

## **CABINET**

**16 DECEMBER 2014**

### **GATEWAY 1 PROCUREMENT COMMENCEMENT: THE PROCUREMENT OF AN INTEGRATED COMMUNITY EQUIPMENT SERVICE (PHASE 1) – PAEDIATRIC, ELECTRICAL AND BESPOKE EQUIPMENT AND TECHNICIANS SERVICE**

Portfolio Holder: Councillor David Brake, Adult Services

Report from: Barbara Peacock, Director of Children and Adults Services

Authors: Philippa Scott, Interim Commissioning Manager  
Kate Barrett, Category Lead

#### **SUMMARY**

Both Medway Council and Medway CCG have agreed to jointly commission a single community equipment service. Because of the complexity of the existing arrangements and contracts, it will take some time to fully understand both what currently exists and what requires to exist to meet current and future needs in the most effective and efficient manner. This report therefore seeks permission to procure the service in two phases, the first phase to begin delivery by 1/4/15 and to include the technician's service, paediatric and electrical and bespoke equipment. The second phase will begin delivery on 1/4/16 to include a re-tender of the services in the first phase and also to include the core equipment services currently provided by MCH.

The intention therefore is to have one complete joint service by 1/4/16.

This Gateway 1 report has been approved for submission to the Cabinet after review and discussion at Children and Adults Directorate Management Team Meeting on 25 November 2014 and Procurement Board on 3 December 2014.

The Children and Adults Directorate Management Team has recommended that this project be approved as a Category B, high risk procurement.

The political and service sensitivities are that Medway Council will commission and manage a partial joint community equipment service for one year that meets the requirements of both Medway Council and Medway CCG.

## **1. BACKGROUND INFORMATION**

### **1.1 Budget & Policy Framework**

1.1.1 Budgetary information for this procurement exercise is set out in the Exempt Appendix. The proposals are consistent with the Council's policy framework, specifically the provisions in the Council Plan in relation to adults maintaining their independence and living healthy lives.

### **1.2 Service Background Information**

1.2.1 The aim of an integrated community equipment service is to support carers and enable children and adults to regain and maintain independence within their homes and the community, placing less reliance on more costly care/health services. Timely provision of equipment has an impact on hospital admissions and can avoid delayed discharges. It can also prevent accidents and falls as a cost effective solution as reduces the need for ongoing care. Community equipment is an important component to help us achieve the outcomes of the Better Care fund.

1.2.2 Medway Council and Medway CCG currently have 3 agreements with Kent County Council and Community Care Equipment and Services (CCE) to deliver Paediatric, Electrical and Bespoke equipment to Medway residents who have been assessed as requiring this service. Medway Council also currently has a contract with Family Mosaic to deliver its technicians service. All of these services are due to end on 31/3/2015. These services are comparatively straightforward to identify and specify and therefore possible to procure in the short term.

1.2.3 In addition to the services above, Medway Council and Medway CCG both have an agreement with MCH to provide core equipment services. These services are also due to end on 31/3/15. Because of the difference in the commissioning arrangements of the Council and the CCG with the provider (MCH), plus the volume of this service, it is far more complex to identify and specify and therefore more time is required to achieve this satisfactorily in order to ensure that there is no risk to the Council.

### **1.3 Funding/Engagement From External Sources**

1.3.1 This contract will be the start of an integrated Community Equipment Service for Medway Council and Medway CCG through lead commissioning arrangements. The CCG has agreed that the Council will be the lead commissioner and the CCG has agreed the Council will lead on procurement processes for community projects. The phased approach has been agreed by CADMT and the CCG.

1.3.2 As part of the Better Care Fund a Section 75 will be agreed between the Council and CCG. Part of the section 75 will set out the benefits

realisation for each organisation so that both Council and CCG benefit from the efficiencies of an integrated commissioning process.

#### **1.4 Parent Company Guarantee/Performance Bond Required**

1.4.1 Not applicable

### **2. PROCUREMENT DEPENDENCIES AND OBLIGATIONS**

#### **2.1 Project Dependency**

2.1.1 This procurement is linked to the contract with MCH therefore consideration of this contract in terms of on-going impact and implications will need to be given as part of this procurement process. The contract end date for the current arrangements of the services with MCH is 31 March 2015 and therefore an exemption request to contract rules to extend this contract for a further year to 31/3/16 has been agreed by the Monitoring Officer, at Procurement Board on 3 December 2014, in order for the phased approach to proceed.

