



City of Westminster Cabinet Member Report

Meeting or Decision Maker(s):	Cabinet Member for Adult Social Care, Public Health and Voluntary Sector
Date:	05 September 2022
Classification:	Part Exempt
Title:	Permission to award a contract for the provision of community equipment services
Wards Affected:	All
Key Decision:	Yes
Financial Summary:	The estimated total net value of the call off contract for WCC is £19.7m. Of which, the current apportionment between Health and ASC equates to: Health £7.8m (70%) and ASC £3.4m (30%). However, activity levels in one year are not a guarantee of activity in another year as this is purely a demand led statutory service
Report of:	Bernie Flaherty – Bi-Borough Executive Director of Adult Social Care

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the proposed award to Nottingham Rehab Limited (trading as NRS Healthcare) (01948041) to provide an Integrated Community Equipment Service (ICES) on behalf of the London Community Equipment Consortium (21 Boroughs) hosted by the Royal Borough of Kensington and Chelsea (RBKC) with Westminster City Council (WCC) being the lead for the procurement.
- 1.2 The scope of the Community Equipment service includes the supply, delivery fitting/installation, adjustment, servicing/testing, collection, refurbishment, recycling, and disposal of items of equipment.
- 1.3 This report recommends the award of the framework contract for the London Community Equipment Consortium and call off contract for Community Equipment services under the Consortium framework contract for Kensington and Chelsea for a period of 5 years with the option to extend for a further 2 years. to NRS Healthcare, Company registration number (01948041).
- 1.4 The estimated total net value of the London Consortium framework contract for the period of 5 + 2 years, is £360m for the full proposed contract period based on current expenditure (including the extension options) for all Consortium Boroughs. The Framework Agreement for these services is planned to commence on 1st April 2023 for a period of five years, with an option to extend for a further two years.
- 1.5 The estimated total net value of the call off contract for WCC is £19.7m. Of which, the current apportionment between Health and ASC equates to: Health £7.8m (70%) and ASC £3.4m (30%). However, activity levels in one year are not a guarantee of activity in another year as this is purely a demand led statutory service.

2. RECOMMENDATIONS

That the Lead Member for Adult Social Care, Public Health and Voluntary Sector:

- 2.1 Approves to proceed with the award of the sovereign call off contract for the Borough (estimated value £19.7m) from 1st April 2023 to 31st March 2028 with the option to extend for a further 2 years until 31st March 2030.
- 2.2 Delegates the option to extend the contract for the additional 2 years to the Executive Director of Adult Social Care and Health.
- 2.3 Agrees that WCC continues to remain as a member of the London Community Equipment Consortium and host borough for the Consortium and Consortium Team.

3. BACKGROUND AND REASONS FOR DECISION

- 3.1 Local authorities in England have a statutory duty to plan for the provision of certain home-based services, including the provision of disability aids and “community equipment”, to meet the assessed eligible needs of service users who are ordinarily resident in their area. The provision of community equipment

to eligible children and adults is vital in helping to achieve efficiency and cost-effectiveness across a range of other local authority and health authority services, and it is also important to help achieve local and health authority strategic objectives. For example, provision of the right community equipment can:

- Reduce unscheduled hospital admissions and Accident & Emergency attendance.
- Reduce the length of hospital stay and reduce 'bed blocking' in hospitals, by facilitating earlier hospital discharges.
- Reduce the costs of long-term care by avoiding the need for care home admissions.
- Reduce the costs of long-term care by avoiding the need for paid carers, and/or by reducing the number of carers or frequency of care visits required;
- Play a key role in the delivery of early intervention and prevention strategies, and in avoiding crisis admissions to high cost services.
- Promote independence, safety, social inclusion, quality of life, improved end of life care.
- Help to give elderly and disabled people control over their own lives.
- Improve early year's development.
- Assist with the delivery of many quality outcomes for children and adults.
- Support carers and parent carers.

3.2 Following the endorsement of the Procurement Strategy at Commercial Gateway Review Board (CGRB), and approval from the Executive Director of Adult Social Care and Public Health on the 08 February 2022, the finalisation of the contractual documents, specifications and tender documents continued. These documents went through legal, peer and Head of Procurement review before being published.

