

SURREY COUNTY COUNCIL**CABINET****DATE: 26 NOVEMBER 2013****REPORT OF: MR MEL FEW, CABINET MEMBER FOR ADULT SOCIAL CARE****LEAD OFFICER: SARAH MITCHELL, STRATEGIC DIRECTOR OF ADULT SOCIAL CARE****SUBJECT: SURREY INTEGRATED COMMUNITY EQUIPMENT SERVICE (ICES)****SUMMARY OF ISSUE:**

1. Surrey County Council with Surrey NHS Clinical Commissioning Groups (CCGs) provided approximately 28,000 people in Surrey last year with items of equipment to assist them to live as independently as they would wish, either because they are living with a long term condition or are recovering from illness or accident. The provision of equipment is a statutory service. The service is called ICES (Integrated Community Equipment Service). It is joint funded with the Surrey CCGs. Strategically critical, it is a key element in enabling people to live in their own homes, and in assisting people in the transition from hospital to home following treatment.
2. Following a robust tender process, the current contract for ICES was awarded to Millbrook Healthcare to begin 1 April 2009 on the basis of a five year term until 31 March 2014, with options for two additional years.
3. The service provided by Millbrook Healthcare for the initial five years has been to a very high standard: the number of people receiving a service annually has increased by 12% from 25,000 in 2009/10 to 28,000 in 2012/13; the proportion of equipment deliveries completed to timescale is 99%; the number of complaints is low, 0.3-0.4% of 2,800 activities each month.
4. The service is joint funded with the Surrey CCGs who have agreed to an initial one year extension.
5. Cabinet are asked to agree to the optional extension period of up to 2 years: one year until 31 March 2015 with joint funding confirmed by the Surrey CCGs; with the option to extend for a final year until 31 March 2016 subject to continued best value, acceptable performance by the contractor, and confirmed funding from the Surrey CCGs.

RECOMMENDATIONS:

6. It is recommended that:
 - The current five-year contract for the Integrated Community Equipment Service which commenced April 2009 and expires 31 March 2014 with Millbrook Healthcare is extended for a further one year period until 31 March 2015, with the option to extend for a final one year period until 31

March 2016 as set out in the original Official Journal of the European Union (OJEU) notice and in the current contract with Millbrook Healthcare. A final year extension would be dependent upon funding agreement with the Surrey CCGs.

REASON FOR RECOMMENDATIONS:

7. Millbrook Healthcare has consistently provided very high levels of service for the duration of this contract and has worked proactively to look for innovative solutions to improving service delivery and financial savings.
8. The service provided by Millbrook Healthcare for the duration of the current contract has been to a very high standard, with an open book approach to the development of innovative solutions, improved service delivery and financial savings. Over 99% of all deliveries of equipment are completed within the specified time period; stock control for the peripheral stores in the major acute hospitals is excellent; joint initiatives are regularly undertaken, for example in identifying equipment for collection and recycling, and in running training programmes for the 1200 prescribers across health and social care.
9. In order to respond to increasing demand and reducing resources, a whole systems review of all types of equipment and building adaptations is being undertaken. ICES forms a central core of this agenda, and potentially has links to many other equipment related services. An extension of 1 + 1 year of ICES will enable the review to be completed, and service specifications developed for a more integrated and personalised service.
10. An extension will allow a review of the potential for future collaboration with neighbouring authorities, who are planning to tender during 2014/15.
11. Rejection of a contract extension for 2014/15 would require an immediate re-tender for a steady-state service. Due to the wider Whole Systems review, an ICES re-tender would only be for a short-term contract, which would be seen as unattractive to the marketplace, with large set-up costs for the supplier.
12. A contract extension would bear no additional cost to Surrey County Council in year 1 above that already budgeted. The Medium Term Financial makes allowances for the cost of ICES for each of the years of the proposed extension. ICES is funded jointly with the Surrey NHS CCGs, on a 50:50 basis within a section 75 pooled fund agreement. Surrey CCGs have agreed to a potential one year extension, but are not yet in a position to consider the possibility of a second year.

CONSULTATION:

13. Surrey CCGs have been consulted through their nominated lead, are in full support of the recommended year 1 extension request and, have allowed for the expected budgetary requirements.

They have not as yet considered the possibility of a second year extension, although are aware of their contracted commitment.

14. Surrey County Council's Adult Social Care Finance team have been consulted and confirm that the budget for the 1+1 extension period is

allocated within the Medium Term Financial Plan. Although, the second year commitment would be dependent on any position taken by the CCGs.

15. Surrey County Council's Legal services have been consulted and confirmed the need to present this request for an extension to Cabinet.
16. The proposed contract extension of 1 year from 1 April 2014 with an option of a final year extension has been supported by the procurement review group.

RISK MANAGEMENT AND IMPLICATIONS:

17. Millbrook Healthcare is a subsidiary of Millbrook Industries, which is a family run business. Other subsidiaries of Millbrook Industries include Millbrook Beds Limited, which is a furniture manufacturing business. The Surrey County Council Finance Team report that Millbrook Industries is in a good financial position with excellent credit scores having good liquidity, reasonable gearing, is profitable and suitable for this contract.
18. There is a significant risk to service provision if this request for an extension is not granted, with associated reputational damage to Surrey County Council. There is no guarantee that a suitable replacement for the current contractor could offer a financially viable service equal to the current provision, especially as there are a restricted number of specialist contractors currently in this sector.

Financial and Value for Money Implications

19. The annual budget for the ICES contract is split equally between Surrey County Council and Surrey CCGs, and is confirmed for the first year extension. The second year commitment by Surrey County Council would be dependent on the position taken by the CCGs.

Section 151 Officer Commentary

20. The S151 Officer confirms that material, financial and business issues and risks have been considered in this report, and the contract extension is judged the best way forward whilst undertaking a more thoroughgoing review of arrangements in association with the Surrey's CCGs.

Legal Implications – Monitoring Officer

21. Surrey County Council Legal Services have been consulted and are supportive of the recommendation in this Cabinet Report.

Equalities and Diversity

22. There are no equalities implications as a result of this contract extension. A full Equality Impact Assessment (EIA) will be completed as part of the tender process for any subsequent contact.

WHAT HAPPENS NEXT:

23. If Cabinet agree that the current contract can be extended for an additional year with an option of a final subsequent year then this will be confirmed with Millbrook Healthcare.

Contact Officer:

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Consulted:

Councillor Denise Le Gall	Cabinet Member for Business Services	
Sue Robertson	Associate Director, NHS North-West Surrey Clinical Commissioning Group Consulted in her capacity as equipment lead for all Surrey CCGs	01372 201564
Paul Carey-Kent	Strategic Finance Manager, Adult Social Care	020 8541 8536
David Kelly	Corporate Group Legal Services Manager, Legal and Democratic Services	020 8541 7205
Laura Langstaff	Head of Procurement	020 8541 8597
Sarah Mitchell	Strategic Director of Adult Social Care & Fire Service	020 8541 9320
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Annexes:

Part 2: Budget Implications (item 14)

Sources/background papers:

None
