

Cabinet

7 April 2026

Gateway 3 Contract Award: Intermediate Care and Reablement Service (ICRS) Contract

Portfolio Holder: Councillor Teresa Murray, Deputy Leader of the Council
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Summary

This report seeks permission to award the procurement of the Intermediate Care and Reablement Service Contract (ICRS) after the conclusion of an open procurement procedure ended on the 26 January 2026.

This contract is funded by the Better Care Fund, and a noting paper of a successful bidder post the procurement process went to the Joint Commissioning Management Group (JCMG) on the 18 March 2026.

The current contract with Medway Community Healthcare (MCH) began on 1 October 2023 and is due to expire on 30 September 2026. The new contract pending award to the new provider will start on the 1 October 2026 with mobilisation projected to start in May 2026.

The new contract is for 5 years with the ability to extend it for 2 years and then a further 2 years (9 years in total).

1. Recommendation

1.1. The Cabinet is recommended to agree to award the contract to HCRG, (Virgin Care) as the successful bidder to deliver the new ICRS contract from the 1 October 2026.

2. Suggested reasons for decision

2.1. HCRG (Virgin Care) had the most competitive tender for quality and price (75/25) with innovative Medway focussed solutions to deliver the specification outlined. This was agreed by the Evaluation Panel.

2.2. This provider delivers these services to Dartford, Gravesham and Swale therefore aligns to Local Government Reorganisation with Medway's preferred footprint.

3. Budget and policy framework

- 3.1. This decision is within the budget and policy framework and adheres to the Council plan.
- 3.2. The ICRS is funded through the Better Care Fund, which is managed jointly by the Council and the NHS Kent and Medway.
- 3.3. The award decision is urgent, due to the re-procurement timeline of this front-line service supporting vulnerable people experiencing a hospital admission and reablement need, into reablement services.
- 3.4. This service is funded by the Better Care Fund.
- 3.5. The original agreed funding for the ICRS new procurement budget was £48.976m for 108 months. The successful bidder has submitted a cost of £40,688m for the 108-month duration of the service. It is suggested by commissioners that the financial envelope is maintained for the foreseeable future, to ensure any prudent planning and actions for the local government reorganisation (LGR) can be factored into the current financial envelope.
- 3.6. The new procurement activity has allocated a healthy contingency budget to map potential Adult Social Care and Public Health increased demands for baseline changes in care, requiring more hospital admissions and rehabilitation services, based upon previous curves of demand.
- 3.7. A clause break in relation to the Local Government Reorganisation will be stipulated within the contract wording. This will include a statement that this contract can cease within a three (3) month notice period if the new Local Authority wishes it to be so.

4. Background

- 4.1. This report seeks the key decision to award a new provider, to deliver the Intermediate Care and Reablement service for Medway beginning 1 October 2026, delivering both pathways (bedded and home first) as one service.
- 4.2. Support to re procure this service as one whole contract and look to new market options were agreed due to changes to the delivery of intermediate care across the short span of 3 years (2023-2026). This impacted how services and system wide partners manage home first, with a Care Transfer Hub, stronger voluntary sector collaboration and new contractual inclusions such as bariatric services and non-weight bearing services for Medway as a priority need.
- 4.3. Intermediate Care and Reablement Services are short-term, targeted interventions designed to support individuals – primarily older adults – who are transitioning from hospital to home or are at risk of hospital admission or readmission. The services aim to restore independence, reduce reliance on long term care, and improve overall health outcomes.

- 4.4. The ICRS offers two pathways, Pathway 1 re-ables patients exiting hospital back to home for up to 6 weeks with occupational therapy. Pathway 2 re-ables patients in a bedded setting for up to 6 weeks with occupational therapy, after which they are discharged home, back to placement or to a new placement where they may access further reablement in their normal home environment, if required.
- 4.5. Partnerships for this contract include (ongoing) partnership with The Strobe Park Foundation, Platters Farm Lodge (PFL). The block contract with PFL provides 13 rehabilitation beds as a part of the intermediate care and reablement service pathway 2, bedded care, which will be utilised for this contract for low level and non-nursing needs reablement at no cost to the new provider.
- 4.6. Additionally, to note, the new ICRS contract has a change to the pathways covered and exclusions criteria. A previously excluded pathway for Bariatric, Miami J collars and non-weight bearing patients, is now covered under the contract.
- 4.7. Further Voluntary sector alignment will be sought under the new ICRS contract by hosting a voluntary sector triage staff member, or further partnership work through a virtual triage hub for voluntary sector front door referrals.

