

LONDON BOROUGH OF CROYDON

To: all Members of the Council (via e-mail)
Access Croydon, Town Hall Reception

PUBLIC NOTICE OF KEY DECISIONS MADE BY THE CABINET MEMBER FOR FAMILIES, HEALTH & SOCIAL CARE ON 26 APRIL 2019

In accordance with the Scrutiny and Overview Procedure Rules, the following decisions may be implemented from **1300 hours on 7 May 2019** unless referred to the Scrutiny and Overview Committee:

The following apply to each decision listed below

Reasons for these decisions: are contained in the Part A report attached

Other options considered and rejected: are contained in the Part A report attached

Details of conflicts of Interest declared by the Cabinet Member: none

The Leader of the Council has delegated to the Cabinet Member the power to make the decisions set out below:

CABINET MEMBER'S KEY EXECUTIVE DECISION REFERENCE NO.:
1519FHSC

**Decision Title: Community Equipment Dynamic Purchasing System (DPS 5) –
Beds and Associated Equipment**

Having carefully read and considered the Part A report, the associated confidential part B report, and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Families, Health & Social Care in consultation with the Cabinet Member for Finance & Resources.

RESOLVED:

1. To approve the establishment and use of DPS 5 (Beds & Associated Equipment) for a maximum value of £3,421,252 for the Council for a maximum period of 10 years, in accordance with Regulation 27(c) of the Council's Contracts and Tenders Regulations
2. To approve the award of contracts for DPS 5, following conducting a mini-competition, for a maximum contract value of £441,853 to the successful providers as detailed in the associated Part B report.
3. To note that, where applicable and, in accordance with Regulation 27 of the Council's Tenders and Contracts Regulations, all future individual call-offs in

relation to DPS 5, be delegated to the Director of Commissioning & Procurement for call-off contracts up to £500,000 in value, without the prior endorsement of the Contracts and Commissioning Board. Where call-off contracts are awarded in accordance with this paragraph 1.3, a quarterly report will then be made available to Contracts and Commissioning Board setting out the detail of such call-off contracts awarded during the preceding quarter.

Scrutiny Referral/Call-in Procedure

1. The decisions may be implemented **1300 hours on 7 May 2019** (5 working days after the decisions were made) unless referred to the Scrutiny and Overview Committee.
2. The Council Solicitor shall refer the matter to the Scrutiny and Overview Committee if so requested by:-
 - i) the Chair or Deputy Chair of the Scrutiny and Overview Committee and 4 members of that Committee; or
 - ii) 20% of Council Members (14)
3. The referral shall be made on the approved pro-forma (*attached*) which should be submitted electronically or on paper to Victoria Lower by the deadline stated in this notice. Verification of signatures may be by individual e-mail, fax or by post. A decision may only be subject to the referral process once.
4. The Call-In referral shall be completed giving:
 - i) The grounds for the referral
 - ii) The outcome desired
 - iii) Information required to assist the Scrutiny and Overview Committee to consider the referral
 - iv) The date and the signatures of the Councillors requesting the Call-In
5. The decision taker and the relevant Chief Officer(s) shall be notified of the referral who shall suspend implementation of the decision.
6. The referral shall be considered at the next scheduled meeting of the Scrutiny & Overview Committee unless, in view of the Council Solicitor, this would cause undue delay. In such cases the Council Solicitor will consult with the decision taker and the Chair of Scrutiny and Overview to agree a date for an additional meeting. The Scrutiny & Overview Committee may only decide to consider a maximum of 3 referrals at any one meeting.
7. At the Scrutiny & Overview Committee meeting the referral will be considered by the Committee which shall determine how much time the Committee will give to the call in and how the item will be dealt with including whether or not it wishes to review the decision. If having considered the decision there are still concerns about the decision then the Committee may refer it back to the decision taker for reconsideration, setting out in writing the nature of the concerns.
8. The Scrutiny and Overview Committee may refer the decision to Full Council if it considers that the decision is outside of the budget and policy framework of the Council.
9. If the Scrutiny and Overview Committee decides that no further action is necessary then the decision may be implemented.

