

| | |
|--|---|
| <p style="text-align: center;">Non-Executive Report of the:</p> <p style="text-align: center;">Overview and Scrutiny Committee</p> <p style="text-align: center;">16 October 2018</p> |  <p style="text-align: center;">TOWER HAMLETS</p> |
| <p>Report of: Cllr Abdal Ullah, Chair of the Overview and Scrutiny Committee</p> | <p>Classification: Unrestricted</p> |
| <p style="text-align: center;">Call-in of ‘Future Management of the Integrated Community Equipment Service’</p> | |

EXECUTIVE SUMMARY

The Decision made by the Mayor in Cabinet on Wednesday, 26 September 2018 in respect of agenda item 11.1 “future management of the integrated community equipment service’ was “called in” under the Overview and Scrutiny Committee Procedure Rules of the Council’s Constitution by Councillors Marc Francis, Mohammed Pappu, Tarik Khan, Gabriela Salva Macallan and Puru Miah (‘Call-in Members’).

On 16 October 2018, the Overview and Scrutiny Committee (Committee) convened a meeting to consider the following:

- the Cabinet report
- the Mayor in Cabinet Decision published on 28 September 2018
- the “call in” requisition from the Call-in Members (undated)
- representations by the Lead Member for Adults, Health and Wellbeing, Cllr Denise Jones.
- representations by the Call-in Members

The Committee **RESOLVED** that:

The Decision be referred to the Mayor in Cabinet for reconsideration, including consideration of the alternative course of action set out in the call-in requisition.

1. THE MAYOR IN CABINET'S DECISION

1.1 The Mayor in Cabinet's decision, published on 28 September 2018, agreed to:

- Support awarding a contract to *Medequip Assistive Technology Ltd* (Medequip) for the Community Equipment Service via a call-off from the framework agreement procured by Hammersmith & Fulham, for four years, from 1st April 2019 to 31st March 2023, with an option to extend for a further two years.
- To delegate award of the outsourcing contract and further extension to the Corporate Director, Health, Adults & Community.
- To note the recommendation will enable delivery of the savings target for CES of £308,000 for 2019/20 as agreed by the Cabinet in the MTF5 plan.
- To note the early surrender of the lease on the Yeo St premises (12 years unexpired) would result in the landlord paying the Council an estimated £900,000 as a surrender premium. This would be a one-off payment back to the Council, and in part be utilised to cover the one-off moving and setup costs.
- To authorise the surrender of the lease on the Yeo St premises and delegate authority to the Corporate Director, Place to agree the terms.

2. THE 'CALL IN' REQUISITION

2.1 The alternative course of action proposed in the call-in is as follows:

- the Decision to outsource the Community Equipment Service to *Medequip Assistive Technology Ltd* via the London Community Equipment Consortium framework is withdrawn
- Officers are instructed to draw up a business plan to improve the service further and secure better Value for Money over the next two years, when the service should then be reviewed.
- Discussions are initiated with the local NHS to determine the future level of funding it will provide for community equipment
- Full details of the budget for Community Equipment Service, Telecare Alarms and Assistive Technology, and the external consultant's report (underpinning the "due diligence" work in relation to this proposal) are published.

3. CALL-IN MEMBERS' PRESENTATION

3.1 Cllr Francis presented the reasons for the Call-in, which are summarised below:

- In his view, there are concerns over outsourced services in the past failing to maintain or improve the quality of service that residents receive. This includes persistent problems with some private agencies which took over Homecare, following the decision to close the award-winning in-house Homecare Service in 2011.
- According to the Labour Local Government Trade Union Principles, an opportunity should be given to in-house services proven not to be delivering value for money to make the required improvements to avoid costly tendering and outsourcing procedures. The Community Equipment Service has not been given this opportunity with three years' worth of uncertainty and several vacant

staff posts. Despite this uncertainty, Community Equipment Service staff remain committed to their service users and deliver a good service.

- Improved technology should be tried to assist staff deliver a better service and achieve better value for money.
- Concerns that outsourcing may fail to achieve anticipated savings.
- Concerns that the decision is driven by the potential £900,000 capital receipt from relinquishing the lease of Yeo Street depot twelve years ahead of the specified period and should not be a factor in the decision.
- Whether the 'specialist consultant' reviewing the service provided an objective options appraisal.

3.2 The Committee questioned whether the Labour Local Government Trade Union Principles was Council policy and its relevance to a cross-party scrutiny committee. However, the Committee considered that a good service run in-house could potentially deliver the efficiencies needed. Further, the Committee considered that the Community Equipment Service:

- is a statutory service
- is not a failing service
- had not enjoyed the opportunity of utilising the investment in technology to improve its ordering service.

3.3 The Committee noted that most other local authorities use a consortium approach in order to secure economies of scale around the community equipment logistics operation.

4 **LEAD MEMBER'S PRESENTATION**

4.1 The Lead Member set out the context of the Decision and highlighted that service delivery had been considered at length and stemmed from a report in 2016 from the Institute of Public Care (Oxford Brookes University), which noted that the service should improve its quality, efficiency and effectiveness.

4.2 The Lead Member further noted:

- **Service:** while the quality of the service had improved, the Community and Equipment Service remained "adequate" and not "excellent".
- **Best value:** The Council is subject to a duty to achieve "best value" and believes this is best done by outsourcing to Medequip and benefiting from economies of scale. The Lead Member noted that the Labour Party Local Government Trade Union Principles referred to by the call in members above also goes on to reference the need to achieve best value.
- **Options fully considered:** Appendix 2 sets out the options that were considered, which were reviewed thoroughly.

- **Management:** through the consortium, the Council would join the management board and meet monthly to review service delivery. This gives the Council a direct role and influence in the service oversight.
- **Savings:** the Council believes this Decision would achieve efficiency savings in 18/19 and for both the Council and NHS going forward.

4.3 The Lead Member informed the Committee that the Council had initially been approached by the Landlord with regard to the lease and occupation of the building and the capital receipt was not a major factor in the proposed way forward.

4.4 The Lead Member also informed the Committee that:

- If the Council continues to occupy the building, it will incur a rent rise of £35,000, putting additional pressure on the budget.
- To take advantage of savings in rent rates, the Council has considered moving to smaller premises. The Council's asset management review advised that suitable premises are unlikely to become available in the next 12-18 months.
- The Council would face costs in investing in new equipment to meet future demands and therefore would require substantial additional investment.

4. CONSIDERATION OF THE "CALL IN"

4.1 After hearing from the Call-in Members and the Lead Member, the Committee considered the following issues:

- The Committee noted that Tower Hamlets was only one of a few boroughs where this service was not delivered by an external provider and warehouse operations were complex and not within the Council's core operations.
- However, the Committee also considered that while outsourcing could benefit from economies of scale to meet increasing demand, the Council could also look at more options to deliver efficiencies. The Committee further noted that neighbouring boroughs had taken more innovative approaches, such as a shared service type model, to offer services to other boroughs.
- The Committee noted that the Council would be involved in the management via a monthly project board. The Committee also queried whether other boroughs had flagged up problems with the quality of service from Medequip. The Call-in member commented on anecdotal evidence from the City of Westminster around the contract with Medequip and the need for more information on this.
- The Committee queried whether it had sufficient information to determine the long term costs of outsourcing.

5. RECOMMENDATIONS

5.1 The Committee **RESOLVED** that:
The Decision be referred to the Mayor in Cabinet for reconsideration, including consideration of the alternative course of action set out in the call-in requisition.