

Title of report: To re-commission the Integrated Community Equipment Service (ICES) in Herefordshire

Meeting: Cabinet

Meeting date: Thursday 26 September 2024

Report by: Cabinet member adults, health and wellbeing

Report by: Corporate Director of Community Wellbeing

Report author: Commissioning Manager, Community Wellbeing

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

To approve the proposed approach to re-commissioning the Integrated Community Equipment Service (ICES) in Herefordshire. This is a joint service between Herefordshire Council and NHS Herefordshire and Worcestershire Integrated Care Board (ICB).

The current ICES contract ends on 31 March 2025. This report details the intended approach to re-commission a new joint service from 1 April 2025, for up to five years. This is in line with both organisations statutory duty to provide community equipment, as set out in the Care Act 2014 and Children and Families Act 2014.

Recommendation(s)

That:

- a) **The joint re-commissioning of a new Integrated Community Equipment Service is approved to commence from 1 April 2025, for a period of two years with the option to extend annually up to a maximum contract term of five years, at a maximum contract value of £9.1million; and**
- b) **Delegated authority be granted to the Corporate Director for Community Wellbeing to implement recommendation (a) including the tender process, award of contract and all operational decisions for the duration of the contract.**

Alternative options

1. **Extend the existing contract:** This option is neither recommended nor available. The contract has reached the end of its term, with no permissible extensions. Therefore, any extension would not comply with procurement regulations and could place the council and ICB at risk of a legal challenge.
2. **Bring the service in-house:** This option is not recommended. A decision was taken to commission an external provider to manage the ICES contract, as of 1 April 2014, with a view to reducing costs and increasing service delivery. There is evidence from other councils, both within the Midlands region and similar geographic areas, that an in house service is not the most viable option, with many appointing an external provider. Even with TUPE arrangements in place, it would be challenging for the council or ICB to provide this service internally, particularly around purchasing equipment / buying power and technical expertise.
3. **Partner with neighbouring councils:** This option is not recommended at this time. Initial research with neighbouring / regional councils suggests this cannot be achieved in the short term, particularly where there are operational service differences or if an external provider has recently been appointed. This option will continue to be fully investigated over the coming 12 / 24 months, to establish if a cross-council partnership will be viable.
4. **Do not commission a service:** This is not recommended. The council and ICB have a statutory obligation to provide community equipment for those with an assessed eligible health or social care need. The service also forms a crucial part of the council's prevention agenda, as it helps keep residents safe and independent in their own homes and communities for longer, delaying the need for more formal health and / or social care interventions.

Key considerations

5. ICES is a joint contract with NHS Herefordshire and Worcestershire Integrated Care Board (ICB), delivered through a Section 75 agreement, with the council acting as the lead commissioner. The ICB currently funds 56% of the service, with the council covering the

remaining 44%. A recent review of activity and funding, highlighted that this split is still accurate for health and social care provision.

There are a few exceptions to the agreed split. For example, the ICB is solely responsible for equipment provided under NHS Continuing Healthcare (CHC) funding, while the council is solely responsible for children's equipment for education settings.

As this is a joint contract, the re-commissioning of a new Integrated Community Equipment Service will also have to be approved through the ICB's appropriate governance.

6. Herefordshire has a predominately older population, with over a quarter of residents (53,000 people) aged over 65. The older population has grown significantly over recent years and it is predicted that this trend will continue, with a 34% increase in over 65's by 2040. Furthermore, those aged 65 and over are more likely to live in rural areas, and 28% of this age demographic tend to live alone.

It is suggested that whilst people are living longer, due to improved healthcare, living and working conditions, they are not always living in good health. For example, 58% of people aged over 60 (compared to 14% aged under 40) are living with a long term health condition, such as diabetes, chronic obstructive pulmonary disease, chronic kidney disease, hypertension and dementia. There were also 7,840 people over 65 (14.8%) recorded as having a fall in the last year (2023 Director of Public Health Annual Report: Ageing Well in Herefordshire).

