

1. Update report on the Joint Integrated Community Equipment Service

- 1.1. The contents of this paper can be shared with the general public.
- 1.2. This paper is for the Health & Wellbeing Board meeting on 22nd November 2016.

- 1.3. Authors of the Paper and contact details:
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2. Summary

- 2.1. The Community Equipment Service has been provided by NRS Healthcare since 1st October 2015.
- 2.2. The paper provides information about the performance of the new service, the reasons why there are pressures on this budget and the steps taken to address these pressures.

3. Relevant information

Background

- 3.1. Prior to the commencement of the current contract for Integrated Community Equipment Service (ICES) the service was commissioned jointly by Brighton and Hove City Council (BHCC) and Brighton & Hove CCG (BHCCG). The service had been provided via a Section 75 agreement with Sussex Community Foundation NHS Trust (SCFT) since 2004. SCFT managed the integrated service, and SCFT and BHCC delivered daily living and community health equipment and minor adaptations to adults and children.

- 3.2 After SCFT gave notice on the contract and following approval at the Health & Wellbeing Board on 9th September 2014 and BHCC's Policy and Resources Committee on 17th November 2014 it was agreed that BHCC and BHCCG would commission the service under the umbrella of a OJEU compliant tender process undertaken by West Sussex County Council (WSCC). WSCC had contracted with Nottingham Rehab Services (NRS), a national provider of ICES, for a decade beforehand and the tender was again awarded to them to start in April 2015, with delivery of the Brighton & Hove contract to start in October 2015. NRS commenced the service in Brighton & Hove on the 1st October 2015.

New NRS Service

- 3.3 With any new contract the first few months can be challenging, but commissioners and prescribers have developed a good working relationship with NRS and meet regularly to discuss performance and equipment and prescribing issues. NRS have given feedback that the challenges that Brighton & Hove have faced in this first year of a commercial contract are similar to those reported by other clients of the company and they have been very helpful in identifying solutions. The strengths and challenges with the new service and business model are set out below:

Strengths:

- Of 44,764 deliveries and collections in Brighton & Hove over the year there were only 18 complaints (0.04%) and the company received 46 compliments in this first year.
- Feedback from prescribers and other stakeholders, for example home care agencies, has been positive.
- The depot in Hove offers much better accessibility to prescribers and customers and there is a training room where customers and staff can try out equipment.
- Between August 2015 and July 2016 only 1% of delayed transfers of care related to access to equipment in Brighton & Sussex University Hospitals Trust and 2% in SCFT.
- With the exception of the first 3 months' transition, NRS have exceeded their performance targets of 95% of deliveries and collections made within the timeframe.
- NRS have also exceeded their target of recycling 75% of equipment collected and the percentage of equipment collected each month is rising.

- NRS have similar contracts throughout the country so they can secure competitive prices for equipment and can share best practice from other areas.

Challenges:

- Activity costs have been higher than anticipated as the service is experiencing much higher than average demand for same day delivery (30% in September). This is the most expensive delivery type and should only be used to prevent hospital admission, facilitate hospital discharge and in palliative care cases but prescribers have given feedback that they sometimes use this because the next delivery option of '3 days' is too far away.
- Unsuccessful deliveries are proving to be costly as with the same day delivery type it is the responsibility of the prescriber to ensure that the customer knows what the equipment is and when it will be delivered. On average 10% of all same day deliveries are currently unsuccessful with some teams only delivering 50% of equipment successfully. 26% of deliveries are unsuccessful across all delivery types with the following reasons given: the client is not home, refused the equipment or asked for an alternative delivery time, the wrong product was prescribed or the client was still in hospital. In these cases the original delivery is charged for as well as the subsequent deliveries.
- The same problems are arising with collections. 30% of collections are unsuccessful with half of these because the equipment could not be identified or located and 24% due to the customer declining to give the equipment back. All equipment is barcoded and labelled with the return address and phone number but it is clear that some customers are not aware that the equipment is on loan and should be available for collection.
- Whilst NRS are meeting their targets for collections and recycling they can only collect and recycle equipment that they are notified of by the prescriber or customer. For example in September NRS recycled 79% of equipment collected, on average only 60% of the items that have been delivered are being collected (79% of 60%).
- The demand for 'special' equipment is increasing as more people with complex conditions are cared for at home. This is equipment that is not on the standard catalogue as it is usually bespoke for an individual client. It is therefore not always transferrable between clients but NRS try to recycle as much as they can. This equipment is not owned by NRS but by commissioners.
- There is a lack of consistency in prescribing equipment, particularly special equipment which can be very expensive. It must be authorised

by a panel of lead health and social prescribers and items over £1000 face a further level of scrutiny at Operational Manager level in Adult Social Care and at Commissioner level in Health. There are criteria for some categories of equipment but these need to be reviewed, extended to all categories and applied consistently.

