

CABINET

7 AUGUST 2018

GATEWAY 1 PROCUREMENT COMMENCEMENT: MEDWAY INTEGRATED COMMUNITY EQUIPMENT SERVICE (MICES)

Portfolio Holder: Councillor David Brake, Adults' Services

Report from: Ian Sutherland, Director of Children and Adults Services

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SUMMARY

This report seeks Cabinet approval to commence the procurement of a new Medway Integrated Community Equipment Service (MICES) contract. The aims of the contract are to provide and support service users with the appropriate equipment that meets therapeutic, rehabilitation, mobility, and independence needs.

This is a statutory service provided mainly to adults and children in Medway. The demand for community equipment in health and social care is increasing therefore, significant investment in preventative treatment is necessary to support this procurement. MICES supports the Intermediate Care and Reablement Strategy (IC&RS) – an outcome based initiative that allows Medway Council and NHS Medway Clinical Commissioning Group (CCG) to improve outcomes for patients/service users who wish to be supported at home or in the community.

1. BACKGROUND INFORMATION

1.1 Budget & Policy Framework

1.1.1 In responding to the added pressure from increased demand, contract changes were implemented in April 2018 and the joint authorities (Medway Council and NHS Medway CCG) agreed a yearly contract budget of £2.2M from the Better Care Fund. Additional funding agreement with Strategic Housing also guarantees a yearly capital allocation of £200k from the Disabled Facilities Grant (DFG) to cover all Minor Adaptations and Small Works. The new Integrated Community Equipment Service will cover a period of 3+1+1 at a projected cost of £2.4m per annum.

1.1.2 This funding arrangement was agreed at the Joint Commissioning Management Group (JCMG) meeting held 28 June 2018. Procurement Board considered this GW1 paper on 4 July 2018 and recommended the commencement of a procurement process for a new Integrated Community Equipment Service for the residents of Medway.

1.1.3 An Exempt Appendix sets out the detailed financial analysis.

1.2 Service Background Information

1.2.1 Medway Council and NHS Medway Clinical Commissioning Group (CCG) formed a Section 75 Partnership Agreement to support the provision of Medway Integrated Community Equipment Services (MICES) contract. The partnership is managed as part of the Better Care Fund, which supports the wider reablement strategy that focuses on improving quality outcomes for patients, and unnecessary stay in hospital. The service is a statutory social care function which provides health and social care equipment to residents' of Medway.

1.2.2 The aims of the service are to provide and support service users with the appropriate equipment that meets therapeutic, rehabilitation, mobility, and independence needs. The service users are mainly adults and children. Equipment requests are assessed under the Fair Access to Care Services (FACS) guidelines. The service also covers Minor Adaptations and Minor Building Works to service users' homes.

1.2.3 The existing contract was commissioned to Medway Community Health Care (MCH) in June 2016. The service continues to experience increased demand against a backdrop of limited resources in both health and social care.

1.2.4 In April 2018, the contracting authorities worked with the service provider and stakeholders to develop and adopt a more cost effective pricing model to accommodate the financial impact of increased activity. This invariably resulted in a formal contract variation. Additionally, the authorities increased the annual budget from £1.705M to £2.4M.

1.2.5 There are currently 252 products in the equipment catalogue where charges apply for items delivered as standard, urgent or emergency. The contract continues to provide, manage, and loan care equipment to health and social care service users at home and in the community.

1.3 Urgency of Report

1.3.1 The initial term of the current contract is due to expire in June 2019 and although there is an option to extend for a further two years, this cannot be taken up as the Contracting Authorities are obligated to start a new procurement process as a result of the contract variation. It is therefore imperative that commissioners commence a procurement process imminently to ensure that a new service is in place prior to the expiration of the current contract.

1.4 Funding/Engagement From External Sources

- 1.4.1 Funding for community equipment service is through the Better Care Fund jointly managed by Medway Council and Medway NHS Clinical Commissioning Group (CCG).

1.5 Parent Company Guarantee/Performance Bond Required

- 1.5.1 The Council's Contract Procedure Rules set out a requirement for a Parent Company Guarantee for contracts over £250K. Accordingly, the successful provider will be requested to provide a Parent Company Guarantee as part of the due diligence and quality assessment elements of the tender process. The terms and conditions of contract also provide an added layer of security by way of remedies for non performance of contracts.

1.6 Project Dependency

- 1.6.1 This project supports the delivery of the Intermediate Care and Reablement Service (IC&RS) a multiagency response service that facilitates hospital discharge for patients that are medically stable and have reablement potential. IC&RS is delivered through the HomeFirst contract, which has an expected 4 hour turnaround after initial assessment.

