



**CABINET**

**11 SEPTEMBER 2018**

**EXECUTIVE DIRECTOR FOR ADULTS COMMUNITY AND WELLBEING: ANNA  
EARNSHAW**

**CABINET MEMBER WITH RESPONSIBILITY FOR ADULT SOCIAL SERVICES:  
COUNCILLOR SANDRA NADEN-HORLEY**

Subject:	Integrated Community Equipment Service (ICES) – further extension to the existing contract with Millbrook Healthcare
Recommendations:	<p>Cabinet is asked to;</p> <ol style="list-style-type: none"><li>1. Agree that the procurement process for the Integrated Community Equipment Service is abandoned and the Service currently provided under contract by Millbrook Healthcare Ltd is extended for a further 9 months until 31 July 2019. This will allow Officers sufficient time to review and develop the most value for money product list to be used in order to re-tender for a new service that will maximise savings in line with the Section 114 Notice and Cabinet's decision around the provision of core services.</li><li>2. Agree that delegated authority be given to the Executive Director for Adults Communities and Wellbeing in consultation with the Cabinet Member with responsibility for Adult Social Services to manage the product review and the re-procurement of the ICES, as well as approving the subsequent awards to the Council's preferred bidder of contracts for the re-procured services from 1 August 2019.</li></ol>

**1. Purpose of report**

- 1.1 This report seeks approval to extend the current Integrated Community Equipment Service contract for 9 months whilst the product list for the new service is reviewed to maximise the potential for further savings to NCC through the re-procurement.
- 1.2 In March 2018 Cabinet approved proposals to carry out a tender process for the award of a 5 year contract (with an option to extend for a further 2 years) for the provision of the ICES. However, the tender for this service has been reconsidered following the publication of a 2<sup>nd</sup> Section 114 Notice issued on the 24th July 2018 by the Council's Director of Finance. An extraordinary Full Council meeting held on the 1st August 2018 recognised the need to find further savings to meet a funding gap of between £60M and £70M in the current financial year. Recognising the requirement to achieve even more savings Officers decided to suspend the current procurement process for ICES in

consultation with the Head of LGSS Procurement and LGSS Law. The procurement was suspended on the 3rd August 2018.

- 1.3 The revised tender process will reflect the expectation that the Council and its partners in the CCG carefully consider all of the products on the equipment list, the volume of items purchased, their ability to be recycled and the use of specialist equipment where modular equipment might be more cost effective. Price will be the key factor for the tender, especially in the current economic climate. The price evaluation will be carried out by evaluators nominated by each of the partners.
- 1.4 This is a very complex Service that will require at least 4 months for contract mobilisation to ensure a smooth transition to the new contract and continuity of service delivery for service users, partners and staff alike. The mobilisation period will also include time taken to potentially source and fit out a new warehouse.

## **2. How this decision contributes to the Council plan**

- 2.1 The Council's vision is to make Northamptonshire a great place to live and work. This is achieved through increasing the wellbeing of your county's communities and/or safeguarding the county's communities.

This initiative helps the Council to deliver this vision through the following strategic priorities outlined in the Council Plan:

- All children and young people are safeguarded and vulnerable children are protected from harm.
- Keeping communities and individuals safe and supported to be healthy and stay independent.
- Effective commissioning to ensure good care at the right time for the best price, which supports people in achieving their outcomes.

## **3. Background**

- 3.1 The ICES provides a delivery, installation, collection, maintenance, repair and recycling service for a range of health & social care equipment. Services are provided to children, young people and adults to support the Personalisation, Prevention and Well Being Agenda. The Service also provides information, advice and assessment services to people who may wish to privately purchase equipment, encouraging and enabling the public to access support and assistance to remain independent. The Service is commissioned jointly with the Clinical Commissioning Group (CCG). NCC acts as the lead commissioner for this arrangement.
- 3.2 Since 1<sup>st</sup> of April 2011 the ICES contract has been delivered by Millbrook Healthcare Ltd. The contract was due to have expired on 31st March 2014 however the Council opted to extend the contract by way of a variation until 30th September 2018.

