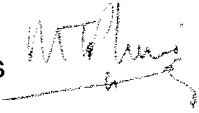


Report for:	Cabinet 12th June 2012	Item number	To be added by the Committee Section
Title:	Changes to the Supply of Community Equipment in Haringey		
Report authorised by:	Mun Thong Phung Director of Adult and Housing Services 		
Lead Officer:	Lisa Redfern, Deputy Director, Adults and Commissioning Bernard Lanigan, Head of Service, Assessment and Personalisation		
Ward(s) affected: ALL		Report for Key Decision	

1. Describe the issue under consideration

Introduction - Rationale

1.1 We propose to change the way in which we meet the needs of those who receive/would receive community equipment from Haringey Council in the future and there are three reasons for doing this:

- (i) deliver Adult and Community Services required HESP (Haringey Efficiency Service Programme)'s target of £82,000 by 2012/13;
- (ii) the lease on the unit at St George's industrial estate where the store is currently located is due to expire in December 2012. Moreover, most of the staff originally located there have now moved into Cumberland Road or are home/smart working. So apart from the store and store staff, it is effectively an empty building and one which Adult Services no longer needs. Costs associated with the current lease are shown alongside other costs in Appendix B (exempt);
- (iii) Services constantly need to improve and deliver value for money. The current service is effective and has a very good level of performance but could be delivered even more cost effectively through joining this arrangement with other Boroughs. All our research has shown this. The recommendations at Paragraphs 3.1 to 3.4 are not just a

short-term recommendation; by us joining a consortia of this kind, it also future-proofs our service by allowing us to aggregate future demand, negotiate keenly as part of a sizeable club on price and service delivery as well as work with other top-performing London Boroughs to drive innovation and improvement in the service.

1.2 This paper provides the basis for making the above recommendations.

2. Cabinet Member Introduction

2.1 The move to a Framework Agreement set up for other Boroughs enables Adult and Community Services not only to deliver their required HESP efficiency savings but also to further enhance service delivery and improve performance outcomes more cost effectively. I therefore fully endorse this change in the way that complex equipment is delivered for Haringey's vulnerable residents.

3. Recommendations

3.1 That Members give their approval to outsource the Community Equipment Service.

3.2 That the Council enters into a call-off contract with an external provider under a framework arrangement set up for local authorities in London.

3.3 That the call-off contract for the purchase, delivery, collection, maintenance and re-cycling of complex community equipment as recommended in Appendix A (exempt) starts as soon as practical in 2012 (currently anticipated to be in November) and shall continue in force until 31st March 2015 (subject to the provisions for extension or earlier termination) with the option to extend the arrangement for a further 2 year period thereafter.

3.4 That Members note the total anticipated costs and savings of £82,000 and the financial and other comparisons made between the various options in Appendices A and B (both exempt).

4. Options considered

4.1 We have been involved for some time now analysing and evaluating the various options. The Options are listed and explored in detail at Appendix A (exempt), as is the reasoning behind why some options suffer by comparison with others and have been discounted. Our recommended option :

- ensures that the needs of those who use the service continue to be met in a safe and timely way and can expect to receive the equipment they need and continue to access the service as they always have done in the past;

- does not adversely impact on current performance standards or delivery times or place any more limitations on the system than now;
- can be in place by end of 2012;
- delivers on our HESP savings;
- offers the best value for money solution for Haringey going forward; and
- moreover, we expect there will be further enhanced service delivery and greater value for money: quality, cost and performance.

5. Background information

5.1 Procurement, delivery, maintenance and collection of complex daily aids to living such as beds, hoists, pressure mattresses and reclining chairs which are essential in helping disabled adults retain and maximise their independence is managed currently by Haringey Council Adult Services from a depot located within the Borough.

5.2 For clarity, users now receive a prescription if their only need is for simple aids. Simple aids are items such as rails, bath and toilet seats and such like. The Prescription Model for basic pieces of equipment such as bath aids transferred a third of the equipment volume we were handling to the Retail Market from January 2012; this figure is expected to rise even further over the next few years as the retail model matures. However if people require a combination of simple and complex equipment then all equipment is still delivered by our equipment service.

5.3 The lease on the unit at St George's industrial estate where the store is currently located will expire in December 2012. The cost to the Council of the lease is included at Appendix B (exempt) and our view is that this is unnecessary Council expenditure, particularly since most of the staff originally located there have now moved into Cumberland Road, or are home/smart working. So, apart from the store and store staff, it is effectively an empty building and one which Adult Services no longer needs.

