



20/20
DECISION
TO BE
MADE

Notice of Key Executive Decision

Subject Heading:	Approval to call-off from the Integrated Community Equipment Services Framework Agreement procured by the London Borough of Redbridge on behalf of the BHRICES Partners including the Council.
Cabinet Member:	Councillor Jason Frost, Cabinet member for Health and Adult Care Services
SLT Lead:	Barbara Nicholls, Director for Adult Services and Health
Report Author and contact details:	Jonathan Cassidy, Senior Commissioner & Projects Manager, Jonathan.Cassidy@havering.gov.uk
Policy context:	Supports priorities in the Joint Health & Wellbeing Strategy: Greater integration between social care, education and health in the provision of support for adults and children most at risk.
Financial summary:	The current spend on equipment for Havering Adult Social Services is £735,453 per year. In addition there is also a £22,000 annual management fee paid to London Borough of Redbridge and £35,400 for contribution to spares. The total annual expenditure is therefore anticipated to be £792,853 per annum. The total estimated expenditure for the Council over a 4 year contract is £3,171,412.

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Reason decision is Key	Expenditure over £500k or more
Date notice given of intended decision:	28 th February 2020
Relevant OSC:	Individuals
Is this decision exempt from being called-in?	No

The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input checked="" type="checkbox"/>
Places making Havering	<input type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

The Senior Leadership Team Director with responsibility for Adult Social Care is asked to approve:

- (1) the award of a call-off contract from the Integrated Community Equipment Services Framework to Medequip Assistive Technology Limited, for a period of 4 years with an estimated value of £3,171,412.

The Senior Leadership Team Director with responsibility for Adult Social Care is asked to note:

- (2) in accordance with the Council's previous Executive Decision dated 11th November 2019 the London Borough of Redbridge have conducted a tendering process and shall award the Integrated Community Equipment Services Framework Agreement to Medequip Assistive Technology Limited on behalf of the London Borough of Redbridge, the London Borough of Havering, Redbridge Clinical Commissioning Group, Barking and Dagenham Clinical Commissioning Group, Havering Clinical Commissioning Group, Barking, Havering and Redbridge University Hospitals NHS Trust and North East London NHS Foundations Trust (together the 'BHRICES Partners').

AUTHORITY UNDER WHICH DECISION IS MADE

Senior Leadership Team power under Part 3 paragraph 3.3 Contract Powers (b) To award all contracts with a total contract value of between £500,000 and £5,000,000.

STATEMENT OF THE REASONS FOR THE DECISION

Background

1. Community Equipment is provided by the Council to allow the frail, elderly and physically disabled adults and children to live independently within their own homes or community and school environments and to facilitate discharge from hospital. This equipment ranges from simple daily living aids to more complex equipment such as beds, lifts, hoists.
2. The service is commissioned to fulfil the Council's statutory duty to provide community equipment to those who have been assessed to require it, as outlined in The Care Act 2014.
3. Havering purchases community equipment from Millbrook Healthcare via the current framework. The framework commenced on 1st December 2015 and is due to expire on 30th November 2019. This was extended to 31st May 2020 to

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enable sufficient time to go out to tender for a new framework agreement.

4. In April 2018 it was agreed by Cabinet that the London Borough of Havering together with Havering, Barking and Redbridge CCGs and the London Borough of Redbridge (jointly BHR) would work together to establish a joint Integrated Community Equipment Service (ICES) by entering into agreement under the provisions of Section 101 of the Local Government Act 1972 and Section 75 of the National Health Service Act 2006. It was agreed this would be managed and hosted by the London Borough of Redbridge (LBR)
5. The BHR Partnership includes:
 - Host, London Borough of Redbridge (LBR);
 - London Borough of Havering;
 - Redbridge Clinical Commissioning Group;
 - Barking & Dagenham Clinical Commissioning Group;
 - Havering Clinical Commissioning Group;
 - Barking, Havering and Redbridge University Hospitals NHS Trust; and
 - North East London Foundation Trust

