

## CABINET

20 February 2023

<b>Title:</b> Contract for Provision of New Community Equipment Service	
<b>Report of the Cabinet Member for Adult Social Care and Health Integration and the Cabinet Member for Children’s Social Care and Disabilities</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> No
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<b>Accountable Director:</b> Chris Bush, Commissioning Director	
<b>Accountable Strategic Leadership Director:</b> Elaine Allegretti, Strategic Director Children and Adults	
<b>Summary:</b>  Local Authorities in England have a statutory duty to plan for the provision of certain home-based services, including the provision of disability aids, minor adaptations and ‘community equipment’, to meet the assessed eligible needs of residents in their area. In addition to being a statutory duty for local authorities, the provision of community equipment is key to achieving local and health authority strategic objectives, efficiency and cost-effectiveness. For example, provision of the appropriate community equipment can:  <ul style="list-style-type: none"><li>i) promote independence, safety, social inclusion, quality of life and improved end of life care;</li><li>ii) reduce unscheduled hospital admissions and Accident and Emergency attendance;</li><li>iii) facilitate hospital discharges, reducing the length of stay in hospitals;</li><li>iv) reduce care costs by avoiding or delaying admissions to residential care and the need for paid carers;</li><li>v) play a key role in the delivery of early intervention and prevention strategies.</li></ul> The current contract with Medequip commenced on 01 April 2017 and is due to end on 31 March 2023. Royal Borough of Kensington and Chelsea (RBKC) have led on the retender of the new service for provision from 01 April 2023 onwards, however this procurement remains subject to a legal claim which triggered an automatic suspension preventing RBKC from entering into a contract with the successful bidder.  As a consequence, LBBD has sought alternate provision to ensure continuity of service for vulnerable residents and resilience for the health and care system given the critical dependency with respect to the objectives and outcomes referenced above. Having considered the options available, and given the background context and associated time constraints, a Direct Award to Medequip via Framework Agreement Y21006 let by KCS Procurement Services is considered the most appropriate course of action. This will	

ensure the council can meet its legal duties under the Care Act 2014, meet local needs, deliver value for money and ensure regulatory and legislative compliance.

### **Recommendation(s)**

The Cabinet is recommended to:

- (i) Agree that the Council proceeds with the direct award of a four-year contract, with the option to extend for a further two years, to Medequip via the KCS Framework Agreement Y2100 for a new Community Equipment service, in accordance with the strategy set out in the report; and
- (ii) Authorise the Strategic Director, Children and Adults, in consultation with the Cabinet Member for Adult Social Care and Health Integration, the Cabinet Member for Children's Social Care and Disabilities and the Chief Legal Officer, to award and enter into the contract and all other necessary or ancillary agreements, including extension options, with the chosen supplier.

### **Reason(s)**

To accord with the Council's Contract Rules and assist the Council in achieving its priority of 'Prevention, Independence and Resilience'.

## **1. Introduction and Background**

- 1.1 The London Borough of Barking and Dagenham is currently a member of the London Community Equipment Consortium which consists of 22 London Boroughs and health authorities. The Consortium is hosted by the Royal Borough of Kensington and Chelsea and the service is supplied by Medequip which encompasses the supply, delivery, installation, adjustment, servicing, collection, refurbishment, recycling and disposal of aids and equipment to eligible adults and children via call-off from the framework agreement.
- 1.2 Within FY21/22, over 6,000 deliveries of Community Equipment were completed within Barking and Dagenham, with referrals being made from a variety of health and social care settings including hospitals, community rehabilitation settings, occupational therapists, and the sensory team. Having accounted for the service credits attained through collected equipment, the total net spend for the service throughout FY21/22 amounted to £630k. This figure is higher than previous years due to demand, largely driven by hospital discharge referrals, and the increase in acuity of need during the Covid period – a trend which has continued into FY22/23.
- 1.3 Some of the associated budgetary pressures on this service have been alleviated in recent years through ad hoc NHS funding which has been built into the Better Care Fund, e.g. Hospital Discharge Fund and Winter Funding, however there is a potential for an overspend on this budget if demand and acuity continue without the mitigations from this funding in future.
- 1.4 The current contract with Medequip commenced on 01 April 2017 and is due to end on 31 March 2023. Royal Borough of Kensington and Chelsea have led on the

retender of the new service for provision from 01 April 2023 onwards, however this procurement remains subject to a legal claim which triggered an automatic suspension preventing RBKC from entering into a contract with the successful bidder.

