

CABINET

14 JANUARY 2020

GATEWAY 3 CONTRACT AWARD: MEDWAY INTEGRATED COMMUNITY EQUIPMENT SERVICE (MICES)

Portfolio Holder: Councillor David Brake, Portfolio Holder for Adults' Services

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SUMMARY

This report seeks permission to award a contract for the Medway Integrated Community Equipment Service (to include minor adaptations) as highlighted in the Exempt Appendix to the report.

The Procurement Board recommended commencement of this procurement exercise at Gateway 1 on 4 July 2018 and Cabinet subsequently approved 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 on 7 August 2018 (decision no. 108/2018 refers). The award is based upon the recently undertaken procurement process for a Medway Integrated Community Equipment Service (MICES).

MICES is a statutory service that provides and supports adults and children in Medway with the appropriate equipment to meet therapeutic, rehabilitation, mobility and independence needs.

The political and service sensitivities have been considered and the tender evaluation process was carried out in line with EU procurement laws and regulations. In the likely event of a challenge from an unsuccessful provider, this will be managed appropriately.

This Gateway 3 Report has been approved for submission to the Cabinet after review and discussion at the Children and Adults Directorate Management Team Meeting on 9 December 2019 and the Procurement Board on 18 December 2019.

1. BACKGROUND INFORMATION

1.1 Budget & Policy Framework

- 1.1.1 MICES is jointly commissioned and funded by Medway Council and Medway Clinical Commissioning Group (CCG) as part of the Better Care Fund (BCF) and Section 75 agreement. This arrangement supports the provision of MICES and supports the wider reablement service that focuses on improving quality outcomes for patients and unnecessary stay in hospital.
- 1.1.2 The service is a statutory social care function which provides health and social care equipment to residents of Medway. The service is required under the Public Services (Social Value) Act 2012, to consider how it might improve economic, social and environmental wellbeing of the area.

1.2 Background Information

- 1.2.1 MICES not only supports service users to live independently in their own homes, it also ensures that patients retain their dignity and helps to reduce social isolation. The service supports people to live healthy and meaningful lives in their own home or in the community for as long as possible.
- 1.2.3 MICES supports the Intermediate Care and Reablement Service (IC&RS) an outcome based service that allows Medway Council and the CCG to improve outcomes for patients and service users to be supported at home or in the community.
- 1.2.4 The demand for community equipment in health and social care is increasing and MICES continues to experience an increased demand. This is due to an ageing population and priorities to reduce delayed transfer of care. Where appropriate community based services are provided within a person's own home.
- 1.2.5 Minor Adaptations are currently provided by MICES and funded from the Disabled Facilities Grant (DFG). This involves modifying clients' homes to enable them to remain independent and safely at home. For example, installing internal and external stairs and grab rails, configuring steps, door thresholds/openings and installing ceiling hoists. The new service will continue to carry out this function.
- 1.2.6 The current service is provided by Medway Community Health Care (MCH) who were awarded the contract in June 2016. This is a three year contract with options for two further one year extensions (3+1+1). In April 2018, the Joint Partners - Medway Council and NHS Medway Clinical Commissioning Group (CCG) 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 resulted in a formal contract variation.
- 1.2.7 Following the implementation of the variation and the publication of the Prior Information Notice (PIN) in April 2018, the commissioning of a new MICES

service took effect immediately. The contract was extended until 30 June 2020 while a procurement process took place.

1.2.8 While undergoing a procurement process, the following changes and management actions have contributed to ongoing service efficiencies and budget stability:

- Authorisation by the MICES Occupational Therapist (OT) for urgent and emergency requests and 'special' equipment request
- Monitoring of prescriber activity to maintain quality and reduce waste
- Recall of equipment not deemed necessary on health and safety grounds
- Recycling and retrieval of equipment in the community

1.2.9 Commissioners carried out a comprehensive analysis to support the development of a new service specification:

- Analysis of national guidance and good practice
- Needs of the relevant population and how these are likely to change in future i.e. increased demand
- Current and potential service and resources and the extent to which they are likely to meet future need
- A gap analysis to identify the strengths and limitations of the current service

1.2.10 Commissioners have considered the increased demand for equipment against a backdrop of limited resources for both health and social care. New and innovative technological solutions have been sought to ensure MICES provides a high quality, safe, effective and efficient service that remains within the confines of the approved budget.