2. STATUTORY/LEGAL OBLIGATIONS

2.1 Statutory/Legal Obligations

- 2.1.1 The provision of community equipment is a statutory obligation which Medway Council must comply with as set out in Section 29 of the National Assistance Act 1948, Chronically Sick and Disabled Persons Act 1970, NHS and Community Care Act 1990, Health Services and Public Health Act 1968, Integrating Community Equipment Services, DH 2001, Health and Social Care Act 2006, Transforming Community Equipment Services 2006, Health and Safety Executive legislation Putting People First 2007, Aiming High for Disabled Children 2007, Healthy Lives, Healthy People 2010, Care Act 2014, Advice and alerts from the Medicines and Healthcare products Regulatory Agency.

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?
1. Meeting Rehabilitative and Independence needs	<ul style="list-style-type: none"> 95 percent of service users in health and social care with improved independence after using the service 	The Senior Commissioning Officer in Adult Partnership Commissioning Team	<ul style="list-style-type: none"> Monthly Performance Review
2. Early Discharge from Hospital	<ul style="list-style-type: none"> 95 percent of service users in health and social care discharged on time after requesting urgent bed delivery 	The MICES Senior Commissioner and the MICES Occupational Therapist	<ul style="list-style-type: none"> Monthly Performance Review
3. Achieving value for money	<ul style="list-style-type: none"> 95 percent of service users in health and social care with improved standard living Evidence of social value benefit to the contract 	The MICES Senior Commissioner and the MICES Occupational Therapist	<ul style="list-style-type: none"> 6 months after the procurement process Yearly Performance Review
4. Meeting Reablement Care Strategy	<ul style="list-style-type: none"> 95 percent of service users from Home First pathway receiving equipment within 4 hours of practitioner assessment 	The Senior Commissioning Officer in Adult Partnership Commissioning Team	<ul style="list-style-type: none"> Monthly Performance Review

3.2 Procurement Project Management

3.2.1 Procurement project management will be resourced by officers in Adult Social Care Partnership Commissioning Team and supported by Medway Council Category Management, Legal, Finance, ICT and relevant departments in NHS Medway Clinical Commissioning Group (CCG).

3.2.2 Category Management will be responsible for ensuring compliance with Public Contracts Regulations (PCRs) 2015 and conducting the tender process.

- 3.2.3 An established project group is currently overseeing the procurement process. This include (but is not exclusive to):

MICES Procurement Project Team	
Justine Henderson	Head of Adults Partnership Commissioning - Medway Council/CCG
Heidi Ward	Programme Lead - Adults Partnership Commissioning Medway Council/CCG
Abayomi Idogun	Senior Commissioning Officer - Adults Partnership Commissioning Medway Council/CCG
Christine Gibson	Occupational Therapist - Medway Council/CCG
Sandra Asiedu	Category Manager - Children & Adult Social Care
Faith Rivers	Lawyer - Medway Council

3.3 Post Procurement Contract Management

- 3.3.1 On completion of the procurement process, the new contract will be managed by the Senior Commissioning Officer jointly funded by Medway Council and NHS Medway Clinical Commissioning Group (CCG). All unresolved issues or failure of service will be escalated and resolved by the Joint Commissioning Management Group (JCMG) Board.
- 3.3.2 Officers will work with the service provider to ensure a successful corporate relationship throughout the life of the contract.

4. MARKET CONDITIONS AND PROCUREMENT APPROACH

4.1 Market Conditions

- 4.1.1 The Medway community equipment service is currently under contract, however the contracting authorities intend to procure a new service through a competitive tender process.
- 4.1.2 Medway Council in partnership with NHS Medway CCG issued a Prior Information Notice (PIN) in April 2018. The PIN was to inform the Provider market of the procurement intentions of the Contracting authorities and also to generate interest for the service. The notice was not a call for competition.
- 4.1.3 There have been 17 expressions of interest in the service since the publication of the PIN with providers indicating their willingness to engage with Commissioners. Commissioners are confident that expressions of interest will translate into Providers submitting bids for the service as part of tender process.
- 4.1.4 Further information relating to this procurement process (particularly market engagement events and tender opportunities) will be advertised on the Kent Business Portal at a future date.

4.2 Procurement Options

4.2.1 **Option 1 – Do Nothing:** The current MICES contract will expire on June 30, 2019 leaving the people of Medway without a statutory equipment service.

