

Report for: Cabinet Member Signing – 10 March 2022

Title: Increase the Value of the Community Equipment contract with Medequip Assistive Technology Ltd

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

Lead Officer: Jeni Plummer, Interim Assistant Director, Adult Social Services

Ward(s) affected: All

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

1. Describe the issue under consideration

- 1.1 Community Equipment supports vulnerable people to remain independent for longer improving their outcomes and reducing the need for more formal and costly care.
- 1.2 To enable the best value for money in purchasing community equipment, mainly due to economies of scale, Haringey joined the London Consortium for the provision of Community Equipment. Haringey jointly tendered and awarded the contract to Medequip Assistive Technology Ltd ('Medequip') through a framework contract ("the Framework"). At present the Consortium consist of 21 London Boroughs out of 33. The only borough delivering in house equipment store is Enfield.
- 1.3 The 4-year Framework 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). Both extension periods have been agreed by the consortium.
- 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 the Community Alarm Team (CAS) which all procure their community equipment stock through this contract. In addition, there has been increased demand for community equipment from the contract during the pandemic.
- 1.5 This increased activity will result in there being insufficient budget reflected in the contract for the financial year 2022-23 and there is a need to increase the total contract value by £1.1 million, from £10.8 million to £11.9 million.

2. Cabinet Member Introduction

N/A

3. Recommendations

The Cabinet Member is asked:

- 3.1 To approve the increase in the value of the Framework with Medequip by £1.1 million for the remainder of the contract term to March 31 2023, in accordance with Contract Standing Order 10.02.1(b).

4. Reasons for decision;

- 4.1 Cabinet originally approved the award of the Framework in March 2017 for the initial period of 4 years with an option to extend for 2 years at a total value of some £7.2 million. In February 2020 Cabinet approved a contract extension to March 2023, and variation to increase the contract value to £10.8 million
- 4.2 Since the contract extension in February 2020, the Covid pandemic has affected all areas of life, leading to unprecedented demand for use of the community equipment service which has continued to meet the challenge. The increased demand and other factors set out below resulted in 20% higher spending through the contract by the 5 services in 2020-21, up from £1.77 million to just under £2.2 million As an example, average monthly spending through the contract increased to £177,000 in 2020/21 and has increased again to £193,000 in the first 6 months of 2021-22.
- 4.3 The other factors leading to increased costs include:
 - 4.3.1 An increase in community equipment prices. From April 1st 2021, 520 Medequip stock items had a price increase whilst 420 remained the same. The net effect was a 2.7% price increase. The price rises were driven by large increases in raw material costs due to shortages in foam and steel.
 - 4.3.2 Increased costs due to contributions to the Personal Protective Equipment (PPE) costs of Medequip technicians during the pandemic by all consortium members. This was charged at 0.82p per activity (a visit to a residents home)
 - 4.3.3 The implementation of a block payment scheme, agreed across London Association of Directors of Adult Social Services in late March 2020, to assist Medequip with a potential shortfall during the pandemic in three areas, activity fees, labour repair costs, recycling fees.
 - 4.3.4 1.7% increase in activity fees by Medequip from April 2021.
 - 4.3.5 Increased freight/ shipping container cost charges that are forecast to continue until early 2022, some of which will potentially be passed onto boroughs, with amounts still to be determined. Average price per container increased from £2000 per container to £18,000.
 - 4.3.6 Procurement costs for the new consortium tender, projected to be circa £35k per borough.

- 4.4 Of the £2.2 million spent in 2020-21, £855,000 (40%) was attributable to Adult Social Care spend and the remainder was recharged as follows;
- Haringey Clinical Commissioning Group (CCG): £1,117,000 (53%)
 - Community Alarm Services: £37,000 (1.75%)
 - Special Educational Needs & Disabilities: £76,000 (3.6%)
 - Whittington Paediatric Therapies: £38,000 (1.8%)
- 4.5 The CCG figure of £1,117,000 represents an increase in spending of 22% from the previous financial year. Covid caused an unprecedented demand for beds and high risk pressure mattresses, which along with other equipment helped to facilitate fast hospital discharges.
- 4.6 Given the above figures it is expected that of the £1.1m contract variation request, £660,000 (60%) would be recharged to other services.

5. Alternative options considered

- 5.1 The London Consortium will be going out to tender for a new contract to start in April 2023. The process for re-tendering commenced in April 2021 and has involved extensive engagement and workshops with local boroughs and driven by the Consortium Management Board. Locally we have been involved from a Procurement and operational perspective. Given we are approaching the final year of a 6-year contract other options are limited at this stage.

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. That Framework agreement had an 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. Subsequently the 2nd one year extension has been agreed taking the contract end date to March 31st 2023.
- 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.
- 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

7.1 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

8.1 Finance

8.1.1 The proposal is to extend contract for a period of 2 years commencing from 1st April 2021 until 31st March 2023 which will require an increase in the total contract value by £1.1m, from £10.8m to £11.9m. Below is a breakdown of budget and spend over the original contract period and projected extension period.

	17/18 £	18/19 £	19/20 £	20/21 £	21/22 £	22/23 £	Total £
Gross Budget	1.4	1.6	1.8	2.1	2.3	2.7	11.9
Gross Expenditure	1.4	1.6	1.8	2.1	2.3	2.5	11.7

8.1.2 Funding is met from a combination of DFG and CCG contribution (circa 50:50 split). There is sufficient annual budget to meet the allocated expenditure of over financial years 2021/22 - 2022/23.

8.2 Procurement

8.2.1 The service to which this report relates is within ambit of the Public Contracts Regulation 2015, (the Regulations') Light Touch Regime. As such it was duly tendered by a consortium of London Boroughs led by Hammersmith & Fulham in 2017

8.2.2 Under the Regulations a contract modification would usually require a further tender process, however 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.

8.2.3 In this case this framework has been let by a consortium of over 17 London Boroughs which returns efficiencies in management and price due to economies of scale. The exigencies of the pandemic coupled with attendant costs in PPE, increased demand, equipment and freight costs, as well as the additional expenditure due to other services accessing the contract like community alarms, paediatric provision has meant that an anticipated additional

£1.1m will be required to meet demand over the remaining term, which equates to less than the 50% ceiling permitted under the Regulations.

8.2.4 Finally, it should be noted that the 55% of the cost will be met by Health health partners; Haringey CCG and Whittington hospital.

8.3 Legal

8.3.1 The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of the report.

8.3.2 The variation of the Framework referred to in the recommendations is in accordance with Regulation 72(1)(b) of the Public Contracts Regulations 2015 (“the Regulations”). Therefore the variation is compliant with the Regulations

8.3.3 Pursuant to Contract Standing Order 10.02.1(b) Cabinet has authority to approve the recommendations in the report.

8.5.4 The Head of Legal and Governance (Monitoring Officer) sees no legal reasons preventing Cabinet from approving the recommendations in the report.

8.4 Equality

8.4.1 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.

8.4.2 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.

8.4.3 The proposed decision is to approve a £1.1m increase to the value of the community equipment contract. 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 value increase 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

N/A

9. Local Government (Access to Information) Act 1985

N/A