

CABINET PROCUREMENT & INSOURCING COMMITTEE

CONTRACT AWARD REPORT

Title of Report	Hackney Integrated Community Equipment Service
Key Decision No.	AHI S178
CPIC Meeting Date	13 March 2023
Classification	Open / Exempt (incl. reason)
Ward(s) Affected	ALL
Cabinet Member	Cllr Chris Kennedy, Health, Adult Social Care, Voluntary Sector and Culture
Key Decision	Yes
Group Director	Helen Woodland, Adults, Health and Integration
Contract value, <u>both</u> Inclusive of VAT and Exclusive of VAT (for the duration of the contract including extensions)	Value (inc. VAT): The total estimated contract value for the Council is £16.0m (7 years) / £11.3m (5 years) Value (ex. VAT): The total estimated contract value for the Council is £13.3m (7 years) / £9.4m (5 years)
Contract duration (including extensions e.g. 2 yrs + 1 yr + 1 yr)	5 years + 1 year + 1 year

1. Cabinet Member's Introduction

- 1.1. Community equipment is critical to enabling older and disabled people, including children with disabilities, to remain living independently and helps facilitate timely transfers of care from hospital.
- 1.2. Social care continues to face significant challenges and the Council seeks to procure services which support individuals to meet their own outcomes and continue to live independently.
- 1.3. The provision of community equipment is a key preventative service and an essential element of Adult Social Care services, which contributes to the Council's objective to assist Service Users to increase their independence.
- 1.4. The proposal to join an existing framework agreement for the provision of community equipment will ensure a robust, high quality and best value community equipment service through collaborative commissioning.
- 1.5. The proposal supports the Council to continue to meet its duties under the Care Act 2014, The Children and Families Act (2014), and the SEN Code of Practice (2014). The recommendations made are in line with the key priorities of the City and Hackney Place-Based Partnership as members of the NHS North East London Integrated Care System; and the City and Hackney Partnership Better Care Fund Plan 2022/23.

2. Group Director's Introduction

- 2.1. The report summarises the options for recommissioning the Integrated Community Equipment Service (ICES) following the commissioning review of community equipment services (CES) and seeks approval to proceed with the recommended option of becoming a member of the London Community Equipment (CE) Consortium by calling off a contract from the London Consortium single supplier framework.
- 2.2. The Council's vision is to ensure as many Hackney residents as possible are supported to stay independent and active in their own homes and community for as long as possible. ICES is a key preventative service, enabling older and disabled people, including children with disabilities, to remain living independently, reducing the need for more formal and costly care, and one that helps to facilitate timely transfers of care from hospital. This proposal supports delivery of the Council's vision by ensuring the continued provision of ICES in Hackney, whilst improving service resilience, quality, and value for money.
- 2.3. New and sustained national and global challenges impacting the community equipment industry have led to increasing cost pressures and continued concerns around the performance and quality of ICES provision in Hackney. Research and benchmarking determined that an effective way of mitigating these challenges is through increasing economies of scale by joining an existing collaborative arrangement for future ICES provision.
- 2.4. The options appraisal and financial modelling from the commissioning review of CES determined that the option of joining the London CE Consortium is the most

beneficial for Hackney in terms of value for money and the delivery of resilient, high-quality service provision, mainly by offering the greatest economies of scale.

- 2.5. The paper recommends retaining the benefits of the integrated service model by joining the London CE Consortium in partnership with Hackney Education (special educational needs - SEN) and our existing partners in health. It recommends moving to a Section 75 arrangement for the health and adult social care financial charging model with a pre-approved proportional split of 60/40 respectively, and continuing to have Hackney Education activities invoiced separately by the Provider.
- 2.6. The proposal supports the Council to continue to meet its duties under the Care Act 2014, The Children and Families Act (2014), and the SEN Code of Practice (2014). The recommendations made are in line with the key priorities of the City and Hackney Place-Based Partnership as members of the NHS North East London Integrated Care System and the City and Hackney Partnership Better Care Fund Plan 2022/23.

3. Recommendations

- 3.1. **Cabinet Procurement and Insourcing Committee is asked to approve the following recommendation:**

- **To join the London Community Equipment Consortium and access the single provider framework commencing on 1 August 2023, and award a contract for an Integrated Community Equipment Service for a period of 5 years + 1-year + 1-year options to extend; with a total value of £13.3m; and an estimated annual value of £1.854m rising to £1.975m subject to annual service review and available budget.**

4. Related Decisions

- 4.1. None

5. Reason(s) For Decision / Options Appraisal

5.1. Background

- 5.1.1. The Hackney Integrated Community Equipment Service (ICES) is a key preventative service, enabling older and disabled people, including children with disabilities to remain living independently. The service is responsible for delivering, maintaining, collecting, and recycling equipment that supports Hackney residents' daily living.
- 5.1.2. The main functions of the Service are to obtain, deliver and install appropriate community equipment on loan to people living in the community in;
 - people's homes, enabling residents to do tasks they would otherwise be unable to do or to provide support to a carer/parent to enable ongoing care in the home environment;

- schools for children and young people with a disability, or specially adapted equipment for each child and young person to enable them to function well in school.
- 5.1.3. Once the Service User has no further use of the equipment, the Provider is responsible for collecting, cleaning, and, where possible, fully servicing and re-using the equipment.
- 5.1.4. A key deliverable for the service is the provision of equipment and/or minor adaptations that enable people to return home from hospital sooner to a safe home environment.
- 5.1.5. Orders for a range of equipment, aids, and minor adaptations are placed by health and social care prescriber practitioners (e.g. Occupational Therapists, GPs, District Nurses, Physiotherapists, etc.) across multiple teams within Homerton Healthcare NHS Foundation Trust (HH), LB Hackney Adult Social Care (LBH ASC), Hackney Ark and Hackney Education using the Provider's online web-based asset management system.
- 5.1.6. The integrated service is jointly funded by health partners, NHS North East London Integrated Care Board (NHS NEL ICB). Hackney Education access the contract but have a separate account with the Provider and are invoiced separately each month for the orders they have placed.
- 5.1.7. The Council is the lead commissioner of the contract on behalf of key partners named in Sec. 7.1.5.

5.2. Reasons for Decision

- 5.2.1. The provision of community equipment is a statutory requirement for the Council and its partners under the Care Act 2014 for adult social care, the Chronically Sick and Disabled Persons Act 1970 for children, and the National Health Service Act 2006 for health care. National policy frameworks and general legislation relevant to the provision of community equipment have been provided as Appendix 1.
- 5.2.2. The current contract will expire on 31 July 2023. There are no further options to extend.
- 5.2.3. Demand for the service has been growing an average of 5% year-on-year. However, over the last few years, the CES industry has been faced with a number of new and sustained challenges.
- 5.2.4. The Covid-19 Pandemic has affected all areas of life, leading to unprecedented demand for ICES. A 30% increase in service demand during 2020 has been sustained and is likely to increase further during Winter 2022/3.
- 5.2.5. The Pandemic Global Response has affected supply chains and created a shortage of raw materials needed for the manufacture of community equipment. This has caused significant increases in shipping costs and equipment prices set by both manufacturers and suppliers. Rising inflation and the war in Ukraine have caused further increases in Provider costs.
- 5.2.6. The spend on equipment is rising faster than the volume provided. Contributing factors are likely to be twofold: 1) the impact of inflationary price increases and 2)

An increase in the complexity of Service User needs in the community.

