

Open Report on behalf of Glen Garrod, Executive Director - Adult Care and Community Wellbeing

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| Report to: | Executive |
| Date: | 4 May 2022 |
| Subject: | Lincolnshire Community Equipment Services Re-procurement |
| Decision Reference: | I025181 |
| Key decision? | Yes |

Summary:

The Lincolnshire Community Equipment Service (LCES) is an equipment loan service which is required to help meet the Health and Social Care needs of people of all ages, including children, who have long term conditions and disabilities. It is a jointly commissioned service between the Council and Lincolnshire Clinical Commissioning Group (CCG) with a Section 75 agreement and Partnership Board underpinning the joint work. The community equipment is supplied, maintained, collected, recycled and stored by the Service Provider, currently Nottingham Rehab Supplies (trading as NRS Healthcare).

The current contract has been in place since 1st April 2016. The initial five years of the contract ended on 31st March 2021. The LCES Partnership Board subsequently agreed to a further two-year extension of the service up until a maximum of 31st March 2023. The LCES, including Telecare, has undergone a comprehensive review. As a result of this, there are several changes to the current arrangements proposed as part of the new service, due to commence 1st April 2023. One of the main changes being the inclusion of the Wheelchair Services under the umbrella of LCES, currently commissioned by the CCG.

This report seeks approval from the Executive to procure a new contract for LCES and Wheelchair Services.

Recommendation(s):

That the Executive:

1. Approves a procurement be undertaken to deliver a contract to be awarded to a single provider of a county-wide community equipment service including wheelchair provision, and the potential for Disabled Facilities Grant items such as stairlifts, to be incorporated into the catalogue of equipment, for an initial period of up to five years with the possibility of a further five-year extension.

2. Approves the de-coupling of telecare from the current community equipment services contract and the re-procurement from 1st April 2023 of a separate, interim two-year, like for like telecare contract, with the intention of procuring a wider Technically Enabled Care (TEC) solution, to be in place by 1st April 2025.
3. Delegates to the Executive Director of Adult Care & Community Wellbeing in consultation with the Executive Councillor for Adult Care and Public Health, the authority to determine the final form of the contract/s and to approve the award of the contract/s and the entering into of the contract/s and other legal documentation necessary to give effect to the above decisions.

Alternatives Considered:

1. Negotiate a revised contract with the current provider

Continuing with the current provider is not feasible as there is no legal basis on which to extend the contract.

2. To do nothing

The services address and support the statutory requirements in relation to preventing, reducing, or delaying needs under the Care Act 2014. This option would result in pressure on other services as individuals would no longer be able to remain safe and independent in their own homes.

Reasons for Recommendation:

1. The LCES offers a critical support function which is at the forefront of maintaining the independence of Lincolnshire's residents. The overall outcomes of this service align with home first principles and encourage people to remain independent in their own homes for as long as possible. The service supports hospital admission, facilitates hospital discharge and reduces the pressure upon residential and homecare services.
2. The alternatives considered have been deemed unacceptable in delivering the required outcomes of the service.
3. In terms of telecare, whilst these services are linked there are clear advantages associated with the de-coupling of services, these were reiterated through the provider engagement. The two-year interim solution is proposed to allow the Council time to develop a new wider TEC solution, which will include telecare, but also digital assistive technologies taking on board the outcomes and conclusions of the Adult Care and Wellbeing review.

4. The services address and support the statutory requirements in relation to preventing, reducing, or delaying needs under the Care Act 2014.

1. Background

1.1 As a jointly commissioned contract between the Council and Lincolnshire CCG, LCES is a key contributor to the Health and Social Care integration agenda. The main objectives of the LCES Contract are set out below:

- To promote independent living with the community;
- To help people live at home wherever possible;
- To help relieve pressure on acute hospitals by assisting with discharge arrangements and preventing avoidable admissions to hospital;
- To allow people's health care needs to be met in their own homes;
- To help prevent early readmission to hospital;
- To enable carers to provide better quality care;
- To reduce admission to temporary and / or permanent residential care;
- To enable Service User's and Carers to receive the best possible service in accordance with the lifestyle and wishes of each individual.