5. Procurement Process

5.1. Procurement Process Undertaken

5.1.1. An open procedure was conducted in accordance with the Procurement Act 2023. The table below sets out the procurement process chronology and onward timeline dates.

Project Phase	Action	Date
Consultation	Surveys with Stakeholders	July-August 2025
	GW1 CADMT	June 2025
	JCMG	9 July 2025
	GW1 Procurement Board	6 November 2025
	GW1 Cabinet	18 November 2025
	Finalise Invitation to Tender (ITT) – Specification, Selection Questionnaire, Terms & Conditions, etc.	November 2025
	Consultation – 10-day premarket engagement activity (EOI)	20 Nov - 3 Dec 2025
Tender Stage	ITT published	4 Dec 2025
	Tender submission deadline	26 Jan 2026
	Tender Evaluations	27–30 Jan 2026

Project Phase	Action	Date
Gateway 3	GW3 CADMT	24 February 2026
	GW3 Procurement Board	16 March 2026
	GW3 Cabinet	7 April 2026
Contract Award	Contract Award	May 2026
Mobilisation	Mobilisation	May-September 2026
Implementation	Service go Live	1 October 2026

5.2. Evaluation Criteria Used

5.2.1. Tenders were evaluated based on Quality 75% (including social value) and Price 25%.

5.2.2. Bidders were asked to complete a procurement specific questionnaire (PSQ) to assess their experience, and current standing, in addition to technical questions to evaluate quality of provision and a price schedule.

5.2.3. The evaluation criteria are set out below:

#	Question	Weighting (%)	Purpose
1	Price	25	The price is the total amount the tenderer will offer for the service provided. This must include all costs over the duration of the contract and allows for a direct comparison of costs between providers. This ensures transparency.
2	Staffing and Resources	15	Describe approach to ensuring appropriate staffing levels and resource allocation to meet current and projected system demand. Include your contingency planning for service fluctuations and explain how staff competencies, qualifications, and ongoing professional development will be evidenced.
3	Data integration and interoperability	10	Explain approach to ensuring data accuracy, completeness, and security within the ICRS. How will reporting be tailored to meet the needs of commissioners, Adult Social Care, intelligence teams, and other stakeholders? Describe how data sharing will be securely managed in compliance with relevant legislation and standards.

#	Question	Weighting (%)	Purpose
4	Service User satisfaction and outcomes	15	How will the provider evidence service user satisfaction and all key outcomes? What are the critical success factors, and how will stakeholders (including families, carers, and community partners) be involved in achieving and sustaining positive outcomes.
5	Delivery model, methodology and rationale	15	How will your proposed solution deliver value for money across the contract lifecycle? Describe your proposed delivery model for the ICRS, including the rationale for its selection. How does it align with local system needs and priorities? Outline approach to risk identification, mitigation, and management during implementation and ongoing delivery.
6	Innovation and Co-Production	15	Describe how co-production with service users, community partners, and commissioners will be embedded in service design, delivery, and evaluation. How will your service proposal include continuous review and innovation and effectively encourage and manage those changes?
7	Social value	5	Evaluate the social value offerings from bidders.

5.3. Contract Management

5.3.1. Contract management will be the responsibility of the Programme Lead for Community Based Services and Senior Partnership Commissioner.