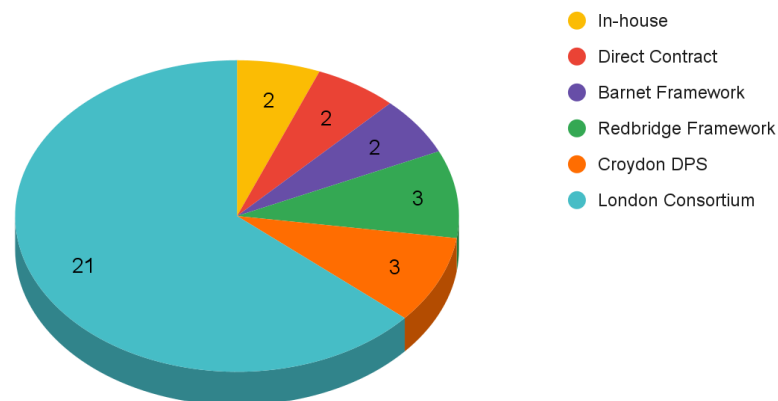
- 5.2.7. The relocation of Hackney ICES in Feb 2022 from Redbridge to another depot in London where the Provider also operates ICES provision for another CES contract has caused significant and enduring performance concerns for Hackney and the Local Authorities served by the other contract. Should continued poor performance force the other Local Authorities to give notice on their contract the continued use of the depot would be put into question, and our incumbent may be forced to give notice on the Hackney contract. Commissioners from the other Local Authorities have agreed to give Hackney sufficient notice should termination be served by either party.
- 5.2.8. The above situation means there is a possibility that the procurement of Hackney ICES as outlined in this report may need to be completed sooner than the contract end (31 July 2023).
- 5.2.9. The challenges and performance concerns outlined in this report are not specific to our incumbent Provider or Hackney. Many of the challenges faced by the Hackney ICES are industry wide and as such are a reality for CES provision nationally.
- 5.2.10. Global challenges are unlikely to be resolved quickly and it is projected that demographic pressures will continue to rise. The Government is unlikely to provide the required increased funding, which means more equipment must be bought with a similar budget to today to enable more people to retain their independence and avoid an unsustainable increase in care package costs.
- 5.2.11. This report proposes that increasing economies of scale by calling off a contract from the London Community Equipment (CE) Consortium single-provider framework will provide the greatest resilience to industry challenges, improve the quality of service provision, and represents Best Value to the Council, its residents, and stakeholder partners.
- 5.2.12. The key benefits to be achieved through accessing the London CE Consortium single-provider framework are;
- Efficiencies in equipment costs achieved through purchasing power
 - Efficiencies through maximising the use of recycled equipment through sharing with other member Local Authorities (LA's)
 - Efficiencies in out-of-borough resident activity charge rates
 - Greater resilience to supply chain issues (shipping disruption/shortage of raw materials) affecting the availability of key stock through the ability to share stock between member LA's,
 - Greater resilience to staff capacity, retention and recruitment issues through the ability to draw from a larger pool of staff according to the changing needs of each member LA
 - Shared learning and problem-solving

- Greater strength to shape and challenge the market and suppliers e.g. can push for the development of relationships with UK and European suppliers

5.2.13. The London CE Consortium is an established collaborative arrangement where members call-off a single provider framework for the provision of community equipment and adaptation services, which has worked since 2011.

5.2.14. Tendering for the new single provider framework, led by the Consortium's current lead commissioning authority Kensington and Chelsea and Westminster bi-borough is now complete. The contract award notice confirms that NRS Healthcare, have been awarded the contract for the provision of Integrated Community Equipment Services for the London Consortium. The new contract is due to commence on 1 April 2023.

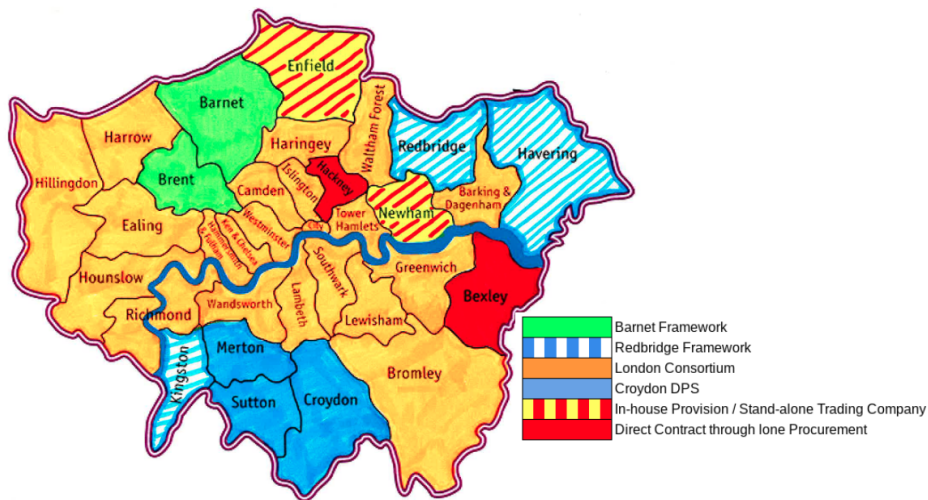
CES Provision in London



5.2.15. Currently, 21 out of the 32 London boroughs utilise the pan London Consortium arrangements. This is the largest collaborative arrangement available in London and the option that enables the greatest collective bargaining and purchasing power. Research indicates that more boroughs are likely to join.

5.2.16. Confirmation has been received that the London CE Consortium would be willing for Hackney Council alongside our existing partners to access the new framework, and that this will be achievable within the available time frame, or sooner in response to any termination of the contract with our incumbent.

5.2.17. Membership includes five of our direct neighbouring boroughs; and 10 nearby boroughs. Becoming a member of the Consortium would support the move towards closer partnership working with Tower Hamlets, The City of London, and Waltham Forest who are fellow members of the North East London Integrated Care System - known as the North East London Health and Care Partnership (NEL HCP).



- 5.2.18. Financial benchmarking determined that by accessing the negotiated equipment and activity prices for the Consortium's existing framework Hackney could achieve an approx. 12% reduction in equipment and 21% reduction in activity costs through purchasing power; providing an estimated 13% overall reduction in our current level of spending; equivalent to c.£266k of the c.£2m forecast total annual spend.
- 5.2.19. Joining the London CE Consortium achieves the greatest economies of scale and as such is likely to achieve the greatest level of benefits. Other London Boroughs have already established and confirmed the benefits, including resilience and cost-effectiveness, of becoming a member of the Consortium.
- 5.2.20. The London CE Consortium's new framework and service specification has benefited from the learning and experience of all 21 borough members, market engagement, plus significant consultation with Service Users, Carers and Prescribers living and working across the 21 London boroughs.
- 5.2.21. The new framework requires the Provider to pay London Living Wage to all its employees based or working in London. The framework has a clear process for default and termination mechanisms linked to performance. The framework and service specification (Exempt Appendix 1) meets all core requirements of Hackney ICES, plus requires the Provider to deliver additional benefits. For example, there is clear direction on sustainability issues including key performance indicators (KPIs) focused on delivering positive outcomes relating to equality, environmental and economic impacts. Hackney will also be able to specify its own local requirements.
- 5.2.22. The London CE Consortium has a central Consortium Support Team who are responsible for monitoring Consortium level performance and managing the contract. Membership would see the Council benefit from reduced contract management and commissioning activity leading to lower management and support costs.

5.3. Membership and Joining Fee - Exempt Appendix 4

5.4. Options Appraisal

- 5.4.1.1. The ICES Insourcing / Outsourcing Options Appraisal (Exempt Appendix 2) has been developed as part of the commissioning review of CES led by the Council's Adults Commissioning team. The project team has reviewed needs and supply in relation to complex equipment services and has undertaken market analysis and stakeholder consultation. Adult Social Care, Adults Procurement, and Finance leads have participated in the project as part of the project team. Senior management has been consulted as members of the project board.
- 5.4.1.2. Key aims of the commissioning review have included:
- To identify financial benefits, efficiencies, and Value for Money and achieve efficiency savings.
 - To enable people to live as independently as possible by providing a resilient, timely, good quality, and readily accessible community equipment service.
 - To improve procurement practice and modernise systems to take account of new and sustained global, national and local challenges including future demographic changes.
- 5.4.1.3. The following six options were initially identified.
- Undertake a lone procurement exercise;
 - Develop an in-house provision;
- Call-off from an existing community equipment framework or DPS - available options being:
- Barnet / Millbrook framework
 - Redbridge / Medequip framework
 - Croydon DPS Managed Service
 - London Consortium Single Provider Framework
- 5.4.1.4. Membership of each framework and DPS arrangement can be found in Exempt Appendix 2 - Appendix 3 in the ICES Insourcing / Outsourcing Options Appraisal.
- 5.4.1.5. Of these options, the below were found not to be available to Hackney.
- 5.4.1.6. ***Barnet / Millbrook framework*** - by accessing this framework performance concerns are likely to remain.
- 5.4.1.7. **Croydon DPS Managed Service** - Croydon has advised that it is not possible for Hackney to access their DPS for the Managed Service as Hackney does not fit the required location profile.
- 5.4.1.8. The options appraisal focused on exploring the below remaining options:
- Undertake a lone procurement exercise
 - Develop an in-house provision
 - Call off a contract from the Redbridge / Medequip Framework
 - Call off a contract from the London CE Consortium Single Provider Framework