1.2 Over the previous years of the contract the service has been subject to a number of national challenges. These include but are not limited to the following:

- The national government legal and policy changes, i.e.: The Care Act and Brexit have had an impact in terms of ensuring compliance with all the relevant legislation and the potential impact on the supplier chain and increased equipment costs as a result of the UK leaving the EU.
- The sustainability agenda including carbon footprint and waste reduction.
- Increased Care Home demand.
- Changing demographics and an aging population.
- On-going growth of the service versus existing or reducing funding and resources.
- Cost pressure due to rise in raw material costs and inflation.
- Additional pressures of the COVID pandemic.

1.3 The challenges set out above were considered as part of a comprehensive service review of LCES. One of the workstreams within the review focused upon the scope of the current service alongside the need for more collaborative/joint working and the move towards an Integrated Care System (ICS). The conclusions of the review resulted in a broadening of the scope including the Lincolnshire Wheelchair Services and equipment that facilitates Disabled Adaptations such as Stairlifts and Modular ramps. The review also concluded however that Telecare Services should be decoupled from that of LCES and should be re-procured separately.

2 Current Service Summary

2.1 The primary functions of the LCES are to:

- Purchase equipment – standard and special equipment
- Store equipment – standard and special equipment

- Provide an IT system that delivers the requirements of the service
 - Provide the logistics in relation to placing orders, delivering, installation, repair, collection, maintenance, storing, cleaning and refurbishing of all equipment
 - Deliver a high-quality person-centred service
 - Deliver the service in line with operational procedures agreed by commissioners
 - Work closely with the LCC LCES Team in service delivery
 - as of 2018 to provide Telecare provision, a key preventative service contributing to a number of objectives in the Care Act 2014
- 2.2 There are currently three main elements to the LCES cost structure that were all appraised as part of the review. These currently are: The 100% equipment credit model, a number of activities that the Provider is paid a fixed cost for, and a fixed management fee and profit margin. The telecare element of the contract has a different cost structure whereby the Provider owns all the equipment and income is generated through the rental of the equipment.
- 2.3 There is a Section 75 Agreement in place that sets out the financial and governance arrangement for LCES. This includes the role and responsibilities of the Partnership Board and each working groups that reports back to the Partnership Board. The telecare element does not form part of the current Section 75 arrangement as it is solely commissioned by the Council.

3 Service Review

- 3.1 Over the past 18 months, the service has been reviewed. The review was structured in terms of a number of different workstreams as set out below:
- Work Stream 1 - The Development of the Section 75 and Information Sharing Agreement
 - Work Stream 2 - Future Scope and Demand Analysis
 - Work Stream 3 - Review of the LCES Commercial Models
 - Work Stream 4 - Budget and Cost Review including consideration of true pooled budget
 - Work Stream 5 - Service User, Provider and Stakeholder Consultation
 - Work Stream 6 - Specification Review
 - Work Stream 7 - Legal Requirements
 - Work Stream 8 - Telecare Review
- 3.2 Throughout the review period there were a number of key new proposals/initiatives and associated options that the LCES Programme Board were asked to consider as part of any new service. Section 4 below provides a summary as to the conclusions made by the Board.

4 Proposed Changes to Current Arrangements

- 4.2 The review concluded that the existing contract delivery model works well, this included feedback from both Service Users/Patients and Prescribers that the current

equipment range is fit for purpose and meeting need. It also concluded that the current provider had met KPIs and delivered a high-quality service. It is therefore proposed to re-commission the service in largely the same format. There were however options considered as part of the review that will deliver further improvements to the service as below:

a. Broadening the scope of the service

Integrating Wheelchair Services into the scope of LCES not only contributes towards the directive for better integrated care systems and joint commissioning, but will also provide an improved service user experience, an integrated pathway, one stop shop for equipment, improved productivity and efficiency, joint logistical benefits and storage options. Commissioners would also benefit from managing a single relationship/contract with a lead provider. These benefits are also applicable when considering the inclusion of equipment previously delivered under the DFG arrangements such as stairlifts and modular ramps.

