
Meeting	Cabinet Resources Committee
Date	25 February 2013
Subject	Integrated Community Equipment Contract
Report of	Cabinet Member for Adults
Summary	<p>This report seeks authorisation to enter into an agreement with Medequip Assistive Technology Limited ('Medequip') for the provision of Community Equipment and services through the pre-existing London Consortium Framework Contract for an initial period of 24 months (1st April 2013 to 31st March 2015) with option to extend it by a further two years in accordance with the Framework terms.</p> <p>NHS Barnet will purchase Community Equipment through the Council's proposed contract which requires an extension to the partnership agreement under Section 75 to the National Health Service Act 2006.</p>

Officer Contributors	Caroline Byrt - Interim Assistant Director Supply Management and Resources, Adult Social Care and Health Chris Penny - Interim Senior Category Manager, Adult Social Care
Status (public or exempt)	Public
Wards Affected	All
Key Decision	Yes
Reason for urgency / exemption from call-in	Not applicable
Function of	Executive
Enclosures	None
Contact for Further Information:	Chris Penny, Interim Senior Category Manager (0208 359 3890)

1. RECOMMENDATIONS

- 1.1 That the Committee approve entering into a contract with Medequip Assistive Technology Limited (“Medequip”) via the pre-existing London Consortium Framework for the provision of Community Equipment Services for an initial period of two years, commencing the 1st April 2013 and ending on 31st March 2015, but with option to extend it by an additional two years in accordance with the Framework terms.**
- 1.2 That the Committee authorise an extension to the Section 75 Agreement between London Borough of Barnet and NHS Barnet (or its successor body) so that the London Borough of Barnet remains the lead commissioner for Community Equipment Services with approval of the Section 75 Agreement being delegated to the Cabinet Member for Adults to take under delegated powers.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 20th June 2012: Cabinet Resources Committee, Agenda item 12 - Corporate Procurement Plan. Community Equipment identified as planned contract procurement for the financial year 2012/2013.
- 2.2 2nd March 2011: Cabinet Resources Committee. Approval of a two years extension to the Community Equipment contract with Medequip from 1 April 2011 and to the annual extension of the Section 75 Agreement and pooled fund arrangements between the Council and NHS Barnet.
- 2.3 31st December 2007: The Cabinet Member for Community Services approved by delegated powers (DPR 448) the award of contract for the provision of Community Equipment to Medequip and Barnet Council re-entering into a partnership arrangement of up to 5 years duration for provision of Barnet's Community Equipment Service with Barnet Primary Care Trust under Section 75 of the National Health Service Act 2006 and for Barnet Council to act as the lead agency.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Integrated Community Equipment service and proposed new contract is supportive of London Borough of Barnet's 2012-13 Corporate Plan objectives of “Better services with less money” and the objectives set out in the 2012-13 Adult Social Care and Health Directorate Plan as it promotes independent living, postpones or mitigates the need for entry in to more costly care services.

4. RISK MANAGEMENT ISSUES

- 4.1 Remaining with Medequip means a known and responsive supplier account management team is retained and the familiar transaction processing system remains in situ. The warehouse operation remains the same as does Medequip's record of good customer service exemplified through very low numbers of customer complaints and positive written customer feedback

received through the Service Feedback Assessment process. There will be three notable pre-launch challenges to be managed in partnership with Medequip:

- 4.1.1 Data Transfer: Whereas the council continues using Medequip's order processing system, there is a data migration exercise to a new account under the Consortium contract. There is need to transfer equipment assets to this new account which means ensuring correct asset descriptions and transfer values. This will be a Medequip led activity but there is council input to the process especially if some stock items are to be written-off rather than transferred.
- 4.1.2 Staff Training & Configuration Considerations: Integral to the Consortium agreement is upgraded functionality to the current order processing system. There is need to train the client-side account manager on this new functionality and how to set-up the enhanced workflow within the system. Additionally, there is some user training required as the look and feel of the system is different from the current release. This is undertaken online so there is no need for costly face-to-face training. Additionally, there is a helpdesk for ad hoc support.
- 4.1.3 Client Side Account Management: Presently the Council dedicates one officer's time to this contract. This level of commitment must remain to effectively manage the agreement and drive value from it.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Pursuant to section 149 of the Equality Act, 2010, the Council has a public sector to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between those with a protected characteristic and those without; promoting good relations between those with a protected characteristic and those without. The, relevant, 'protected characteristics' are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to elimination discrimination. Private contractors providing public services on behalf of the council must, also, comply with this duty.
- 5.2 The Consortium Framework complies with the requirements of the 2010 Equalities Act. The Framework itself was concluded prior to the Act so makes reference to superseded equal opportunities and diversity legislation.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 The recommendation to contract with Medequip through the Consortium is resource efficient in a number of notable areas:
 - 6.1.1 Economies of scale. £129,400 (6.8%) 2013/14 and £131,600 (6.9%) 2014/2015 savings are forecast against a £1,900,000 p.a. spend baseline, the result of lower activity charges. It is anticipated that savings will be split

