

Report for: Cabinet 11 February 2020

Title: Increase the value of the Community Equipment Contract with Medequip Assistive Technologies.

Report authorised by : Beverley Tarka – Director of Adults & Health

Lead Officer: John Everson – Assistant Director, Adult Social Services

Ward(s) affected: All

**Report for Key/
Non Key Decision:** Key

1. Describe the issue under consideration

- 1.1 Community Equipment importantly supports vulnerable people to remain independent for longer reducing the need for more formal and costly care.
- 1.2 To enable the best value for money (mainly due to economies of scale), Haringey joined the London Consortium for the provision of Community Equipment, and jointly tendered and awarded Medequip the contract to deliver this.
- 1.3 The 4-year contract with Medequip was agreed at Cabinet in February 2017 (taking the contract to 2021) with the option to extend for 1+1 years (to March 2023). Jointly tendered and awarded Medequip the contract to deliver this.
- 1.4 Since then additional services have benefitted from access to this contract, increasing the volume of equipment being supplied and therefore the associated value of the contract. The additional services include Special Educational Needs & Disabilities (SEND), the Paediatric Therapy Team at Whittington Health and Community Alarm Team (CAS) who all procure their stock through this contract.
- 1.5 This increase in activity will result in their being insufficient budget reflected in the contract for 2020/21 onwards. Therefore, in line with procurement rules, there is a need to increase the total contract value by £3.6million, from £7.2m to £10.8 million (£1.2million per year for 3 years), incorporating the options to extend the contract until March 2023.

2. Cabinet Member Introduction

- 2.1 The provision of community equipment supports vulnerable people and their families to maintain healthy, safe and independent lives within their own homes, reducing the need for more complex and costly care, helping support the Council's budget position.
- 2.2 It is therefore positive that demand and therefore the volumes of equipment provided have increased and the proposal in this paper will enable this to continue for the next three years.

3. Recommendations

- (a) To approve variation of the contract value over the next 3 years, increasing it by £3.6million (£1.2m per year), from April 2020 to March 2023.
- (b) To approve a two-year extension of the contract from April 2021 to March 2023.

4. Reasons for decision

- 4.1 Cabinet originally approved a contract value of £5 million in February 2017 for the 4-year duration of the contract ending March 31st, 2021, with the option to extend for a further 1+1 years or 7.2m over the full term
- 4.2 Since then;
- Additional services have been granted permission to procure through this contract, namely Special Educational Needs & Disabilities (SEND), Paediatric Therapy Team at Whittington and Community Alarm Team (CAS) who procure their stock through the contract.
 - Additional community equipment has also been made available to facilitate hospital discharges, prevent hospital admissions and to enable the residents of Haringey to remain in their home environment. Equipment includes, specialist Chairs, the Installation of key safes and manual Hoists.
- 4.3 All of the above contributed to a 22% increase in spend across the whole contract from £1.34 million in 2017-18 to £1.64 million in 2018-19. The current year 2019-20 has projected a further 10% an increase to £1.8 million.
- 4.4 Of the £1.64 million spent in 2018-19 only £614,000 was attributable to Adult Social Care with the remaining (£1.02 million) being re-charged back to other services namely;
- Haringey CCG - £839,000
 - Community Alarm Services - £77,000
 - Special Educational Needs & Disabilities - £62,000
 - Whittington Paediatric Therapies - £47,000
- 4.5 The CCG figure of £839,000 represents an increase in spending of 16% from the previous financial year as opposed to just over a 1% increase by

Adult Social Care. Therefore, it is expected that any increased spending will be attributable to the CCG and they will be recharged accordingly.

- 4.6 Given the reasons already highlighted, the original value will not suffice until the end of the contract.

5. Alternative options considered

- 5.1 The London Consortium completed an options appraisal where re-tendering was considered. However, given the price efficiencies, value for money and quality of delivery demonstrated it was concluded that this would not be beneficial option and would risk disrupting service provision.

6. Background information

- 6.1 The Council joined an existing Framework Agreement with the London Consortium for the provision of Community Equipment in November 2012. This followed a procurement process which was compliant with European procurement legislation (the Public Contracts Regulations 2006).
- 6.2 The Framework Agreement ran until March 31st, 2015, the consortium then agreed to invoke the option to extend for a further two years until March 31st, 2017.
- 6.3 Following a tendering process, the Consortium awarded a new 4-year contract to Medequip that started on April 1st, 2017. This current Framework agreement has the option to extend for 1+1 years; and following an options appraisal completed by the consortium board dated 28th February 2019, the first-year extension until March 31st, 2022 was agreed.
- 6.4 Further option appraisals will be completed in the future to help determine the best way forward for the consortium. The consortium lead borough is Royal Borough Kensington & Chelsea, and the procurement lead is Westminster City Council.
- 6.5 Haringey Council will conduct its own internal analysis to determine if a return to an in-house service could be a viable option post March 31st, 2023 prior to contract expiry.

