

REPORT FOR: CABINET

Date of Meeting:	16 February 2017
Subject:	Award of Community Equipment Services Contract
Key Decision:	Yes
Responsible Officer:	Bernie Flaherty, Director of Adult Social Services
Portfolio Holder:	Councillor Simon Brown, Portfolio Holder for Adults and Older People Councillor Adam Swersky, Portfolio Holder Finance and Commercialisation
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All Wards
Enclosures:	None

Section 1 – Summary and Recommendations

This report covers the award of contract for the provision of a Community Equipment Service from a framework agreement

Recommendations:

Cabinet is requested to:

Delegate authority for the award of the Community Equipment Services contract from a framework agreement to the Corporate Director of Peoples Services, following consultation with the Portfolio Holders for Finance and Commercialisation, Adults and Older People.

Reason: The Value of Community Equipment Services contract is in excess of £500,000

Section 2 – Report

Introductory paragraph

This report covers the award of contract for the provision of a Community Equipment Service from a framework agreement.

Approval is sought from Cabinet to delegate authority for the award of the Community Equipment Services contract from a framework agreement to the Corporate Director of Peoples Services, following consultation with the Portfolio Holders for Finance and Commercialisation, Adults and Older People.

Background

Local authorities have a statutory duty (under the Care Act 2014 and Children & Families Act 2014) to make arrangements for the provision of disability aids and “community equipment”, to meet the assessed eligible needs of individuals who are resident in their area. Equipment can range from walking aids through to bath aids and specialist beds.

Technological solutions are increasingly being considered as alternatives to traditional models of care for service users with complex needs, the benefit of which has been envisaged to include; providing cost effective and less intrusive care solutions in some cases, keeping service users independent and safe in the community, reducing demand for hospital based services (avoiding admissions/timely discharge), helping avoid expensive residential care, and avoiding/ reducing the cost of domiciliary care packages.

Harrow Council is a member of the London Community Equipment Consortium (“the Consortium”) a group of 20 London boroughs namely Barnet, Barking & Dagenham, Bromley, Greenwich, Royal Borough of Kensington & Chelsea, Hammersmith & Fulham, Harrow, Camden, Ealing, Hackney, Hillingdon, Hounslow, Islington, Lewisham, Richmond, Southwark, Wandsworth and Westminster, working collaboratively to procure and develop community equipment services.

The contract between the Council and Medequip, under the framework for Integrated Community Equipment Services (iCES) (established by a collaborative procurement procedure on 1st April 2010 by the Royal Borough of Kensington & Chelsea on behalf of the Consortium) expires on 31st March 2017.

Under the existing contract Medequip supplies and delivers community equipment and undertakes all fittings/installations, adjustments, servicing/testing, collections, refurbishments, recycling and disposals of items of equipment purchased by authorised prescribers on behalf of the 20 Consortium members who accessed the framework.

Options considered

Given the expiry of the council’s existing contract on 31 March 2017, Officers have been reviewing options for the future delivery of the equipment service.

Officers consider that there are good financial and operational reasons to participate in a collaborative procurement. As a result of the current collaboration, the council has achieved financial benefits due to; increased buying power and economies of scale, multiple boroughs using common equipment, sharing refurbished specialist items to savings in equipment prices and lower activity price, sharing business processes and IT systems. In addition, ongoing improvements made over the life of the contract have enhanced service delivery; this could not have been achieved without joint working.

To understand the service requirements for future community equipment services (post March 2017) Hammersmith & Fulham (H&F) on behalf of the Consortium has undertaken a detailed commissioning review, which includes consultations with stakeholders and an options appraisal. Ideally a six month implementation period is required for this type of service but, unfortunately an agreed way forward has been marked by delays in Hammersmith & Fulham, due in part to difficulties recruiting a project manager.

The delay put at risk service provision post March 2017, when the existing contract expires. In view of these delays in May 2016 Officers explored the possibility of Harrow Council separately accessing other frameworks established by other authorities including Redbridge.

Unfortunately none of the existing frameworks were suitable as Harrow was not a named participant and they were closed contracts.

The delays with the pan-London consortium also meant that LB Barnet made a decision to carry out its own procurement exercise to create a mini framework in North West London. Barnet approached Harrow and Brent as potential participants that could be named as potential parties to the framework able to exercise the right to call-off from the framework post contract award. This appeared to provide Harrow with an alternative option to mitigate any further delays in the Hammersmith & Fulham procurement and also to access the Barnet framework if the Barnet framework delivered better value for money. Harrow could still procure from the pan-London consortium if the Barnet contract was less favourable.

Current Situation

Following open tenders both Hammersmith & Fulham and Barnet purported to award contracts in the days just before Christmas (2016) to different suppliers.

Hammersmith & Fulham only received one compliant tender and awarded its contract to Medequip the incumbent supplier.

Barnet received three competitive tenders and evaluated based on a combination of quality and price, the ratio was 55% Quality and 45% Price and the evaluations for each were undertaken separately. Following evaluation Barnet issued a notice of award to Millbrook Healthcare Ltd on the 16th December 2016.

Initial analysis of the two frameworks has indicated that the Barnet agreement would be the most economically advantageous for Harrow.

Considerations

Staffing/Accommodation Implications

Whilst there are no direct staffing or accommodation implication arising from the establishment of the proposed framework, there are likely to be staffing implications on the award of any contract called off from it.

The service is currently provided by an external provider Medequip, so there are no implications for Council staff arising from the award of any call-off contract. Should another external provider be appointed to the framework, it is likely that The Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) (TUPE) will apply to some of the staff of the existing provider on the award of the call-off. .