10. The Full Council may decide to take no further action in which case the decision may be implemented.
11. If the Council objects to the decision it can nullify the decision if it is outside of the policy framework and/or inconsistent with the budget.
12. If the decision is within the policy framework and consistent with the budget, the Council will refer any decision to which it objects together with its views on the decision. The decision taker shall choose whether to either amend / withdraw or implement the original decision within 10 working days or at the next meeting of the Cabinet of the referral from the Council.
13. The response shall be notified to all Members of the Scrutiny and Overview Committee
14. If either the Council or the Scrutiny and Overview Committee fails to meet in accordance with the Council calendar or in accordance with paragraph 6 above, then the decision may be implemented on the next working day after the meeting was scheduled or arranged to take place.
15. URGENCY: The referral procedure shall not apply in respect of urgent decisions. A decision will be urgent if any delay likely to be caused by the referral process would seriously prejudice the Council's or the public's interests. The record of the decision and the notice by which it is made public shall state if the decision is urgent and therefore not subject to the referral process.

Signed: Council Solicitor and Monitoring Officer

Date: 26 April 2019

Contact Officers: victoria.lower@croydon.gov.uk and cliona.may@croydon.gov.uk

PROFORMA

**REFERRAL OF A KEY DECISION TO THE
SCRUTINY AND OVERVIEW COMMITTEE**

For the attention of: Victoria Lower, Democratic Services & Scrutiny
e-mail to
Victoria.lower@croydon.gov.uk and cliona.may@croydon.gov.uk

Meeting:
Meeting Date:
Agenda Item No:

Reasons for referral:

- i) The decision is outside of the Policy Framework
- ii) The decision is inconsistent with the budget
- iii) The decision is inconsistent with another Council Policy
- iv) Other: Please specify:

The outcome desired:

**Information required to assist the Scrutiny and Overview Committee to consider
the referral:**

Signed:

Date:

Member of _____ Committee

For General Release

REPORT TO:	Cabinet Member for Families, Health and Social Care
SUBJECT:	Community Equipment Dynamic Purchasing System (DPS 5) – Beds and Associated Equipment
LEAD OFFICER:	Guy Van Dichele Executive Director Health, Wellbeing and Adults Paul Kouassi Head of Service for the Equipment Service
CABINET MEMBER:	Councillor Jane Avis, Cabinet Member for Families, Health & Social Care Councillor Simon Hall, Cabinet Member for Finance and Resources
WARDS:	All

CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON

The recommendations supports the Council’s Corporate Plan Outcome – “People live long, healthy, happy and independent lives” by providing a way to purchase community equipment at the best value for money that is then issued to Croydon residents.

The recommendations allow investment in the community sector as well as building upon the support and assistance given to carers by providing suitable equipment.

FINANCIAL IMPACT

The total collective value of DPS 5 – Beds & Associated Equipment across the Integrated Procurement Hub (IPH) is £32,204,009. The impact for the Council is £3,421,252 over a maximum period of 10 years.

FORWARD PLAN KEY DECISION REFERENCE NO.: 1519FHSC.

This is a Key Decision as defined in the Council’s Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the Cabinet Member for Families, Health & Social Care the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

1.1 The Cabinet Member for Families, Health & Social Care in consultation with the Cabinet Member for Finance & Resource are recommended by the Contracts

and Commissioning Board to approve the establishment and use of DPS 5 (Beds & Associated Equipment) for a maximum value of £3,421,252 for the Council for a maximum period of 10 years, in accordance with Regulation 27(c) of the Council's Contracts and Tenders Regulations

- 1.2 The Cabinet Members for Families, Health & Social Care in consultation with the Cabinet Member for Finance & Resource are recommended by the Contracts and Commissioning Board to approve the award of contracts for DPS 5, following conducting a mini-competition, for a maximum contract value of £441,853 to the successful providers as detailed in the associated Part B report.
- 1.3 The Cabinet Members are asked to note that, where applicable and, in accordance with Regulation 27 of the Council's Tenders and Contracts Regulations, all future individual call-offs in relation to DPS 5, be delegated to the Director of Commissioning & Procurement for call-off contracts up to £500,000 in value, without the prior endorsement of the Contracts and Commissioning Board. Where call-off contracts are awarded in accordance with this paragraph 1.3, a quarterly report will then be made available to Contracts and Commissioning Board setting out the detail of such call-off contracts awarded during the preceding quarter.