5.5. Benefits Realisation/ Lessons Learned

5.5.1. Provider Performance - exempt Appendix 4

5.5.2. The estimated total contract value, including options to extend, at the start of the contract period, was £6,650,000 over the 5-year contract period; with an estimated annual value of £1,330,000 (excluding any VAT applicable). The estimated spend against the contract in 22/23 is £2.3m

5.5.3. The 2022/23 forecast estimates pressures for the Council and health partners as outlined below.

Historic spend and current annual forecast	Social Care + Health Spend	Education Spend
2019-20	£2,076,379	£16,969
2020-21	£1,930,706	£43,767
2021-22	£1,683,867	£30,252
2022-23	£2,325,000	£27,000

5.5.4. The increased forecast for 2022/23 expenditure for health and social care is mainly due to the below key pressures:

- ❖ Increase in supplier costs – Pandemic Global response led to increased shipping and equipment costs. Rising inflation and the war in Ukraine have caused further increases in Provider costs e.g. staffing, fuel, and energy costs.
- ❖ A significant backlog of orders, which the provider is working to clear, with an estimated value of c.£200k. The backlog from 2021-22 fiscal year is only charged once delivery has been completed.
- ❖ Overall increase in demand and complexity of service user need.
- ❖ A decline in collection and recycling rates resulting in lower monthly credit value and higher net spend.

5.5.5. There are ways to achieve efficiencies and mitigate cost pressures through effective management of the contract and its operational use. Work is ongoing by commissioning and operational leads in the Council towards ensuring optimum efficiencies are achieved in the current contract, which will continue in any future contract. However, there are key challenges both specific to Hackney and more globally that cannot be effectively mitigated within the current arrangement.

5.6. Strategic Context

5.6.1.1. The proposals support the Best Value duty of the Council.

- 5.6.1.2. The provision of community equipment relates to the Council's responsibilities under the Care Act 2014.
- 5.6.1.3. Section 2 of The Care Act (2014) includes a general duty on local authorities to provide, arrange - or otherwise identify - services, facilities, and resources to prevent, delay or reduce the needs of adults for care and support in the local area. Or, likewise, in respect of the needs of carers. Statutory guidance on the Act states that *'Local authorities must provide or arrange services, resources or facilities that maximise independence for those already with such needs, for example, interventions such as rehabilitation/reablement services, e.g. community equipment services and adaptations.'*
- 5.6.1.4. Community equipment can help to keep people safe at home and prevent the escalation of needs, which can include hospital admission or residential care.
- 5.6.1.5. A key feature of the Care Act (2014) is the duty to promote well-being, which is defined to include nine components. One is personal dignity; another is physical and mental health, together with emotional well-being. A third is control over day-to-day life, and a fourth is the suitability of a person's home environment.
- 5.6.1.6. The provision of community equipment is highly relevant to each of these well-being components.
- 5.6.1.7. For parents/carers of children and young people, a third Care Act (2014) eligibility outcome will apply:
- Carrying out any caring responsibilities an adult has for a child.
- 5.6.1.8. The Children and Families Act (2014) and SEN Code of Practice (2014) are clear that children and young people with special educational needs (SEN) are included in this entitlement.
- 5.6.1.9. Social Value features highly in the new London CE Consortium framework. The framework requires the successful Provider to appoint a nominated Social Value Lead by contract commencement who is to work in partnership with the Consortium to ensure the service is supporting Local Authority members to meet their responsibilities under the Public Services (Social Value) Act 2012. There are a number of KPIs that contribute to regional and national sustainability goals and that will support the realisation of local benefits. Hackney is also able to specify its own additional local requirements through negotiation with the provider as part of the joining process.
- 5.6.1.10. The proposal supports Hackney to meet the requirements of the [NHS Hospital Discharge policy](#) (DHSC, 2022), which came into force as part of the COVID response, has since been updated, and is now business as usual. The provision of community equipment can enable people to be discharged from hospital sooner to a safer environment.
- 5.6.1.11. The proposals are in line with the key priority of the City and Hackney Place-Based Partnership as members of the NHS North East London Integrated Care System 'To support everyone living with a long-term condition in North East London to live a longer, healthier life.'

5.6.1.12. ICES is included in the City and Hackney Partnership Better Care Fund Plan 2022/23 and relates to the aims to promote independent living, prevent and improve outcomes for people with long-term health and care needs and facilitate timely discharge from hospital.

5.7. Preferred Option

5.7.1.1. Given the outcome of the options appraisal, and the project process to date, the preferred option is for Hackney to call off a contract for the future provision of ICES from the London CE Consortium single provider framework in partnership with existing key stakeholders, as listed below;

- NHS North East London Integrated Care Board
- Homerton Healthcare NHS Foundation Trust
- Hackney Ark
- Hackney Education

5.7.1.2. It is recommended that the ICES contract will apply for 5 years with options to extend for a further 1 year + 1 year.

5.7.1.3. The key features of this recommendation are;

- The size of the London CE Consortium enables collective bargaining and greater purchasing power, making this the most affordable, value for money, and Best Value option for the Council.
- The new Framework meets the business need by delivering all core requirements of Hackney ICES, plus requires the Provider to deliver additional benefits.
- Membership supports closer working with 21 other member boroughs, including our closest neighbours and fellow partners of the NEL HCP.
- The collaborative arrangement allows Hackney to combine and share resources with other members (i.e. stock, staffing, learning and problem solving, collective power to shape the market), improving the resilience of Hackney ICES to global, national, and local challenges.
- Lower management and support costs through the centralised Consortium team
- Joining is achievable within the available time frame, or sooner in response to any termination of the contract with our incumbent.
- Joining the framework saves Hackney lengthy specification drafting, procurement time, expertise, and cost.

5.8. Alternative Options (Considered and Rejected)

5.8.1. It should be noted that most local authorities no longer consider that they are able, by themselves, to provide and invest in the technology for complex warehouse logistics and distribution nor meet the high industry standards required for a modern cost-effective equipment service. Enfield is the only borough still delivering a traditional in-house equipment store. Haringey and Tower Hamlets both moved from an in-house model to join the Consortium in 2012 and 2019 respectively.

5.8.2. Nevertheless, developing an in-house service has been considered as part of the due diligence work.

5.8.3. The following options have been considered and rejected;

Option	Advantages	Disadvantages
Do nothing	The provision of community equipment is a statutory requirement under the Care Act 2014. The current contract has no further extensions available beyond 31 July 2023. Therefore, this is not an option.	
Undertake a lone procurement exercise	<p>Would allow mobilisation to a new provider and depot. A requirement of the new contract would be the provision of a depot that meets Hackney's requirements. Due diligence would be needed for any shared arrangement proposed.</p>	<p>Would necessitate the resources to run a full procurement i.e. lengthy specification drafting, procurement time, expertise, and cost, and to manage the contract when in place.</p> <p>The CES provider market is limited, meaning it is not unlikely that the contract may be awarded to the same providers of the available collaborative arrangements but at a greater cost.</p> <p>Hackney would remain isolated from other London boroughs and would not secure all the benefits, efficiencies and resilience available from collaborative arrangements.</p> <p>This is unlikely to help resolve the current performance issues and cost pressures experienced by Hackney CES</p> <p>Cannot be delivered within LBH timescales. An extension to the existing contract would be required meaning a longer period of poor service to our residents.</p>
Develop an in-house provision	<p>Efficiencies in equipment costs could be achieved by purchasing our equipment through the Croydon DPS model.</p> <p>Research suggests that an in-house model of provision could benefit from improved staff retention and control over service direction.</p>	<p>Hackney would remain isolated from other London boroughs and would not secure all the benefits, efficiencies and resilience available from collaborative arrangements.</p> <p>The Council would be responsible for improving the performance of the existing service and this option is unlikely to help resolve the current performance issues and cost pressures</p>

