

**COMMISSIONING & PROCUREMENT SUB-COMMITTEE – 11 MARCH 2015**

<b>Subject:</b>	Integrated Community Equipment Loan Service (ICELS)		
<b>Corporate Director(s)/ Director(s):</b>	Candida Brudenell Strategic Director Early Intervention		
<b>Portfolio Holder(s):</b>	Cllr Alex Norris – Adults, Commissioning and Health		
<b>Report author and contact details:</b>	Antony Dixon, Strategic Commissioning Manager 0115 876 4832, <a href="mailto:antony.dixon@nottinghamcity.gov.uk">antony.dixon@nottinghamcity.gov.uk</a>		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<b>Subject to call-in</b>
			<input checked="" type="checkbox"/> Yes
			<input type="checkbox"/> No
<b>Reasons:</b>	<input checked="" type="checkbox"/> Expenditure	<input type="checkbox"/> Income	<input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
			<input checked="" type="checkbox"/> Revenue
			<input checked="" type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes
			<input type="checkbox"/> No
<b>Total value of the decision: £9.870m</b>			
<b>Wards affected:</b> All	<b>Date of consultation with Portfolio Holder(s): 18<sup>th</sup> February 2015</b>		
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
This report seeks approval to enter into a partnership agreement with Nottinghamshire County Council, Nottingham City and County Clinical Commissioning Groups under the provisions of section 75 of the National Health Service Act 2006 for the purpose of the commissioning of an Integrated Community Equipment Loan Service.			
<b>Exempt information:</b>			
None			
<b>Recommendation(s):</b>			
1. To approve the commissioning of an Integrated Community Equipment Loan Service (ICELS) in accordance with the model detailed in 2.3-2.6			
2. To approve the commencement of a tender process for a replacement Integrated Community Equipment Loan Service (ICELS) led by Nottinghamshire County Council			
3. To approve the Council entering into the partnership agreement with Nottinghamshire County Council and the Clinical Commissioning Groups of Nottingham City, Nottinghamshire County and Bassetlaw for ICELS			
4. To note the budget allocation set out in <b>Table 1</b> to support ICELS spend of £1.410m per annum.			
5. To approve the spend of up to £9.870m for the period 2016/17 – 2022/23 from revenue and capital budgets as Nottingham City Council’s contribution to the partnership contract for ICELS.			

**6.** To approve the carry forward of any under-spend against the ICELS budget to mitigate demand pressures and availability of capital grant over the duration of the contract. Any further increases in spend due to demand will be contained within Medium Term Financial Plan (MTFP) inflationary allocations and any unallocated capital grant.

**7.** To approve the use of delegated authority by the Director of Early Intervention to approve the outcome of the tender on behalf of the City Council.

## **1 REASONS FOR RECOMMENDATIONS**

1.1 Nottinghamshire County Council will commence a tender process for a replacement ICELS service in April 2015. A commitment from Nottingham City Council is required to enter into and fund the outcome of this process.

1.2 Delivery of an integrated community equipment Loan Service will assist vulnerable people to live independently in their own homes facilitate discharge from hospital. Jointly commissioning the service with Nottinghamshire County Council and the Clinical Commissioning Group (CCG) will deliver increased value for money for the Council

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

2.1 The Integrated Community Equipment Loans Service (ICELS) is the mechanism by which, equipment that is prescribed to keep vulnerable people in their own homes is ordered, delivered and maintained across the City and Nottinghamshire County.

ICELS is currently operated by the British Red Cross and is jointly commissioned by;

- Nottingham City Council
- Nottinghamshire County Council
- Nottingham City CCG
- Nottingham County CCG's
- Bassetlaw CCG

Nottinghamshire County Council is the Lead Commissioner and holds the contract on behalf of the partnership.