Risk Management Implications

Risk included on Directorate risk register? ~~Yes~~/No
Separate risk register in place? Yes/~~No~~

Legal Implications

Under the EU procurement regulations, a framework for the provision of Community Equipment Goods & Services falls within Schedule 3 of The Public Contracts Regulations 2015 ('PCR 2015). Both framework agreements were procured in accordance with the PCR 2015.

Harrow can access lawfully procured framework agreements where it is named as a potential call-off party in the contract notice advertising the framework.

The estimated value of the framework and indeed the contract which the Council would call off under the framework agreement during its lifetime is in excess of £500,000. Therefore Cabinet approval is required to award a call-off contract from the framework.

The Council currently has a pooled community equipment budget with the CCG. In order for this arrangement to continue, the council and CCG will need to enter into a further agreement pursuant to s75 of the NHS Act 2006.

Whilst there are no direct staffing implications relating to the establishment of the proposed framework, there are likely to be staff that will transfer from the current contractor to any new contractor pursuant to the (TUPE) on the commencement of any call-off contract.

Financial Implications

The Council's Contract Standing Orders state that contracts for supplies and services exceeding £500,000 shall be referred to the Cabinet for approval.

The estimated value of the services that Harrow Council (commissioning equipment across both the Council and the CCG) would call off under the framework agreement during the 4 +2 year period of the contract is £6.2m. The annual budget process will determine the funding available for Council equipment.

The potential for procurement savings are expected to be limited due to an expectation that the overall contract price will increase given the limited number of suppliers in the community equipment services marketplace.

Comparison of costs between contracts is not straight forward as the total cost comprises both the equipment and delivery cost plus a management fee. Each contract charges different prices for each of these elements. In order to support the eventual award of contract under the framework agreement from April, further work is required to establish which contract offers the best overall price for the equipment required in Harrow.

Under Section 75 of the NHS Act 2006 Harrow Council has pooled their community equipment budget with Harrow Commissioning Clinical Group (CCG) and jointly commission the service which is managed by the Council.

The budgeted spend in 2016/17 totalled £1.032m and represents Council spend (both Adults and Children's) of £320k with the balance £0.712m relating to the purchase of health equipment funded by the CCG.

Equalities implications / Public Sector Equality Duty

The Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector equality duty). The EQIA is attached and demonstrates that re-tendering the service will have no negative impact on protected characteristics.

The contract monitoring undertaken in respect of the contract will include monitoring of how the service is meeting needs in respect of the nine protected characteristics covered by the Public Sector Equality Duty. The specification for the service to be contracted for will stipulate a requirement to provide the service in a way that takes proper account of the nine protected characteristics and the evaluation process for the tender will test specific aspects of this requirement.

Public Services (Social Value) Act 2012

Since 31st January 2013, the Council, in common with all public authorities subject to the EU Regulations, has been under duty pursuant to the Public Services (Social Value) Act 2012 to consider how the services being procured might improve the economic, social and environmental well-being of its area; how, in conducting the procurement process, the council might act with a view to securing that improvement and whether the council should undertake consultation. This duty applies to the procurement of the proposed contract as

Services over the threshold for application of the EU Regulations are subject to the requirements of the Public Services (Social Value) Act 2012.

The community equipment market is high value, specialist in nature, with a limited number of suppliers. The Consortium considered dividing the contract into small “lots” to facilitate bids from small local businesses with specialist skills, however this would have the following disadvantages:

- Substantially increased contract and supplier management costs
- Increased communication difficulties
- Remove economies of scale

Officers believe this will be better addressed enabling smaller specialist businesses in the Harrow area to access the market via possible sub-contracting opportunities with the appointed Provider.

Officers will also explore introducing specific measures to improve the economic, social and environmental well-being of the Harrow area such as:

- Setting targets for local apprenticeships and /or local employment for both the prime contractor and sub-contractors
- Advertising the opportunity (and /or any sub-contracting or supply opportunities) to local suppliers and /or encouraging them to bid (through our forums and engagement with providers on upcoming opportunities)
- Improving environmental footprint is currently fulfilled through loaning, sharing, refurbishing and disposing of equipment and use of electronic systems to operate the service.

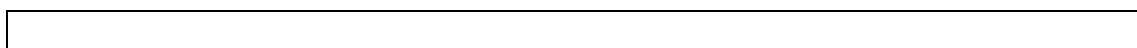
Council Priorities

The Council’s vision:

Working Together to Make a Difference for Harrow

- Making a difference for the vulnerable – the award supports the priority to make a difference for the vulnerable
- Making a difference for communities – the award supports the priority to make a difference for the vulnerable
- Making a difference for local businesses – the award supports the priority to make a difference for the vulnerable
- Making a difference for families – the award supports the priority to make a difference for the vulnerable

Section 3 - Statutory Officer Clearance



Name: Donna Edwards	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 17 January 2017		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 17 January 2017		

Ward Councillors notified:	NO
EqIA carried out:	NO
EqIA cleared by:	As there will be no real difference in the community equipment service an EqIA is not required

Section 4 - Contact Details and Background Papers

Contact:

Chris Greenway, Head of Safeguarding Assurance & Quality Services

020 8424 1043 Ext. 2043

Chris.greenway@harrow.gov.uk

Background Papers:

None.

Call-In Waived by the Chairman of Overview	NOT APPLICABLE
---	-----------------------

**and Scrutiny
Committee**

[Call-in applies]