		<p>experienced by Hackney CES.</p> <p>Cannot be delivered within LBH timescales. An extension to the existing contract would be required meaning a longer period of poor service to our residents.</p> <p>Research suggests an in-house model of provision risks high staff sickness levels.</p> <p>Development of an in-house provision requires significant set-up costs and further ongoing costs outside of the available budget. Hackney would need to secure warehousing space and manage complex warehouse logistics and distribution.</p>
<p>Call off a contract from the Redbridge CE Framework</p>	<p>Would allow mobilisation to a new provider and depot.</p> <p>Joining is less time-consuming and resource intensive than completing a lone procurement or developing an in-house service.</p> <p>Redbridge, Havering, and Barking and Dagenham are members of the NEL HCP.</p> <p>The framework:</p> <ul style="list-style-type: none"> ● offers financial incentives, penalties, and rebate mechanisms in place of membership fees. However, it has not been possible to determine the benefits of these. ● has a clear process for default and 	<p>Not possible to successfully engage in the research and benchmarking exercise.</p> <p>The BHRICES partnership has been focused on contract mobilisation.</p> <p>It has not been possible to determine assumed efficiencies in equipment/activity costs.</p> <p>It is unclear if the partnership is open to Hackney joining or if this is achievable within the timeframe available.</p> <p>Calling off our own contract from the Framework would not achieve full benefits available from joining a larger collaborative arrangement.</p> <p>Entering into a shared depot arrangement may lead to the same challenges we are currently facing.</p> <p>The framework:</p> <ul style="list-style-type: none"> ● does not require the provider to pay LLW ● requires only 5-day week (Mon-Fri) normal operating

	termination mechanisms linked to performance.	hours, less than our current provision
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5.9. Success Criteria / Key Drivers / Indicators

5.9.1. The proposals will support the achievement of the Adult Social Care Outcomes Framework for 2018/19 (ASCOF), as follows:

Domain 1	Enhancing quality of life for people with support needs in particular.
1B	Proportion of people who use services who have control over their daily life
1D	Carer-reported quality of life
Domain 2	Delaying and reducing the need for care and support.
2B	Proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into reablement/rehabilitation services.
2C	Delayed transfers of care from hospital, and those attributable to adult social care
Domain 3	Ensuring that people have a positive experience of care and support.
3A	Overall satisfaction of people who use services with their care and support
3B	Overall satisfaction of carers with social services Placeholder
3E	Effectiveness of integrated care
Domain 4	Safeguarding.
4B	Proportion of people who use services who say that those services have made them feel safe

5.9.2. The proposed redesign will also support the achievement of the NHS Outcome Framework domains and indicators, as follows:

Domain 1	Preventing people from dying prematurely
Domain 2	Enhancing quality of life for people with Long Term Conditions
Domain 3	Helping people recover from episodes of ill health or following injury

Domain 4	Ensuring people have a positive experience of care
Domain 5	Treating and caring for people in safe environment and protecting them from avoidable harm

6. Project Progress

6.1. Developments since the Business Case approval - N/A

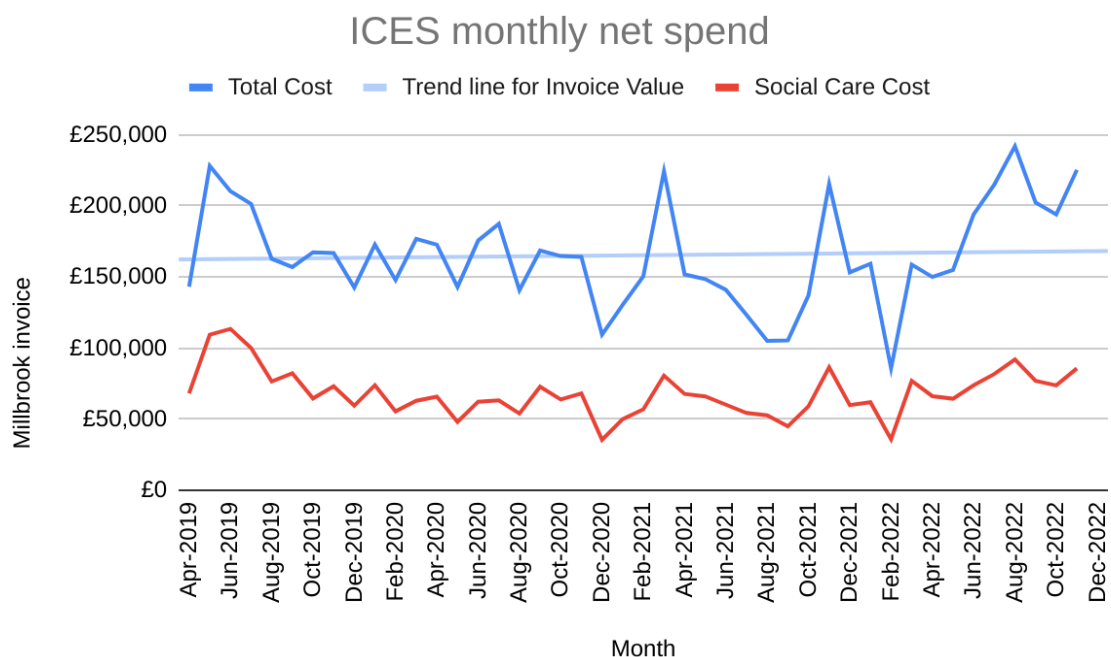
6.2. Whole Life Costing/Budgets

6.2.1. The historic spend on equipment by all partners for the past three years is shown below along with the current forecast of spend in 2022-23.

Historic spend and current annual forecast	Social Care + Health Spend	Education Spend**
2019-20	£2,076,379	£16,969
2020-21	£1,930,706	£43,767
2021-22	£1,683,867	£30,252
2022-23*	£2,325,000	£27,000

* forecast for the 22-23 year based on period 1-8 invoices; **Education shown separately as funding is ring fenced

6.2.2. The spend across this period is illustrated in the chart below:



6.2.3. The chart shows the significant month on month variance in the actual costs. It shows the impact of backlogs of equipment delivery with periods of spending below trend followed by periods of overspending against trend as the backlog is

worked through. The dark blue line shows the cost of all equipment and the red line shows the cost of equipment that was funded by social care. The light blue trend line shows the underlying inflation in the costs across this period.

6.2.4. Increased costs in the contract relates to several drivers - the main two are inflation relating to the cost of equipment and increased demand for community equipment. Community equipment inflation is mitigated by periodic review of the items available in the catalogue. Increased demand is mitigated by ensuring rates of recycling and repair of existing equipment remains high. The trend line shows cost increases of less than 1% per year.

6.2.5. It is difficult to project forward the inflationary pressure that will exist in this contract. The historic volatility of monthly spend means that reliance on the trend line may be too low considering recent levels of inflation. Consequently the costs have been modelled forward using OBR estimates of CPI from the commencement of the new contract. CPI is based on a basket of goods - 36.9% of CPI covers 'other tradable goods' . This element covers items that are relatively import-intensive and so was considered a good proxy for inflation in this contract. The OBR predicts CPI to be an average of 1.4% from Q3 2023. The table below shows these forecasts of spend.