#### **2.2 Statutory/Legal Obligations**

2.2.1 Medway Council, along with all other Local Authorities has a statutory duties and powers as set to provide this service. out in Section 29 of the National Assistance Act 1948, Section 2 of the Chronically Sick and Disabled Persons Act 1970, Section 47 of the NHS and Community Care Act 1990, Section 45 of the Health Services and Public Health Action 1968, Schedule 8 of the National Health Service Act 1977 and Schedule 20 of the Health and Social Care Act 2006.

### 3. BUSINESS CASE

#### 3.1 Procurement Project Outputs / Outcomes

3.1.1 As part of the successful delivery of this procurement requirement, the following procurement project outputs / outcomes within the table below have been identified as key and will be monitored as part of the procurement project delivery process.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?
<p><b>1.</b> Stage 1 of Provision of an integrated community equipment service</p>	<p>By ascertaining whether the procurement process provides a successful outcome for these 4 separate service arrangements.</p>	<p>Partnership Commissioning Managers /Adult Social Care services / Category Management Team/Service Accountant</p>	<p>GW 4, GW5 and end of contract Regular contract compliance and review meetings. Analysis of key performance indicators</p>
<p><b>2.</b> Provision of a better value community equipment service</p>	<p>By a direct cost comparison with previous service costs and activity data. An implicit requirement would be to introduce innovation into the service to drive efficiency savings during the life of the contracts</p>	<p>As above</p>	<p>Routine monitoring meetings with the provider, GW4, GW5 and end of contract. Regular review of key performance indicators</p>
<p><b>3.</b> Provision of a better quality service</p>	<p>By an examination of KPIs and the providers on-going record in meeting the same. Complaint monitoring Number of people supported to maintain or regain their independence in the</p>	<p>As above</p>	<p>Routine monitoring meetings with the provider, GW4, GW5 and end of contract. Regular review of key performance and activity measures</p>

	<p>community. Reduction in complaints and also reduction in hospital stays due to efficient and effective transition of patients in to the community. In accordance with our better care fund plans.</p>		
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## **3.2 Procurement Project Management**

- 3.2.1 This procurement will be managed by the Partnership Commissioning Team with support from Category Management.
- 3.2.2 The Partnership Commissioning Team working on behalf of Medway Council and Medway CCG in conjunction with social care colleagues working across children and adults will take responsibility for the design of a detailed technical and service specification and evaluation of returned submissions during the tender process.
- 3.2.3 Category Management will ensure adherence to procurement legislation and Medway Council's contract procedure rules and facilitation of a successful open tender process.

## **3.3 Post Procurement Contract Management**

- 3.3.1 Contract management will be undertaken by the Partnership Commissioning Team. This will be managed through regular contract review meetings and via annual reporting as part of the gateway process supported by Category Management, as well as regular proactive compliance monitoring.

## **4. MARKET CONDITIONS AND PROCUREMENT APPROACH**

### **4.1 Market Conditions**

- 4.1.1 Other local authorities have run market engagement events or are in the middle of the recommissioning process and have received interested responses from between 11-18 providers. Medway Council expects a similar level of interest in the phase 2 procurement next year but in an effort to generate additional interest for these lots we will be holding a market engagement event prior to the invitation to tender being published.

### **4.2 Procurement Process Proposed**

- 4.2.1 For this procurement exercise the OJEU Open Procedure will be used.

### **4.3 Evaluation Criteria**

- 4.3.1 It is proposed to evaluate tenders on a 60% quality and 40% price basis.

## 5. RISK MANAGEMENT

### 5.1 Risk Categorisation

1. Risk Category: Procurement Process	Likelihood:	Impact:
<b>Outline Description:</b> Successfully procuring an integrated Community Equipment Service meeting all the needs of Medway Council and Medway CCG		
<b>Plans to Mitigate:</b> Consultation and approval of specification through a task and finish multi-agency project group and sign off by Medway's Joint Commissioning Management Group		
2. Risk Category: Service Delivery	Likelihood:	Impact:
<b>Outline Description:</b> Delivering an integrated Community Equipment Service to all children and adults who are registered with a Medway GP within prescribed timescales		
<b>Plans to Mitigate:</b> This will be achieved through a fully detailed specification, regular monitoring of all KPIs and complaints as well as proactive compliance monitoring		
3. Risk Category: Financial	Likelihood:	Impact:
<b>Outline Description:</b> Demand levels may increase resulting in the funding being spent before the end of the financial year and equipment will still be required		
<b>Plans to Mitigate:</b> Regular budget and stock level monitoring will take place.		