- 1.5 Having consulted with both Procurement and Legal colleagues within LBBB, it has been agreed that proceeding with the London Community Equipment Consortium is not in the Council's best interest given how the issue of liability is being apportioned amongst consortium members in addition to the associated disruption for both residents and professionals utilising the service. In view of the disproportionate level of risk, LBBB have objected to the application to lift the suspension and served notice to withdraw from the Consortium in accordance with the associated Constitution.
- 1.6 In view of the above, LBBB have sought alternate provision to ensure continuity of service for vulnerable residents and resilience for the health and care system given the critical dependency with respect to the objectives and outcomes referenced above.

## **2. Proposed Procurement Strategy**

### **2.1 Outline specification of the works, goods or services being procured**

2.1.1 The primary aim of the service is to obtain, deliver and install the right community equipment within agreed timescales to enable people to live independent inclusive lives. Once the customer has no further use for the equipment it will be returned/collected, cleaned and, where possible, fully serviced and then re-used for which LBBB receives service 'credits'. The service will operate on a 'call-off' basis, for which the council will only pay for actual activity and equipment prescribed.

2.1.2 Specific aims include:

- To provide community equipment for people to use in a variety of community settings;
- To procure, purchase and lease equipment;
- To deliver and install equipment at the appropriate request of a range of health and social care assessors;
- To collect, clean, refurbish and maintain equipment and maintain equipment that is returned to the store;
- To provide advice, education and support to health and social care professionals regarding the ordering, safe use and maintenance of equipment.

2.1.3 Service Standards include:

- To deliver and install standard community equipment within the agreed timeframe requested by Health and Social Care Professionals;
- To maximise value for money and efficiency through re-utilisation of community equipment;
- Ensure that the equipment store's management systems meet the relevant health and safety standards;
- Ensure performance management and quality assurance systems are in place;

- Ensure that the equipment purchased and supplied is of a high standard and meets specifications as agreed;
- Ensure disabled people, including service users accessing the Community Equipment Service are consulted and engaged in the delivery and development of the Community Equipment Service;
- Provide comprehensive, up-to-date, accessible information for potential and actual community equipment customers;
- Ensure an effective system for reporting adverse incidents is in place;
- To be responsive to changing requirements for community equipment as identified by statutory regulations;
- Work with other services across health and social care and the third and independent sector;
- To engage with assessors, equipment manufacturers and suppliers;
- To provide opportunity for assessors to view equipment across the Service by appointment;
- To provide accurate information about current stock in stores, including service and maintenance history, on request.

#### 2.1.4 Service Objectives include:

- Service users receive their equipment in a timely manner, and are given guidance and information on safe use of equipment;
- Assessors are informed when specific equipment, which requires fitting and training by the Assessor, is delivered;
- Assessors receive information about the service;
- Service user feedback and complaints are used to inform onward development and improvements to the service;
- Incidents and near misses are reported in accordance with Local Authority, NHS and national reporting requirements;
- The services are compliant with MHRA Medical Device guidance, the Local Authority and NHS Infection control and Prevention policies to ensure that the risk of contamination and cross infection is minimised;
- The Services used different methods of decontamination to address varying levels of contamination, depending on the equipment, risk assessment classification and it's use, in accordance with infection control guidance and manufacturing guidelines.

## 2.2 **Estimated Contract Value, including the value of any uplift or extension period**

2.2.1 Based on demand for the service, the estimated contract value, including any extensions, is £3,600,000. This is a 'net' figure based on activity in recent years which also accounts for the service credits received through equipment collections and recycling. Uplifts will need to be considered at least annually considering the inflationary pressures which are particularly acute in this area given the associated logistics inherent within the service supply chain, e.g. material costs, fuel and freight charges. Some of these pressures may be alleviated through ad hoc and short-term funding passported via the Better Care Fund such as the Winter Funding, as referenced in Section 1.3, however the increased demand and lack of certainty of the additional NHS funding presents a risk of budget overspend. Unfunded

pressures caused by hospital discharge will be raised by Commissioners with ICB and system colleagues for discussion and mitigation.