2.2 A pooled budget of £7.2 million is in place, which is contributed to by all partners and managed via a partnership arrangement by Nottinghamshire County Council. Nottingham City's Council's contribution to the pooled budget is 17%

2.3 There are significant benefits in having an integrated community equipment service. Before ICELS came into being in 2004, clients had to wait nearly 3 weeks for equipment and in some cases didn't receive items in time to meet a palliative care need. Clients no longer have to wait for decisions to be made between Health and Social Care services, on who will provide and who will pay for items. Equipment can currently be ordered in six different ways dependent upon need;

- Same day orders (orders placed before 3pm)
- Next day orders
- 3 day orders
- 5 day orders
- Premium orders (orders placed after 3pm but are needed for the same day)
- Specials (orders that are not standard catalogue stock items)

2.4 There are financial benefits from scales of economy of having such an integrated service with shared stock, warehousing and logistics functions. It allows greater service flexibility and continuity and ensures clients receive the equipment they need to enable them to live safely in their own homes.

2.5 ICELS has a standard catalogue that prescribers can order from according to their profession/team to meet their client group's needs without having to call in multiple agencies. The equipment is loaned to individuals, with cost efficiencies to commissioners for return and reuse of items. The service actively pursues the return and recycling of equipment at vastly reduced net cost to the partnership. In 2012/13 ICELS delivered £12.3 million worth of equipment for a total cash cost of £7.2 million. This can be stated as a 42% return on investment.

The Nottingham and Nottinghamshire ICELS service is recognised nationally as having a strong model. The proposal for the 2016 tender is to build upon Nottinghamshire's ICELS model so that the service;

- Supports the transformation of NHS and Social Care e.g. 'Transfer to Assess' and 'Choose to Admit'
- Reflects the changes in the needs of the professionals/teams accessing the service
- Meets the needs of the growing population (both the estimated demographic increase and greater levels of dependency)
- Has greater flexibility
- Build upon aspects of the existing structure to generate savings
- Utilises the IT package available (Webelms) to its full capacity

## 2.6 **Key Proposed changes/additions to the 2016 ICELS tender**

### **Extend operating hours**

The hours/ number of days teams work have increased since 2011 with many planning to increase these further over the course of the next five years. Orders for equipment placed after 3 pm requesting equipment for same day delivery are classified as Premium orders and incur a cost of £100 per order in addition to the cost of the equipment /delivery charges. Between March 2014 and May 2014 a total of 193 Premium orders were placed at a cost of £19,300<sup>1</sup> this equates to an average of £6,433 spent on premium orders per month with an estimated cost of £77,196 per year. By introducing a change in the hours/ days of the week that ICELS currently operate this would eradicate premium orders and offer greater service flexibility, lower costs and aid timely discharges.

### **Extend the ICELS catalogue**

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<sup>1</sup> Price excludes the cost of equipment and additional delivery charges

By extending the catalogue to incorporate more items currently classified as specials this would make a saving to partners as they would not only benefit from the recycling rate but it would also eradicate the responsibility for the equipment from those purchasing it.

### **Hybrid retail model**

The new contract would make provision for the contractor to expand beyond the current service plan by allowing them the flexibility to set up an Amazon type service, whereby members of the public could self-purchase the equipment they require from a trusted provider and have it delivered directly to them on a stated time/date. As it would be the contractor trading and not the Local Authority/Health then both bodies would be able to receive any profit income via gain share.<sup>2</sup>

The 2009 report Transforming Community Equipment Services (TCES) by the Centre for Economics and Business research ltd stated that between 50-60% of people that wish to self-purchase equipment do not currently do so as they do not know where to buy products from. By making provision within the new contract for the contractor to create a hybrid retail model and creating a strong brand it is hoped that the contractor will be able to tap into this market by providing a one stop shop for members of the public wishing to purchase equipment.

### **Care homes**

The contract will make provision for the Contractor to closely monitor the equipment purchased by care homes through ICELS to ensure homes are meeting their responsibilities to purchase equipment for the use of their residents. It will also build upon the work already undertaken to recover equipment by setting clear targets so that greater levels of equipment can be recycled/refurbished.

### **Children's equipment**

Greater detail on Children's equipment will be included within the contract so that the contractor/partners are clear on their responsibilities and what service they are to provide.

- 2.7 The service is currently provided at Middleton Court, Glaisdale Industrial Park from a premises leased by the City Council. An extension of this lease will be required to cover the period of the proposed ICELS contract. It is the intention of the partnership not to specify a location from which the service will be delivered from 2013.