between the two organisations on a 57% (Council), 43% (NHS Barnet) basis. There is a £120,000 saving identified in the Council's current Medium Term Financial Strategy (2014-15) linked to the new Community Equipment contract so there is alignment with projected savings.

- 6.1.2 Remaining with Medequip mitigates costs associated with vacating the warehouse through which the service is already operated (an estimated £16,000).
- 6.1.3 Contracting with Medequip through a pre-existing Framework has mitigated the need to run a lengthy and resource intensive tender process.
- 6.1.4 Remaining with Medequip means the incumbent order processing system is retained so approximately 250 users will not need to be retrained on a new system.
- 6.1.5 There are enhancements to the order processing system operated by Medequip through the Consortium – notably powerful workflow (meaning tougher approval processes can be applied before purchases are made; this enhanced workflow can be used to 'mask' certain catalogue options which are not assessed to provide value for money) and better management information reporting (so that managers can easily pull reports without need of administrative support).
- 6.2 The Adult Social Care Supply Management team at the Council commits one FTE to the management of the current agreement. This post is part funded by NHS Barnet under the Section 75 Agreement, their contribution being £18,086 per annum. This level of resource and funding needs to remain for the lifetime of the contract.
- 6.3 The contract value is estimated at £3,540,000 over the initial two years term and an estimated £7,100,000 over four years, should the Council decide to extend it in accordance with the Framework terms. The cost of this contract will be met by Adult Social Care and Health, Section 256 funding (£200,000) and recharges to NHS Barnet.

3.1

7. LEGAL ISSUES

- 7.1 The London Consortium Framework was established by the Royal Borough of Kensington and Chelsea in 2010. Medequip is the sole appointee to this Framework which was tendered in accordance with EU procurement regulations.
- 7.2 The OJEU Notice published to the European Journal (reference 2008/S 251-336664) provides that the Framework would be a "... Framework Contract for health and local authorities open for any London Authority".
- 7.3 Within the body of the Framework Agreement, Clause 5.1 provides that: "Any local authority and/or health trust ("Public Body") within the boundaries of Greater London shall be entitled to enter into a Service Contract with the Service Provider and Primary Contracting Authority [presently the Royal Borough of Kensington and Chelsea] for the provision of the Services under

the terms of the Framework Agreement by executing an Access Agreement PROVIDED THAT the Lead Authority [if not the Royal Borough of Kensington and Chelsea] authorises such Access Agreement by providing written confirmation of such authorisation to the Service Provider, the relevant Public Body, and (where the Primary Contracting Authority is not also the Lead Authority) the Primary Contracting Authority”.

- 7.4 Clause 2.1 of the Framework Agreement provides that: “The Framework Agreement shall commence on 1st April 2010 and shall continue in force until 31st March 2015 (subject to the provisions for extension or earlier termination as set out in clauses 3 and 10.1, PROVIDED THAT no new Public Body may access this Framework Agreement after the expiry of 31st March 2014”.
- 7.5 Clause 2.2 of the Framework Agreement provides that “The duration of each Service Contract let under this Framework Agreement will be specified in that Service Contract and will be unaffected by the termination of this Framework Agreement”.
- 7.6 On the basis of these provisions, the Council may rely on the Framework and enter into contract with Medequip - without having carried out a separate procurement exercise - so long as it complies with the provisions of the Framework Agreement. It is within the, applicable, time limits for entering into a Service Contract with Medequip.
- 7.7 The Framework Agreement, further, contains provision for: “The Lead Authority [presently the Royal Borough of Kensington and Chelsea] acting on behalf of the Contracting Authorities, to terminate the Framework Agreement for any reason and at any time after 31st March 2011 by giving the Service Provider no less than three months written notice of termination”. There is no information to show that the Royal Borough of Kensington and Chelsea have, either, transferred the ‘Lead Authority’ responsibilities to another contracting authority, or that that authority has terminated the Framework Agreement.