- **Advantages:** Continue to collate activity/finance data to inform the delivery of a better service.
- **Disadvantages:** Medway Council unable to fulfil its statutory obligations to the people of Medway. Spot purchasing a statutory service could be more expensive and result in bottlenecks in supply.

4.2.2 **Option 2 – Contract Extension:** The option to extend is available in the existing MICES contract however the extension provision cannot be taken up due to the recent contract variation. A new procurement procedure is required as per the Public Contracts Regulations owing to the nature of the contract modification.

- **Advantages:** Any additional contractual period would provide increased time to collate additional information and activity data to inform a new recommissioning process in the future as well as time to embed the changes from the management action and the ongoing variation.
- **Disadvantages:** Extending the contract will amount to a breach of Public Contracts Regulations leaving the contracting authorities open to a legal challenge.

4.2.3 **Option 3 – Commissioning a new Equipment Service:** Medway Council is acting as the Lead Authority for Medway Integrated Community Equipment Service (MICES) and working in partnership with NHS Medway Clinical Commissioning Group (CCG) to procure a new service.

- The authorities intend to commission a 5 year contract; 3-year initial term with two options to extend by a further year.
- The main objective of the new service is to support more people to remain in their own home by providing the right equipment on time and at the right location.
- **Advantages:** An opportunity to have a smarter and more refined catalogue. Providing a service that meets the needs of all service users.
- **Disadvantages:** Increased budgetary pressure due to current market demands. Increased contract activity could negatively impact the budget.

4.2.4 **Preferred Option:** The preferred procurement route is option 3 which will support the purpose of the service - to loan, obtain, deliver, install and maintain a personalised community equipment service to the

people of Medway. The contract is an investment in preventative treatment, and promoting independence at home and in the community. The preferred option will support the delivery of an improved community equipment service and address the following:

- **Controlled Budget** – delivering a financially constrained service
- **Ongoing Development** – a service supported by continued innovation
- **High Quality** – enhanced service for the people of Medway
- **Prescriber Ownership** – practitioner engagement to improve delivery
- **Robust KPIs** – meeting current community equipment demands

4.3 Procurement Process Proposed

4.3.1 The Open Procedure as set out in the Public Contract Regulations 2015 has been identified as a suitable route to market for the procurement of MICES.

4.4 Evaluation Criteria

4.4.1 Bids will be evaluated on quality and cost of service delivery on a ratio of 60% quality and 40% price.

4.4.2 Quality will be evaluated utilising the Selection and Award criteria based on various elements that incorporate bidders' past experience and their understanding of the service that needs to be procured.

4.4.3 Price will be evaluated on the basis of whole life costs of delivering the service.

5. RISK MANAGEMENT

1. Risk Category: Procurement Process	Likelihood: Low	Impact: Marginal
Outline Description: The commissioning timeline not met, causing a delay in service implementation and possible service gaps		
Plans to Mitigate: Regular meetings with stakeholders and action plan to prevent slippage to the procurement timetable.		
2. Risk Category: Service Delivery	Likelihood: Low	Impact: Marginal
Outline Description: Provider may fail to fulfil contractual obligations		
Plans to Mitigate: Clear specification, with clear performance requirements and a mobilisation plan will be in place. Robust contract management procedures will be adopted.		
3. Risk Category: Service Delivery	Likelihood: Significant	Impact: Marginal
Outline Description: Insufficient activity and financial data from changes to the cost model		
Plans to Mitigate: Collect contract data on a monthly basis to inform the development of the new service specification.		
4. Risk Category: Reputation	Likelihood: Very Low	Impact: Marginal
Outline Description: The service failing to deliver on access and quality outcomes, therefore affecting community and stakeholder perception of the Council and the CCG		
Plans to Mitigate: Robust due diligence at tender stage, regular contract management and performance review.		
5. Risk Category: Finance	Likelihood: Significant	Impact: Marginal
Outline Description: Additional budget pressure from health and social care requirement to support early discharge and independence at home		
Plans to Mitigate: Working with the service provider to focus on identifying future opportunities to deliver efficiencies and value for money within the contract.		
6. Risk Category: Legal	Likelihood: Very Low	Impact: Negligible
Outline Description: Unsuccessful bidders slowing down the process by challenging award decision		
Plans to Mitigate: Robust procurement process in line with best practice and Public Contracts Regulations.		