5.4 We need to deliver Adult and Community Services required HESP (Haringey Efficiency Service Programme)'s savings target of £82,000 by 2012/13. In Oct 11, Cabinet received a report that provided an update with respect to the Council's Medium Term Financial Plan (MTFP) that covered the three years to March 2015. The report built on an earlier set of savings agreed by the Cabinet in March 2011 and contained proposals around how the remaining budget gap of £21m would be closed. It agreed to our exploring the possibility of sharing equipment stores with other local authorities resulting in efficiencies across the service.

5.5 Services constantly need to improve in terms of greater quality and performance and deliver value for money. The current service is effective and has a very good level of performance but could be delivered even more

cost effectively through joining an arrangement with other Boroughs, especially now the prescription model has come into effect. All our (and the Department of Health's) research has shown this.

5.6 These factors combined have critical implications for the way that Haringey procures, delivers, maintains and collects complex daily aids to living and means that we need to change the way in which we meet the needs of those who receive/would receive such community equipment from Haringey Council in the future.

5.7 NHS Considerations. Haringey Council has 'hosted' the Joint Equipment Store with NHS Haringey for several years now via a Section 31 (now Section 75) Partnership Agreement. This Agreement, which was due to expire in March 2012, has been extended until the end of year when the current lease expires to allow time for a different model of delivery to be put in place. There is no additional cost to them (or us) in extending the current service arrangement in the interim.

5.8 For the NHS to participate in this new model of delivery, the decision will need to satisfy NHS Governance/procurement arrangements. The decision on whether the arrangement at paragraph 3.2 represents Best Value for the NHS will be reached separately; it does not however preclude the Council from proceeding should the NHS no longer wish to use this Local Authority Framework Agreement.

5.9 We have advised key health partners of the proposed changes to the provision of equipment and given assurances that these plans will not adversely impact on the current arrangements or place any more limitations than now on the joint procurement. These points are addressed as part of the consultation at paragraph 9.10.

5.10 Timetable

Feb to May 2012	Formal consultation and organisational redesign
Jun 2012	Cabinet decision
Jul to Aug 2012	<u>Haringey</u> prepares to integrate its store into the consortium.
Aug to Sep 2012	<u>Stage 1</u> to 'procure only' from the consortium with a view to closing the store at the end of its current lease agreement.
Nov 2012	<u>Stage 2</u> to close the store and migrate fully to the consortium store.

These timings may be improved upon or slip slightly as detailed negotiations around the implementation get underway.

6. Comments of the Chief Financial Officer and Financial Implications

6.1 The 2012-13 Community Equipment expenditure budget is £977,600 of which £617,400 is funded by LB Haringey and £360,200 by NHS Haringey. This is a reduction from the 2011-12 budget of £169,500 made up as follows:

- £87,500 staffing savings – mostly from the deletion of the HICES manager post and a driver/fitter post;
- £82,000 savings on equipment costs. This represents a £60k HESP saving on equipment and £22k further saving from the OT service.

6.2 Closing the current store and terminating the lease would contribute the necessary reductions in running costs to achieve the HESP saving in 2012/13; in fact, the deletion of the posts resulting from the proposed restructure would alone realise full year savings of around £87,500k. Transfer of the service to another provider is likely to realise further savings in running and procurement costs as being part of a larger service will allow efficiencies of scale. This will allow the service to achieve the procurement savings already in the budget and provide further efficiencies that can be incorporated in the Medium Term Financial Plan.

6.3 Following a comprehensive evaluation of the various options listed at Appendix A, the recommended option represents value for money for the Council and our NHS partners in terms of both quality and price; the rationale for this is explained in both Appendices A and B (both exempt). The full year cost of the preferred option is **£695,000**. The first year cost is £978,000 assuming implementation by 1st January 2013 and the voluntary redundancy of up to two members of staff. This would allow the service to live within the budget.

Head of Legal Services and Legal Implications

7.1 The Council wishes to outsource the provision of the Community Equipment service and enter into a call-off contract under a Consortium Framework and with the provider identified in the exempt part of this report.

7.2 The Framework Agreement was advertised in OJEU pursuant to an EU tendering process compliant with the Public Contracts Regulations 2006.

7.3 The Cabinet has power to approve the call-off contract under Contract Standing Order 9.07.1 (d) (Contracts valued at over £250,000).

7.4 The decision to award the contract is also a key decision and as such needs to be included in the Forward Plan in accordance with CSO 3.01 (d). Adults and Housing Services has confirmed that this has taken place.

7.5 The Transfer of Undertakings (Protection of Employment) Regulations 2006 (the Regulations) apply to the outsourcing of the service, and any staff

affected will transfer on existing terms and conditions pursuant to the Regulations.