## **6. CONSULTATION**

### **6.1 Internal (Medway) Stakeholder Consultation**

6.1.1 Partnership Commissioning and Category Management have relied heavily on the input and expertise of the joint service managers who oversee the Occupational Therapy Service for the design of the specification.

### **6.2 External Stakeholder Consultation**

6.2.1 As this procurement covers the commissioning requirements for both Medway Council and Medway CCG for Community Equipment services, CCG commissioners and practitioners have been involved at every stage of the process. They will continue through a joint task and finish group that will meet regularly through to the commencement of the contract.

6.2.2 Progress with this recommissioning process has been reported to the Joint Commissioning Management Group.

## **7. PROCUREMENT BOARD**

7.1 The Procurement Board considered this report on 3 December 2014 and supported the recommendation as set out in paragraph 11 below.

7.2 In addition, the Monitoring Officer has agreed an exemption request to contract rules to extend this contract for a further year to 31 March 2016, as set out in paragraph 2.1.1 above.

## **8. SERVICE IMPLICATIONS**

### **8.1 Financial Implications**

8.1.1 The procurement requirement and its associated delivery (as per the recommendations at Section 11), will be funded from existing resources within the Council and CCG.

### **8.2 Legal Implications**

8.2.1 The Council's statutory duties and powers are contained in the body of the report.

8.2.2 As this is high value procurement this is a decision for Cabinet.

8.2.3 The contract value is above the financial threshold set under the EU public procurement regime and consequently the Public Contracts Regulations requires that the service is advertised via an OJEU notice.

8.2.4 The proposed process is also in compliance with the Council's Contract Procedure Rules and so provides assurance that the council's five primary objectives are met.



8.2.5 The Public Services (Social Value) Act 2012 requires local authorities to consider at the pre-procurement stage of any services contract (1) how what is proposed to be procured might improve the economic, social and environmental well-being of their areas and (2) how the local authority might act with a view to securing that improvement in conducting the procurement process.

### **7.3 TUPE Implications**

7.3.1 TUPE will apply to this procurement process. Further information will be obtained from the existing providers as part of the procurement process in this regard.

### **7.4 Procurement Implications**

7.4.1 Medway Council is procuring this joint service on behalf of Medway CCG. As the lead authority the procurement will be reported and approved through the internal process of CADMT, Procurement Board and Cabinet. Reports will also need to be discussed at the Joint Commissioning Management Group. These new joint services must commence on 1 April 2015.

7.4.2 Medway Council will have the responsibility for monitoring this contract and budget, if any issues arise these will need to be resolved through the Joint Commissioning arrangements.

### **7.5 ICT Implications**

7.5.1 There are ICT implications in that the data that relates to the current service will have to be transferred to the new provider. This will be included in the specification to be tendered.

## **8. OTHER CONSIDERATIONS**

### **8.1 Diversity & Equality**

8.1.1 The community equipment service will provide a service to all patients registered with a Medway GP (even if they do not live within the boundaries of Medway) regardless of age, gender, ethnicity etc. The successful contractor will be required through the service specification to operate with an awareness of cultural sensitivities when providing equipment or undertaking installations.

8.1.2 A Diversity Impact Assessment screening has been undertaken (Appendix A) which indicates that a full screening is undertaken to establish the impact on the relevant protected characteristic groups should the project change in any way.

### **8.2 Social, Economic & Environmental Considerations**

8.2.1 The proposed service specification, which combines all of the requirements for Medway Council and Medway CCG, will provide greater scope and sustainability for the successful contractor. Officers

will work with the contractor to ensure a successful corporate relationship through contract management, which will help ensure that the contractor continues to provide the required level of service and remains a viable continuing provider. To reduce service costs and carbon footprint, the service specification will make it a necessary requirement that the provider locates their equipment supply warehouse in Medway. This will minimise the amount of delivery mileage accrued by the provider.

## 9. OTHER INFORMATION

### 9.1 Other Information

Not applicable

## 10. RECOMMENDATION

10.1 The Cabinet is asked to approve the commencement of this procurement process on the basis set out in paragraph 4.2.1 of the report.

## 11. SUGGESTED REASONS FOR DECISION

11.1 Medway Council will procure these joint services on behalf of Medway CCG and must therefore commence the new service on 1 April 2015. The timetable for this go-live date is achievable providing no slippages occur.

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### BACKGROUND PAPERS

None