1.2.11 The development of a new service specification has been further supported by implementation of the management actions, a provider market event and service user, prescriber and stakeholder engagement.

1.3 Procurement Options

1.3.1 As part of the decision to go out to procurement an options appraisal was carried out:

- **Option One – Do Nothing:**

The current MICES contract expires 30 June 2020 meaning that a statutory equipment service would not be in place.

Advantages: Continue to collate activity and finance data to inform the development of a cost effective service in the future.

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 service failure.

- **Option Two – Contract Extension:**

The option to extend is available as part of the existing MICES contract. However, following the implementation of the variation and the publication of the Prior Information Notice (PIN) in April 2018, commissioners were required to go out to tender.

Advantages: Any additional contractual period would provide increased time to collate additional information and activity data to inform service development.

Disadvantages: Extending the contract could increase cost and result in commissioners not following OJEU procurement requirements.

- **Option Three – Commissioning a new Equipment Service:**

Medway Council acting as the Lead Authority for Medway Integrated Community Equipment Service (MICES) to work in partnership with NHS Medway Clinical Commissioning Group (CCG) to procure a new service.

Commissioning intentions are for a five year contract; three year initial term with two options to extend by a further year.

The new service will 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 develop a new specification that provides new and innovative solutions to ensure MICES continues to provide a high quality, safe and efficient service in Medway but remains within the confines of an approved budget.

Disadvantages: procuring a service that doesn't deliver to the standard of the present service provider.

- **Preferred Option**

Option three supports the purpose of delivering a cost efficient, high quality community equipment service for Medway. The contract is an investment in preventative treatment, promoting independence at home and in the community.

The preferred option supports the development and delivery of an improved community equipment service by addressing the following:

- Controlled budget – a well managed 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 Key Performance Indicators (KPIs) – meeting current community equipment demands and providing an outcome based service

1.4 Service Model

- 1.4.1 The new service will stay within the agreed fixed annual budget for the contract term, while noting a 20% increase in the over 70 age group. MICES will be flexible and absorb expected increases in demand. This will be achieved by commissioners ensuring robust performance management and a strong commissioner and provider relationship.

1.5 Funding/Engagement from External Sources

- 1.5.1 Medway Council and Medway CCG will fund the service from the Better Care Fund (BCF). Funding was approved at the Gateway 1 prior to the commencement of the tender process.

1.6 Parent Company Guarantee/Performance Bond Required

- 1.6.1 The Council's Contract Procurement Rules (CPRs) set out a requirement for a parent company guarantee (PCG) for contracts over 250K. Commissioners have considered these requirements and implications on the market and the cost of delivering the service. It has been decided that the successful provider will not be required to provide a performance bond. The successful provider will be requested to provide alternative assurances as part of the due diligence and quality assessment elements of the tender process. The terms and conditions of the contract also provide an added layer of security by way of remedies for non-performance of contracts.

2. THE TENDER PROCESS

2.1 Procurement Process Undertaken

- 2.1.1 Since the approval at Procurement Board on 4 July 2018, and in line with Medway Council's Contract Procedure Rules, this requirement was subject to a formal EU Open Procedure. An Official Journal of the European Union (OJEU) notice was published within the OJEU. An advert was published on the Contracts Finder on the 30th April 2019.
- 2.1.2 The Invitation to Tender notice was published and advertised on the Kent Business Portal on 22 July 2018. From this advertisement there were 21 expressions of interest (EOI) of which three bids were submitted by the deadline date of midday on the 14 September 2019.

2.2 Engagement Process

- 2.2.1 **Market Engagement:** An open procedure took place for this procurement opportunity, to encourage as much interest as possible from the market. An engagement event was held at Medway Council on 4 September 2018. The event informed prospective providers of the Councils/CCG's commissioning intentions. Feedback from the market event, and the face to face meeting with prospective providers was vital in developing the new service specification.