b. Commercial Model

There are changes proposed in terms of the existing commercial model. The financial modelling indicated a move to a rebate model, based upon a certain collection and recycling target, as opposed to a 100% credit model, would be beneficial to the Partnership. As identified at 2.2 above there are three main elements to the current commercial model. The existing 100% credit model works as follows: The Provider buys equipment at cost and when it is issued in the community charges the Partnership 100% of this value. When the equipment is collected, recycled and returned to shelf, the Partnership is credited 100% of the original value. In addition, however currently the Partnership will pay a separate management fee and guaranteed profit margin. A move to a proposed rebate model if using as an example of 80/20 would work as follows: The Provider buys equipment at cost and when it is issued in the community charges the Partnership 100% of this value. When the equipment is collected, recycled and returned to shelf, the Partnership is credited 80% of the original value. This, together with an assumed recycling percentage is demonstrated in the table at 8.1 (1) Contract Stock Equipment. The Provider would retain 20% rebate and from this they must recover all fixed costs including management fee and profit. The service activity fixed cost element will remain and the Provider will be required to recover all operational costs from this as demonstrated in the table at 8.1 (2) Service Activity Costs.

The main reason for the change to a rebate model is the incentive to the Provider to collect equipment, currently out in the community and Care Homes, as they re-coup fixed costs through the percentage rebate retained. If the equipment is collected and recycled it negates the Partnership from having to buy new and reduces the cost to the service. There will no longer be separate management and profit income streams as these will be accounted for within the percentage rebate. The focus upon collection is further supported through

proof-of-concept initiatives targeting of the equipment of highest value and most recyclability.

c. True Pooled Budget

At present equipment items are costed to either Health or Social Care based upon a previously agreed schedule. Intensive time-consuming financial reconciliation identified over the life of the contract that the contributions from both parties had been on a 50/50 basis. It was acknowledged that equipment should be prescribed on the basis of need, regardless of whether the equipment required is Health or Social Care. Contributions to the pooled budget will remain the same however both parties have agreed the principles of a true pooled budget with underspend or overspend being managed on a 50/50 split. This will be reflected in a variation to the section 75 Agreement. The mechanism to measure cost avoidance to the health and social care system is currently being jointly developed and will form part of future contract management arrangements.

d. Contract Duration

The LCES contract will require significant upfront investment from the provider, a longer-term contract of potential 10 years including extensions is therefore proposed. This would align with other LCC contracts and is more common for a contract of this nature and complexity. It also provides more certainty, less risk, and a longer period to recover initial investment, all suggesting a more cost-effective approach. A start date of 1st April 2023 for the core community equipment service and 1st April 2024 staggered start date for the wheelchair element of the service is proposed to ensure a more focused mobilisation and smoother transition of the respective service elements.

e. Specification Improvements

A review of the LCES specification concluded changes to be made to align with revised scope, including premises requirements, also service levels, operational hours of service, peripheral stores, non-contract special initiatives, annual replacement of some equipment, review of KPIs, improvements to IT infrastructure.

f. Telecare

The LCES Programme Board supported a proposal to de-couple Telecare from LCES. Whilst this is currently part of the LCES contract moving forward it is proposed these services will be procured separately. There were a number of reasons for this including:

- The Provider and Commissioner engagement undertaken supported this view and confirmed that other authorities do not tend to commission these services together.
- Commissioning within the same contract could be less attractive as a package and restrict an already limited market. There are different Provider markets for telecare and community equipment. If procured

together this could force community equipment Providers into sub contractual arrangements and/or deter specialist telecare providers that do not deliver community equipment services.

- Telecare services has very different aspects to that of the LCES. A different specification, commercial/financial model, KPIs also potentially terms and conditions. All of which further support the de-coupling option as separate procurements and associated award criteria, as opposed to simply separate lots within the same procurement. However, as they are running along the same timeline, this would not negate Providers bidding for both separate services if they wished to benefit from any identified interdependencies.
- Procuring separately provides a greater focus upon each service. In some ways telecare services are more complex than LCES and could potentially include elements such as Telehealth and digital solutions associated with Technically Enabled Care (TEC). The proposed separate interim two-year telecare arrangement will provide the time required to further develop a countywide digital strategy and to take onboard the outcomes and conclusions of the Adult Care and Wellbeing review in order to develop a wider TEC solution to be in place by 1st April 2025.