2. EXECUTIVE SUMMARY

- 2.1 The Community Equipment Service (CES), previously a Local Authority Trading Company (LATC) was in-sourced to the Council on 1st December 2016. CES operates to procure equipment via an Integrated Procurement Hub (IPH) currently for eight local authorities including Croydon, Sutton, Merton, Newham, Bexley, Sandwell, Essex County Council and Isle of Wight. It is the expectation that more local authorities or NHS bodies will join the IPH.
- 2.2 The LATC established a DPS for equipment with high volumes of spend, DPS 1. This DPS is no longer used. Lots have been distributed across DPS's 5 – 8 as detailed in the procurement strategy which was presented to Cabinet on 11th June 2018 and approved [reference 48/18b]. DPS 5 is the first of the DPS's presented as part of this strategy and is now seeking approval to award.
- 2.3 There were 16 lots tendered through DPS 5. For the first mini competition, the total contract value is £2,405,160 across the IPH partners and £441,853 of which is Council spend. The largest contract let under DPS 5 is Lot 1 with a contract value of £1,110,000. The details of contracts recommended for award for the first round of DPS 5 call offs, is provided in the Part B report.
- 2.4 The contract value under the first mini competition for DPS 5, has achieved a 20% reduction in spend in comparison to current off contract spend.
- 2.5 The Council has a statutory duty to deliver the community equipment service to the residents. The use of this DPS will ensure that the Council is achieving the best value for money on equipment it needs to deliver the service.

2.6 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
CCB1471/18-19	12/04/2019

3. DETAIL

3.1 A Dynamic Purchasing System (DPS) is a procedure for “*commonly used*” products where requirements are met by solutions “*generally available on the market*”. The “*system may be divided into categories [Lots] of products*” that are “*objectively defined on the basis of characteristics of the procurement to be undertaken*”. DPS is “*operated as a completely electronic process*” that is open to “*any economic operator that satisfies the selection criteria*”. [Source: Regulation 34 Public Contracts Regulations 2015].

3.2 The main objective is to achieve the Council’s outcome “People live long, heathy, happy and independent lives” by providing community equipment effectively to make their homes more suitable for their needs. This can be achieved by the following:

- Improving the range of available equipment on stock so 80% of equipment issued is covered by the standard stock list
- Reduce the overall spend on equipment for local authorities by 10%
- Reduce spare part and maintenance spend by 20% by providing quality equipment on the standard stock list

3.3 The DPS competitions allow for a periodic refresh of both prices and supply-chain. For dynamic products, where market prices, supply chains and demands are continually evolving, the quantities commitment should ideally be for a shorter period (12 – 24 months) to allow a more frequent refresh. For static products, where the prices, suppliers and demands only evolve slowly, the quantities agreement could be longer in order to maximise the supplier discount (24 – 36 months).

3.4 The term of DPS 5 is seven (7) years, with the option to extend for a further three (3) years (a maximum of ten (10) years), based on need and value for money achieved through the DPS model. In accordance with the Public Contracts Regulations 2015 (“PCR 2015”), there is no time limit on the duration of a DPS, instead the Council sets the period of validity of the system in the call for competition, which is 10 years (and can be amended in accordance with PCR 2015). The DPS model allows for flexibility in respect of both supplier and price refresh and this timescale has been accepted as appropriate for the needs of the Integrated Procurement Hub. Throughout the period of the DPS, existing supplier compliance with the minimum quality criteria will be monitored and new suppliers will be assessed for admittance to the DPS. Standard Croydon Terms and Conditions will be used in the drafting of contracts.