- 2.2.2 **Prescriber Engagement:** Commissioners used the existing quarterly prescriber forum to develop and improve the equipment list. The group has been instrumental in creating an economical, efficient and safe list for the service.
- 2.2.3 **Stakeholder Engagement:** Commissioners have maintained close working relationships with senior management team and service managers in Adult Social Care, Housing, Public Health and the CCG.
- 2.2.4 **Service User Engagement:** In May 2019, commissioners presented MICES Commissioning intentions to The Physical Disability Board. Healthwatch Medway carried out an independent engagement process to seek the views of service users and families and carers of the present service.
- 2.2.5 **Commissioners used the new specification to develop an improved service:**
- An easy read online equipment catalogue in large print
 - Increased equipment range
 - Online and retail shop for service users
 - Comprehensive training for staff
 - Improved customer service training and communication skills

2.3 Evaluation Criteria

- 2.3.1 The award criteria used in this procurement process is the Most Economically Advantageous Tender (MEAT). Bids were evaluated on quality and cost and based on a 60% quality and 40% price ratio.
- 2.3.2 Price was evaluated based on 'whole life' costs of delivering the service. Bidders were advised to complete all parts of the pricing schedule with expenses and charges required to meet the service specification. The maximum annual value for the service was advertised as £2.2M. Bidders were instructed not to exceed the stated annual cost.
- 2.3.3 Cost carried a 40% weighting and was allocated as follows:
- 30% was attributed to the overall score from the pricing model document which covers equipment costs over the five year period
 - 10% covered other service costs over the five year period
- 2.3.4 The 60 percent quality element was based on 10 Method Statements. Quality was evaluated using the selection and award criteria listed in Table 1. The various parts of the criteria were to understand the bidders' experience and understanding of delivering a quality service. Table 1. shows the evaluation questions, word count and weighting.
- 2.3.5 Tender submissions required bidders to demonstrate an innovative IT System capable of driving high levels of control, effectiveness, equipment tracking and 100% stock availability. Tender responses needed to demonstrate cost efficiencies, a timely service and shared best practice.

2.3.6 As part of the quality assessment, bidders were given the opportunity to present a live demonstration of their IT system and five year service plan. The quality assessment was concluded by a site visit.

2.4

Quality No	Theme	Maximum Word Count	Weighting %
Q1	Service Model Requirements	3000	5
Q2	Service Delivery Outcomes	2500	5
Q3	Partnership and Stakeholder Engagement	1500	5
Q4	Service Quality Assurance	750	5
Q5	Supply Chain Management	1500	3
Q6	Managing Budget and Prescribing	1500	4
Q7	Technological Solutions	1500	4
Q8	Recruitment and Retention	1000	3
Q9	Social Value	1500	3
Q10	Mobilisation	500	3
Provider Presentation			
	Provider Presentation	n/a	10
Site Visit			
	Site Visit	n/a	10
Quality Score		60	

The Evaluation Panel:

2.4.1 The panel consisted of staff from Medway Council and NHS Medway Clinical Commissioning Group (CCG).

Position	Organisation	Vote
Programme Lead - Adults Partnership Commissioning, Medway Council/CCG	Medway Council/CCG	1
Senior Commissioning Officer - Adults Partnership Commissioning, Medway Council/CCG	Medway Council/CCG	1
Occupational Therapist - Adults Partnership Commissioning, Medway Council	Medway Council/CCG	1
Head of Adult Social Care, Medway Council	Medway Council	1
Quality Lead, Medway CCG	Medway CCG	1

2.4.2 **Provider Presentation:** Bidders were sent two pre-set questions covering IT systems and five year service plan. Each question was allocated 30 minutes and another 30 minutes for question and answer from the panel. The panel consisted of the following:

Position	Organisation	Vote
Programme Lead - Adults Partnership Commissioning, Medway Council/CCG	Medway Council/CCG	1

Senior Commissioning Officer - Adults Partnership Commissioning, Medway Council/CCG	Medway Council/CCG	1
Occupational Therapist - Adults Partnership Commissioning, Medway Council	Medway Council/CCG	1
Head of Adult Social Care, Medway Council	Medway Council	1

2.4.3 **Site Visit:** The site visit was an opportunity for the panel to evaluate the bidder's operation and speak to key staff members. The panel consisted of the following:

