

Meeting:	Cabinet
Date:	26 March 2009
Subject:	To agree a new model for delivery of the Community Equipment Service
Key Decision:	Yes
Responsible Officer:	Paul Najsarek Corporate Director - Adults and Housing
Portfolio Holder:	Cllr Barry Macleod-Cullinane, Portfolio Holder for Adults and Housing
Exempt:	No
Enclosures:	Appendix 1 – Transforming Community Equipment – Options Appraisal Appendix 2 – Equality Impact Assessment Appendix 3 – Risk Management

Section 1 – Summary and Recommendations

This report sets out the options for transforming the community equipment service, recommends the preferred option for implementation and presents the key implications of implementing the preferred option.

Recommendations:

Cabinet is requested to:

1. Agree the recommendation to implement Option C - Retail Model for Simple Equipment; Loan Equipment Home Delivery Service for Complex Equipment

Reason:

The recommended solution:

- Aligns with changing government and local policy around personalisation, choice, promoting independence and enabling self-help by putting users at the heart of the service
- Will meet growing demand resulting from changing demographics
- Creates a local market that caters to self-funders
- Stimulates the local economy during the economic downturn
- Enables efficiency savings to be released.

Section 2 – Report

Introduction

1. The purpose of this report is to present the options for transforming the community equipment service, recommend the preferred option for implementation and present the key implications of implementing the preferred option.
2. The preferred option is the implementation of the retail model for simple community equipment and a loan equipment home delivery service (LEHDS) for complex community equipment.
3. The Board is required to make a decision regarding the implementation of the preferred option. The preferred option:
 - Aligns with changing government and local policy around personalisation, choice, promoting independence and enabling self-help by putting users at the heart of the service
 - Will meet growing demand due to changing demographics
 - Creates a local market that caters to self-funders
 - Stimulates the local economy during the economic downturn
 - Enables an efficiency saving of an estimated £295,000 to be released year on year

Background

4. The current Integrated Community Equipment Service (ICES) is under pressure due to changing national and local policy regarding personalisation and in particular the promotion of user choice and control. Predicted changes in local demographics will lead to a growing demand of community equipment as the number of older people (aged 65 and over) is expected to increase by 32% over the next 30 years. There are also performance issues with the current preferred supplier arrangements with Medequip.
5. The Adults & Housing Service have developed a Transformation Programme Plan that responds to national and local drivers for change and sets out a new vision for care and support to deliver a range of outcomes. These include:
 - Promoting independence and enabling self help
 - Improving access to community equipment services for a broader section of the local population
 - Providing service users and carers with more choice and control over how their needs are met
 - Safeguarding vulnerable people
 - Ensuring value for money by improving efficiency and performance against Government targets.

An options appraisal has been undertaken to explore the different models for transforming the service to meet these drivers for change.

Options considered

6. Five options for transforming the existing service have been evaluated:
 - a) Maintain Status Quo
 - b) Retail Model for Simple Equipment; Status Quo for Complex Equipment
 - c) Retail Model for Simple Equipment; Loan Equipment Home Delivery Service for Complex Equipment
 - d) Retail Model for Simple Equipment; West London Procurement for Complex Equipment
 - e) West London Procurement for all Equipment
7. The options appraisal includes a comprehensive assessment of each option including a SWOT Analysis, Risk Profile, and Financial Analysis. Based on the findings of the assessment, a comparative evaluation of all options against agreed criteria was completed. Please refer to the full Options Appraisal paper for the detailed findings.

Recommendation

8. Based on the evaluation findings, the recommend option for implementation is Option C - Retail Model for Simple Equipment; Loan Equipment Home Delivery Service for Complex Equipment.
9. The retail model is essentially a prescription-based service where users receive a prescription for simple equipment (items less than £100) to redeem at an accredited retailer of their choice. The Loan Equipment Home Delivery Service (LEHDS) is a solution that ensures delivery of complex equipment (items more than £100) via a Regional Distribution Centre.
10. It is recommended that implementation be in a phased approach to reduce risk and ensure continuity of service for users:
Phase 1 – Implementation of Retail Model (April 2009 – October 2009)
Phase 2 – Implementation of LEHDS (January 2010 – Q3 2010)

Once the LEHDS is fully operational the existing community equipment store will close.