## **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Nottingham City could commission and procure a Community Equipment Service for the City separately from the other commissioners. This option is not recommended as we would lose the benefits of economies of scale associated with a countywide service with a likely consequent reduction in value for money. It is unlikely that Nottingham City CCG would support this model given that they also have responsibilities towards those registered with a City general practitioner but resident in the County.

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<sup>2</sup> The County Council's legal team have advised that there is no limit to any profit income via gain share

#### 4 **FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

- 4.1 The current annual funding available to support this ICELS Pooled Budget contribution is shown in **Table 1** below:

<b>TABLE 1 - FUNDING TO SUPPORT ICELS SERVICE</b>	
	<b>Annual Budget £m</b>
Adults Revenue Budget	0.870
Children's Revenue Budget	0.140
Capital Grant Funding – Note 1	0.400
<b>Total Funding Available</b>	<b>1.410</b>

Note1: The capital funding is from the Social Care Capital Grant received by local authorities from the Department of Health (DoH) and will form part of the Better Care Fund. The total value of the capital grant in 2015/16 is £0.863m, however 37% of this value must be earmarked for other specific purposes. It is assumed this funding will continue.

- 4.2 The term of 5 years plus the option to extend for a further 2 years is proposed and therefore the full value of this commitment is **£9.870m**.
- 4.3 Section 2.2 refers to Nottingham City Council's contribution to the pooled budget currently being 17%. This service is supported by a Section 75 Partnership Agreement that details the partners funding contributions and financial governance arrangements. A revised agreement will be required to align to the new ICELS service. It should be noted that actual contribution levels are determined by partner's activity and the split between City and County is currently reviewed on an annual basis. For City partners, the current agreement supports each partner meeting the cost of purchases specific to their organisations.
- 4.4 Should the capital grant funding not continue to be available a further decision will be required. A further decision will also be required in any subsequent years should there be a shortfall in funding above the provision within the Council's Medium Term Financial Plan (MTFP).
- 4.5 In respect of Recommendation 4, in light of this being a demand led budget, this decision would seem appropriate.
- 4.6 The continuation of a jointly commissioned service with partners will ensure the council continues to achieve value for money from the provision of services that meets the needs of local people through the most economic, efficient and effective means.

## **5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

- 5.1 The projected budget for the ICELs service is based on current contributions. There is a risk that core costs of delivering the service may increase as a result of the tender process. Being a demand led service there is also a risk that demand for equipment will increase over the duration of the contract period particularly given strategic imperatives to care for more vulnerable citizens within a community setting and demographic pressures. These risks can in part be mitigated by: increased recycling of equipment, income from gain share from the retail model, and reduction of premium orders;
- 5.2 At present 29% of the Council's contribution to the ICELs partnership is met from the Social Care Capital Grant. From 2015/16 this grant forms part of the Council's contribution to the Better Care Fund administered through the Health and Well-being Board. Should this funding not be forthcoming in the future, or the Clinical Commissioning Group don't agree that it should be utilised in this way, then a budget pressure will be incurred.
- 5.3 There are no significant legal concerns arising from the recommendations set out in this report. It is proposed that the County Council will continue to act as the host authority under the partnership arrangement and will carry out the tender process and enter into the contract with the successful provider. As such the contractual liabilities will rest with the County Council but there will be a back to back agreement with the partners made under the provision of s.75 National Health Service Act 2006 which will set out the obligations of the partners, including financial governance.
- 5.4 The Council must ensure that it is satisfied with the procurement process that is being led by the County Council, including the appropriateness of the specified requirements, the evaluation mechanism (it is advised that a representative from the City Council is included in the evaluation panel), application of the new Public Contracts Regulations 2015 and any contractual provisions. Advice and support from legal and procurement officers should be sought as required.

## **6 SOCIAL VALUE CONSIDERATIONS**

- 6.1 City Council commissioners will work with Nottinghamshire County Council colleagues who are leading the commissioning and procurement of this service to ensure that good employer requirements are written into the service specification and that marking of the tender process takes account of employment terms including levels of pay

## **7 REGARD TO THE NHS CONSTITUTION**

- 7.1 Not Applicable

**8 EQUALITY IMPACT ASSESSMENT (EIA)**

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in any attached EIA.

**9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

9.1 None

**10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

**11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

Darren Revill  
Steve Oakley  
Andrew James  
Jo Pettifor