3.2 above.
- 4.8 Other savings have been generated across the health system where early hospital discharge can be facilitated by the timely provision of equipment to patients so that hospital beds are freed up.
- 4.9 The procurement process will promote competition which will ensure that the bids received will be evaluated against most economically advantageous criteria to balance quality and cost and therefore best value will be achieved for the customer.

5. Risk Management Implications

- 5.1 Risks will be managed through the procurement process in accordance with best practice procurement principles.
- 5.2 It is anticipated that the procurement process will be run by the Procurement Service of the West Sussex Capita Partnership on behalf of the County Council.
- 5.3 A risk log has been developed to mitigate risks associated with the project and the procurement process. The risk log is dynamic to reflect the progress of the project and will be managed by the lead officer for the project.
- 5.4 Due to the range of innovation that is available and could be presented to the County Council a competitive dialogue process is proposed. This will ensure that each proposed model is fit for purpose, meets our requirements whilst allowing innovative features to be evaluated effectively.
- 5.5 As a result of the procurement process it is possible that the service will be delivered by a different provider. It is considered that no employees within the County Council or Sussex Community NHS Trust will be directly impacted by this proposal. If the current provider (NRS) do not bid for the service, or if they are unsuccessful in their bids, it is anticipated that some or all of their staff who are currently employed on delivering the services to the County Council and Sussex Community NHS Trust under the current contract arrangements would be subject to and could transfer under Transfer of Undertakings (Protection of Employees) Regulations 2006 (TUPE) to the new service provider(s).

- 5.6 The existing contractor is aware of the pending end of the contract and meetings will be set up to discuss a smooth transition so customers receive a seamless service.
- 5.7 The successful service provider(s) will be required to have appropriate levels of insurance in accordance with WSCC Standing Orders on Procurement and Contracts. There is a further requirement to ensure compliance with the health and safety standards of the County Council
- 5.8 Discussions regarding mutual agreement of appropriate funding levels are on-going between WSCC and the CCGs. In the event that mutual agreement on appropriate funding levels cannot be reached between the CCGs and WSCC, there remains an option for the County Council to procure a reduced service to exclusively meet its own needs. To mitigate against any risk associated with this, the option for a 'provider to provider' agreement to cover the term of the contract is currently being explored with Sussex Community NHS Trust. However the option for WSCC to procure a service alone is to be avoided as it would make West Sussex an outlier nationally; set back discussions with both CCG's and SCT on potential further integration, and disincentive the market from investment into the county.

6. Crime and Disorder Act Implications

There are no identifiable Crime and Disorder Act implications.

7. Human Rights Act Implications

There are no identifiable Human Rights Act implications.

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Director Adults' Services

Appendices

Appendix A - Customer Focus Appraisal.

Background Papers

None

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