

**Decision Maker:** Executive

**For Pre-Decision Scrutiny by the Care Services PDS  
Committee on**

**Date:** 11<sup>th</sup> November 2014

**Decision Type:** Non-Urgent Executive Key

**Title:** Integrated Community Equipment Services

**Contact Officer:** Robert Denman, Procurement Officer, Procurement and Contract  
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**Chief Officer:** Terry Parkin

**Ward:** N/A

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1. Reason for report

1.1 This report gives an outline of the contract with Medequip under the London Consortium Framework and seeks authorisation to extend the current contract.

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2. **RECOMMENDATION**

2.1 Care Services PDS are asked to note and comment on the content of this report.

2.2 The Executive are requested to agree the following:

- i. An extension to the current contract with Medequip under the London Consortium Framework for a period of two years commencing on 2<sup>nd</sup> July 2015 as allowed for in the original agreement and in accordance with Contract Procedure Rule 23.7.3.
- ii. That during the period of extension the Council participates in a joint re-tendering exercise through the London Consortium.

## Corporate Policy

1. Policy Status: Existing policy.
  2. BBB Priority: Supporting Independence.
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## Financial

1. Cost of proposal: Estimated cost £1.5m including a health contribution of up to £850k
  2. Ongoing costs: N/A.
  3. Budget head/performance centre: 838001 3009
  4. Total current budget for this head: £1,637k including a health contribution of £850k
  5. Source of funding: RSG
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## Staff

1. Number of staff (current and additional): N/A
  2. If from existing staff resources, number of staff hours: N/A
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## Legal

1. Legal Requirement: Statutory requirement. Chronically Sick and Disabled Persons Act 1970 as supplemented by Disabled Persons Act 1986
  2. Call-in: Call-in is applicable
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## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approximately 2,500 service users within London Borough of Bromley which is likely to increase with more early discharges from hospital and prevention of admissions to hospital
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## Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: N/A

### **3. COMMENTARY**

- 3.1 The Integrated Community Equipment Service (ICES) is used by social and health care professionals to arrange for the provision of loan equipment and minor adaptations at the properties of eligible service users following an assessment of needs within the London Borough of Bromley. Thus supporting people to maximise their independence and remain living in their own homes as long as possible. Loan equipment is issued to eligible service users on a temporary basis and if no longer required, Medequip will collect and recycle the equipment for further use ensuring the cost of providing equipment is kept to a minimum
- 3.2 Full membership of the London Consortium Framework was agreed by Exec' in October 2011 and the contract commenced with Medequip Assistive Technology Ltd on 2<sup>nd</sup> July 2012 for a period of three years until 1<sup>st</sup> July 2015 with an option to extend for a further two years until 1<sup>st</sup> July 2017
- 3.3 Medequip have performed well and have met service requirements in what was a new contract just over two years ago which has also given us the benefit of reviewing and providing an analysis of all activities through a common software database and enabled all Consortium members to give consideration to what we would want to see in a new contract.
- 3.4 A multi-point improvement plan has been developed by the Consortium which would lead to significant service improvements and flexibility, for example;

- Am and pm deliveries
- Preparation for 7 day working
- KPI Target of 65% collection rate in 2015/16 and 70% in 2016/17 (each 5% increase should realise savings of at least £30k per Borough)
- Service users to be offered 4hr delivery window at confirmation of appointment to be reduced to 2hs in 2015/16
- Improved regular reporting of activity and data to local authorities in a number of areas

and we would want to work with the Consortium and include these in a new service specification when the service is re-tendered but, given the size of the Consortium, we would need time to review.

- 3.5 The London Consortium, on the behalf of its members, has looked at the market for alternative service providers. There are other providers in the market and there are two options;

Option 1. Re-tender the service as an individual local authority which would dilute our purchasing power and not afford us economies of scale or

Option 2. Remain with the Consortium which gives us a combined purchasing and contract power in excess of £16m across 20 London Councils and providing economies of scale.

- 3.6 The outcome of a potential contract extension will affect twenty other London Boroughs who are members of the London Consortium Framework and all members would be recommending to their own local authorities that the current contract be extended providing economies of scale through combined purchasing power, while alternative service provision is sought through a tendering process. Areas of improvement identified in the multi-point plan will be implemented during any agreed contract extension

### **4. POLICY IMPLICATIONS**

Supporting Independence is a key objective for both health and social care to support the independence of vulnerable people in the community and is in line with the Council's objectives

with 'Building a Better Bromley'. The Integrated Community Equipment Service contract is an important element in delivering this objective allowing both health and social care professionals to quickly order equipment such as hoists, beds and commodes etc which can support early discharges from hospital or prevent hospital admissions in the first instance and potentially avoid increased care packages.

- 4.1 In line with national policy and the Health and Social Care Act 2012, the Framework provides Bromley health and social care services the opportunity for an integrated community based care service through shared commissioning and procurement, maximisation of limited resources and enabling important existing services to run more efficiently.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 The service came within budget this year and value for money initiatives are on-going within the Framework. It has been agreed with the London Consortium that in lieu of any Contract extension with Medequip activity fees will be frozen for the duration of any extension and substantial reductions in costs for out of hours activities (including weekend working) have been negotiated subject to volume demand. Further flexibility of am and pm deliveries/collections will be provided and Medequip have a targeted 0.36% savings for price reduction on existing catalogue products per year across the Consortium. It is envisaged that the overall costs to Framework members, based on current volumes, will reduce for the duration of any extension agreed.
- 5.2 For some years health have met their community equipment needs through a joint arrangement with the Local Authority. Firstly, the Primary Care Trust paid £180k into what was at the time our in-house community equipment service. Today Bromley's Clinical Commissioning Group (BCCG) continue to meet their community equipment requirements through a joint arrangement with the Local Authority utilising our call off contract with Medequip. The CCG's contribution went up to £600k in 2013/14. Since then, based on the fact that the Medequip contract allows us to audit and monitor actual usage against health and care professionals the BCCG have continued to increase their contribution. They have drawn down some of their winter pressures funding from NHS England to help balance the community equipment budget which is estimated to reach £1.5m in 2014/15. This arrangement is captured within the new overarching Section 75 agreement with BCCG.
- 5.3 For 2015/16 onwards, future considerations with health will need to be taken in terms of the Section 75 Agreement and the appropriate contributions to this contract will have to be made. If this is not the case then health's use of this contract will have to be limited to their contribution.

## **6. LEGAL IMPLICATIONS**

- 6.1 The contract was awarded on the basis of a Framework Agreement set up through a full tendering process carried out within full EU Procurement regulations by The Royal Borough of Kensington and Chelsea.
- 6.2 CPR 23.7.3 states "Subject to any requirements of Financial Regulations, statutory restrictions and compliance with any provisions of the EU Procurement Regulations particularly those relating to negotiation), a Chief Officer may authorise the following extension to an existing contract *"An extension for a particular period provided for within the terms of the contract (but subject to satisfactory outcomes of contract monitoring, such information having been provided to where required in these Rules to the relevant Portfolio Holder and/or Executive)"*.

<b>Non-Applicable Sections:</b>	<b>PERSONNEL IMPLICATIONS</b>
Background Documents: (Access via Contact Officer)	Executive Reports ACS 12012 and ACS 11054 (Minute 77, 19th October 2011 refers)