Objectives

6. The objectives of this tender were to:
 - a) Ensure that the service is commissioned to meet the priorities of the BHR Partnership and offer the best value for money
 - b) Ensure the tender follows Corporate and EU Procurement Regulations and Local Authority Financial Regulations
 - c) Ensure that specific IT requirements of the BHR partnership feature as a high priority in the new contract
 - d) Ensure the Provider delivers a non-judgemental and inclusive service which treats service users with dignity, respecting gender, sexual orientation, age, physical or mental health ability, religion, culture, social background and lifestyle choice

Key Deliverables

7. In brief, the key deliverables / milestones to achieve the objectives included:
 - Production of all required tender and contract documents (including service specification)
 - Tender process managed in line with OJEU and London Borough of Redbridge procurement procedures
 - Contract awarded to the tenderer submitting the most advantageous bid to the Council by February 2020
 - New contract awarded and mobilised by June 2020
8. The table below presents the key milestones and dates from the project plan

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are as follows;

Key Milestone	Date
Tender Published	November 2019
Tender Evaluation	December 2020
LB Redbridge Approval	January 2020
Award Notification	February 2020
Framework Agreement Commences	1 st June 2020

Project Governance

9. As a BHR partner, Havering was active in the procurement of the new framework. Through attendance at monthly procurement sub group meetings, Havering contributed to the redesign of the service, shaping the service specification, method statement questions and general elements of the tender. The contract and service specification was developed and agreed jointly between all BHR partners
10. Any issues that arose during this process were escalated to members of the bi-monthly community equipment steering group meetings. Attendance included head of service and director level representation.

Procurement

11. The BHR Partnership sought to attract suitably experienced organisations to bid for the ICES. To mirror the existing contractual arrangements, the procurement was setup to ensure all sufficient types of equipment necessary was submitted by the bidders. The BHR Partners required all bidders to submit details of the type of equipment they propose to use for the service, in particular high volume items from the existing equipment catalogue. This meant if a bidder was unable to provide the exact match, then they could submit a Close Technical Equivalent (CTE). The CTE's were then verified by Occupational Therapy Leads from the evaluation panel.
12. This procurement was subject to and adhered to London Borough of Redbridge's Contract Procedure Rules. The procurement followed a formal tender process in line with the EU procurement open process in accordance with the Public Contracts Regulations 2015, which require compliance with principles of non-discrimination, equal treatment and transparency.
13. The current provider and providers who attended the Market Engagement Even in June 2019 were informed of the opportunity. Suppliers were invited using London Borough of Redbridge's E-Procurement system.

Evaluation

14. In total, three providers completed and submitted their tender documents in December 2019.

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15. All evaluations focused on examining how the proposals will deliver a quality service (technical) and the cost of the service (commercial). The quality factors were weighted according to their importance with 60% percent of the total score assigned to quality. Cost was evaluated at 40% of the total score. Suppliers submitted a cost for the service that was within the parameters set by the Council with scores weighted in favour of the lowest price.
16. The evaluation panel members evaluated the bids over a two week period in January 2020 with evaluators meeting during this period to consider the technical scores.
17. The evaluation panel invited all three providers to attend clarification interviews, where the panel asked each provider questions about their tender, for further clarification. All three providers were asked to deliver a presentation on their proposed IT system, which also gave the panel the opportunity to ask any questions.
18. At the meeting of the evaluation panel on 30th January 2020, the partners were able to agree on the quality scores of all three providers. Following the reconcile of both technical and commercial envelopes, the partners were able to agree on the most economically advantageous tender.
19. Below are the results of the tender, detailing both technical and commercial envelope scores:

	Technical	Commercial	Overall Score	Ranking Position
Bidder 1	41.00%	26.20%	67.20%	3
Bidder 2: Medequip Assistive Technology Limited	41.20%	35.30%	76.50%	1
Bidder 3	38.90%	32.90%	71.80%	2

TUPE

20. TUPE will apply to the staff delivering the current service, as the incumbent provider was not successful in retaining the contract.
21. The London Borough of Redbridge will lead on requesting the service mobilisation, including how TUPE will be managed between the incumbent and new provider ahead of the 1st June 2020 framework start date.