This presents a significant challenge when delivering prevention-based activity and demand led services, aimed at supporting an ever increasing, older population to live safely and independently at home. As the number of older people increases, so will demand and need for the Integrated Community Equipment Service.

7. The Integrated Community Equipment Service is designed to provide free and appropriate equipment to meet the assessed eligible needs of people of all ages, to help:
 - I. Prevent and reduce unnecessary admission to / delayed discharge from hospital
 - II. Prevent and reduce the need for more formal health and social care services, including admission to care homes
 - III. Improve and enhance access to education facilities for disabled children
 - IV. Enable more people to remain living safely and independently in their own homes and communities for longer

The equipment can range from short term loans to support hospital discharge, such as commodes and shower chairs, to bespoke equipment which supports long term health conditions, including hoists, beds and mattresses.

8. The service comprises the following main functions:
 - I. Sourcing and purchasing appropriate equipment (core stock and special bespoke equipment)
 - II. Delivery and installation
 - III. Collection and cleaning

IV. Maintenance and repairs

V. Storage

9. In 2023, ICES provided approximately 25,000 individual items of equipment and collected in the region of 15,000 items. There are currently around 200 active prescribing practitioners using the service across the council and wider health partners.
10. In 2023, ICES supported just over 6,300 individuals, which is an increase of 7.5% since the contract commenced in 2020. The largest age categories accessing the service are 65 to 94 and, on the whole, these have also continued to steadily increase since 2020.

	2020	2021	2022	2023	Increase
Numbers of clients	5,864	5,519	6,110	6,303	7.5%

Ages of clients	2020	2021	2022	2023	Increase
65 – 74	868	997	1,020	993	14.4%
75 – 84	1,623	1,807	1,856	1,895	16.8%
85 – 94	1,674	1,908	1,884	1,838	9.8%

11. ICES predominately supports older adults, however, it does also support a small number of disabled children, including providing equipment to education facilities to improve and enhance a child's access and attendance. In 2023, ICES supported 169 children, which is 2.7% of the total number of clients.

Ages of clients	Numbers of clients
16 and under	138
17 – 24	31

12. It is difficult to benchmark Herefordshire's ICES with other councils, as a number of different systems are in operation, including in house services, external providers, equipment provision only with prescriber installation, outright purchasing of equipment and credit models. The Herefordshire service is run on an 80 / 20 credit model, which is in line with other regional councils, such as Birmingham City Council and Warwickshire County Council. It is proposed to continue with this approach, whereby the council and ICB receive 80% of the value of all returned core stock equipment.

This approach does not cover special bespoke equipment, which is purchased separately to meet an individual’s unique identified needs, when core stock equipment is not appropriate. This equipment is purchased via the provider, but owned outright by the council and ICB.

13. Alongside retaining the current credit model approach, it is also proposed for the new service to remain largely the same as the existing provision. However, a number of service efficiencies are being considered as part of the re-commissioning, to ensure improved service delivery and value for money, including management and equipment costs and a streamlined prescriber process.
14. The contract will contain significant key performance indicators, particularly around the installation and collection of equipment in an appropriate timeframe to meet demand levels. This is important to ensure the county’s most vulnerable residents are fully supported, in a structured and timely manner, to ensure they’re safe and independent in their own homes and communities.
15. The proposed timetable for re-commissioning this service via an open tender process, in order for a new contract to commence on 1 April 2025, is outlined in the table below:

October 2024	The procurement process launches, following the required call in period
November and December 2024	Closing date for all tender submissions Evaluation of all tender submissions and decision to award contract
December 2024 to March 2025	Service mobilisation and transition, as required

Community impact

16. This service supports the ambition for ‘good health and wellbeing for everyone’, as highlighted within the Herefordshire Joint Local Health and Wellbeing Strategy 2023 – 2033. It forms a crucial part of the prevention first approach, which states:

“Prevention and early intervention are critical to the long-term sustainability of our health and wellbeing system and are an investment in the future economically, morally and socially. Whilst there is no universal definition of prevention, it can normally be described in terms of three levels – delay, reduce and prevent”.
17. This service contributes to the stated 2024 to 2025 Delivery Plan objective to enable people to support themselves and each other by providing the right help at the right time and also helps to deliver the in year commitment to improve services for carers of all ages. This service supports predominately older aged adults, although it does also support a small number of disabled children, to remain safe and independent in their own homes and communities for longer. As mentioned in paragraph 7 above, the service is designed to provide appropriate equipment to meet individuals assessed eligible health and social care needs.