- 3.3 At its meeting on 13th March 2018, Cabinet agreed for Officers to retender the Service, dividing the integrated service into 2 lots; the community equipment as LOT 1 and the minor aids and adaptations as LOT 2. The rationale behind this approach was to offer smaller local organisations (including the voluntary sector) the opportunity to become part of the service offering for aids and adaptations.
- 3.4 The tender process then commenced with a number of providers participating, however on the 24th July 2018 the Council's Director of Finance issued a second Section 114 Notice, introducing strict spending controls with an expectation that officers either reduce or cease spending on all but the core services that the Council is statutorily obliged to fund. The Council is facing a potential budget gap of between £60m to £70m in the current financial year and an Extraordinary Full Council meeting was held on the 1st August 2018 to discuss spending priorities in light of the unprecedented level of further savings required. The gap in funding now means that very significant savings will have to be made in the current and future financial years
- 3.5 As a result the procurement process for the Community Equipment and Minor Adaptation services was suspended on 3 August 2018 pending a detailed review of the list of equipment required for the Services as it was felt that the current stock list may be unaffordable.
- 3.6 The recommendation of this report is therefore to review the standard stock list for these Services in order to streamline equipment choices and remove and replace higher cost items with products that can deliver greater value for money for the Council and its partners. As part of this proposal Officers will review and re-work the financial model between the partners in order to reduce the administrative burden and to allow greater flexibility and transparency of spend.
- 3.7 Subject to the Cabinet's approval of this report's recommendations the service specifications will be updated and Officers will commence with a fresh procurement.
- 3.8 In terms of the existing contract, over the last year Millbrook Healthcare has worked with Officers from NCC to look for solutions to improve service delivery and develop ideas for financial savings. Subject to approval of the extension of the existing contract, Officers will continue to work closely with Millbrook Healthcare to deliver efficiency savings during the next year until the new service is in place as from 1<sup>st</sup> August 2019.

#### **4. Consultation and Scrutiny**

- 4.1 The Council has informed bidders that the Council will be reviewing all of its contracted spend as a consequence of the 2<sup>nd</sup> Section 114 Notice with a view to seeking further savings and efficiencies where possible.
- 4.2 Customers are being consulted regularly about the service they receive through the contractual arrangements with the existing contract. Currently the satisfaction

rate is above 85% and Officers are working closely with staff from Millbrook Healthcare to increase this rate further. .

## 5. Equality Screening

5.1 There are no equalities implications as a result of this contract extension. The Equality Impact Assessment (EIA) will be reviewed as part of the tender process for the subsequent contact/s.

<b>Reason that no EqIA is required</b>	<b>✓ as appropriate</b>
The paper is for information only	
The proposal/activity/decision has no impact on customers or the service they receive	✓
The proposal impacts upon staff but the proposed staffing changes will not affect the service that customers receive*	
Other (Please explain further)	

\*Where a proposal affects staff, the appropriate HR processes will be followed, which have already been subject to the EqIA process and will be compliant with HR legislation

## 6. Alternative Options Considered

6.1 An option to continue with the current procurement process has been considered, however this was disregarded as it is critical that every opportunity to lever greater value for money is explored and secured through the re-procurement of this service.

## 7. Financial Implications

7.1 There are no significant financial implication as a result of this proposal as all the cost for extending contractual service and the new service will be funded through the pooled budgets from Adult Social Care and Health.

7.2 The Council's expenditure for ICES for the last three years has been as follows:

2015/6	2016/17	2017/8
£1,854,716	£2,216,313	£1,820,918

7.3 Before the contract is extended with Millbrook Healthcare NCC's Officers in liaison with Officers from Health will be entering into dialogue with Millbrook Healthcare to identify and scope the potential for achieving service efficiency savings before and during the period of the contract extension on a proactive basis.