Implications of the Recommendation

Retailer and User Engagement

11. The interest of local retailers and users has been gauged through a formal engagement process. The feedback is positive with all retailers expressing an initial interest in working towards accreditation, while users also appreciate having the choice to self help and/or control how their needs are met.

Equality Impact Assessment

12. An Equality Impact Assessment (Appendix 1) has been undertaken to understand if the recommendation has differential implications on any stakeholder group. Two relevant user groups were consulted (Milmans for Older People; Bentley for Physical Disabilities) to collect feedback on any differential impact. The findings from this consultation process confirm that there is no evidence to suggest any stakeholder group will be negatively impacted. In fact, the proposed retail model eliminates the inequality in the existing service: a greater number of users with daily living needs will have their needs assessed whereas currently only those with Critical and Substantial needs under the FACS criteria are eligible for state-funded equipment and therefore get assessed. The emerging retail market will also enable self-funders to have access to more information and greater choice of equipment.

Staffing/Workforce

13. Staff and Trade Unions have been engaged throughout the development of the business case. A workshop has been held for staff and trade unions and staff and trade unions took part in the final option appraisal workshop.
14. The closure of the community equipment store will have an impact on the 11 employees currently employed by ICES. The potential impact on employees for each phase is outlined below:

Established Posts	Current FTE	End of Phase 1		End of Phase 2	
		Proposed Discontinuation of Posts (FTE)	Proposed Continuing Posts (FTE)	Proposed Discontinuation of Posts (FTE)	Proposed Continuing Posts (FTE)
Service Manager	0.5	0	0.5	0.5	0
Team Manager	1	0	1	1	0
Admin	2.5	1	1.5	1.5	0
Technician	3	1	2	0	2
Driver	3.5	1.5	2	2	0
TOTAL	10.5	3.5	7	5	2

15. At the end of Phase 1 it is anticipated there will be a potential requirement for 7 continuing posts and at the end of Phase 2 a potential requirement for 2 continuing posts after the store closes.
16. Store closure will result in a reorganisation of service. As such, all legislative and statutory requirements will be complied with in accordance with the *Protocol for Managing Organisational Change*. There are opportunities to take advantage of natural wastage through the potential retirement of 2.5 FTE.

Legal

17. There may be potential TUPE implications once the Regional Distribution Centre for the loan equipment home delivery service for complex equipment is established. This will become clearer once the solution is developed and implemented and will be handled through consultation with the Legal Department.

Environmental Impact

18. The Community Equipment Service currently refurbishes Simple Aids for Daily Living with the exception of commode pans, toilets seats or items deemed unsafe for health and safety reasons. There is a cost to this which is set out in paragraph 19. There are concerns regarding the potential environmental impact arising from the retail model should users dispose of unwanted equipment irresponsibly, with equipment potentially ending up in landfill rather than being passed for recycling. Complex Aids to Daily Living are loaned to service users and will continue to be collected and refurbished. Approximately 10,000 items of simple or complex equipment are dispensed each year, equating to an estimated weight of less than 1 tonne.
19. The environmental impact of the current practice of refurbishing low-level equipment must be considered. The trucks that collect and return equipment to the store create CO² emissions, the decontamination process uses chemicals that are released into the drainage system and plastic repackaging of equipment is non-biodegradable. This practice is not environmentally friendly, nor is it financially viable. On average it costs £77.37 to refurbish a single item of equipment. Given 80% of products cost less than £77 to purchase new, it does not make economic sense to continue to refurbish.
20. Government is seeking to influence and require manufacturers of community equipment to use recyclable materials in the production of equipment. As this change takes place over the next two to three years, it will be possible to recycle used and/or unwanted equipment on a larger scale through manufacturers.
21. Under the retail model users have a number of options available once equipment is no longer required. Unwanted equipment can be disposed of in the same way as other household equipment. By producing equipment from recyclable materials and combining this with a collection mechanism from individual households, local collection points or at collection centres, equipment can be channelled back into the production process as raw materials.
22. While the retail market is still in embryonic form, in the future it is expected that third sector organisations and social enterprises will initiate recycling and refurbishment schemes whereby users can return equipment they no longer require. This equipment can then be refurbished and resold to self-funders. This practice is already in place in Dorset where the British Red Cross is collecting, refurbishing and recycling unwanted equipment from users.

23. An environmental impact assessment will be undertaken as part of the implementation of Phase 1 of the Retail Model. This will lead to the development of a recycling strategy to maximise recycling of simple aids and minimise the volume of aids being disposed of to landfill.