5 Demand and Financial Modelling

- 5.1 There is anticipated growth of the service in a number of areas as set out below. Historical breakdown of spend over the duration of the contract is as follows in Table 1. The average annual total spend over the life of the contract has been £6,049,365. This equates to an average 4% year on year increase to total cost.

Table 1 – Spend Analysis

| Spend Analysis | 2016/17 | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Catalogue products | £8,549,570 | £7,820,763 | £9,016,167 | £8,457,511 | £9,791,346 | £10,696,845 |
| Specials | £695,810 | £607,718 | £719,168 | £669,140 | £686,854 | £707,652 |
| Repair charges | £42,668 | £35,545 | £37,658 | £38,425 | £40,260 | £35,808 |
| Maintenance | £460,578 | £488,428 | £502,338 | £499,738 | £456,372 | £473,184 |
| Delivery carriage | £725,034 | £720,666 | £756,919 | £812,482 | £829,930 | £875,238 |
| Collection carriage | £158,062 | £125,398 | £132,013 | £136,141 | £140,965 | £148,824 |
| Installations | £124,055 | £120,503 | £225,305 | £217,323 | £202,412 | £227,118 |
| Specials handling fee | £27,130 | £22,565 | £23,225 | £20,075 | £20,525 | £23,221 |
| Collection Credits (returned to shelf) | -£6,724,643 | -£5,294,513 | -£6,125,621 | -£6,144,264 | -£7,327,988 | -£7,547,137 |
| Other services | £633,620 | £615,442 | £568,366 | £702,143 | £728,824 | £685,893 |
| Sub Total - Equipme | £4,691,885 | £5,262,515 | £5,855,538 | £5,408,713 | £5,569,499 | £6,326,645 |
| Admin Costs | £556,154 | £550,230 | £570,933 | £514,274 | £720,389 | £619,724 |
| Total charge | £5,248,039 | £5,812,744 | £6,426,471 | £5,922,987 | £6,289,888 | £6,946,369 |

- 5.2 The spend analysis indicated an increase in both numbers of orders, people accessing the service and more expensive products or complex equipment that is required. The NHS Five Year Forward Plan suggests that due to new treatments

there is a growing and aging population meaning the pressures on the services are greater than they have ever been. Treatment outcomes are far better and public satisfaction higher than ten or twenty years ago. As individuals live longer they have more complex health issues. This has had an impact on particular types of equipment. Table 2 sets out the top five areas of equipment and shows the increases over the previous three years.

Table 2 – Types of Equipment

| | 2020 | | | 2021 | | | 2022 FYTD | | |
|----------------------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Net | Gross | Collections | Net | Gross | Collections | Net | Gross | Collections |
| Pressure Relief | £802,389.85 | £3,377,372.93 | £2,574,983.08 | £1,179,372.41 | £4,028,711.46 | £2,849,339.05 | £1,222,728.37 | £3,969,904.15 | £2,747,175.78 |
| Beds and Accessories | £372,381.20 | £1,797,249.77 | £1,424,868.57 | £666,090.05 | £2,417,632.45 | £1,751,542.40 | £554,506.44 | £2,168,218.52 | £1,613,712.08 |
| Moving & Handling | £440,071.79 | £1,729,989.85 | £1,289,918.06 | £628,574.78 | £2,217,428.48 | £1,588,853.70 | £551,997.90 | £2,083,701.45 | £1,531,703.55 |
| Childrens Equipment | £325,426.31 | £423,384.76 | £97,958.45 | £240,134.00 | £563,172.19 | £323,038.19 | £141,199.70 | £577,600.04 | £436,400.34 |
| Bathing & Showering | £192,901.22 | £325,404.81 | £132,503.59 | £287,773.38 | £553,371.65 | £265,598.27 | £279,166.79 | £560,742.61 | £281,575.82 |

5.3 The COVID-19 pandemic has had an effect on community equipment demand levels. As one of the primary methods of supporting hospital discharge the LCES has seen significant change over the past months. With hospitals seeking to maximise their capacity through increased accelerated discharge, this has resulted in an increase of service activity, particularly with regard to the issuing of high value more complex equipment. In addition, the service was well suited to support the acquisition of Personal Protective Equipment (PPE) and played a key role in sourcing a wide range of equipment for the sector. NRS arranged the storage and distribution of this equipment in the majority of cases within an urgent or emergency delivery response time. Future service levels are being considered and on-going storage and supply chain requirements considered.