Projection based on OBR CPI forecasts across maximum contract period (£k)		Estimated cost (no efficiency)	Cost with 13% efficiency	Consortium Membership Fee / Year one Joining Fee (50/50 split health/social care)	Total Social care and health	Social Care @ 40%	Health cost @ 60%	Education
Contract year 1	Aug 23 - Jul 24	£2,046	£1,780	£47	£1,827	£736	£1,091	£27
Contract year 2	Aug 24 - Jul 25	£2,074	£1,804	£10	£1,814	£727	£1,087	£28
Contract year 3	Aug 25 - Jul 26	£2,102	£1,829	£10	£1,839	£737	£1,102	£30
Contract year 4	Aug 26 - Jul 27	£2,130	£1,853	£10	£1,863	£746	£1,117	£31
Contract year 5	Aug 27 - Jul 28	£2,159	£1,878	£10	£1,888	£756	£1,132	£32
Contract year 5 + 1	Aug 28 - Jul 29	£2,189	£1,904	£10	£1,914	£767	£1,147	£33
Contract year 5 + 1 + 1	Aug 29 - Jul 30	£2,218	£1,930	£10	£1,940	£777	£1,163	£35
		£14,918	£12,978	£107	£13,085	£5,245	£7,840	£216

6.2.6. The total across 5 years is £9.4m and across 7 years is £13.3m

6.2.7. As the lead commissioner, Hackney Council holds the liability of the spend for all equipment. The proposal is that the NHS will then contribute grant funding via the Better Care Fund to support part of the expenditure. The Better Care Fund is reviewed each year and any increases in the fund are allocated by partnership agreement. The budgets/contributions available for each partner at the start of financial year 2023/24 are shown in the table below. Education funding is provided by the Council but is ring-fenced so shown separately to social care. Providing the efficiency is achieved in the contract, the budgets shown are sufficient to fund the estimated spend in the table.

Budgets £k	Social Care	Health	Education	Total
23-24	772	1,194	42	2,008

- 6.2.8. Key aspects of the contract that can achieve efficiencies and mitigate cost overspends include the volume of collections and recycling achieved, efficient practice in prescribing, the use of activities (5 day / same-day etc...), the use of peripheral stores and careful review of equipment ensuring that best value for money equipment is included in the items available to prescribers. Further details can be found in Sec. 7.16 Savings / Efficiencies
- 6.2.9. The Council intends to adopt a pooled budget under section 75 of the National Health Service Act 2006 with NHS North East London Integrated Care Board and Homerton Healthcare NHS Foundation Trust from 1 April 2023 using the Better Care Fund monies with responsibilities of all three parties underwritten by a Memorandum of Understanding. Authority for such arrangements will be sought separately by officers.
- 6.2.10. The pooled budget will retain the 60/40 health and social care, respective proportional split.
- 6.2.11. Hackney Education (Special Educational Needs) continue to be invoiced separately by the new Provider for their use of the service.
- 6.2.12. Monthly internal spend review meetings will be attended as a minimum by the Principle Therapy Lead and identified senior post in HH. Stakeholder contract/commissioning leads and Prescriber team managers will be required to attend as appropriate. The aim of these meetings is to optimise practice efficiency and reduce spend on the contract.
- 6.2.13. 6-monthly - annual budget review meetings will be attended by the Authorised Officers and Deputies, and commissioning and finance leads for NHS NEL ICB and HH.
- 6.2.14. The Whole Life of the contract will include future recommissioning of the contract at which point it is important to determine if there is a financial impact of the remaining equipment held by the contractor if the contract is awarded to a different provider.

- 6.2.15. The incumbent has advised that it is extremely difficult to provide an estimate for redundant stock costs with 6-7 months remaining on the contract as stock movement until the end of the contract is difficult to forecast. Commissioning is working with the incumbent, the new provider and London CE Consortium Central Team clinical lead to identify and agree lines of redundant stock that can be purchased by the new provider from the incumbent as part of mobilisation to the new contract. The aim of this exercise is to reduce the cost of redundant stock charged to the Council at the end of the contract period. The redundant stock charged at the end of the previous ICES contract in 2018 was £54k. The London CE Consortium Framework includes a clause, which prevents the successful Provider from charging Members for redundant stock at the end of the contract period. Therefore, redundant stock charges will not be an issue moving forward.
- 6.2.16. The current contract arrangements include funding for 2 x 0.5FTE posts within the Occupational Therapy Team. HH currently contributes to these costs. The future arrangements are that HH will continue contributing to these posts from a budget that has been confirmed as separate to the £1,194,000 health budget, which HH has confirmed is purely for direct equipment costs.

6.3. Policy Context

- 6.3.1.1. The proposal contributes towards the Council's strategic aims and objectives as set out in the below local policies:
- Hackney Sustainability Procurement Policy, 2018-2022
 - Hackney Labour Manifesto 2022-26 - 'Working Together for a Better Hackney'
 - Hackney Sustainable Community Strategy, 2018-28
 - Hackney 'A Place for Everyone' Corporate Plan, 2018-2022 (refresh 2020)
 - Hackney Housing Strategy, 2017-2022

The Mayor's Priorities 'Working Together for a Better Hackney' 2022 - 2026:

Mayoral Priority	How this proposal will support the priority
Step up support and help Hackney recover - we will ensure residents get value for money from well performing Council services that support the most vulnerable and service the wider community	The proposal will support this priority by allowing the Council to achieve the best value for money in purchasing community equipment. The London Consortium is the largest collaborative arrangement for community equipment in London with the greatest purchasing power. Efficiencies made through membership will help the Council to continue to meet the increasing need of our population within the available budget.
Step up support and help Hackney recover - we will secure good jobs and opportunities for local people,	The proposal supports these priorities as the framework requires the provider to pay London Living Wage to its employees working and/or living in London.

<p>promote the LLW and continue to invest in our apprenticeship programme.</p> <p>Thriving high streets and neighbourhoods:</p> <ul style="list-style-type: none"> - create a living wage led economy that connects local residents with good jobs and opportunities. 	<p>Sustainable KPIs require the provider to recruit locally providing training and good job opportunities for Hackney residents with a particular focus on targeting these opportunities to socially excluded / disadvantaged groups e.g. care leavers, young people not in employment, education or training.</p> <p>Locally Hackney will include an additional KPI requiring the provider to provide apprenticeship opportunities, linking in with Hackney's award winning apprenticeship programme.</p>
<p>A green new deal for Hackney:</p> <ul style="list-style-type: none"> - Reduce Hackney's carbon footprint through reduce, reuse, recycle. - Improve the recycling rate and reduce waste. <p>Thriving high streets and neighbourhoods:</p> <ul style="list-style-type: none"> - A fair trade borough supporting communities around the world 	<p>The framework requires the following contractual commitments from the Provider. Each commitment has clear targets with specified time frames throughout the contract period;</p> <ul style="list-style-type: none"> - Promote environmental sustainability and resource efficiency by minimising waste streams and applying circular economy principles. <p>Specific targets relating to this commitment are;</p> <ul style="list-style-type: none"> - Annual targets for reducing landfill by contract end. Baseline, then quarterly reporting on weight of waste streams (exc. equipment/parts) to inform and track performance against waste reduction targets. - Identify partners who will work with the Consortium to donate usable 'legacy items' to Charities and Voluntary organisations within the UK, Europe and developing Countries - Circular Economy principles to applied to whole service: <ul style="list-style-type: none"> - reusable packaging - recycled packaging - biodegradable packaging
<p>A green new deal for Hackney:</p> <ul style="list-style-type: none"> - we will reduce transport emissions and work towards achieving a 10% reduction in CO2 emissions from all vehicles' 	<p>This proposal supports the delivery of Hackney's net zero ambition as the framework requires the provider to work towards a 10% reduction in average vehicle emissions/km of NOx, PM10. PM2.5 and CO2 per annum.</p> <p>It is the policy of the Consortium that the provider adopt hybrid or electric vehicles with the aim to transition most vehicles by 2024/25.</p>

6.3.1.2. The proposals also contribute toward the following key priorities of the NHS North East London Integrated Care System;

- to work together to create meaningful work opportunities for people in North East London
- to support everyone living with a long term condition in North East London to live a longer, healthier life.
- To improve the mental health and well being of the people of North East London

6.4. Consultation/Stakeholders

6.4.1.1. Communication and consultation with key stakeholders from NHS NEL ICB, HH, Hackney Education, and Hackney Ark have been maintained throughout the commissioning review and the options appraisal shared.

6.4.1.2. To date, the recommendations have received no challenge from senior partners representing key stakeholder groups. Formal agreement is expected to be achieved in 2023.