5.3.2. It is proposed that the below table is used for the purpose of further reporting.

5.3.3. Outcome and outputs as per below ICRS reporting:

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?
Timely and safe discharge from hospital by Service Users that have experienced an	Early discharge/ discharged on time. No delays. Timely and safe discharge from hospital by	Medway Adult Partnership Commissioning supported by ICRS provider, acute hospitals, and Medway Adult Social	Monthly, quarterly and annually service and governance reports

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?
ICRS episode	Service Users that have experienced an ICRS episode		Contributes to NHS Long Length of Stay Discharge Patient Tracking List and statutory returns data
Change in the number and proportion of service users that have experienced an ICRS episode and been re-admitted to hospital within 91 days of discharge from hospital	Reduction in re-admissions to less than 20%	Medway Adult Partnership Commissioning supported by ICRS provider, acute hospitals, and Medway Adult Social Care and Intelligence Team	Monthly, quarterly and annually service and governance reports Contributes to ASCOF statutory returns data
Change in the number and proportion of Service Users that have experienced an ICRS episode with care and support needs who then receive long-term care	Reduction in referrals to long term care to less than 20%	Medway Partnership Commissioning supported by ICRS provider, Medway Adult Social Care and Intelligence Team	Monthly, quarterly and annually service and governance reports Contributes to ASCOF statutory returns data
A change in the achievement of personal goals for independence, confidence, strength by Service Users that have experienced an ICRS episode	Achieving and/ or surpassing agreed goals set	Medway Partnership Commissioning supported by ICRS provider, Medway Adult Social Care and intelligence team	Monthly, quarterly and annually service and governance reports On-going business case for the service contributes to ASCOF 2A increased independence
Change in the level, amount and cost of care	A decrease in the amount and the cost of care.	Medway Adult Partnership Commissioning	Monthly, quarterly and annually

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?
packages required for service users that have experienced an ICRS episode		supported by ICRS provider, Medway Adult Social Care and Intelligence team	service and governance reports
Number and proportion of service users referred and accepted for each high-level intervention type	Actual number and % of referred service users accessing reablement and intermediate care within each setting (home and specific residential care home)	Medway Partnership Commissioning supported by ICRS provider, Medway Adult Social Care and intelligence team	Monthly, quarterly and annually service and governance reports Contributes to ASCOF 2A/B/C
Referrals and the proportion of people aged 65 and over discharged from hospital into reablement and who remained in the community within 12 weeks of discharge	Actual number and % of over 65's and over, discharged into reablement who remained in the community 12 weeks after discharge	Medway Partnership Commissioning supported by ICRS provider, Medway Adult Social Care and intelligence team	Monthly, quarterly and annually service and governance reports Contributes to ASCOF 2A/2D
Duration that a service user stays engaged with the ICRS	Length of engagement in days and hours	Medway Partnership Commissioning supported by ICRS provider, Medway Adult Social Care and intelligence team	Monthly, quarterly and annually service and governance reports
Service user transition	Number and % if service users that are stepped up or stepped down	Medway Partnership Commissioning supported by ICRS provider, Medway Adult Social Care and intelligence team	Monthly, quarterly and annually service and governance reports
Patient Outcomes	Number and % of service users receiving a personalised assessment and having meaningful and achievable goals	Medway Partnership Commissioning supported by ICRS provider, Medway Adult Social Care and intelligence team	Monthly, quarterly and annually service and governance reports. Contributes to ASCOF 2A/D

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?
	set Number and % of service users receiving a regular reassessment / review		
Inward Demand	Number and % of service users referred and accepted from acute hospitals.	Medway Partnership Commissioning supported by ICRS provider, Medway Adult Social Care and intelligence team.	Monthly, quarterly and annually service and governance reports. Contributes to ASCOF 2A
Outward Demand	Number and % of service users receiving a referral on to community support / voluntary sector and public health support, home care, supported living, extra care, and residential care homes	Medway Partnership Commissioning supported by ICRS provider, Medway Adult Social Care and intelligence team	Monthly, quarterly and annually service and governance reports.
Safeguarding	Number and % of Service Users referred under local adult safeguarding procedures	Medway Partnership Commissioning supported by ICRS provider, Medway Adult Social Care and intelligence team	Monthly, quarterly and annually service and governance reports.
Social Value	A variety of quantitative and qualitative measures as per the providers submission (See Section 3.1 of the Exempt Appendix) will be included as KPI's and will be clarified during mobilisation.	Medway Adult Partnership Commissioning supported by ICRS provider, acute hospitals, and Medway Adult Social Care	Monthly, quarterly and annually service and governance reports.