- 3.5 DPS 5 has been tendered using the restricted tender procedure of the Public Contract Regulations 2015. In accordance with the regulations an OJEU notice and Standard Selection Questionnaire (SSQ) was issued to the market on 16th October 2018.
- 3.6 To provide assurance to clinicians and prescribers about the quality of the equipment purchased through the DPS, it was approved in the strategy in accordance with Regulation 21 and Regulation 17 of the Tenders and Contracts Regulations to change the evaluation criteria to 50% quality (ascertained at SSQ stage) and 50% price (ascertained at Mini-Competition stage). For clinicians, a weighting that indicated that quality was rated less than equal to cost would result in a lack of confidence in prescribing the equipment chosen.
- 3.7 The quality evaluation consists of method statement responses which were scored by individual members of an evaluation panel. Table 1 shows the method statement questions and associated weighting and maximum score available. The evaluators compared each bidder's method statement responses against the product specification and awarded a score from 0 to 5. The marks were awarded in line with the criteria in Table 2. Scores were then moderated to arrive at an agreed score for each method statement for each bidder.
- 3.8 The scoring at SSQ stage was performed by the Clinical Lead, Procurement Team Leader and Procurement Administrator from Community Equipment Service. Moderations were by the CES Procurement Officer to ensure consistency of scoring and agree final SSQ scores.

Quality Criteria – Table 1	Maximum Question Score	Question Weighting %
Product Regulatory Conformity	5	20%
Accessories Conformity	5	13%
Clinical Benefit	5	20%
Product Life Expectancy	5	10%
Training & Support	5	5%
Product function, features, key parameters accessories and fittings	5	10
Social Value	5	5%
Delivery Times	5	15
Premier Supplier Programme	5	2%
Total Quality Weighting		Maximum: 100% (50% Overall)

Scoring Methodology – Table 2		
Score	Rating	Criteria for awarding score
5	Excellent	The supplier has provided responses that are robust and supported by suitable and relevant evidence of experience and technical and professional ability which significantly exceeds the Council's expectations
4	Good	The supplier has provided responses that are robust and supported by suitable and relevant evidence of experience and technical and professional ability which exceeds the Council's requirement
3	Satisfactory	The responses are compliant and the supplier has provided responses that demonstrate through suitable and relevant evidence that they have experience and have technical and professional ability which meet the Council's requirements
2	Fair	The responses are superficial and generic. The supplier has provided insufficient responses or the responses given demonstrate limited experience and limited technical and professional ability
1	Poor	The supplier has provided wholly insufficient responses or the responses given demonstrate very limited experience and insufficient technical and professional ability
0	Unacceptable	The supplier has not answered the question, has omitted information or has provided information that is not relevant and the evaluator is unable to determine whether the supplier possess sufficient technical and professional ability.

- 3.9 Tenders had to achieve a minimum score of 2 marks for all method statement questions. Failure to meet this resulted in rejection of the tenderer's quality submission and the submitted tender were not considered further.
- 3.10 The functionality of each product was also tested by clinical leads examining the products to ensure they meet the product specifications. Product functionality was scored for each product out of a maximum score of 5 and a maximum weighting of 10%. The method statement scores and the functionality product check scores were combined to give the total quality score.
- 3.11 There were two suppliers that had their bids rejected due to criteria described in 3.9 and 3.10. The number of suppliers admitted against each lot within DPS 5 is shown in Part B of this report.
- 3.12 The maximum score achievable for SSQ is 50%. SSQ scores were calculated using the following equation

$$\frac{\textit{Tenderer's Total Quality Score}}{\textit{Highest Scoring Quality Score}} \times 50\%$$

3.13 The tenderer's pricing score was calculated using the following calculation:

$$\frac{\text{Lowest Submitted Tendered Equipment Price}}{\text{Tenderer's Submitted Tendered Equipment Price}} \times 50\%$$

3.14 The percentage score for quality and price were combined together to give the total score for each tenderer and the Admitted Suppliers ranked accordingly for the relevant lot. The Admitted Supplier with the highest combined score (i.e. ranked the highest) was identified as the Preferred Supplier for a lot in the first round of DPS 5 mini-competitions.

3.15 A total of 27 suppliers applied to be considered for admittance onto DPS 5 (across all lots) on 21st December 2018. A total of 25 suppliers have been admitted to the DPS as explained in 3.11.