5.4 Throughout the pandemic and Brexit the service has shown to be flexible and adaptable in its ability to deal with challenges on short notices. The service was requested to operate seven days a week from 8 am to 8 pm. The seven-day working is being monitored to determine whether this is continued within the new contract arrangements, acknowledging that operational hours of the service must be affordable and align with the wider health and social care system.

5.5 In summary, the Home First principles are the continued direction of travel. Following the pandemic it is expected that the accelerated discharge pathway will also remain. It is therefore expected that there will be increased cost to the service in a number of potential areas including; increased numbers of individuals accessing the service, more complex equipment, quicker service level responses required to support discharge and potentially extended operational hours of working. There are also factors such as increased equipment, logistics, fuel and energy costs that would need to be considered as part of the on-going price review of the service.

6 Budget and Cost Implications

6.1 The total 2021-22 current budget for the LCES is as broken down as below. This has been the annual budget from the beginning of the contract and has not had any previous increases or been subject to any inflationary uplifts throughout the duration of the contract.

| | 2021-22 Budget | 2021-22 Forecast Spend |
|--------------------------|-----------------------|-------------------------------|
| LCC Budget | £2,668,000 | £3,017,000 |
| Health Budget | £3,132,000 | £3,845,000 |
| Total Pooled Fund | £5,800,000 | £6,862,000 |

- 6.2 The total spend projections for 2021-22 are as set out at Table 1 as £6,862,000 indicating a £1,062,000 funding gap. This increase in demand has been predominantly driven by the discharge to assess model which aims to enable people to return home from hospital in a timely manner with the equipment they need. The cost increase has been supported through non recurrent funding.
- 6.3 Looking ahead, this is a service expected to grow. This service is a key enabler to delivering ACCW ambition to enable people to maintain their independence. Taking into account increased demand as summarised in Section 5 above it is proposed that the budget required for the contract will be £6,900,000 per annum from 2023-24. The uplift to the iBCF received will support LCC increased cost as the discharge to assess model embeds across Lincolnshire. A parallel discussion within Lincolnshire CCG regarding funding for the health related costs is in progress. Whilst we are forecasting an increase of 4% including both unit cost and demand increase, the financial modelling which underpins the proposed rebate model indicates the forecast growth will be funded by improving the collection rate. Delivering an improved collection rate will be supported by wider initiatives across adult care including the introduction of an active recall team and the integration of occupational therapy services.
- 6.4 Agreement to extend the scope of contract would see an additional £2,777,297 per annum transfer from the CCG for the delivery of the wheelchair service in 2024-25. An element of the DFG allocation would also transfer into this budget to support the delivery of the stairlift provision. From 2024-25 there are expected efficiencies that can be realised through the integration of these services which will contribute towards the financial stability of the contract. As continued growth is anticipated it is acknowledged that there will need to be sustainable long term funding solutions in place which will be developed in partnership with Health colleagues and form part of the Adult Care mid-term finance review.
- 6.5 Whilst any cost efficiencies and tangible savings will be monitored and appropriate pain and gain share mechanisms established in the new contract, there will also be measures in place that capture cost avoidance within areas of the health and social care system, as a whole, to help to evidence the benefits of the service and partnership arrangements and retain levels of government funding.

- 6.6 The tender process will test the deliverability of service expectations within the constraints of the available budget, and competitive tension will ensure value for money is maximised.