5.3.4. It is proposed that the below table is used for the purpose of further reporting.

Contract Start Date	Initial Contract End Date	Extension Period in months	Reprocure Period in months	Project Extension Review (GW4) Date	End of project review (GW4) Date
1 Oct 2026	30 Sept 2031	24 + 24	18 months	September 2030	September 2034

5.3.5. For the above table, it is assumed that the:

- Extension period must be greater than the reprocure period.
- Project Extension date (if applicable) gives officers sufficient time to reprocure the service should the extension not be granted.
- End of Project date mandates officers to present a contract management report to board prior to starting a new procurement process.

6. Options

- 6.1. Option 1: Do nothing, Lot 2 will end and no provision will be in place
- 6.2. Option 2: Extend Lot 1, for 12 months (until 2027)
- 6.3. Option 3: It is a key decision, and therefore key option to award to the new provider. The current provider Medway Community Healthcare Lot 2 bedded service contract comes to an end 30 September 2026, making it a prudent time to reprocure the new contract.
- 6.4. Recommendation: Additional issues around delivery of data during the entirety of the contract for both lots with the incumbent provider, has caused some auditing difficulties and delay to governmental returns (although front line services have remained effective and unimpacted). The choice to reprocure and award to the new winning provider remains the recommended option, no 3.

7. Advice and analysis

- 7.1. The newly designed ICRS contract as one whole service with a Care Transfer Hub including voluntary and statutory partnerships has been appropriately designed and costed alongside cost of beds and bariatric care. This should support a more sustainable service to be delivered in line with concurrent changes to the overall integrated care system as a whole and support our localised Medway need, including future proofing for Local Government Reform (LGR).
- 7.2. The successful bidder has a footprint in Kent, which supports a sustainable broadening of the future service, although a clause break is part of the

contract for when LGR is expected, to support partnership decisions to be made across the geographical reach for a new service if required.

- 7.3. A Diversity Impact Assessment was completed for this procurement, and the following findings were demonstrated as per below, the full DIA can be found in the background papers for this report.
- 7.4. Procurement will result in impacts for service users. However, the basic service provided will not result in demonstrative negative / positive impacts since standards will be maintained and managed during mobilisation without significant change to underpinning policies.
- 7.5. There is a predicted increased insight into the experience of those with the below protected characteristics and their differences of experience, accessibility and outcomes across Age, Disability, Gender Reassignment, Marriage/Civil Partnership, Ethnicity, Religion/Belief, Sex, Sexual Orientation, Other (e.g. below income groups) through robust reporting and demographic reach monitoring. People who are admitted on maternity pathway are not supported by this service.
- 7.6. A unified voluntary and statutory contractual model within the redesigned ICRS will improve reporting, extend service reach, and enhance service quality for all users, including those with protected characteristics. We expect to demonstrate these findings in future gateway reports with both quantitative count and narrative case studies.
- 7.7. Increased reporting for this client group should further benefit shaping services to better meet the needs of all people in Medway, increasing overall sustainability.

8. Risk management

- 8.1. Risk identification and management is outlined in the table indicated below:

Risk	Description	Action to avoid or mitigate risk	Risk rating
Delay to TUPE transfer	Issues with delay of TUPE transfer for any staff, or significant vacancies arising with transfer	Consistent meetings to manage TUPE list, staff numbers and ratios; If staff are significantly under planned regarding the ratio to manage service demand, early work with mobilisation to mitigate staffing through agency	CIII

Risk	Description	Action to avoid or mitigate risk	Risk rating
		and contingency planning to manage capacity/demand with stakeholders	
Delay to mobilisation	Provider delay mobilising	Consistent meeting reviews held weekly to support mobilisation and development of the new provider. Handover review with incumbent provider to ensure significant handover and support takes place.	CII
Major failure to deliver	If a major failure for the new provider to deliver occurs, or the incumbent provider must continue to deliver	A framework of delivery would be implemented utilising Medway's Care system and wider system to support any gaps of service. Direct award could speed up any need for the new provider to take over from the incumbent provider or an earlier start to their contract if required.	CII
Data Loss	Any data loss from the transfer of provision from one provider to another, regarding patient	Incumbent Provider will remain responsible for all data as per their contract, and any liability for data loss will remain	CIII

Risk	Description	Action to avoid or mitigate risk	Risk rating
	care, or GDPR recording.	their responsibility until the changeover of the contract and full transfer of any clients in situ. Insurance covering the provider is in place and the Council. Good data practice will begin early to support a framework of moving data properly to the new provider for any clients transgressing, and last reports to be taken from the provider to ensure no data gaps.	