7. Contribution to strategic outcomes

This links into Priority 2; 'People' section of the Borough Plan, which states the following:

“All adults are able to live healthy and fulfilling lives, with dignity, staying active and connected in their communities”

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance:

8.2 This report is seeking to increase the value of an existing call off contract for medical equipment to Medequip Assistive Technologies by £3.6m from £7.2m to £10.8m. Additionally, this report is seeking to extend the period of the contract for two years from the initial 4-year term to 6 years which was allowable under the award of the contract.

8.3 The award of the original contract from the London Consortium Framework Agreement demonstrated value for money and the most recent contract management reports are satisfactory. Therefore, increasing the value of this contract would continue to provide value for money.

8.4 The cost of the increasing the value of this contract can be met from existing agreed council budgets or will be recharged to the CCG and NHS partners for their use of the contract.

8.5 Procurement:

8.6 The framework was duly advertised and tendered as required.

8.7 Under the Public Contract Regulations 2015 (as amended) (the “Regulations”) modifications to a contract within the scope of the Regulations are only permissible if the modification complies with Regulation 72 of the Regulations.

8.8 Regulation 72(1)(b), permits inter alia, modifications where additional works, services or supplies by the original contractor have become necessary and a change of contractor cannot be made for economic or technical reasons and would cause significant inconvenience or substantial duplication of costs, provided the increase in value, does not exceed 50% of the original contract price.

8.9 In this case the inclusion of, special educational needs, community alarms, paediatric provision and increase in spending by NHS has inflated the contract price. It is anticipated that an additional £3.6m will be required to meet demand over the remaining term. The additional £3.6m of spend is under the 50% ceiling permitted under the Regulations.

8.10 The option to extend the contract for a period of two years is set out in the contract. Therefore, the extension for a two-year period is in accordance with Regulation 72(1)(a) of the Regulations.

8.11 It should be noted that CCG and NHS represent 54% of the cost in the last year, which is rechargeable.

8.12 It would be a waste of resources to go out to tender again as this is a consortium involving other boroughs which is only a third of the way though a new 6-year contract. The consortium is some 18 London Boroughs strong and has leveraged its buying power to secure greater cost and process efficiencies, which would not be available to the Council, if tendered as a sole purchaser

8.13 It therefore makes good sense economically and pragmatically to seek a contract extension. Moreover, all boroughs contribute to a centralised contract management team to provide regular contract and performance monitoring to ensure service delivery meet requisite standards and continue to provide best value. A recent service appraisal supported this view. These requests are both in line with Council Standing Orders and the Procurement Code of Practice.

8.14 Legal:

8.15 The Assistant Director of Corporate Governance has been consulted in the preparation of this report.

8.16 The proposed increase in the contract value is under Regulation 72(1)(b) of the Public Contracts Regulations 2015 (as amended) (the “Regulations”). Regulation 72(1)(b) provides that contracts may be modified where additional works, services or supplies by the original contractor have become necessary and a change of contractor cannot be made for economic or technical reasons and would cause significant inconvenience or substantial duplication of costs for the contracting authority, provided any increase in price does not exceed 50% of the value of the original contract.

8.17 The call-off contract includes an option to extend the contract for two years. Therefore, the two-year extension requested in the recommendations in this report complies with Regulation 72(1)(a) of the Regulations.

8.18 The Assistant Director of Corporate Governance sees no legal reasons preventing Cabinet from approving the recommendations in the report.

8.19 Equality:

8.20 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

8.21 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith,

sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

- 8.22 The proposed decision is to approve a two-year extension of the community equipment contract and a variation of the contract value. Those most affected by the decision will be Haringey residents with disabilities and/or health conditions that limit their abilities to undertake day-to-day tasks. The extension to the contract represents a means of ensuring that the differential needs of these residents can be met, and therefore represents a measure to advance equality of opportunity. The contractor will be required to have due regard for the three aims of the public sector equality duty, stated above, in its capacity as an organisation undertaking a function on behalf of a public body.

9. Use of Appendices

None

10. Local Government (Access to Information) Act 1985

None