7 Risks and Dependencies

- 7.1 The proposed budget needs to support demographic trends indicating a continued growth and increasing complexity of need, service improvements and inflationary uplifts. Demand and financial modelling work suggests the budget may not be sufficient and there could be a funding gap. The introduction of the rebate model is however intended to bridge this gap.
- 7.2 The Community Equipment Provider market is extremely limited with only three/four key players. A reduced number of bids is a consideration and potential risk. The Provider market has been consulted as part of the review phase and also at the pre-procurement stage following the review. These Providers are comfortable with the approach in terms of how the Council intends to integrate other services and the improvements proposed, and are already delivering these elsewhere. All have expressed an interest in bidding at this stage.
- 7.3 The inclusion of the Wheelchair Services poses some level of risk. The service is currently performing well and there is some concern regarding the loss of specialism and dilution of the service when incorporated under LCES. LCC are however working closely with the CCG regarding this integration particularly in terms of the development of the specification of services and commercial model for wheelchairs. The engagement regarding this service has included Service Users/Patients, Prescribers as well as wheelchair Providers and feedback taken on board. The staggered start date will aid in the development and mobilisation of wheelchairs and the option of accepting bids from consortia or subcontracting arrangements help to ensure specialist elements of the service are maintained.

8 Commercial Model

- 8.1 Taking account of the findings from the review work undertaken, including the market and stakeholder engagement feedback, demand and financial modelling, and required service improvements, it is proposed the commercial model for the new service will be structured as summarised below:

1) Contract Stock Equipment

The equipment catalogue will be priced as per the example below. This is based upon 80/20 rebate model although this will be competed at competition within set parameters. It also assumes an 85% recycling rate which is yet to be determined but will form a KPI within the contract.

The Provider will recover all fixed costs through the equipment rebate percentage that they retain i.e.: in the example 20% of the equipment costs. There will no longer be additional profit and management fee income streams.

| Product | A* Accepted Tender Price | B Average No of issues | C Total contract price for item | D Credit back price per item (usingn 80% credit model) | E No items recycled using indicative 85% recycling rate | F Indicative credit back 80% | G Contract Equipment Total |
|-------------------------|--------------------------------|------------------------------|---------------------------------------|---|---|------------------------------------|----------------------------------|
| | | | Col A multiplied by Col B | 80% of value Col A | Col B multiplied by 85% | Col D multiplied by Col E | Col C minus Column F |
| Perching stool | £20.00 | 1000 | £20,000.00 | £16.00 | 850 | £13,600.00 | £6,400.00 |
| Domestic trolley | £24.00 | 1000 | £24,000.00 | £19.20 | 850 | £16,320.00 | £7,680.00 |
| Walking Frame - Medium | £14.00 | 700 | £9,800.00 | £11.20 | 595 | £6,664.00 | £3,136.00 |
| Shower Stool | £15.00 | 500 | £7,500.00 | £12.00 | 425 | £5,100.00 | £2,400.00 |
| Slide Sheet - Small | £3.00 | 500 | £1,500.00 | £2.40 | 425 | £1,020.00 | £480.00 |
| 4 Section Profiling bed | £535.00 | 1500 | £802,500.00 | £428.00 | 1275 | £545,700.00 | £256,800.00 |
| | | | £865,300.00 | | | £588,404.00 | £276,896.00 |

2) Service Activity Costs

The Provider must account for all other costs of the service within the service activity level charges which will be costed as set out in the example below.

| | A | B | C |
|----------------------------------|-------------------|--|------------------------------|
| Activity Speed | Average No Orders | Indicative Bidder Price per activity | Total activity price |
| | | | Col A multiplied by Col B |
| 5 day delivery | 40,000 | £10.00 | £400,000.00 |
| Three day delivery | 15,000 | £15.00 | £225,000.00 |
| Next day delivery | 9,000 | £30.00 | £270,000.00 |
| Same day delivery | 4,000 | £40.00 | £160,000.00 |
| 5 day collection | 30,000 | £10.00 | £300,000.00 |
| 3 day collection | 5,000 | £15.00 | £75,000.00 |
| Total activity costs for service | | | £1,430,000.00 |

3) Wheelchair Services

The Wheelchair Service will be costed on an annual open book block basis considering volumes based upon historical trends and future demand projections. There will also be specific on-going management and key performance information to monitor whether this is the most appropriate commercial model for wheelchair service or whether aligning with the community equipment and a move to a rebate model could be more cost effective.