6.4.1.3. There is no statutory requirement for consultation with Service Users with regards to this proposal. Given the nature of the CES, being commercial logistics rather than care provision, there are clear outcomes and KPIs already in place that are in line with industry quality standards. Furthermore, the ongoing provider concerns process means that commissioning is receiving regular detailed performance monitoring data including regular feedback from Service Users and Prescribers. As such commissioning have a very clear understanding of the challenges, performance issues and areas for improvement, which have been taken into account and have informed the aims and objectives of the project group.

6.4.1.4. An evaluation of Service User feedback has been completed.

6.4.1.5. In total 30 Service Users were contacted to get their views and opinions. Questions were asked about their overall experience of the service, the quality of the equipment received, as well as their customer service experience from the technician who installed the equipment and the customer service team who booked in the job

6.4.1.6. The table below shows how Service Users rated their experience, and demonstrates that in the main they were satisfied with their overall experience. However it also shows that some Service Users felt that the quality of the equipment and their customer service experience was very poor.

Question	Excellent /Very Good	Good	OK	Poor	Very Poor	No Comment
How do you feel about your overall experience with Millbrook Healthcare?	10%	50%	23%	10%	7%	N/A
How do you feel	17%	46%	10%	7%	17%	3%

about the quality of equipment that you have received?						
How was your experience with the Driver Technician	30%	43%	17%	0%	7%	3%
How was your experience with customer services	30%	30%	20%	7%	13%	N/A

6.4.1.7. Where explanations were offered about equipment quality some Service Users felt that the equipment had not been cleaned thoroughly before being installed. One Service User stated that they felt the chemicals being used in the cleaning process had caused a 'bad reaction' . With regards to customer service, Services Users complained of long call waiting times and poor communication when making enquiries about missing or delayed equipment

6.4.1.8. Service Users were also given the opportunity to make suggestions for service improvement. Some suggestions received were:

- "improve communication, and provide updates"
- "Staff working should be more patient and show empathy"
- "keep promise to call 30 mins before arrival"

6.5. Risk Assessment/Management

6.5.1. The result of the Risk Assessment Tool (RAT) is Medium (Assessment completed and approved by the Head of Corporate Procurement on 23 Aug 2022)

Risk	Likelihood	Impact	Overall	Action to avoid/mitigate risk
Incumbent forced to give notice before contract end.	Low ▾	High ▾	Low ▾	Continued close communication with relevant Local Authority commissioners to negotiate a reciprocal outcome for all parties. Hackney contract requires 6-month notice prior to any termination. London CE Consortium has confirmed urgent access to their Framework can be arranged if necessary.
Continued poor performance of our incumbent	Medium ▾	Medium ▾	Medium ▾	Performance is improving. Will continue close monitoring and partnership working with the incumbent's senior management. Escalating any significant

				concerns for response by the incumbent's Exec Board as required.
Cost of service exceeds available expenditure	Medium ▾	Medium ▾	Medium ▾	This is a statutory service so expenditure must meet service demand. Senior officers across all stakeholder groups are managing the partnership to optimise practice efficiency. This will continue under the Framework. Further efficiencies are expected from joining the collaborative arrangement.
Pooled budget reduces responsibility of HH to optimise prescriber practice efficiency	Medium ▾	Medium ▾	Medium ▾	Section 75 agreement between NHS NEL ICB and LBH as commissioners will require the NHS to meet all health costs. MOU will identify senior posts from LBH and HH and outline their responsibilities and accountability for optimising practice efficiency and spend management; monthly internal spend review meetings and 6-month moving to annual budget review will be required.

7. Insurance

7.1. Under the CES terms and conditions the Provider to the framework is required to have the appropriate levels of insurance as a requirement of participating in the framework procurement. The Provider shall at its own cost and throughout the Framework Period (and in the case of the professional indemnity insurance at for a period of six (6) years following the termination or expiry of the Framework Agreement) take out and maintain with reputable insurers such policy or policies of insurance as may be necessary to insure the Provider against all manner of risks which might arise in connection with the Provider's performance of its obligations under the Framework Agreement and the relevant Call-Off Contract including (without limitation) in respect of the following policies:

7.2. The following insurance compliance have been set;

- **Employers' liability** in compliance with the Employer's Liability (Compulsory Insurance) Act 1969 not less than ten million pounds sterling (**£10,000,000**)
- **Public liability** such insurance cover shall be not less than twenty million pounds sterling (**£20,000,000**)
- **Product liability** such insurance cover shall be not less than twenty million pounds sterling (**£20,000,000**)
- **Professional indemnity** insurance such insurance cover shall be not less than five million pounds sterling (**£5,000,000**)

8. Market Testing (Lessons Learnt/Benchmarking)

- 8.1.** The community equipment market only has a small number of commercial providers, with most of these services being accessed by framework agreements.
- 8.2.** In developing an in-house provision or completing a lone procurement Hackney would remain isolated from other London Boroughs and would not benefit from efficiencies of purchasing power, shared equipment and Provider staffing.
- 8.3.** Given the limited market it is also not unlikely that any lone procurement would result in a contract being awarded to the same providers of the available collaborative arrangements but at a greater cost.
- 8.4.** Economies of scale can only realistically be achieved through joining a collaborative arrangement, increasing the membership of such an arrangement can in turn increase the economies of scale and benefits achieved. CES provision in London suggests that most London boroughs support this view.
- 8.5.** The LBH Adults Commissioning team contacted the five lead commissioning and nine member authorities to invite them to be part of a benchmarking exercise. Through this exercise we were able to determine that entering into a collaborative arrangement, more specifically the London CE Consortium, would be the most effective and efficient way to respond to the challenges faced by our existing CES, enabling Hackney to better meet resident equipment supply needs, and provide Best Value.

9. Savings / Efficiencies

- 9.1.** The new contract includes an assumption of 13% efficiency on cost against the current estimated volume of equipment being prescribed. This efficiency is key to maintaining the contract within budget. Since the contract activity is dependent upon demand and costs are also subject to unknown future equipment inflation, it would not be sensible to reduce the available budget until it is very clear the efficiencies are being delivered.
- 9.2.** The below areas for efficiencies will help tackle significant cost pressures and help bring the service cost closer to the available budget, supporting the Council to continue to meet the increasing need of our population.

Area for potential efficiencies	Comments
Reduction in equipment and activity costs	<p>The Consortium purchasing power will allow the Council to achieve the best value for money in the cost of community equipment procured and the Provider service activity rates charged.</p> <p>The Central Consortium team leads monthly Equipment Review Groups (ERGs) to ensure best</p>

	<p>value is achieved on standard items of equipment. The aim is for all standard equipment to be reviewed within a 2-year period. Hackney will select items from the Consortium catalogue to build our local standard catalogue, which will be subject to review at a local level to ensure best value.</p>
<p>Increasing collection and recycling credit ratios</p>	<p>The future contract via the Consortium framework will continue to operate a 90% credit buy back model for all recycled standard equipment. Maximising the volume of standard items collected and recycled each month can achieve significant reductions in monthly net spend.</p> <p>Hackney will continue to work in partnership with the new Provider to initiate 6-monthly external communication campaigns to increase the number of collections raised by our residents and Prescribers.</p>
<p>Increasing the use of recycled special items (RSPs)</p>	<p>RSPs remain the property of the Council and the credit buy back model is not applied to these items. However, the Council is not charged when prescribing RSPs. Therefore, efficiencies are only achieved if RSPs are prescribed instead of purchasing new special items.</p> <p>We will work with the new Provider to ensure their online system makes it easy to identify available RSPs, encouraging prescribers to use these in place of new items wherever possible.</p> <p>The new contract will allow Hackney to share our RSP stock with other members. This increases the possibility that RSP stock will be reused, and allows Hackney to charge the interested member an agreed percentage of the original RSP item value. In turn, this arrangement allows Hackney to procure special items at a reduced value if available as RSPs from other members.</p>
<p>Optimise practice efficiency - appropriate levels of prescribing and appropriate use of emergency activities</p>	<p>Prescriber Team Managers will be expected to attend monthly internal spend management meetings and will be held accountable for their team spend. The meetings will identify areas where practice can be improved to achieve efficiencies e.g. ensuring equipment being prescribed is appropriate to assessed clinical need and ensuring staff are only using urgent speeds where absolutely necessary.</p>