For risk rating, please refer to the following table:

Likelihood	Impact:
A Very likely	I Catastrophic
B Likely	II Major
C Unlikely	III Moderate
D Rare	IV Minor

9. Consultation

- 9.1. This service works together with wider system partners in health and community services, to ensure a smooth transition for people requiring a hospital exit with the right care, at the right time.
- 9.2. As a part of the commissioning process a stakeholder engagement was held during July/August 2025 to support a review of the current ICRS service.
- 9.3. The outcomes of surveys with professionals working with the ICRS teams and residents experiencing a service from ICRS informed future drivers for the new specification including bariatric service and non-weight bearing services for Medway.

- 9.4. New outcomes derived from the survey include more collaboration expectations and KPI deliverables for working with community and voluntary sector.
- 9.5. The new service specification asked providers to work with community services to triage referrals, including a specific role to support referral generation or co location of a VCS triage colleague to support cohesion and better relationships across the system.
- 9.6. Referrals KPI for VCS and statutory services are also part of current amended, and future KPI markers.
- 9.7. Lived experience voices are also expected to be more evident in all processes of an ICRS journey. Commissioners expect these to be reported on and collected through surveys and interviews as well as service user forums that include the family/carers voice. See 5.3.3 above for outcomes table.

10. Climate change implications

- 10.1. The Council declared a climate emergency in April 2019 and has set a target for Medway to become carbon neutral by 2050.
- 10.2. The winning provider has demonstrated a commitment across greener use of energy, reduced transport costs for better air quality through virtual meetings, cycle to work schemes and a green fleet, going paperless and overall adherence to their Reducing carbon plan alongside the Medway Climate Change Action Plan- with an overall planned reduction of 5.6 tonnes overall for the full 9 year contractual term.

11. Financial implications

- 11.1. The ICRS has utilised a flex within its specification between pathways to reduce costs of staffing and utilise one core staff in one whole contract, delivered by one lead provider.
- 11.2. Historical increases to service costs have been due to increased capacity and demand, due to population and frailty increase demographics.
- 11.3. The ICRS has mapped a service to align with the care transfer hubs ethical changes to care, and rehabilitation supporting independence earlier to reduce deconditioning in hospital and setting expectations for home.
- 11.4. This provider delivers these services to Dartford, Gravesham and Swale therefore aligns to Local Government Reorganisation with Medway's preferred footprint.

12. Legal implications

- 12.1. This procurement activity was above the Find a Tender (FTS) threshold and therefore an FTS notice was required.

- 12.2. The procedure gives a high degree of confidence that the Council's primary objectives for procurement are met, as required by Rule 2.2 of the Council's Contract Procedure Rules ("the CPRs").
- 12.3. Under the Council's Contract Procedure Rules, the procurement is a Process 3 procurement (Rule 18), and the process set out in this report meets the requirements for such procurements. The procurement was advertised on the Kent Business Portal, in compliance with rule 18.4 of the CPRs.
- 12.4. Medway Council has the power under the Local Government (Contracts) Act 1997 and the Localism Act 2011 to enter into contracts in connection with the performance of its functions.
- 12.5. The procurement process described in this report complies with the Procurement Act 2023 and Medway Council's Contract Procedure Rules.
- 12.6. This report has been presented as a Process 3 high risk procurement, and therefore the Monitoring Officer, in consultation with the Procurement Board will therefore set the risk and reporting stages for the remainder of the procurement process for Gateway 4.
- 12.7. TUPE applies to this contract and (71 of the current contractor's staff will be affected by TUPE). Medway Council is not directly involved in the TUPE process other than they have an obligation to facilitate the exchange of information between the incumbent and winning bidder at the appropriate time.

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Appendices

Appendix 1 – Diversity Impact Assessment
Exempt Appendix - Financial Analysis, Scoring Matrix and Social Value

Background papers

None.