18. The service also supports families and carers, through the provision of appropriate equipment, offering peace of mind that loved ones are safe and protected in their own homes and communities.

Environmental Impact

19. Herefordshire Council provide and purchase a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
20. The environmental impact of this service has been considered within the contract, which includes appropriate requirements on the provider to minimise waste, reduce energy and emissions, consider opportunities to enhance biodiversity and support the council to meet its carbon reduction targets. This will be reported through ongoing contract management arrangements.

Equality duty

21. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
22. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Our provider will be made aware of their contractual requirements in regards to equality legislation.
 23. This service will have no negative impact on any group with a protected characteristic. An equality impact assessment (appendix A) has been prepared, which highlights that this service is available to anyone with an assessed eligible health or social care need, in order to maintain users' safety and independence. Therefore, it positively helps to advance equality of opportunity between different groups.

Resource implications

24. The indicative budget for the ICES contract is £1.822million per annum, for each year of the contract duration. This annual figure includes an indicative inflationary uplift of 3% on the current budget. This budget reflects the current levels of demand and service costs.

25. The council will contribute 44% towards the annual contract costs, with the ICB covering 56% of the costs, which is in line with current activity levels and the Section 75 agreement between the two organisations. The exception to this agreed split is for children's equipment purchased for educational settings, which will be charged directly to the council's Children & Young People's directorate, while all equipment provided under NHS Continuing Healthcare (CHC) funding, will be charged to the ICB.
26. The total budget will be fixed for the first two years of the contract (2025/26 and 2026/27), then should extensions to the contract be awarded, inflationary uplifts to the budget will be subject to negotiations at the time and in advance of the contract extension period.
27. At the end of each financial year, as part of the budget setting cycle, all activity and demand will be reviewed, in order to help inform future budget considerations.
28. There could be additional revenue implications, as this is an activity and demand led prevention based contract, which is dependent upon fluctuations in service demand or strategic decisions around the provision of community equipment. An estimated annual value of £1.822million is in line with current spend and demand, but it is predicted that this will increase over the lifetime of the contract.
29. There are several staff employed by the current provider to deliver the service. Under Transfer of Undertakings (Protection of Employment) or TUPE regulations, where a service transfers to a new provider, which is fundamentally or essentially the same as those carried on before it, employees will automatically transfer to the incoming provider, where there is an organised grouping of employees that has as its principal purpose the carrying out of the relevant activities on behalf of the council, on their existing terms and conditions. TUPE regulations offer protection to staff in relation to their employment and benefits, where there is a service provision change.
30. The current service is delivered from part of a property to which the council holds the main lease. It is proposed that a co-terminus sub-lease is granted for the relevant footprint within the property and the contract. The provider will be responsible for all costs in relation to rent, business rates and utilities and will reimburse the council for rent, service charges and insurance premium, for the life of the contract.
31. All other costs associated with delivering the service, will be met by the provider, including vehicles, fuel, IT systems, consumables, insurance, training and staffing.

Revenue or Capital cost of project (indicate R or C)	2025/26	2026/27	Future years	Total
	£000	£000	£000	£000
ICES revenue service costs (R) **	1,822	1,822	5,466	9,110
Total	1,822	1,822	5,466	9,110

** This figure includes an indicative inflationary uplift of 3% to the current budget of £1.769million.

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2025/26	2026/27	Future years	Total
	£000	£000	£000	£000
NHS Herefordshire and Worcestershire Integrated Care Board (ICB)	1,020	1,020	3,060	5,100
Herefordshire Council base budget funding	802	802	2,406	4,010
Total	1,822	1,822	5,466	9,110