	The online system will continue to require management authorisation for high value orders and use of urgent activity speeds.
Increase use of peripheral stores	<p>Using peripheral stores is efficient as it usually means the Service User can access the equipment sooner and helps reduce spend by avoiding delivery/installation activity charges.</p> <p>There are currently four peripheral stores in Hackney. The new Provider will be required to increase the size of the existing stores and look to develop additional stores within the borough.</p>
Reduction in out of borough charges	<p>Service provision to residents living outside the borough is not a common occurrence but when needed requires an out of borough (OOB) charge rate to be paid. OOB charge rates are calculated for each individual case but all tend to be very expensive.</p> <p>As a member of the Consortium, Hackney would only be charged OOB rates when the activity falls outside the Consortium boundary.</p>

10. Sustainability Issues and Opportunities, Social Value Benefits

10.1. Procuring Green

10.1.1. Set out below are the possible negative environmental impacts that were identified by the Procurement Impact Assessment (PRIMAS), linked to the Hackney sustainable procurement priorities, and how each will be addressed by the London CE Consortium framework and environmental KPIs within the specification;

1. Vehicle emissions; 2. Increased carbon footprint from global supply chains

Hackney Sustainable procurement priorities: Minimising Transportation Distances / Delivery Schedules; Reducing CO2 Emissions;

- Minimise vehicle emissions through use of route planning software, fuel efficient engines that meet ULEZ std as a minimum.
- Reduce fleet emissions - minimum 10% annual reduction in average vehicle emissions/km with baseline of fleet vehicle emission data to be provided within 3-months of contract commencement
- Phase in vehicles using cleaner technologies over the lifespan of the contract. Full fleet of hybrid / electric vehicles by 2024/25
- Reduce carbon footprint through minimising frequency of global supplier delivery schedules
- Achieve high equipment recycling rates

3. Increased waste to landfill

Hackney Sustainable procurement priorities: Minimising Waste and Diverting from Landfill; Waste Reuse and Recycling; Minimising Packaging / Recycled Packaging;

- Procure quality equipment with a longer life
- Achieve high equipment recycling rates.
- Work towards 'zero waste to landfill' - Baseline, then quarterly reporting on weight of waste streams (exc. equipment/parts) to inform and track performance against waste reduction targets
- Circular Economy principles to be applied to whole service: reusable packaging / recycled packaging / biodegradable packaging

10.1.2. The framework requires the Provider to have achieved or be working towards ISO 14001 certification.

10.2. Procuring For A Better Society

10.2.1. Set out below are the possible negative and positive economic impacts that were identified by the PRIMAS, linked to the Hackney sustainable procurement priorities, and how each are addressed by the London CE Consortium framework and economic KPIs within the specification;

1. The contract value is too large for small to medium providers to be in a viable position to complete

Hackney Sustainable procurement priorities: Opportunities for SMEs; Opportunities for the Third Sector

- Provider to identify partners who will work with the Consortium to donate usable 'legacy items' to Charities and Voluntary organisations within the UK, Europe and developing Countries
- Subcontract opportunities for SME contractors targeted in the boroughs where depots are located - Minimum of 2 initiatives per annum to facilitate procurement from local contractors

10.2.2. Additionally, market testing and research found that there is no known market of CES SME or voluntary sector service providers.

1. The contract will create opportunities for local employment and apprenticeships.

Hackney Sustainable procurement priorities: Employment Opportunities for Local People; Apprenticeships and Training for Local People

- Prioritise advertising new roles for staff, training and apprenticeship opportunities in the borough with a focus on socially excluded/disadvantaged groups
- 100% of new contract vacancies advertised through relevant local employment services before being advertised more widely
- Work with Hackney Employment Pathways Team to identify and deliver suitable apprenticeship opportunities
- Report number and percentage of;

- local people employed on the contract
- local people offered apprenticeships on the contract

10.3. Procuring Fair Delivery

10.3.1. Set out below are the possible positive and negative social and ethical impacts that were identified by the PRIMAS, linked to the Hackney sustainable procurement priorities, and how each will be addressed by the London CE Consortium framework and economic KPIs within the specification;

Hackney sustainable procurement priority: London Living Wage

- All staff based/working in London to be paid London Living Wage
- No 'zero hour' contracts

1. There are potential risks of Modern Slavery, Forced Labour or Human Trafficking within the CES supply chain.

Hackney sustainable procurement priority: Tackling Modern Slavery

- Clear reporting requirements and timeframes for delivery relating to compliance with Modern Slavery Legislation throughout supply chain, within scope of Sec.54
- Maintain an active Modern Slavery Risk Register for the full supply chain with outline and details of measures taken to mitigate risk
- Publish a valid annual Modern Slavery Statement

Hackney sustainability procurement priority: Equality, Diversity and Inclusion (Staff / Service Users)

2. The contract has clear reporting requirements and targets for reducing gender pay gaps and gaps in representation from different ethnic groups amongst staff managing/delivering the contract

- Present gender pay gap data; and proportions of people in different ethnic groups at each tier of the provider organisation relevant to the management and delivery of the contract within 6-months of contract start date, then annually
- Where a gender pay gap is identified or where people of different ethnic groups are underrepresented compared to London's ethnic diversity, set out an action plan to narrow the pay gap / imbalance in ethnic representation as part of the first annual report.
- Outline and detail targeted recruitment approach - minimum 2 initiatives per year - successful initiatives can be repeated

3. The contract includes Customer Standards that have been co-produced with Service Users and their Carers across all 21 member boroughs.

4. All staff to complete awareness training in; Autism and Neurodiversity; Dementia; Mental Health; and Sensory Impairments

- 100% staff completed training within 6-month of start of contract or employment
- 100% of staff completed training within 2-years of most recent session

10.4. Equality Impact Assessment and Equality Issues

- 10.4.1. A full Equalities Impact Assessment is not required as this proposal does not constitute a review of existing policies, development of new policies or develop new plans or processes for service delivery.
- 10.4.2. A Procurement Impact Assessment has been completed and does not highlight any intended or unintended negative impacts on any specific group highlighted in the Equality Act 2010.

10.5. Social Value Benefits

- 10.5.1. The London CE Consortium framework and specification offers Social Value benefits by requiring the Provider to;
- Appoint a nominated Social Value Lead by contract commencement who will work in partnership with Consortium to ensure meeting LA responsibilities under the Public Services (Social Value) Act 2012
 - Support local communities within the Consortium boroughs through e.g. sponsorship, volunteering to deliver community benefits - Minimum 2 initiatives per year (boroughs targets should change each year) evidenced by reporting outlining detail of social value delivered to local communities within achieved outcomes.

11. Tender Evaluation

- 11.1. The Framework Agreement is for an initial 5 years with an option to extend for a further 2, this exceeds the 4 years as guided by Regulation 33(3) of PCR 2015. The Contract Notice provided justification for the longer framework agreement period.
- 11.2. The Invitation to Tender (ITT) was published on 9 May 2022 with a submission date of 4 July 2022 at 12:00, and two tender responses were received by the response deadline. The initial 7-week tender period was extended by 7 working days following tender amendments to the contract and specification document. This enabled satisfactory time for the bidders to review any changes which were minor corrections and inclusions. All tender amendments and queries questions were captured on a spreadsheet which was issued to all suppliers.
- 11.3. The tenders received were from 2 bidders. 21 suppliers accessed the tender documents with 4 declining to respond.
- 11.4. The tenders were evaluated on the following award criteria as stipulated in the ITT: 40% - Commercial 50% - Quality/Technical 10% - Social Value / Responsible Procurement
- 11.5. The evaluation panel consisted of current Consortium members for multiple boroughs, IT experts and included the lead authorities Responsible Procurement manager to ensure the quality questions could be evaluated with the correct expertise. Individual evaluations were conducted and followed by moderation meetings to reach consensus scores.

12. Recommendation

- 12.1.** Based on the most economically advantageous tender, it was recommended that NRS Healthcare, Company registration number (01948041) be awarded the contract for the provision of Integrated Community Equipment Services for the London Consortium.