3.3 The bi-borough Equalities Impact Assessment was completed in December 2021 for both RBKC and WCC. Service user and stakeholder engagement took place to inform the assessment. The service user engagement was via a telephone survey using the Consortiums service user engagement toolkit. Prescribers were consulted through team meetings and a stakeholder engagement survey. Market engagement sessions also took place with the suppliers.

3.4 The Framework Agreement is for an initial 5 years with an option to extend for a further 2, this exceeds the 4 years as guided by Regulation 33(3) of PCR 2015. The Contract Notice provided justification for the longer framework agreement period.

3.5 The Invitation to Tender (ITT) was published on the 9th May 2022 with a submission date of 4th July 2022 at 12:00, and two tender responses were received by the response deadline. The initial 7-week tender period was extended by 7 working days following tender amendments to the contract and specification document. This enabled satisfactory time for the bidders to review any changes which were minor corrections and inclusions. All tender

amendments and queries questions were captured on a spreadsheet which was issued to all suppliers.

- 3.6 The tenders received were from Medequip Assistive Technology Ltd and NRS Healthcare. 21 suppliers accessed the tender documents with 4 declining to respond.
- 3.7 The tenders were evaluated on the following award criteria as stipulated in the ITT:
- 40% - Commercial
 - 50% - Quality/Technical
 - 10% - Social Value / Responsible Procurement
- 3.8 The evaluation panel consisted of current Consortium members for multiple boroughs, IT experts and included our Responsible Procurement manager to ensure the quality questions could be evaluated with the correct expertise. Individual evaluations were conducted and followed by moderation meetings to reach consensus scores.
- 3.9 Based on the most economically advantageous tender, it is recommended that NRS Healthcare, Company registration number (01948041) is awarded the contract for the provision of Integrated Community Equipment Services for the London Consortium.

4. RESPONSIBLE PROCUREMENT AND SOCIAL VALUE

- 4.1 The evaluation panel were very satisfied with the level of ambition and detail that the winning provider submitted on how the responsible procurement aspects would be delivered and reported over the life of the contract, which included:
- Clear commitment to delivering full electric fleet from contract award, which is far more ambitious than the 10% annual carbon reduction requirements set out in the service specification.
 - Will recruit a full time Social Value lead to work with internal relevant partners; employment and procurement as well as social value leads in each consortium borough and will ensure outcomes are measurable. Will compile a register on targeted recruitment and social value, review monthly and report 6 monthly.
 - Front line workforce representation/ understanding; local & targeted recruitment to ensure diverse workforce in terms of all protected characteristics, use of specialist agencies, advertising will reflect diverse culture, unconscious bias training for recruiters. Mandatory Equality, Diversity and Inclusion training for all staff and TUPE transferees, monitoring of new starters behaviours etc.
 - Measuring and baselining waste streams - Understood our objectives and committed to baselining and measuring all waste produced within the Contract to ensure our strategies for waste reduction are continually effective and transparent.

