

<b>TITLE</b>	<b>Reprocurement of Berkshire Community Equipment Service</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 29 September 2022
<b>WARD</b>	None Specific
<b>LEAD OFFICER</b>	Director, Adult Social Care and Health - Matt Pope, Director, Children's Services - Helen Watson
<b>LEAD MEMBER</b>	Executive Member for Health, Wellbeing and Adult Services - David Hare

## **PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)**

The Berkshire Community Equipment Service supports people to remain independent in their own homes by providing items such as grab rails, walking frames, toilet frames, orthopaedic beds and mattresses, specialist chairs, hoists and bath aids. The service delivers equipment to people's homes across the county and recycles after use. Last year over 10,000 items were delivered to homes in Wokingham, helping over 2,500 adults and children. The key benefit of the service is that vulnerable adults and disabled children in the Borough are able to remain living independently in a familiar and safe environment.

The service provision aligns to the strategic priorities set out within Wokingham's Adult Social Care Strategy, which include to:

1. Keep people safe
2. Prevent, reduce and delay the need for formal care and support
3. Work in partnership and commission services that deliver quality and value for money

The service is mainly used by Adult Services but equipment is also purchased by the Children with Disabilities Team (Children's Services).

The BCES was created in 2011 as a partnership between

- Wokingham Borough Council
- West Berkshire Council
- Reading Borough Council
- Bracknell Forest Council
- Slough Council
- The Royal Borough Windsor and Maidenhead Council
- Berkshire West and Berkshire East CCGs

The partnership operates through a Section 75 agreement which is an agreement under s.75 NHS Act 2006 to pool resources and delegate health related functions between partners.

This partnership has enabled efficiencies and economies of scale in the procurement and managing of the service. Purchasing in volume has allowed competitive prices to be

achieved. As the partners share hospitals and health services, there are efficiencies in the transporting of equipment and cost sharing with health partners.

This report seeks approval to proceed with the joint procurement of the Berkshire Community Equipment Service under the Section 75 agreement in accordance with the Procurement and Contracts Rules and Procedures. Executive Approval of the Procurement Business case is required as the total ascertainable value of Wokingham's contribution to the contract is over £663,540.

## **RECOMMENDATION**

It is recommended that Executive:

- 1) Approves the attached Business Case to undertake a joint procurement exercise of Berkshire Community Equipment Service for Wokingham in partnership with West Berkshire, Reading, Bracknell Forest, Slough, the Royal Borough Windsor and Maidenhead Local Authorities and the NHS CCGs in Berkshire East and Berkshire West. West Berkshire Council will be the lead authority.

Details of the current spend and available budget can be found in Part 2 of the Executive Report (Financial Information).

- 2) Delegates authority to the Directors of Adult Services and Children Services in consultation with the Lead Members for Adults and Children's Services to utilise the budget for this service and to award the contract in conjunction with the other authorities to the preferred supplier.

## **EXECUTIVE SUMMARY**

The Care Act 2014 places a statutory duty on Local Authorities to provide services which reduce or delay the impact of people's needs and help people to regain skills, for instance after a stay in hospital. The Children Act 1989: Section 17 provides a general duty to safeguard and promote the welfare of children in need (which includes a child with a disability).

Since 2012, Wokingham Borough Council has been part of a Section 75 agreement (an agreement under s.75 NHS Act 2006 to pool resources and delegate health related functions between partners) with Reading Borough Council, Bracknell Forest Borough Council, West Berkshire Council, Slough Borough Council, the Royal Borough of Windsor and Maidenhead and the NHS CCGs in East and West Berkshire to jointly procure an integrated equipment service for the community known as the Berkshire Community Equipment Service (BCES).

The Berkshire Community Equipment Service supports the Council's statutory duties by providing equipment at no cost to the customer when someone needs it to keep safe and remain in their own home rather than make use of other more costly statutory care such as nursing homes. The service provides daily living and nursing equipment to people who live in the community. It includes simple equipment such as perching stools, toilet frames and walking sticks, as well as more complex items such as hoists and specialist beds and seating. The purpose of this equipment is to support people in their own homes, promoting independence and safety.