Business model

- 3.4 The business model for the ICES is described as a 'credit/debit' model and is the standard model for commercial equipment services. NRS charge for delivery/collection and purchase the equipment and charge 100% of the price, and when it is returned and if fit for re-use, a credit is issued for 80% of the purchase price. For special (non-standard) equipment, NRS charge a procurement fee and this equipment is paid for and owned by BHCC/CCG. Activity charges cover the costs of vehicles, driver/technicians, fuel, etc., and associated on-costs. Equipment sales cover fixed costs such as warehouse, customer services, decontamination and storage.
- 3.5 The providers' margin on equipment sales is the difference between debit and credit (20%) less the equipment scrapped. At the point of transfer SCFT identified annual equipment sales values of £3.4m and with a recycling rate of 60% the margin for NRS would have been in the order of £400K plus. This would adequately have covered the fixed costs of £324K which are scheduled in the contract.
- 3.6 NRS estimated a contract figure of £1.7m for the first year (October 2015 to September 2016) with the understanding that this could fluctuate with demand. It was agreed by BHCC/CCG that a review should take place nine months into the contract, or earlier if there were concerns, as this period would give enough time to see actual trends and activity.
- 3.7 At month seven it was identified that there was only around £2.0M of equipment sales projected annually, which, taking into account recycling and credit percentages, generates only £240K, which is insufficient to cover the incurred fixed costs resulting in an operating loss for NRS. This triggered a contract review and commissioners worked closely with NRS to find a solution and agreed to cover the fixed costs but to reduce the overall spend by reducing the activity charges. This approach was approved at the Better Care Board representing both BHCC and BHCCG and agreed by the Executive Director of Adult Services.

The budget and current spend

- 3.8 The projected net spend for 2016/17 against the NRS contract is £2.4m, based on average net costs over the past 11 months. As the budget was set at £1.3m this is a potential overspend of £1.1m. This is the worst case

scenario and the implementation of the measures set out below will result in a reduction in the projected level of overspend.

- 3.9 In summary the overspend is due to the following reasons detailed above:
- The fixed costs for the service that have not been covered by the equipment sales (£324k)
 - High spend on same day deliveries, many of them repeated deliveries as they were unsuccessful the first time (approx. £60k)
 - High spend on unsuccessful deliveries and collections (approx. £40k)
 - Low numbers of equipment being collected to be recycled (approx £158k)
 - A growth in demand for equipment. National statistics indicate average annual growth of 13% for equipment services as there is a drive to care for people with higher dependency levels at home (approx. £221k)
 - The cost of special equipment (£347k)
- 3.10 Actions are being put in place to manage the overspend and it is anticipated that these measures will save £300k - £400k per annum, with an estimate of £100k to be saved in the final quarter of this financial year. Accountants in the CCG and BHCC are carrying out detailed modelling and the budget for 2017/18 will be determined as part of the overall BHCC and CCG budget setting process.

Actions being taken to address the budget shortfall

- 3.11 Commissioners from BHCC and the CCG have produced a 47 point action plan that was agreed at the Better Care Board on 22nd September 2016 and includes the following key actions:
1. Reduce the use of same day delivery to 15% of all delivery activity by introducing a next day delivery option and reinforcing strict criteria for each option with scrutiny by managers of the same day usage.
 2. Reduce the number of failed deliveries by reinforcing the message that it is prescribers' responsibility to tell clients to be in, and by having greater auditing of this by managers.
 3. Increase the number of collections by monitoring high cost, short term equipment, informing clients that equipment is on loan, and committing additional administrative resource to follow-up on equipment to collect.
 4. Review and reinforce the Care Homes and Equipment Policy to ensure that care and nursing homes are providing an adequate range of equipment as per their registration.
 5. Reduce the spend on Special equipment by reviewing the criteria and the authorisation process, benchmarking against comparable areas to see where spend could be rationalised, and standardising the equipment as much as possible to ensure better value for money.
 6. BHCC and CCG to jointly agree a realistic budget for 2017/18 that allows for growth.

7. Improve prescriber and team accountability for spend. A senior clinician within SCFT has been identified to join the Equipment Board and lead on strategic issues and commissioners are working closely with senior managers to identify and manage prescriber behaviour.
8. Carry out an independent review to benchmark equipment provision and criteria across other ICES, produce protocols for prescribers and equipment, identify good practice and make recommendations about prescribing protocols and authorisation. The Better Care Board agreed to the joint commission of an independent consultant at a cost of approximately £6,000 and this work has commenced.