7.6 Please see additional legal comments in the exempt part of the report, Appendix E.

Equalities and Community Cohesion Comments

Service

8.1 A full Equalities Impact Assessment has not been completed in respect of the proposed change as it would not have a negative impact on the equality strands. This service is inclusive and aims to benefit all people regardless of age, disability, race, gender, sexual orientation or religion.

Age: The provision of complex/specialist equipment is provided to those with complex disability needs regardless of age although it is acknowledged that elderly and disabled people are the main groups to use the equipment service.

Disability: The current service supports & assists those with an identified need as a result of their disability. This will not change with the new proposals.

Gender: The service is and will continue to be non discriminatory and available to all residents with complex disability needs irrespective of their gender.

Marriage/Civil Partnership: Services and equipment are provided to individual persons based on an assessment of need and are irrespective of their marital or civil partnership status.

Pregnancy/Maternity: The service is and will continue to be non discriminatory and available to all residents with complex disability needs irrespective of their pregnancy/maternity status.

Race: The service is and will continue to be non discriminatory and available to all residents with complex disability needs irrespective of their race. Consideration will be given to individuals who have communication or language difficulties and have no support from family/friends. In such circumstances there is an option to book and deliver complex/specialist equipment through the use of an interpreter service; this arrangement will not change.

Religion/Belief: The assessment process remains the same and is non discriminatory, available to all residents with complex disability needs irrespective of their religion/belief/non-belief.

Sexual Orientation: The assessment process remains the same and is

non discriminatory, available to all residents with complex disability needs irrespective of their sexual orientation.

8.2 To ensure there is no adverse impact, we will however:

- Ensure that all service users in these transformed services are monitored against the Equality Act 2010 categories.
- Ensure that equalities information continues to be collected by providers and analysed.
- Continue to monitor the impact of the changed services to maintain good quality of provision and outcomes for all service users.
- Review the equalities information required from providers within the contract and specification documentation, to increase the level of equalities information provided to the Council.

Staff

8.3 As a consequence of the changes to the procedures for ordering basic equipment and the further changes proposed to the community equipment service, we have reviewed staffing needs going forward.

8.4 We also completed an Equalities Impact Assessment. The assessment considered the impact of the proposal to the protected equalities groups of ethnicity, gender, age, disability and maternity. It does not consider issues relating to sexual orientation, gender reassignment, pregnancy and religion or belief, as the relevant data is not available for these groups. Staffing profile data used in this assessment (Appendix C) for comparison purposes is from 29 February 2012.

8.5 An informal consultation meeting was held with staff in March 2012, Trade Union representation was also present. Staff were issued with the timetable for the formal consultation on 18th April, which ended on 18th May 2012, setting out the detail of the changes to staffing structures as the result of changes in the way the community equipment service is planned to be provided and advised that, should formal approval be given, there would be a further one month period of formal consultation with staff specifically to do with any changes that would be subject to TUPE. The formal responses are attached to this report (Appendix D exempt).

8.6 If the proposal is agreed the service has taken all necessary steps to consult with staff and to mitigate against compulsory redundancies by identifying volunteers for redundancy and applying the Council's redeployment procedure to avoid making compulsory redundancies if possible. The effect of the action we propose is contained in Appendix A.

Service Consultation

9.1 Consultation seeking to inform and reassure people that community equipment would continue to be provided and that this change would

improve overall outcomes without any reduction in service was conducted over the period of a month from 14th February 2012 and 14th March 2012. Our consultation sought to hear from people if they personally used the service, knew of friends or family that did, or from other key stakeholders from the NHS, voluntary and independent sector who might have a view about these proposed changes to the service. There was a total of 40 responses to the consultation questionnaire. Unison as well as several NHS clinical leads at the Whittington Hospital and voluntary organisations (the Chair of the Older People's Partnership Board and Haringey Forum for Older People) provided responses.

9.2 Comments on the consultation from users, relatives, carers, providers, voluntary sector, advocates and others are as follows:

9.2.1 One or two people indicated that they did not fully understand the questions, found the wording of some of the questions ambiguous, contained platitudes and/or did not complete them. Others thought that in structuring the questions around 'reassurance', we were not asking for their actual opinions or it gave the Council 'carte blanche' licence.

Proposal

9.2.2 To some, this proposal seemed very clear and, provided everything remained the same or improved, it should not really matter. Others were sceptical of our claims and assurances around costs, timescales and quality of service. Some people said that they did not understand why we needed or wanted to change when the current service worked well or was 'excellent' and urged us not to 'spoil' it. There were concerns the 'personal touch', trust and relationships users of services had formed with the current workforce would be lost. Others thought the proposal amounted to privatisation and the Council would lose control or the system would be bureaucratic.