4) Overall Service Costs

The overall costs of the service will therefore equate to: (1) Community Stock Equipment costs factoring in percentage recycling rate and credit offer + (2) Service Activity costs + (3) Block Payment for Wheelchair Services when this service commences.

- 8.2 Delivery will be by a single provider of a countywide service, working in partnership with the LCC LCES Team. This is consistent with the current model for delivery, and its viability is supported by the market engagement exercise. The competition phase will not preclude bids from consortia and sub-contracting models, which should help to maximise the level of competition.

9 Payment and Performance

- 9.1 In terms of the community equipment the Provider will submit monthly invoices based upon actual delivery in accordance with rebate model and activity levels for community equipment.
- 9.2 Payment for the Wheelchair Service element will be by way of a monthly fixed sum (block payment) for the delivery of the Services as priced at competition. Unit prices will also be generated within the financial submission which can be used as the basis for an additional payment should the volumes of service exceed those projected, subject to approval by the Partnership, within the available budget.
- 9.3 Utilising the Service Provider's financial submission at tender stage, the contract will include an Open Book Accounting approach as a basis for assessing whether the Service Provider is generating any excess profit. As part of the open book approach to understand the Service Provider's actual costs of service delivery, where the actual costs of service delivery are below the tendered service delivery cost, a mechanism will be included to enable the Council to share in that efficiency saving by way of a gain share mechanism.
- 9.3 Performance management will continue to be embedded into the contract. This will be linked to manageable, measurable and achievable targets aligned to the agreed key performance indicators (KPI), and a formalised system of managing and monitoring performance against the contract. A review of contract KPI measures is being undertaken prior to commencement of the procurement process to help to ensure that the required service levels are optimised. KPI measures will focus on the achievement of outcomes for Service Users and the wider service, and if delivery falls below the agreed Service Levels it will be possible to make proportionate deductions to the contract Fee through the application of Service Credits to relevant Key Performance indicators.

10 Contract Commencement and Duration

- 10.1 The LCES contract concludes on 31st March 2023, with the new contract needing to commence on 1st April 2023. The wheelchair service will have a staggered start date of 1st April 2024 in order allow the smooth transition of both services.
- 10.2 The proposed duration of the community equipment element of the service will be for an initial period of five years, initial period of four years in respect of wheelchair services, with both elements having the option to extend by a further five years in total. The attractiveness of this approach was tested as a part of the market engagement process, and the views of the market provided validation as to the attractiveness of this proposed term for the contract.

11 Procurement Implications

- 11.1 The Procurement is being undertaken in accordance with the Public Contract Regulations 2015 utilising an Open Procedure method. An Contract Notice will be

published in May 2022 and a Contract Award Notice will be issued on any award to a successful bidder.

- 11.2 In undertaking the procurement the Council will ensure the process utilised complies fully with the EU Treaty Principles of Openness, Fairness, Transparency and Non-discrimination.
- 11.3 The procurement process shall conform with all information as published and set out in the Contract Notice.
- 11.4 All time limits imposed on bidders in the process for responding to the Contract Notice and Invitation to Tender will be reasonable and proportionate.
- 11.5 Subject to the maximum available budget and a commitment to deliver the service volume expectations, which have been profiled as described at section 5, the final cost of the service will be determined via competition.
- 11.6 ITT evaluation will focus on a combination of service cost and quality, and the capability of the single provider and any organisations they may wish to form sub contracting arrangements with, to deliver the required volume of service and quality outcomes across the county.

12. Public Services Social Value Act

- 12.1 In January 2013 the Public Services (Social Value) Act 2013 came into force. Under the Act the Council must, before starting the process of procuring a contract for services, consider two things. Firstly, how what is proposed to be procured might improve the economic social and environmental wellbeing of its area. Secondly, how in conducting the process of procurement it might act with a view to securing that improvement. The Council must only consider matters that are relevant to the services being procured and must consider the extent to which it is proportionate in all the circumstances to take those matters into account. In considering this issue the Council must be aware that it remains bound by EU procurement legislation which itself through its requirement for transparency, fairness and non-discrimination places limits on what can be done to achieve these outcomes through a procurement.
- 12.2 A stronger and well-resourced LCES will have the potential to deliver increased social and economic benefits to the area by;
- 12.3 Helping people to live at home for longer; helping relieve pressure on acute hospitals, care homes, community care and the wider health system by assisting, supporting and sustaining informal care arrangements and supports in terms avoiding admissions to hospital.
- 12.4 Ways will be explored of securing social value through the way the procurement is structured. The operation of sub-contracting and consortium arrangements will be

explored as a means of ensuring a role for local small to medium-sized enterprises (SMEs) in the delivery of the services. Evaluation methodologies will incentivise the delivery of a skilled and trained workforce.