The service is used by prescribers of community equipment, such as Occupational Therapists, Physiotherapists, GPs or Community Nurses, who have assessed their clients and who can then order the appropriate equipment. This is a loan service, which means that when the client no longer needs the equipment, it is collected and recycled.

The service itself is currently provided for the BCES partners by NRS Healthcare, who deliver, install and maintain all items of equipment. The contract is based upon usage and each local authority only pays for the equipment it uses commissioned. This ensures that Wokingham is only paying for services received and funding is not utilised to subsidise other commissioning authorities.

This well-established partnership is very successful and often held up as an example of good practice in joint commissioning. The partnership has great purchasing power due to the volumes of equipment purchased which gives access to a wide range of equipment including bespoke items and drives down costs. The service is performing very well and has improved year on year. In the last financial year, 87.19% of clients across the county said they felt 'very satisfied' with the service they had received. The number of complaints about the service is very small at just 0.04% as a percentage of all activity. The service is meeting its annual activity target of 98% for deliveries and collections with the highest number of activity and most cost effective being 3 day deliveries and 5 day collections. Operational staff are very happy with the service. Under the S75 agreement, West Berkshire Council is named as the lead authority and commissions the service in Wokingham on our behalf. Each partner pays an annual management fee to West Berkshire to cover contract management costs and staffing. West Berkshire Council contracts with NRS Healthcare directly on behalf of the partnership organisations to deliver the service. The current contract is due to expire on 31<sup>st</sup> March 2024. Under the Public Procurement Regulations, local authorities are required to offer new contract opportunities to the market through a competitive tender process in order to ensure value for money is achieved.

The Section 75 agreement between the partners itself remains current and does not need to be formally renewed as it is a rolling contract. However, approval is required for Wokingham to proceed with the joint procurement of the service with its partners. The new contract opportunity will be for an initial period of 5 years with up to 2 years contract extension. The opportunity will be advertised in May 2023 with a contract commencement date of 1<sup>st</sup> April 2024. West Berkshire will continue as Lead Authority.

## BACKGROUND

The Council has a statutory duty under the Care Act 2014 to help to improve people's independence and wellbeing and provide services that prevent, reduce and delay the need for formal care and support. The Council also has a statutory duties under section 17 of the Children Act 1989 to safeguard and promote the welfare of children in need (which includes a child with a disability) and under section 2 of the Chronically Sick and Disabled Persons Act (1970) to make arrangements which are assessed to be necessary in order to meet the needs of the individual child.

Provision of equipment to adults and disabled children in their own home and continue to access education across the borough is a key part of the local offer to maintaining independent and safe living and enhances quality of life and wellbeing. It also enables carers both paid and unpaid to provide safe care and support.

Since 2012 the Council has worked jointly with its neighbouring local authorities and NHS CCGs to create an integrated Berkshire Community Equipment Service for adults and disabled children with an assessed need.

The service is currently delivered by NRS Healthcare which is one of the three main suppliers in the market nationally, all offering a similar service. Therefore, whichever provider is successful in the tender, it is expected that there will be a seamless transfer to the new contract. The service is well established and very well utilised. It offers a wide range of equipment from low level items such as bath boards and walking frames, to complex items such as hoists, turning aids and specialist seating.

Spend is based directly on demand arising from assessed need so varies year on year. Details of how WBC's spend compared with our partners during the last year can be found in Part 2 of the Executive Report.

Purchasing equipment under an integrated partnership arrangement represents value for money because the supplier is able to offer competitive rates due to bulk buying compared with purchasing items directly from a provider on-line. It is difficult to quantify the cost to WBC if we opted to commission our own service because there are no other single commissioned services as a comparator in the South East region: all authorities commission jointly with their health partners. Also, there are many variables to be factored into the service design which would impact on the cost model. However, to some degree we can quantify what WBC stands to lose by not continuing the partnership arrangement, in terms of the financial benefits of the recycling model and 50/50 cost splits with Health, details of which can be found in Part 2 of the Executive Report.