9.2.3 According to others, the current system was already slow, disappointing, cumbersome or 'mysterious'. One user with a longstanding personal experience of the service, recounted how he had found the current service difficult to deal with and considered any changes needed to streamline and improve communication and improve the speed of the current service. There were however worries that access to a central system, which was geographically remote or no longer in Haringey, would become even slower and more cumbersome.

9.2.4 Of those not, reassured by the proposal:

- Some queried the experience of the prospective providers and were anxious that the new service would not deliver equipment as speedily as now. Others wanted more reassurance that things would stay the same or improve. Performance data and other information about the various alternative providers showed each of them to have a very high percentage (consistently mid-high 90s for the most part) for meeting

the requisite standard delivery targets we currently operate. Others thought it took too long now and/or would only really be reassured if any change led to an improvement. Whereas other thought splitting the responsibilities or the assessment and provision processes would reduce levels of accountability for sorting things out when they went wrong or getting the right equipment or service in the first place.

Voluntary Sector

9.2.5 **NHS** colleagues pointed out that the service was also used by children with severe and complex disabilities, some of whom have life limiting disabilities and relied heavily on this equipment (primarily complex seating) in order to be cared for in a safe way. Any new model of provision would need, in their view, to ensure that the needs of these children continued to be met in a safe and timely way as delays could result in posture or other serious medical problems for this group of users.

9.2.6 Health colleagues also asked for the provision, storage, delivery, collection, decontamination and issuing of children's complex and physiotherapy equipment which ceased to be handled by the Council in 2008 to be considered for inclusion in the redesign of equipment provision in the Borough. They highlighted the significant impact on costs of not being able to decontaminate and re-issue expensive equipment and wondered what the procedures would be under any new proposal and for clarification as to what would happen to all of the equipment in the current store.

9.2.7 Solutions being considered are at least as good an outcome as now for the NHS and in most instances, there should be an improvement. The relevant NHS managers will have the opportunity to review their funding arrangements and purchase enhancements to the current service if they so wish.

9.2.8 **Staff** understandably wanted practical information about the impact for them, including job losses, redundancy opportunities. Unison's responses are attached; however, in summary, it opposes outsourcing of services generally and this proposal specifically. Unison is also unconvinced by claims that there would be no reduction in standards of service when the Council would no longer be running the service and stated how outsourcing social care and health services, in its view, led to lower quality services for those who use them.

9.2.9 A full report of the consultation and online survey results are attached to this report (Appendix C).

10. Head of Procurement Comments

10.1 The value of Haringey spend is likely to exceed £250k over the life of the contract, this would therefore need to be approved by Cabinet.

10.2 The outsourcing of the Community Equipment stores provides the following opportunities:

- Savings: Reduced overheads attributed to a shared as opposed to a single store, better utilisation of equipment, and better aggregation of demand for equipment across London.
- Services: Services offered can be extended and/or redesigned based on the strengths of the consortia. In addition, any additional services may be centralised.

10.3 The option to go to tender is not necessary due to the following available framework contracts with the only 2/3 active suppliers in the marketplace:

Millbrook Healthcare - The East London framework hosted by Redbridge & Havering (Option 3)
Medequip - The West London Consortium hosted by LB Kensington & Chelsea (Option 4)

and the fact that the Integrated Procurement Hub is a pilot hosted by LB Croydon and sponsored by the Department of Health (Option 5)

These framework and other arrangements allow other London Boroughs to outsource their Community Equipment requirements without a need to tender.

10.4 The creation of a new contract monitoring officer should ensure contract compliance as well as monitoring ongoing VFM for the Council.

10.5 Frameworks are usually limited to 4 years and thus subsequent "call-off" contracts from the framework are also limited to 4 years (irrespective of when they are actually called-off the 4 year framework); this has been factored in. The Framework has until 2015 with an option to extend until 2017, which will allow an opportunity for re-negotiation.

11. Policy Implications

11.1 The development of the wider governmental Putting People First and Think Personal, Act Local agendas introduce wider choice and independence for users, providing greater support to reablement and promoting early intervention and prevention. Also, we need to deliver value for money for public services.

12. Use of Appendices

A. Exempt information under Schedule 12A of the Local Government Act 1972, namely: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

B. Exempt information under Schedule 12A of the Local Government Act 1972, namely: Information relating to the financial

or business affairs of any particular person (including the authority holding that information).

C. Consultation Findings and EQIA.

D. Exempt information under Schedule 12A of the Local Government Act 1972, namely: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

E. Exempt information under Schedule 12A of the Local Government Act 1972, namely: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

12.1 This report contains exempt and non exempt information.
Appendices A, B, D and E – Exempt information

13. Local Government (Access to Information) Act 1985