Position	Organisation	Vote
Programme Lead - Adults Partnership Commissioning, Medway Council/CCG	Medway Council/CCG	1
Senior Commissioning Officer - Adults Partnership Commissioning, Medway Council/CCG	Medway Council/CCG	1
Occupational Therapist - Adults Partnership Commissioning, Medway Council	Medway Council/CCG	1
Head of Adult Social Care, Medway Council	Medway Council	1

Note: The Procurement process was overseen by a Medway Council Category Manager

3. BUSINESS CASE

- **Delivery of Procurement Project Outputs / Outcomes:** The following procurement outcomes/outputs identified as important at Gateway 1 to the delivery of this procurement requirement have been appraised in the table to demonstrate how the recommended procurement contract award will deliver on outcomes/outputs.

Outputs / Outcomes	How will success be measured?	Who will measure success outputs/outcomes	When will success be measured?
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. 	Partnership Commissioning	Monthly contract meeting
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 an urgent bed delivery 	Partnership Commissioning	Monthly contract meeting
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 	Partnership Commissioning	6 months after mobilisation Yearly contract review
Supporting Reablement and Home First Pathway	<ul style="list-style-type: none"> • 95 percent of service users from Home First pathway receiving equipment within 4 hours of practitioner assessment 	Partnership Commissioning	Monthly contract meeting
Recycling	<ul style="list-style-type: none"> • 99% collected within 3 - 5 working days after bereavement • 100% collection - community, care home (residential/nursing) • Equipment tracking 	Partnership Commissioning	Real time monitoring/weekly/monthly
Budget Control	<ul style="list-style-type: none"> • Clinical governance, ERG process, Technological solutions 	Partnership Commissioning	Real time monitoring/weekly/monthly

4. RISK MANAGEMENT

- Risk Categorisation

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 timeline.		
2. Risk Category: Service Delivery	Likelihood: Low	Impact: Marginal
Outline Description: Provider may fail to fulfil contractual obligations		
Plans to Mitigate: An outcome based service specification, with clear key performance requirements. Robust mobilisation plan and contract management.		
3. Risk Category: Service Delivery	Likelihood: Significant	Impact: Marginal
Outline Description: Insufficient and unreliable activity data, lack of 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: Collaborative 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.		

5. PROCUREMENT BOARD

- 5.1 The Procurement Board considered this report on 18 December 2019 and supported the recommendation as set out in section 8 of the report below.

6. SERVICE COMMENTS

6.1 Financial Comments

- 6.1.1 The procurement requirement and its associated delivery as per the recommendations at Section 7, will be funded from existing revenue budgets.
- 6.1.2 Further detail is contained within Section 2 Financial Analysis of the Exempt Appendix to this report.

6.2 Legal Comments

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

6.3 TUPE Comments

- 6.3.1 There are TUPE implications from the organisation currently providing the Medway Integrated Community Equipment Service (MICES). TUPE information was made available during the Tender and advertised via the Kent Portal.

6.4 Procurement Comments

- 6.4.1 In accordance with Regulation 84 of the Public Contracts Regulations 2015, the following details will be provided in this report.

Regulation 84	Data	Required	Included
84(1)(a)	Subject-matter and value of the contract	Yes	Yes
84(1)(d)	Name(s) of successful bidder(s)	Yes	Yes
84(1)(d)	Reasons why successful bid(s) was/were selected	Yes	Yes

7. OTHER INFORMATION

- 7.1 This report seeks permission to award a new Medway Integrated Community Equipment Service (MICES) contract with the aim of providing and supporting service users with the appropriate equipment that meets therapeutic, rehabilitation, mobility, and independence needs.

8. RECOMMENDATION

8.1 The Cabinet is asked to approve the award of the contract to the successful bidder as detailed in section 4.1 of the Exempt Appendix to the report.

9. SUGGESTED REASONS FOR DECISION

9.1 The option is recommended because it offers the highest quality, innovative, safe and efficient service.

LEAD OFFICER CONTACT

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BACKGROUND PAPERS

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

Description of Document	Location	Date
Gateway 1 Report	https://democracy.medway.gov.uk/ielssueDetails.aspx?Id=23310&Opt=3	August 2018