As a further simple comparison, below is a list of the five top items of equipment delivered to Wokingham residents and the cost of buying through the integrated service versus directly online from the supplier.

<b>Description</b>	<b>Price each for BCES from NRS</b>	<b>Price each buying online</b>	<b>Saving per item by using BCES</b>	<b>Percentage difference buying online compared with BCES prices</b>
Configura comfort tilt armchair	£1,075	£2,022.49	£947.49	88.14%
Bathlift (reclining back)	£159	£209.99	£50.99	32.11%
Mobile Hoist	£510	£833.32	£323.32	63.40%
Profiling bed	£436	£566.00	£129.86	29.77%
Half step	£45	£89.99	£44.76	98.96%

Further spend analysis is available within the Procurement Business Case attached and Part 2 of the Executive Report.

There is revenue and capital funding available for this contract as detailed in Part 2. Inflation and demand changes will be assessed on an annual basis over the life of the contract. The current contract has no clause for inflationary uplift so there is no obligation placed on the partnership. NRS approaches the Steering Group each year with their proposal for an uplift for activity charges which the Steering Group agrees or declines. Under the new contract, consideration will be given by the Steering Group about whether to include an inflationary clause to better manage cost over time. Equipment is bought at the market rate at the time.

The current contract includes an effective recycling credit model which is one of the standout features of this contract. This means that equipment no longer needed by those it was prescribed for is recycled and used again for other adults and children. Recycling is the key to controlling the budget because items recycled in this way generate financial credits. It also contributes to a reduction on the environmental impact of the service.

The current contract is efficiently managed by West Berkshire and was awarded via a tender process in 2017. It has been extended by two years until 31<sup>st</sup> March 2024. Similar examples of integrated community equipment services are found all over the country including Wales, Cornwall and North Yorkshire. Benchmarking within the South East region has shown that all Local Authorities jointly commission equipment services with their health partners therefore the model in Berkshire is in line with national and regional trends. The benefits of jointly procuring the service include:

- Efficient storage and distribution of equipment across the region
- Single point of contact for all prescribers and service users across the county for equipment supplies.
- Sharing of costs with our health partners.
- Aligning partner resources secures greater purchasing power which drives down costs through economies of scale. Opportunity to achieve Value for Money.
- Providers can make efficiencies such as securing more competitive prices from suppliers, lower contract administration cost, more efficient use of resources, recycling equipment
- The ability to order special one-off items at a good price

- Avoids duplication of effort across multiple authorities in procuring and contract managing.
- Dedicated resource in West Berkshire available to oversee and develop the service to ensure quality is achieved through monitoring of KPIs and outcomes.
- Improved information sharing between partners on the volumes, spend and performance of the equipment service commissioned for adults and disabled children.

## **BUSINESS CASE**

The provision of a Berkshire wide service to supply equipment to vulnerable adults and disabled children living in their own homes for both short and long term care. This service is critical to ensure that children can continue to be safely cared for by their families in their own homes, coupled with supporting access to education settings and also to prevent hospital admissions and aid timely discharges from hospital.

It is proposed that the service will be jointly commissioned under a Section 75 Partnership agreement between the six Berkshire Unitary Authorities and the NHS CCGs in East and West Berkshire. The Section 75 agreement itself remains current and will not require to be renewed because it is a rolling contract however approval is required for Wokingham to commit to reprocurring the service along with its partners.

The competitive and open procurement process will be led by West Berkshire Council acting on behalf of the partnership with input from each partner to ensure the most economically advantageous tender following a proportionate quality:price evaluation. The Operational and Commissioning teams from WBC will have full involvement in the tender process including creating tender documentation which clearly sets out the requirements of the service and the expected outcomes to ensure we maintain control over the competitive tendering process and obtain a service comparable to what we have now. We will take part in evaluating the tender to ensure that a robust and fair process is followed and to ensure that consensus among the partners is reached on the winning bid. A key evaluation question will be about experience and knowledge of the boroughs.