Revenue budget implications	2025/26	2026/27	Future years	Total
	£000	£000	£000	£000
There are no budget implications. It is assumed that the cost and funding are equal				
Total				

Legal implications

32. 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. This power allows the council to commission health services and NHS commissioners to commission social care. The power in s75 enables the joint commissioning by the council and the ICB of ICES.
33. The council is required to comply with the council's Contract Procedure Rules and will be required to engage with commercial services.
34. The new Procurement Act 2023 will replace the Public Contracts Regulations 2015 and is due to come into force on 28 October 2024. Provided this date does not change (and the council commences the procurement activity for ICES before this date), the ICES procurement will be governed by the existing 2015 Regulations.
35. In the event of a change in service provider, the TUPE Regulations will apply as a matter of law to transfer the incumbent provider's existing staff, who are "wholly or mainly" (approximately 70% of their time) engaged in the provision of the services, to any new provider.

Risk management

36. The re-commissioning of ICES poses some risks and opportunities, as highlighted in the table below:

Risks	Mitigation
<p>The recommendation to approve the proposed approach to re-commissioning a new service is not agreed by Cabinet.</p>	<p>The existing contract does not end until 31 March 2025, therefore there is sufficient time to develop alternative arrangements, if necessary.</p>
<p>The council governance timeline is unfortunately not aligned to that of the ICB. Therefore, there is a risk that the recommendation to approve the proposed approach to re-commissioning a new service is not agreed by the ICB.</p>	<p>The council has a strong partnership and working arrangements with the ICB and a commitment within the Section 75 agreement. There have been joint meetings between the two organisations, throughout the process, in order to foster a co-ordinated approach.</p>
<p>Risk of challenge from providers, during the procurement process.</p>	<p>Work has been, and continues to be, undertaken with the council's Procurement and Legal Teams, to create a robust procurement process, in order to minimise the likelihood of challenge.</p>
<p>There is not enough interest from experienced providers to deliver the service.</p>	<p>The council received responses from a number of experienced providers during a recent soft market testing exercise. We are confident that there will be sufficient interest in this service and contract.</p>
<p>Opportunities</p> <p>The Commissioning Team has liaised with neighbouring and regional councils, to better understand other areas' approach and contracts, to ensure we are delivering best practise and value for money.</p>	<p>This relationship will continue going forward, particularly as we explore partnership opportunities for a shared cross border / regional service.</p>

37. The ICES contract falls within the Community Wellbeing directorate, so any associated risks in relation to service delivery, spend or budget would be entered on the directorate risk register.

Consultees

38. As part of the re-commissioning, engagement has taken place with a number of different groups, including:
- I. Service users via an online survey (completed with support from practitioners) and telephone survey calls using a random sample selection of individuals who have used the service within the last 12 months.
 - II. Health and social care practitioners (prescribers), who use the service to arrange equipment for their clients, via MS Teams feedback sessions, which had 38 attendees, and an online survey.
 - III. Internal and external service / area managers, with expertise in health and social care, via multiple MS Teams engagement and scoping sessions.

39. Informal consultation and research was also carried out with other local and regional councils, as a benchmarking exercise, including Birmingham City Council, Shropshire Council, Warwickshire Council and Worcestershire County Council.
40. A soft market testing exercise has been completed, to better understand the provider market and help inform the re-commissioning approach.
41. A Political Group Consultation was also held on 16 September to discuss the re-commissioning of the Integrated Community Equipment Service. The session was attended by seven councillors, representing four different political parties.

Appendices

Appendix A: Equality Impact Assessment

Background papers

None identified.

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 04/09/2024
Finance	Wendy Tranmer	Date 02/09/2024
Legal	Emma-Jane Brewerton	Date 05/09/2004
Communications	Luenne Featherstone	Date 23/08/2024
Equality Duty	Harriet Yellin	Date 27/08/2024
Procurement	Carrie Deeley	Date 05/09/2024
Risk	Jessica Karia	Date 28/08/2024
Approved by	Hilary Hall	Date 06/09/2024