12.5 Under section 1(7) of the Public Services (Social Value) Act 2013 the Council must consider whether to undertake any consultation as to the matters referred to above. The service and the value it delivers is well understood. Best practice recently adopted elsewhere has been reviewed. This and the market consultation carried out is considered to be sufficient to inform the procurement. It is unlikely that any wider consultation would be proportionate to the scope of the procurement.

13. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.

Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.

Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision-making process.

13.1 The key purpose of the service is to maximise the potential for the individual to remain safe and independent in their own home. This provides greater choice to all eligible adults and children. In that sense the delivery of the service helps to advance equality of opportunity. The providers' ability to provide services which advance equality of opportunity will be considered in the procurement and providers will be obliged to comply with the Equality Act.

13.2 An Equality Impact Assessment (EIA) has been undertaken and is available at Appendix A. This is not the final version as the EIA is a live document that is updated throughout the re-commissioning process. The EIA identifies that the new service model inclusive of the proposed changes does not have any perceived adverse impacts on people with protected characteristics.

Joint Strategic Needs Analysis (JSNA and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision.

13.3 LCES contributes towards each of the five themes as set out in the Joint Health and Wellbeing Strategy. Re-commissioning the LCES and the Partnership governance supports the following:

- A strong focus on prevention and early intervention;
- A collective action on health and wellbeing across organisations;
- A tackling of inequalities and equity of service provision to meet population needs;
- Delivery of transformational change in order to improve health and wellbeing.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including

anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

13.4 This service is unlikely to contribute to the furtherance of the section 17 matters.

14. Conclusion

14.1 Re-procuring the service supports the Council in fulfilling its statutory duties under the Care Act 2014.

14.2 From a social care perspective, LCES is cost effective in preventing, reducing or delaying the need to higher cost care and support services.

14.3 It is expected that the proposed improvements and integration of the Wheelchair Services under the umbrella of LCES, through the specification and associated processes, will enable the Council to maximise the service impact and benefit to end users, as well as improving the ability to evidence value for money.

14.4 The service is expanding both in terms of numbers of Service Users/Patients and complexity of provision. Revised Key Performance Indicator (KPI) measures will also help to ensure that the required service levels, outcomes, and impact are optimised.

15. Legal Comments:

The Council has the power to enter into the contracts proposed.

The proposals are compliant with the Council's procurement law obligations.

The decision is consistent with the Policy Framework and within the remit of the Executive if it is within the budget.

16. Resource Comments:

The 2022-23 budget includes the £0.4m growth increase forecast from continued demand and unit cost increase. Detailed financial modelling underpinning the new commercial model will conclude as the procurement documentation is prepared. Initial indications suggest that there is the potential to increase the collection rate and that this would minimise the financial pressure arising from further growth in demand. Additional financial measures will be added into the contract to ensure the new commercial model is delivering as expected and that the system wide improvements which enable the provider to collect the equipment are aligned.

ACCW budgets incorporate the forecast telecare costs for adult care service users whose care and support plan identifies a telecare need.

17. Consultation

a) Has Local Member Been Consulted?

N/A

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The decision will be considered by the Adults and Community Wellbeing Scrutiny Committee on 6 April 2022. The comments of the Committee will be reported to the Executive.

d) Risks and Impact Analysis

See body of report and Appendix A Equality Impact Analysis

18. Appendices

| | |
|--|--------------------------|
| These are listed below and attached at the back of the report: | |
| Appendix A | Equality Impact Analysis |

19. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Marie Kaempfe-Rice, who can be contacted on Marie.Kaempfe-Rice@lincolnshire.gov.uk.

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