## **2.3 Duration of the contract, including any options for extension**

2.3.1 A four-year contract with the option of a further two-year extension options at the sole discretion of the Council (4+2).

2.3.2 Any future recommendation to utilise the extension option above will be contingent on the performance of the provider throughout the contract term, in addition to a wider market appraisal to ensure the Council is getting best value.

## **2.4 Is the contract subject to (a) the (EU) Public Contracts Regulations 2015 (PCR) or (b) Concession Contracts Regulations 2016? If Yes to (a) and contract is for services, are the services for social, health, education or other services subject to the Light Touch Regime?**

2.4.1 The Contract is subject to the PCR.

## **2.5 Recommended procurement procedure and reasons for the recommendation**

2.5.1 Direct Award to Medequip via Framework Agreement Y21006 let by KCS Procurement Services.

2.5.2 Regulation 33(8)(a) of the Public Contracts Regulations 2015 sets out the requirements for making a Direct Award where a Framework Agreement is concluded with more than one Supplier.

2.5.3 Direct Award Orders may be placed under this Framework Agreement provided the Customer can meet any one of the following objective conditions:

- i) Customer is satisfied that following their due diligence they can identify the Supplier that offers best value for their requirement;
- ii) The Supplier is able to supply the required Goods/Services within the Customers timescales;
- iii) The Supplier scored the highest mark for Price/Quality in the Framework Agreement evaluation;
- iv) Goods/Services required are unique/exclusive to one Vendor/Supplier;
- v) Continuity of existing Goods/Services from an awarded Supplier.

2.5.4 In view of the context outlined within Section 1 of this report, and the conditions described which permit Direct Award Orders, a Direct Award to Medequip is considered the most appropriate course of action based on conditions i., ii. and v. above. This recommendation will support the council to meet its legal duties under the Care Act 2014, meet local needs, deliver value for money and ensure regulatory and legislative compliance.

## **2.6 The contract delivery methodology and documentation to be adopted**

2.6.1 The Call Off Terms and Conditions as stated in Framework Agreement Y21006 let by KCS Procurement Services will form the contract documentation to be adopted for this service, via the associated Form of Direct Award.

2.6.2 The service utilises an online ordering platform which enables prescribers to order the most suitable equipment from the catalogue which can best support resident needs. Prescribers include health and social care professionals working across a variety of settings, including hospitals within North-East London. The prescriber determines the requisite speed of installation and delivery at point of order. This is determined by individual resident need in addition to system demands, particularly in relation to expedited hospital discharge.

2.6.3 The intention is to initially replicate the delivery methodology used within the existing provision as part of the London Community Equipment Consortium, before developing the service to align with the evolving health and social care integration agenda. This will mean the service needs to be sufficiently responsive to the prevailing pressures within the system and provide a vital means of alleviation through both the range of equipment available and the timeliness of provision. This will include moving to a seven-day service in addition to an enhanced out of hours offer.

## **2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract**

2.7.1 The provision of the service will support the realisation of several outcomes, savings and efficiencies, characterised by both cost avoidance and cost reductions to the health and care system, including improved outcomes for residents. Examples include:

- Avoidance of higher cost care packages both in the community and in care homes
- Delayed admission to care homes
- Reducing the number of unplanned hospital admissions/readmissions
- Reducing the number of emergency ambulance call-outs and unnecessary A&E presentations

## **2.8 Criteria against which the tenderers are to be selected and contract is to be awarded**

2.8.1 The recommended supplier has been selected in accordance with the framework rules set out in Section 2.5.3; specifically:

- Customer is satisfied that following their due diligence they can identify the Supplier that offers best value for their requirement;
- The Supplier is able to supply the required Goods/Services within the Customers timescales;
- Continuity of existing Goods/Services from an awarded Supplier.