5. VALUE FOR MONEY

- 5.1 The service underpins homecare and reablement, hospital discharge and enables people to stay at home and remain independent for longer. The activity fees submitted in the Commercial Envelope will remain fixed for the first year and the overall costs submitted presents value for money compared to the current contract.
- 5.2 The new specification and contract requirements should create efficiencies during the next contract period but will have to balance against rising demand and an ageing population.
- 5.3 The service falls in scope of the Living Wage Foundation threshold and was included as part of the procurement exercise. We will be stipulating that the London Living Wage (LLW) or above must be paid to all staff engaged on this contract. We will seek assurance and ensure that the contract requires that any future uplifts are passed on to staff to maintain this compliance and during the life of the contract we will ensure this via robust contract management.
- 5.4 The service is a demand driven activity-based service and is shared between Health and Adult Social Care across the Consortium members. Due to the complexity of the service, demand and local pathways, it is difficult to determine an overall savings figure and will require careful monitoring and reporting both at Consortium level and Borough level.
- 5.5 The new service model will migrate from the current 5 day/8 hrs per day model to a 6 day/12 hrs per day operating model with the flexibility to switch to 7 days if required during the contract period. It is anticipated that the next model's costs will be partially offset by a reduction in use of the higher cost emergency out of hours activity fee.
- 5.6 There will be a new "On Time In Full" Key Performance Indicators (KPI) which will require the provider to ensure that all deliveries and other activities are completed within the time window specified by the Prescriber and that all equipment is delivered clean, in good working order and no missing parts. Failure to achieve this will require the provider to cascade the activity fee to the actual completed tariff and any re-work will be at the provider's expense. Failure to achieve the KPI's will result in service credits being applied. Currently all repeat work is chargeable unless challenged by the relevant borough.
- 5.7 Equipment price increases will now only apply to new equipment purchases. The Consortium aims for a recycling target of 70% on the equipment issued. The current incumbent provider applies equipment price increases to both new equipment purchases as well as recycled. This element has been removed from the new contract; to enable recycled equipment prices to remain at their original purchase price throughout its useful life.
- 5.8 The introduction of the Lifecycle model will also support the monitoring of expenditure on equipment and repairs to maximise the equipment's useful

economic life and support decision making to decommission existing equipment and implement new equipment. The Consortium will also be taking the lead in reviewing the equipment catalogue and working directly with the supply chain and the service provider to maximise the Consortium's buying power.

6. RISK IMPLICATIONS

- 6.1 The contract will be strategically managed by the Consortium Team, who are funded through the Consortium's annual membership fees. Local contract management resource will still be required by each member borough to manage day to day operational activities and authorisations. The Consortium member boroughs hold their local budgets for the call off contracts and include Section 75 agreements with Health.
- 6.2 The Consortium Team will develop a detailed contract management manual which will set out a robust approach in terms of how the contract will be managed, along with clarity on the responsibilities that rest with individual Consortium Boroughs and those which will be undertaken at a Consortium/Strategic level. Training will be provided to local contract managers to enable them to manage their local call off contracts and budgets effectively. Power BI has recently been implemented by the Consortium Team and new monthly performance and financial dashboards are being developed for contract managers to use for reporting, measuring of KPI's and benchmarking purposes.
- 6.3 It is recognised that in addition to robust performance management in line with the new KPIs and performance indicators, the benefit realisation for responsible procurement and social value outcomes will need to be closely monitored to ensure the provider is delivering on their commitments.
- 6.4 Legal has ensured (in conjunction with Contract Management) that the contract management approach is clearly set out in the contract and enables proportionate measures to be enacted so issues and concerns can be addressed in a timely manner.
- 6.5 Monthly Consortium level strategic contract meetings will be undertaken with the provider and bi-monthly Consortium Board meetings will be held between the Consortium Team, Borough members and the provider. Annual service reviews will take place to assess key performance levels and deliverables against the contract requirements. Quarterly contract monitoring meetings at a borough level will be undertaken and will feed into the annual service reviews.
- 6.6 'Critical' KPIs which trigger clearly defined remedial measures, performance indicators and commitments are being developed which are proportionate and SMART. Flexibility on KPI targets in year 1 will allow the market to adapt and settle and will be set from year 2 at the level we require the service to be delivered for the remainder of the contract. The remedial approach will be linked to the 'critical KPI's' (no more than 4 or 5). Failure to meet these will result in a 'Red' RAG status, which will trigger the requirement for an action plan to rectify and improve along with defined timescales. If 'Red' status remains for 2 quarters,

then we would reserve the right to utilise the contingency measures in the contract.

- 6.7 The councils' Data Protection Officer is content that this contract meets the relevant data protection requirements. The supplier has provided their current ISO 27001 certification.
- 6.8 Any delays to the award process will impact upon the mobilisation period, it is imperative there is minimal delay between approvals and award for the framework agreements and call off contracts. Any challenges from the market can only occur during the 10-day standstill period which commences when the bidders are notified of the outcome.