The forecasted costs for the 2019/20 and future years will be cost will depend on the complete bids received in line with the revised equipment list.	<b>Current year</b>	<b>Forecast</b>		
	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21 &amp; beyond</b>
	£1,820,918	£1,936,297	Will depend on a range of factors including	

It is anticipated that increased use of community equipment will result in more people being able to stay on their own homes for longer as opposed to moving into care homes.			amending items ordered and minimising the use of specialised equipment	
Funded by	The cost for these services is funded through the existing Adult Social Care and Children's Social Care budgets for the Equipment and Minor Adaptation Services			

What benefits will the proposal deliver?	<p>Value for money</p> <ul style="list-style-type: none"> <li>• A new product list opens up the opportunity for new or alternative products to be added to the product catalogue at lower cost than is currently the case.</li> <li>• Impact on performance indicators</li> <li>• Increasing vulnerable people's awareness of local support services will assist in keeping them safe, well and independent. This should lead to an improvement in reducing the numbers of people admitted to hospital.</li> <li>• Introducing value for money products for these services will enable further savings for the Council and its partners. Also commissioning jointly with Health makes best use of the combined Council and Health budgets and resources.</li> <li>• In addition to this, combining the volume of equipment to be purchased for both the Council and Health through a single service provider/s secures additional discounts and value for money from the market.</li> </ul>
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## 8. Risk and Business Continuity Management

### a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
Market rates exceed current budget arrangements	Take a further review of the equipment product list during the mobilisation period with the successful bidder	Amber
Lack of time and resource to carry out the product	Deploy existing staff to carry out priority work and apply project management processes with action	Amber

Risk	Mitigation	Residual Risk
reviews and to undertake procurement exercises	plans to monitor progress as well as ensuring there is sufficient time to engage with the clinical advisors for the re-specification of the products' list	
A risk of challenge from 1 of the existing bidders if the contract is further extended	A new procurement will mean that no organisation will be disadvantaged as the procurement will be open to any interested organisation. The exceptional financial circumstances the Council finds itself in requires that every opportunity for lowering the cost of goods and services procured by the Council need to be explored	

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
There is a considerable risk to the wellbeing of local vulnerable people if there is a gap in service provision	Red
There are risks of failing to deliver statutory obligations as part of the Care Act 2014 and Equality Act 2010	Red
If the product list is not reviewed it would result in procuring a poor value for money service and it will impact on the levels of efficiency that can be achieved	Amber

## 9. List of Appendices

None

Author:	Name: Tom Grozdoski Team: NASS Commissioning
Contact details:	Tel: 07912891892 Email: Tom.Grozdoski@nass.uk.net
Background Papers:	None
Does the report propose a key decision is taken?	YES
If yes, is the decision in the Forward Plan?	YES
Will further decisions be required? If so please outline the timetable here	NO
Does the report include delegated decisions? If so, please outline the timetable here	YES

Is this report proposing an amendment to the budget and/or policy framework?	NO
Have the financial implications been cleared by the Strategic Finance Manager (SFM)? Have any capital spend implications been cleared by the Capital Investment Board (CIB)	YES/NO Name of SFM: Mark Walker  NO
Has the report been cleared by the relevant Director?	YES Name of Director: Anna Earnshaw
Has the relevant Cabinet Member been consulted?	YES/NO Cabinet Member: Cllr Sandra Naden- Horley
Has the relevant scrutiny committee been consulted?	NO Scrutiny Committee:
Has the report been cleared by Legal Services?	YES/NO Name of solicitor: Allis Karim (LGSS Law)
Have any communications issues been cleared by Communications and Marketing?	YES/NO Name of officer: Liz Fitzgerald
Have any property Issues been cleared by Property and Asset Management?	NO Name of officer: N/A
Have the Procurement Implications below been referenced in the Paper: <ul style="list-style-type: none"> <li>The ICES contract will be subject to the EU Procurement rules. The proposed start date for the new contract of 1<sup>st</sup> July 2019 allows sufficient time for the advertising, evaluation, award and mobilisation period to take place within the guidelines of EU procurement legislation and the Council's Contract Procedure rules</li> </ul>	YES Name of officer Paul White (This should be Head of Procurement)
Are there any community safety implications?	There are no community safety implications, this proposal is limited to delegated Authority approval to go out to tender.
Are there any environmental implications:	There are no environmental implications, this proposal is limited to delegated Authority approval to go out to tender.
Are there any Health and Safety Implications:	NO
Are there any Human Resources Implications:	NO

Are there any human rights implications:	NO
Constituency Interest:	None specific