## **2.9 How the procurement will address and implement the Council's Social Value policies**

2.9.1 Improving and enhancing the independence and resilience of residents is at the core of this service, with the location and operations of the service supporting both investment in local people and the local economy. Additionally, the provider will work with the council to meet Borough Manifesto goals to create a clean, green and sustainable borough, recycling more and reducing waste by:

- Reducing the amount of waste and single-use plastic and seeking opportunities to recycle wherever possible.
- Supporting LBBB's target to reduce carbon emissions by taking concrete steps to minimise energy consumption and consider the environmental performance of the wider supply chain.

2.9.2 Care and Support Commissioning will work with Council's Social Value Coordinator to develop and define appropriate metrics to evidence the provider's performance in relation to the above, in addition to wider deliverables in support of LBBB's Social Value Policy.

## 2.10 **Contract Management methodology to be adopted**

2.10.1 The contract will contain specific service requirements and expected outcomes. Key performance indicators will be outlined in the service specification and agreed with the provider, including delivery times and standards. Care and Support Commissioning will undertake performance management of the service. Robust governance arrangements for the service will be implemented that draw in necessary strategic input, including the development of a strategic relationship management plan and overseeing spend and benefits delivered. Monthly contract monitoring meetings will take place to review performance reports and contribute to the continuous development of the service, led by the Equipment and Adaptations Manager within the Enabling Independence Team. In addition, quarterly reviews will be required to be completed by the provider, to include feedback on contract outcomes.

## 3. **Options Appraisal**

- 3.1 **Option one** - Do nothing and allow the current contract to expire on 31 March 2023 having given notice to the London Community Equipment Consortium for the reasons set out in Section 1.5. This is not a recommended option as it will result in the service ceasing to exist on 31 March 2023 and creating unmet demand and leading to delayed hospital discharges and a reduction in the number of residents that are able to continue to live independently and in their own homes. Additionally, this would inhibit the Council from meeting its legal duties under the Care Act 2014
- 3.2 **Option two** - Run a full open market procurement process. This is not considered a viable option given the significant time and resources required to run the full procurement process. Consequently, this option would result in a break in service provision after 31 March 2023 which is unacceptable for the same reasons set out in Section 3.1 above.
- 3.3 **Option three (recommended)** – Direct award via an existing framework. This is the preferred option as it will provide a compliant means to ensure continuity of provision from 01 April 2023. Of the frameworks considered, Framework Agreement Y21006 let by KCS Procurement Services has been identified as the most suitable option to enable Barking and Dagenham to develop a clear statement of requirements to meet local needs and ensure that the Supplier provides the Most Economically Advantageous Solution with minimal disruption to residents and professionals to support system outcomes. A benchmarking exercising has been undertaken to ensure this option provides the best value for money in contrast to

alternative options, whilst meeting the specific needs and context of Barking and Dagenham. These figures have not been included in this report due to legal and commercial sensitivities.

- 3.4 A direct award to Medequip through this route carries additional benefits and given that they are the contracted provider of the All-age Care Technology Service which commenced in April 2022. Given the shared objectives of both contracts to support people to live safely and independently in their own homes for longer, it is anticipated that there will be a significant overlap of residents requiring both services. Consequently, a single provider will deliver a more streamlined and efficient service for residents, and has the potential to drive cost efficiencies for the Council. Whilst a single provider for both strands presents a greater risk in terms of the impact in the event of provider failure, the likelihood of this is considered to be low as Medequip's supply chains and overall service provision proved sufficiently robust throughout the Covid-19 pandemic to the extent that neighbouring boroughs with alternate provision had to utilise Medequip as a contingency measure.
- 3.5 The recommended initial contract term of the Community Equipment provision, to which this report refers, will bring this contract in parallel with the All-age Care Technology Service. This presents an opportunity to subsequently amalgamate both strands of provision facilitated through service redesign, which has the potential to drive further efficiencies. Any future appraisal or associated recommendation will be subject to the needs of the health and care system and will need to take account of the technical specialisms inherent to the Care Technology service. This could preclude some of the traditional Community Equipment providers, thus limiting market competition and inhibiting the council from realising better value for money in contrast to separate strands.

#### **4. Waiver**

- 4.1 Not applicable.