7. FINANCIAL AND RESOURCE IMPLICATIONS

- 7.1 North West London Integrated Care Board (ICB) / Council spend proportion - The community equipment service is operated as a pool budget in partnership with the Council being the lead partner. Any over or underspends on this service are attributed to the Council and the CCG on the basis of their contribution to the pooled budget.
- 7.2 The annual costs associated with the sovereign call off contract are:
- Consortium Membership Fees
 - Activity Fees
 - Equipment Purchases and Collection Credits (90% of purchase price)
 - Equipment cleaning, repairs, and maintenance
- 7.3 Membership fees - The Consortium membership fee of £9,450 per annum has been frozen for the last four years and is currently being reviewed alongside resource requirements for the Consortium Team and has yet to be agreed by Consortium members. As a minimum, from 2023/24 the annual membership will increase in line with the local government pay award but could increase by more than that if the remit of the Consortium Team expands.
- 7.4 Equipment purchases and collection credits - The Assistive Equipment and Technology gross budget in 2022/23 is £1,934,200. The Consortium's Equipment Review Group will oversee equipment on the catalogue, with price increases applying to new purchases only, which will be agreed annually.
- 7.5 Activity costs – An initial comparison of the 2021/22 activity volumes with current activity fee costs and tendered activity costs (volume and anticipated costs), shows a potential saving of 11.8% across the partnership. However, the mix of activity speeds used, and associated volumes is fluid, hence the scale of future savings is difficult to establish. The Consortium Team will be able to provide ongoing comparative analysis to support Consortium members.
- 7.6 Equipment prices and Activity Fees shall remain fixed for the first Contract Year as submitted in the tender. Then in each subsequent Contract Year during the

Framework Period, the Activity Fees may at the absolute discretion of the Contracting Authority be subject to indexation in line with the average annual rate of the Consumer Price Index published by the Office for National Statistics twelve-month measure for January to December in each case published following the immediately preceding December to the fee review date (1 April).

- 7.7 Activity Fees increases will be subject to ratification by the Consortium Board members and satisfactory performance and completion of Open Book accounting requirements as set out in the contract.
- 7.8 This is a volume-based contract and actual expenditure will differ year on year and there is a financial risk that continued increase demand for community equipment could add a material strain on this budget. The service will aim to mitigate against this by ensuring robust contract management to maximise value for money and, where a strategic decision is made to reduce wider long term care costs and realise efficiencies then a budget transfer request will be made from Adult Social Care's placement and packages budget.

Finance implications reviewed by: Zohaib Nizami, Strategic Finance Manager, znizami@westminster.gov.uk

8. LEGAL IMPLICATIONS

- 8.1 Please see Part B report for legal implications

9. PROCUREMENT IMPLICATIONS

- 9.1 An Open Procedure governed by Regulation 27 of the Public Contract Regulations (PCR) was followed for this procurement which was run on behalf of London Community Equipment Consortium (21 Boroughs) hosted by the Royal Borough of Kensington and Chelsea (RBKC) with Westminster City Council (WCC) being the lead borough for the procurement.
- 9.2 All deviations from the Procurement strategy were supported by external legal, Bevan Brittan.
- 9.3 Post tender award, the contracts will be managed by the Consortium Team.
Procurement implications completed by: Ed Humphreys, Head of Commercial.

Background Reports

CGRB Gate 3 Contract Award Report
Bi-borough Equalities Impact Assessment

List of Appendices

None

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For completion by the Cabinet Member for Adult Social Care, Public Health and Voluntary Sector

Declaration of Interest

I have no interest to declare in respect of this report

Signed: _____ Date: _____

NAME: Councillor Nafsika Butler-Thalassis, Cabinet Member for Adult Social Care, Public Health and Voluntary Sector

State nature of interest if any
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(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled

Permission to award a contract for the provision of community equipment services and reject any alternative options which are referred to but not recommended.

Signed Date

Councillor Nafsika Butler-Thalassis, Cabinet Member for Adult Social Care, Public Health and Voluntary Sector

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:
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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy & Scrutiny Committee to decide whether it wishes to call the matter in