6. CONSULTATION

6.1 Internal (Medway) Stakeholder Consultation

6.1.1 Consultation is ongoing with Senior Management Teams in Adult & Children Services, Public Health, Practitioners in Health and Social Services and Medway Clinical Commissioning Teams. Adult Partnership Commissioning is also liaising with colleagues at the CCG to manage the procurement process.

6.2 External Stakeholder Consultation

6.2.1 A market engagement event has been scheduled for 19 July 2018. The purpose of this event is to inform prospective bidders and practitioners of the Council/CCG's plan on re-commissioning a new Community Equipment Service in Medway.

6.2.2 Adult Partnership Commissioning Team is currently consulting with practitioners in health and social service through the Prescriber Forum and regular group meetings with heads of service and operations/team managers and prescribers.

7. PROCUREMENT BOARD

7.1 The Procurement Board considered this report on 4 July 2018 and supported the recommendation set out in section 10 below.

8. SERVICE IMPLICATIONS

8.1 Finance Comments

8.1.1 The procurement requirement and its associated delivery plans are funded through the Better Care Fund (BCF) and capital programme fund as agreed by JCMG Board.

8.1.2 Further detail is contained within Section 2.1.1 Finance Analysis of the Exempt Appendix.

8.2 Legal Comments

8.2.1 The 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.

8.2.2 The process described in this report complies with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules.

8.2.3 This is a Category B, Level 3 high risk procurement, the Senior Commissioning Officer will consult with Procurement Board and set the risk and reporting stages (Gateway 4 and 5 if required) for the remainder of the procurement process.

8.2.4 Should new laws be implemented through legislation during the lifetime of a new contract, there are variation provisions within the Medway standard contract that will allow the Council to vary the way services are being delivered to meet any new legal requirements (including a reduction in services). The Council can also be protected from an automatic price increase as result of changes in the law.

8.3 TUPE Comments

8.3.1 Following guidance from Legal Services, Human Resources and the Procurement Team, officers believe that TUPE may apply to this procurement process. As part of the procurement process, further information regarding affected staff will be obtained from the existing provider and issued with the tender documents.

8.4 Procurement Comments

8.4.1 The value of the contract for MICES is above the £181,302 EU Procurement Threshold for services and therefore must be undertaken in compliance with the Public Contracts Regulations.

8.5 ICT Comments

8.5.1 There are no ICT implications for Medway Council and the CCG in relation to this procurement. The provision of an ICT system will be the responsibility of the incoming provider. The successful provider must have or should be capable of setting up an ICT system for the delivery of the service over the contract duration.

9. OTHER INFORMATION

9.1 Diversity and Equality

9.1.1 Community equipment service is provided to all residents registered with a Medway GP (even if they don't live within the boundaries of Medway) regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The successful provider is required through the service specification to operate with an awareness of cultural sensitivities when providing equipment or undertaking installations.

9.1.2 Officers will ensure that the Council's equalities policy is followed during the proposed procurement process, including relevant evaluations of provider's own policies and abilities to meet necessary requirements.

9.2 Social, Economic and Environmental Considerations

9.2.1 The Public Services (Social Value Act) 2012 requires all Public bodies to consider how the services they commission might improve the economic, social and environmental wellbeing of the area. Social Value outcomes will be embedded in the service specifications and evidenced through performance monitoring.

10. RECOMMENDATION

10.1 The Cabinet is requested to approve the commencement of a procurement process to commission a 5 year contract for the delivery of an integrated community equipment service in compliance to the Public Contract Regulations.

11. SUGGESTED REASONS FOR DECISION

11.1 The procurement of a 5 year contract for the delivery of an integrated community equipment service will support the purpose of the service - to loan, obtain, deliver, install and maintain a personalised community equipment service to the people of Medway. The contract is an investment in preventative treatment, and promoting independence at home and in the community. The preferred option will support the delivery of an improved community equipment service and address the following:

- Controlled Budget – delivering a financially constrained service
- Ongoing Development – a service supported by continued innovation
- High Quality – enhanced service for the people of Medway
- Prescriber Ownership – practitioner engagement to improve delivery
- Robust KPIs – meeting current community equipment demands

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APPENDICES:

Exempt Appendix

BACKGROUND PAPERS

The following documents have been relied upon in the preparation of this report:

Description of Document	Location	Date
MICES Business Case – June 2018 V3	https://democracy.medway.gov.uk/mgConvert2PDF.aspx?ID=42927 (Background Paper No.1 refers)	June 2018

A Vision For Adult Social Care	https://democracy.medway.gov.uk/mgConvert2PDF.aspx?ID=42928 (Background Paper No.2 refers)	Nov 2010
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