Call-Off

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22. The London Borough of Redbridge are due to award the framework agreement to a single supplier. The Council and any participating bodies will therefore call-off the services from the Framework by a direct award as opposed to re-opening competition. Regulation 33(8) of the Public Contracts Regulations 2015 allows a framework agreement to be performed in this way.
23. The London Borough of Havering will therefore award the contract to Medequip Assistive Technology Limited within the limits laid down in the framework agreement for the provision of Integrated Community Equipment Services for a period of 4 years. The total estimated expenditure on equipment for the Council is £735,453 per year. In addition there is also a £22,000 annual management fee paid to London Borough of Redbridge and £35,400 for contribution to spares. The total annual expenditure is therefore anticipated to be £792,853 per annum. The total estimated expenditure for the Council over a 4 year contract is £3,171,412.

OTHER OPTIONS CONSIDERED AND REJECTED

Option 1 – Do nothing

The current framework is due to expire 31st May 2020 and there is no further option to extend. Therefore doing nothing would result in the end of the integrated community equipment service which supports many Havering residents to live independently and saves the Council money reducing the need for expensive care packages. Therefore this option would not be advantageous to the Council.

Option 2 – Havering undertakes their own procurement for community equipment

Another option considered would be for Havering to tender for this independently of other boroughs. This option would give the Council complete autonomy to design and specify the service model but would mean losing the economies of scale to be gained through purchasing equipment in partnership with other authorities. However, this option was also considered and rejected as Havering would no longer function within the Section 75 and there would not be sufficient timescales to undertake our own procurement process.

PRE-DECISION CONSULTATION

Internally we have consulted with Finance, Legal and Adult Social Care. Externally the Council consulted with London Borough of Redbridge, Redbridge Clinical Commissioning Group, Barking & Dagenham Clinical Commissioning Group, Havering Clinical Commissioning Group, Barking, Havering and Redbridge University Hospitals NHS Trust and North East London Foundation Trust.

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Externally we have gathered feedback from both users of the service and practitioners within the health and social care system to make improvements on service delivery. The results of the consultation was taken into consideration when redesigning the service specification.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: John Green

Designation: Head of Joint Commissioning

Signature:



Date: 19/02/2020

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Council has a general duty under Section 1 of the Care Act 2014 to promote the well-being of individuals. Well-being in relation to an individual is defined within the same Act as including control by the individual over day-to-day life. The recommendation in this report is compatible with the above statutory power.

The Framework appears to be compliant with the Public Contracts Regulations 2015. The Contract Award Notice is due to be dispatched in March 2020 and participating authorities have until June 2027 to call-off from this Framework

Medequip Assistive Technology Limited is the single supplier on the framework. The Local Government Act 1999, requires the Council to make arrangements to achieve best value in the exercise of its functions. Officers therefore must satisfy themselves that Medequip Assistive Technology Limited will offer the Council best value overall.

There is no form of exclusivity or volume that is guaranteed under the Framework Agreement and the Council will be entitled to enter into other contracts for these services outside of this Framework.

FINANCIAL IMPLICATIONS AND RISKS

The Integrated Community Equipment Contract for LBH is funded partly through revenue and partly through capital via the Disabled Facilities Grant (DFG), which is now part of the Better Care Fund.

Since Havering joined the LBR Framework Contract in April 2018, Adult Social Care expenditure on Community equipment has increased significantly from £544.4k (purchasing 12,645 items) in 2017/18, to £699.4k in 2018/19 (purchasing 14,173 items), representing an increase in expenditure of £155.0k (1,528 items).

The increased costs from 2017/18 to 2018/19 was due to a number of new items purchased, at high unit cost, in 2018/19, and increased unit costs for some equipment items between the two financial years.