8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)

- 8.1 Council Constitution, Part 3, Responsibilities for Functions, Sections 3.5 and 3.6 detail the responsibilities of the Cabinet Resources Committee which includes approval of schemes not in performance management plans but not outside the Council’s budget or policy framework. The Contract Procedure Rules (Section 5, Table 5-1) provides that Cabinet Members can accept contracts with a value over £500,000 where the tender represents value for money and is the best available option for the Council. Notwithstanding this, Section 3.5 of the Responsibilities for Functions provides that Cabinet Committees can discharge the executive functions that fall within their terms of reference, whether or not they are also delegated to Cabinet Members or officers
- 8.2 Council Constitution, Contract Procedure Rules, Section 6.11 (Framework Agreements) requires that the Director of Commercial Services must be satisfied that procuring through a framework agreement represents the most economically advantageous solution for the supply of services and complies with relevant EU Rules and Regulation on the use of such agreements. The

Director of Commercial Services has been consulted on the recommendation to contract with Medequip through an existing Framework Agreement and has (taking into consideration the provisions set out in sections 6.11.1 to 6.11.16) agreed to this approach.

9. BACKGROUND INFORMATION

- 9.1 Community equipment is the collective term used by health and social care personnel for products that help disabled, vulnerable and older people live as independently as possible in their own homes, postponing or mitigating the need for entry in to more costly care services.
- 9.2 The London Borough of Barnet and NHS Barnet loans community equipment to disabled and older people through an outsourced contract with Medequip led by Adult Social Care via a Section 75 Partnership Agreement.
- 9.3 Barnet's contract with Medequip is for the supply, installation, maintenance, refurbishment, collection and recycling of equipment for daily living, medical load equipment, rehabilitation, mobility and specialist equipment.
- 9.4 Both Adults and Children's Services Community Equipment requirements are served through the current contract.
- 9.5 The contract commenced on the 1st April 2008 with an original term of three years but with scope to extend it by a further two years. This option was taken and the contract now terminates on the 31st March 2013.
- 9.6 Medequip serves both the London Borough of Barnet and Barnet NHS through this contract. Combined spend is around £1,900,000 per annum across both organisations (£1,100,000 London Borough of Barnet; £800,000 Barnet NHS).
- 9.7 Engagement with the budget holder and key stakeholders was undertaken to secure insight into current and future requirements for the service. It was felt by all concerned that the 'to be' service specification should mirror the 'as is' position. It was also felt that dealing with a single provider for services would be a better option rather than having to buy from and manage multiple providers and systems.
- 9.8 Supply market options were considered prior to arriving at the recommendation to contract with Medequip through the London Consortium Agreement. Considered options included:
 - 9.8.1 Looking to pre-existing contracts which the London Borough of Barnet could sign-up to. One alternative to the London Consortium Framework was identified however further to a benchmark exercise and considering logistics implications, it was considered a fall-back option. No suitable Frameworks were identified as available from either NHS Supply Chain or the Government Procurement Service.
 - 9.8.2 A competitive tender exercise. This would have been an EU Restricted Procedure tender. This was not the proposed recommendation as the economies of scale offered through the London Consortium Framework (£27,000,000 turnover) could not be bettered by the London Borough of

Barnet tendering alone (London Borough of Barnet and NHS Barnet spend is £1,900,000 pa – 14 time smaller than Consortium turnover).

9.9 The recommendation to proceed with Medequip through the Consortium is based on:

9.9.1 Savings. Estimated at £129,400 (6.8%) 2013-14 and £131,600k (6.9%) 2014-15 against a £1,900,000 spend baseline.

9.9.2 Cost Avoidance. Remaining with Medequip mitigates costs associated with vacating the warehouse through which services are currently operated, new systems investment and training.

9.9.3 Service Performance. Remaining with Medequip minimises service user disruption and Medequip has a good track record of performance (74 customer service complaints out of 33,000 service requests in 12 months – 0.02%).

9.9.4 Credibility & References. The Consortium Framework is already extensively used by 19 other London Borough's. Positive references have been received from London Borough's of Barking & Dagenham, Wandsworth, Southwark, Harrow and Brent.

9.9.5 Flexibility. The Framework does not commit the London Borough of Barnet or NHS Barnet to volumes. Similarly it is expressly permissible to opt-out of services such as the supply of telecare equipment (this equipment and services provision is currently under strategic review).

10. LIST OF BACKGROUND PAPERS

10.1 None.

Cleared by Finance (Officer's initials)	MC/JH
Cleared by Legal (Officer's initials)	SS