West Berkshire have been the lead since 2015 and have dedicated staff in place to closely monitor and manage the service once awarded. The partners will meet regularly to discuss the development of the service and any issues. The contract will include robust clauses around default and termination in case of any serious issues with service delivery or under performance by the provider. The notice period is likely to be 6 months or immediate effect in the case of a serious breach. In this instance, a new provider would be commissioned.

If at any point Wokingham no longer wishes to be a member of the partnership, we would be required to give 12 months' notice and commission our own service. Under the terms of the agreement we would be required to indemnify the other parties for all costs arising as a result of the termination. West Berkshire has confirmed that the extent of our liability would be the cost of the contract management fee during the 12 month notice period. The service is large enough to continue as it is almost unnoticed if a single partner leaves, such is the scale of it.

In the event of extreme budget crisis, partners can suspend the agreement with one month's notice without incurring further expenditure.

To date the arrangement has been hugely successful and beneficial. Owing to its size and buying power, the partnership has influence over the provider which makes NRS Healthcare very responsive to the needs of all partners, particularly for one-off special requests. The number of complaints about the service is very small at just 0.04% as a percentage of all activity. The NRS Client Survey showed that the Berkshire depot achieved the highest percentage (87.19%) of clients who said they felt 'very satisfied' with the service they had received. The service is meeting its annual activity target of 98% for deliveries and collections and operational staff are very happy with the service.

The on-costs of the service such as logistics, warehouse provision and equipment maintenance are spread evenly among the partners which makes the service costs effective compared with commissioning a service alone.

Jointly tendering the service across Berkshire is the most cost effective way of delivering this service and using one provider means there is single point of contact for everyone using the service.

While Wokingham Borough Council could seek to end existing arrangements, there are considerable disadvantages of doing so including:

- providers may not be willing to establish a small operating model in the region for Wokingham alone due to the set up costs associated with creating a new infrastructure encompassing a warehouse, stock management, route planning and delivery, installation, servicing and maintenance, cleaning, training in using equipment, out of hours service.
- assumed loss of economies of scale due to smaller volumes of work which increases the unit price of each piece of equipment
- range of equipment likely to be limited
- Providers are less likely to generate efficiencies when delivering a Wokingham only service so the Council is unlikely to achieve value for money
- Additional cost to support contract management and the coordination of the service.

Procuring and mobilising a small scale service for Wokingham alone is not viable and therefore a joint approach is recommended.

Further information is included within the attached Procurement Business Case

## **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Contained in Part 2 of the report	Yes	
Next Financial Year (Year 2)	Contained in Part 2 of the report	Yes	
Following Financial Year (Year 3)	Contained in Part 2 of the report	Yes	

Following Financial Year (Year 4)	Contained in Part 2 of the report	Yes	Revenue and Capital
Following Financial Year (Year 5)	Contained in Part 2 of the report	Yes	Revenue and Capital
Following Financial Year (Year 6)	Contained in Part 2 of the report	Yes	Revenue and Capital
Following Financial Year (Year 7)	Contained in Part 2 of the report	Yes	Revenue and Capital

#### **Other Financial Information**

The Capital expenditure will help manage demand in the Revenue Budget. By providing capital equipment to assist people to live independently there will be less need for revenue expenditure on care staffing.

See Part 2 of the report.

#### **Stakeholder Considerations and Consultation**

Consultations with Stakeholders and service users will be conducted as part of this procurement.

The method will be determined by the Steering Group when work commences on the detailed tender project plan.

#### **Public Sector Equality Duty**

An Equalities Impact Assessment has been completed and no impact has been identified as there will be no change the existing service.

**Climate Emergency – *This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030***

The recycling of equipment to be used again by other people has a positive impact on the Council's carbon neutral objective.

#### **Reasons for considering the report in Part 2**

Contains commercially sensitive financial information

#### **List of Background Papers**

- Executive Report Part 2 – Financial Information
- Procurement Business Case
- EQIA

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