	2017/18 £'000	2018/19 £'000	Increase £'000
Capital Cost	439.6	586.8	147.2
Revenue Cost	104.8	112.6	7.8
Total Cost	544.4	699.4	155.0
No items purchased	12,645	14,173	1,528

In addition to the monthly equipment costs there is a monthly management fee paid to LBR which is £22k per annum. At the point of joining the LBR Framework Contract, it was initially anticipated that savings of £77k per annum would materialise from the integrated working partnership. As equipment costs have increased over initial

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projections, these savings have not yet materialised. For 2018/19 LBR agreed that the Annual Management Fee will be charged at 50% of the agreed £22k until there is clear evidence that LBH are achieving a saving of £77k or more. There is no evidence to assume this reduction in management fees will continue.

All partners also have to contribute to funding spares at a cost of £35,400 per annum.

The total spend on equipment is estimated to be £735,453 per annum with 85% of this expenditure being eligible for capitalisation with 15% being funded through revenue, based on 2018/19 expenditure. The total annual cost of the contract including the annual management fee and the spares is £792,853. The total anticipated expenditure over the 4 year contract is therefore expected to be £3,171,412. This is dependent on demand for equipment and is based on what was purchased in the 2018-19 financial year.

The available DFG funding for 2019/20 amounts to £513k DFG Grant for ASC plus a small amount of carry-forward from 2018/19. The DFG Grant will also fund salaries which are capitalised at financial year-end. If demand for equipment in the community increases or item unit costs increase further, the DFG Grant amount may not be sufficient to cover the increased costs for 2019/20, and therefore, ASC will then be required to fund the shortfall from within existing budgets.

For future years, there is also a risk that the DFG grant ceases. Alternative funding arrangements would need to be found to meet the costs of community equipment purchased through this Framework. Further years' DFG Grant allocations may also not be sufficient to meet the increasing costs of the items of equipment purchased, and if demand or costs increase above the amount of allocated DFG, then ASC will have to fund the shortfall from within existing budgets.

There is also a small amount of revenue budget available of £95,010, which is currently not sufficient to meet the revenue costs and the overspend is currently met within existing Adult Social Care Resources.

The financial arrangements are that LBR will manage a pooled budget arrangement under the section 75 agreement and provide monthly supporting documentation to each partner detailing their expenditure. At year-end a reconciliation will be undertaken and any surplus or deficit for each partner will be addressed.

The overall expenditure for all the partners in the Framework for 2018/19 was in the region of £3.3 million.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would directly or indirectly affect either the Council or its workforce.

TUPE will apply to the staff delivering the current service, as the incumbent provider was not successful in retaining the contract. The London Borough of Redbridge will

lead on requesting the service mobilisation, including how TUPE will be managed between the incumbent and new provider ahead of the 1st June 2020 framework start date.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

The successful provider will be required to demonstrate compliance with the council's values on equality and diversity, as per the Equality Act 2010.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

The recommendations made in this report do not give rise to any identifiable Health and Wellbeing risks or implications that would directly or indirectly affect the service following the award of this contract. The London Borough of Redbridge will ensure that the successful provider offers adequate support to staff that are eligible and subject to TUPE.

As the service requires daily deliveries of equipment, non maintenance of the borough's road and pavement infrastructure can negatively impact residents health and well-being including through longer journeys, increased noise and car emissions, as well as through poor pedestrian facilities, which may result in both health and safety hazards. Maintaining the borough's road and pavement infrastructure, as part of the Highways Investment Programme, will add to the public health benefits through mitigation of any potentially negative consequences. This will include noise reduction, improved drainage, improved car journey times, reduced car emissions.

BACKGROUND PAPERS

None

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal Agreed / Not Agreed

Details of decision maker

Signed:

Name:

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date:

Lodging this notice

The signed decision notice must be delivered to the proper officer, Andrew Beesley, Committee Administration & Interim Member Support Manager in the Town Hall.

For use by Committee Administration

This notice was lodged with me on 10/3/2020

Signed J. J. R. R.