Financial Implications

24. The service costs around £970,000 per annum. Implementation of the retail model and LEHDS will release efficiency savings of around £295,000 year on year. Savings will be shared between the PCT and Council on the same basis as contributions to the pooled budget for 2008/09.

25. The cost of implementation (£214,341) is set out below. The transition costs assume three employees will be retiring and all remaining employees will be offered redundancy. However Harrow is committed to exploring redeployment opportunities. For the purposes of demonstrating potential maximum costs, the 'worst case scenario' has been shown.

		Simple Aids to Daily Living (SADLS)	Complex Aids to Daily Living (CADLS)	Estimated
Transition costs				
55	One off Redundancy costs	£34,275	£76,067	£110,341
56	Cost of Shadow Running	£0	£0	£0
57	One off Decommissioning Costs			TBC
58	One off Stock Write off from Balance Sheet	£0	£0	£0
59	Dual Transport Costs for Shadow Run			£0
60	One off Project costs (6 months)			
61	Staff (Prog Mgr, 2 staff)	£71,755	£32,245	£104,000
62	Non-staff (IT, overheads, travel)	£0	£0	£0
63	TOTAL TRANSITION COSTS FOR	£106,029	£108,312	£214,341

26. The transition costs identified above will be funded from revenue on an invest-to-save basis. The costs will be shared by the Council and the PCT on the basis of their contribution to the pooled budget for 2008/09.

27. The benefits realisation table below shows that financial benefits will be released in financial year 2010/11 with full efficiencies realised in financial year 2011/12.

1	2	3	4	5	6
		2008/09	2009/10	2010/11	2011/12 Steady State
	Savings (Logistics)¹				
64	SADLS		(£20,519)	(£82,075)	(£82,075)
65	CADLS		£0	(£212,795)	(£212,795)
66	Sub-Total - Savings	£0	(£20,519)	(£294,870)	(£294,870)
67	Costs				
68	Redundancy		£34,275	£76,067	
69	Cost of Shadow Running ²		£0	£0	
70	Decommissioning Costs ³		£0	£0	
71	Stock ⁴		(£24,884)	(£137,709)	
72	Project Management	£27,000	£71,755	£32,245	
73	plus Costs under-recovered from previous year			£60,626	
74	Sub-Total - Costs	£27,000	£81,145	£31,229	£0
75	Net Cost or (Saving)	£27,000	£60,626	(£263,641)	(£294,870)

Performance Issues

28. The previous Best Value indicator PAF-D54 is not carried over into the National Indicator Set. This required all equipment deliveries to be completed within 7 working days following social work assessment. CSCI have asked us to monitor this formally for the 2008-09 performance year. Arrangements for next year are unclear.
29. In 2007-08 we achieved a result of 81.9%. This was the second worst result in Outer London, reflecting difficulties experienced by the service over the summer. Our predicted result for 2008-09 is 84% against a target of 90%. Performance on technician-delivered minor adaptations has held up close to the target but the main store has been unable to achieve a consistent delivery rate above 85%.
30. Local performance indicators therefore need be developed and integrated with monitoring around the direct payments and self-directed support initiatives. The target for the Regional Distribution Centre might differ somewhat from the 7 working day target set for D54. This would reflect the greater complexity of items being stocked by the RDC.
31. There will be a requirement for a service level agreement with the Regional Distribution Centre to ensure an acceptable level of delivery and care for those most vulnerable. This would include a need to provide basic training to clients in the use of complex equipment as well as delivering items promptly.

Risk Management Implications

32. Risk included on Directorate risk register? **Yes**

33. Separate risk register in place? **Yes**

34. An analysis of key risks and the actions in place to mitigate those risks are detailed in Appendix 3. A detailed risk assessment will be conducted once the project has been formally established with risks being tracked on an ongoing basis.

Section 3 - Statutory Officer Clearance

Name: Donna Edwards	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 3 rd March 2009		
Name: Linda Cohen	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 3 March 2009		

Section 4 – Performance Officer Clearance

Name: David Harrington	<input checked="" type="checkbox"/>	on behalf of the Divisional Director (Strategy and Improvement)
Date: 3 March 2009.		

Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker	<input checked="" type="checkbox"/>	On behalf of the Divisional Director (Environmental Services)
Date: 3 March 2009		

Section 6 - Contact Details and Background Papers

Contact:

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Background Papers:

None