#### **5. Consultation**

- 5.1 The precise requirements of the new service have been determined through the continuous feedback and improvement mechanisms inherent to existing provision including residents, their families and health and social care professionals. The Council will also continue to consult with stakeholders and service users to help develop the service, to ensure that the nuances of individual user's experiences are heard.
- 5.2 The proposals in this report were considered and endorsed by the Procurement Board on 16 January 2023.

#### **6. Corporate Procurement**

Implications completed by Euan Beales - Head of Procurement

- 6.1 The Councils Contact Rules require all spend over £50,000 to be procured in the open market, however the use of an open and accessible framework also complies with the requirements of the Contract Rules.



- 6.2 The KCS Framework is an established route to market and is well know within the Local Authority Sector. The framework allows for a direct award and to ensure continuity of supply, this would be the most expedient way of procuring due to the withdrawal from the Pan London service.
- 6.3 Based on the detail in the report and the withdrawal from the Pan London service the recommended option is best placed to deliver continuity of service and maintain a cost-effective model.

## **7. Financial Implications**

Implications completed by Katherine Heffernan – Head of Service Finance

- 7.1 This report seeks approval for direct award of a contract over a maximum period of six years (four years in the first instance and two-year extension), for a new Community Equipment Service at a total value of £3.6million, via an existing Framework Agreement Y21006 with effect from 01 April 2023.
- 7.2 The contract is funded from a combination of revenue budget and capital programmes. Therefore, there is funding for the contract value of £600k per annum within the resources available for Equipment and Adaptation Services of Care and Support Commissioning (F11460) and contributions, when necessary, from capital programmes: FC0106 (DFG) and FC0100 (HRA) respectively.
- 7.3 The contract expects annual uplifts due to inflationary pressures and supply chain logistics problems. The cost of such uplifts had been mitigated in past years from ad hoc NHS funding built into the Better Care Fund such as Hospital Discharge Fund and Winter Funding.
- 7.4 There is potential risk of budget overspend that may arise from increase in demand and lack of certainty of the additional NHS funding. This will be put under scrutiny through the Council's periodic budget and capital monitoring processes.

## **8. Legal Implications**

Implications completed by Ian Chisnell - Major Projects Solicitor

- 8.1 s.18-20 of the Care Act 2014 deal with the duties and powers of the Council to meet the provision of care and equipment set out in this report.
- 8.2 The value of the service to be provided is over the threshold requiring competition set out in the Public Contracts Regulations 2015 (PCR) and so must be procured according to the PCR and the Council's Contract Rules.
- 8.3 The Council must also consider the provisions of the Public Services (Social Value) Act 2012 and consider what social value can be added in the procurement of these services.
- 8.4 If the procurement is made from a PCR compliant framework according to its rules, then the award will comply with both the PCR and the Council's contract Rules.

## 9. Other Implications

9.1 **Corporate Policy and Equality Impact** - This contract will allow us to maintain and expand the Council's current service offer enabling more people to benefit from Community Equipment. This will build resilience, choice and improved well-being in people that receive care and support services from the Council.

The Service should meet the needs of diverse user groups, for example by providing language support according to LBBD policies, or arranging visits compatible with religious preferences (e.g. avoiding certain days). Groups include (but are not limited to):

- Black and ethnic minority communities;
- Religious communities;
- Adults with visual and/or auditory impairments, including deaf blind adults;
- End of life/palliative care;
- Adults with communication difficulties;
- Non-English speakers;
- Adults with British Sign Language (BSL) as their first language;
- Adults with learning and/or physical disabilities and/or mental health issues, including dementia.

9.2 **Safeguarding Adults and Children** - - At all times when the provider is in contact with Customers under this Contract, the provider should be reviewing whether the individual is safe, as set out in the Pan-London Multi-Agency Safeguarding Policy & Procedures. Compliance with Barking and Dagenham's safeguarding policies with a clear understanding of the council's responsibilities and liabilities will be integral to the contract monitoring process.

9.3 **Health Issues** - The services provided through this Procurement will have a positive impact on the health and wellbeing of the local community, supporting residents to better self-manage their own health including long-term conditions, perform tasks they would otherwise be unable to do and/or increase the ease or safety with which tasks can be performed.

**Public Background Papers Used in the Preparation of the Report:** None.

**List of appendices:**

**Appendix 1:** EIA Screening Tool