13. Contract Management Arrangements

- 13.1.** The contract will be managed locally by the Hackney Council Adults Commissioning Team. This will include the submission of monthly performance reports and monthly contract management meetings with the Provider, which will be used to review service delivery and performance against required service levels and key performance indicators. Key stakeholders will be represented at these meetings by the Principle Therapy Lead in Adult Social Care Operations, contract/commissioning leads and/or Prescriber team managers.
- 13.2.** The Authorised Officers named in the call-off contract will be the responsible Quality Assurance and Compliance Officer in the Hackney Council Adults Commissioning team. At minimum, Deputies to the Authorised Officer will include the responsible Adults Commissioner, the Principle Therapy Lead in Adult Social Care Operations and identified senior posts from NHS NEL ICB and HH.
- 13.3.** Each stakeholder group must nominate a minimum of one named representative to act as Committee Members (Exempt Appendix 3) who will be required to attend quarterly Consortium Board meetings, and/or sub-committee meetings as appropriate, or in the absence of the Authorised Officer and nominated Deputies.

14. Key Performance Indicators

- 14.1.** High level Key Performance Indicators (KPIs) are outlined below (** are to be negotiated with the Provider under the Hackney call-off contract);

Description	Evidence	Performance Target
First time on time - On time completion of all orders.	All orders completed on time as a percentage of all completed orders.	Minimum Year 1: 75% Year 2: 85% Years 3 to 5: 90% Contract Extension (if enabled): 90% **Hospital Discharge related requisitions: 100%
**Able to meet service demand - Prevent backlog of orders	Orders completed as a percentage of total orders placed in the period.	Minimum Year 1: 75% Year 2: 85% Years 3 to 5: 90% Contract Extension (if enabled): 90%
Keep service users safe - on time completion of	PPMs completed on time as a percentage of all	Minimum of 80%

Pre-Planned Maintenance (PPMs)	completed PPMs.	
**Equipment collection and recycling	Standard equipment collected as a proportion of standard equipment issued	65%
	Standard equipment recycled as a proportion of standard equipment collected	85%
	Special equipment recycled as a proportion of special equipment collected	80%
**Collection credit ratio	Credit value as a proportion of the value of standard equipment delivered	65%
**Stock levels	Percentage of standard equipment that is out of stock	Maximum 5%
**Complaints	Number of complaints received	Number of complaints received each month is maximum 0.25% of total order activity in the month
	Complaint resolution	95% attendance of simple complaints (service concerns) responded to and resolved within 5 working days, and formal complaints within 20 working days

14.2. All KPIs and Contractual Requirements of the London CE Consortium Framework agreement can be found in Exempt Appendix 1 'Service Specification Issue 3, Appendix 3, pp 53-60'.

15. Comments Of Group Director Of Finance And Corporate Resources

15.1. The report seeks approval from the Cabinet Procurement and Insourcing Committee to join the London CE Consortium by accessing the single provider framework for the delivery of the Hackney Integrated Community Equipment service (ICES). The contract will commence on 01 August 2023 for a period of 7 years (5+1+1) with an estimated total contract value of £13.3m, and an estimated

annual value of £1.85m rising to £1.97m subject to an annual service review and funding available.

- 15.2.** The report also communicates the intention that membership to the London CE Consortium should be in partnership with existing key stakeholders of the ICES as outlined in section 5.7 above, and that the joining and subsequent annual membership fee (currently £37k and £9.4k respectively) is split 50/50 between Hackney Council and NHS NEL ICB.
- 15.3.** The contract will be funded via a proposed pooled budget arrangement between the Council, NHS NEL ICB, and Homerton Healthcare NHS Foundation Trust. This will commence from 01 April 2023 using the BCF Section 75 with responsibilities of all three parties underwritten by a Memorandum of Understanding, with a charging model based on a pre-approved 60/40 health and social care respective proportional split. Hackney Education will fund their respective equipment cost from their allocated ring-fenced budget and will be invoiced separately by the contract provider. The budgets reflected for each partner outlined in section 6.2.7 of the report is sufficient to fund the annual contract spend, providing annual efficiencies estimated are realised.
- 15.4.** The contract expenditure year on year, includes a number of assumptions around inflation and demand pressures, and includes a 13% annual contract efficiency, as outlined in the Whole Life/Budget Costings section of the report. The risk is demand and inflation will exceed these assumptions leading to additional cost pressures, and any contract efficiencies realised will not be sufficient to mitigate rising cost pressures. The contract will need to be monitored carefully to ensure maximum value for money, and that any demand pressures are well understood including any future changes to the availability of funds are identified to ensure expenditure is contained within the budget available for the service.
- 15.5.** There is a risk in relation to the cost of redundant stock remaining at the end of the current contract for ICES, as outlined in section 6.2.13 of the report. The cost of any redundant stock not purchased by the new provider as part of the mobilisation of the contract, will need to be contained within the funding available for the service. Redundant stock charges will not be an issue going forward, as the London CE Consortium Framework includes a clause preventing charging for redundant stock at the end of the contract period.

16. VAT Implications On Land & Property Transactions

- 16.1.** Not applicable.

17. Comments Of The Director, Legal, Democratic & Electoral Services

- 17.1.** This Report has been classified as Medium Risk. Paragraph 2.7.7 of Contract Standing Orders states that, in respect of procurements with a risk assessment of "Medium Risk", Cabinet Procurement and Insourcing Committee will determine the award of contracts above the value of £2m. The estimated maximum value of the contract in this Report is above £2m so therefore Cabinet Procurement and Insourcing Committee can agree the recommendations in this Report.

17.2. Details of the procurement process undertaken to appoint the service provider by the lead Borough for the London Community Equipment Consortium Framework Agreement are set out in this Report. Local authorities who are existing or may become future members of the London Community Equipment Consortium were identified as parties who may use the services in the call for competition or the invitation to confirm interest as required under Regulation 33(5) of the Public Contracts Regulations 2015. Therefore, in order for the Council to access the services of the provider, it will need to join the London Community Equipment Consortium and this report seeks authority to do so.

17.3. In addition it should be noted that authority to establish the necessary pooled budget arrangements between the Council, NHS North East London Integrated Care Board and Homerton Healthcare NHS Foundation Trust under section 75 of the National Health Service Act 2006 will be sought separately. Section 75 of the NHS Act 2006 allows partners (NHS bodies and councils) to contribute to a common fund which can be used to commission health or social care related services.

18. Comments Of The Procurement Category Lead

18.1 The estimated value of the proposed service is above the relevant UK public procurement threshold of £663,540 (Social and Other Specific Services “light touch” regime) and must be awarded in accordance with the relevant procedures set out in the Public Contracts Regulations 2015. The Council’s Contract Standing Orders require the award of any contract with a total value of more than £2M be approved by Cabinet Procurement and Insourcing Committee.

18.2 The recommendations to join the London Community Equipment Consortium and access the single provider framework are supported for the reasons set out in the report. The benefits of joining the consortium will include; efficiencies related to equipment and other costs, increased resilience to supply chain and staff capacity issues, and greater strength to share and challenge suppliers.

18.3 Relevant KPIs and performance measures are proposed including those aligned to strategic and corporate targets. Appropriate sustainability and social value related requirements will be incorporated into the contract.

18.4 The timeline for the mobilisation and commencement of the service by 1 August 2023 is reasonable and should ensure a smooth transition to the new service.

Appendices

PUBLIC

Appendix 1 - [National policy frameworks and general legislation relevant to the provision of community equipment](#)

EXEMPT

Exempt Appendix 1 - London Community Equipment Consortium Tender Documents

- Framework Agreement
- Service Specification V3
- Call-off Contract Issue

Exempt Appendix 2 - Insourcing / Outsourcing Options Appraisal Report

Exempt Appendix 3 - Consortium Constitution - to be updated for new contract

Exempt Appendix 4 - Sec. 5.3 Membership and Joining Fee / Sec. 5.5 Benefits Realisation Lessons Learned

Exempt

By Virtue of Paragraph(s) **(3)** Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

CONFIDENTIAL

NONE

Background Documents

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required.

BACKGROUND DOCUMENTS: NONE

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