3.16 The first round of mini-competitions were issued on 10th January 2019 and closed 22nd January. All the suppliers that were admitted onto the DPS submitted a response to the first round of mini-competitions. The list of highest ranked bids in each LOT is listed in Part B of this report.

4. CONSULTATION

4.1 Equipment specification and scoring methodology was shared with prescribers and commissioners from across the partner authorities and their views are included in the evaluations. Senior Occupational Therapists from Croydon, Sutton and Merton attended an evaluation event for verifying that the successful bids satisfy the quality specifications.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 Croydon Community Equipment Services operates as a trading entity, selling purchased equipment back to local authority clients (including LBC) with a 9.5% mark-up applied to cover operating costs. Across the contracts awarded from the first round of mini-competitions from DPS 5, the Council is expected to make a £186,500 profit from its partner local authorities.

5.2 Croydon Community Equipment Services has separate financial arrangements within the Council, operating through SAGE. The Community Equipment Service has its own business plan and budgets have been set for 18/19. This has been signed off by the Community Equipment Service Board (Director of Finance, Investment & Risk, sits on this Board).

Revenue and Capital consequences of report recommendations

DPS 5 (1st mini competition): CES activity across the Integrated Procurement Hub as a whole

Medium Term Financial Strategy – 3 year forecast			
	2019/20	2020/21	2021/22
	£'000	£'000	£'000
Revenue Budget available			
Expenditure	952	1,038	1,038
Income	1042	1,137	1,137
Effect of decision from report			
Expenditure	756	825	825
Income	(828)	(903)	(903)
Remaining budget	(196)	(213)	(213)

DPS 5 (1st Mini Competition): Council Spend

Medium Term Financial Strategy – 3 year forecast			
	2019/20	2020/21	2021/22
	£'000	£'000	£'000
Revenue Budget available			
Expenditure	575	627	627
Income			
Effect of decision from report			
Expenditure	413	451	451
Income			
Remaining budget	162	176	176

5.3 The effect of the decision

5.4 Risks

5.4.1 There is a risk that partners of the integrated procurement hub do not purchase the awarded equipment. This will be mitigated by engaging with the partner local authorities to gain their buy in to equipment specification and awarding methodology.

5.5 Options

5.5.1 Options were considered as part of the approved strategy report in 2016. Using the DPS enables more frequent refreshing of the bidder base and prices, to better match the dynamics in the supplier market and gain the continual value for money improvements.

5.5.2 A community directory or retail model is inappropriate for providing complex medical equipment. Commissioning a community directory or retail model, in

which service users self-serve using a personal budget, would result in loss of the collective purchasing power and instead result in multiple, less efficient purchasing channels where quality and safety in meeting the individual's wellbeing objectives become more difficult to assure.

- 5.5.3 This is a vital service. Community equipment is essential to delivering the statutory independent living and wellbeing agenda, and to minimising the wider costs in related statutory social and health care services (e.g. more vulnerable people reaching crisis and/or hospital admission).

5.6 Future savings/efficiencies

- 5.6.1 The first round of mini competitions has seen a reduction in spend by 20% across the total contract value.
- 5.6.2 The majority of savings will be achieved by providing competition for supply of equipment which has rarely been done for these categories of community equipment.
- 5.6.3 Selecting quality equipment with longer warranties than current equipment will reduce spend in spare parts and maintenance. This will be evidenced 12 months after the commencement of this contract and compared against previous years.
- 5.6.4 Should the spend of equipment increase during the term of this DPS then approval to continue with the DPS will be sought from the CCB

(Approved by: Ian Geary, Head of Finance, Resources & Accountancy)

6. LEGAL CONSIDERATIONS

- 6.1 The Director of Law and Governance it is commented that the legal considerations are as set out in this report.
- 6.2 Approved by: Sean Murphy, Director of Law and Governance and Deputy Monitoring Officer.

7. HUMAN RESOURCES IMPACT

- 7.1 There are no direct Human Resources implications arising from this report for Croydon Council employees.
- 7.2 Approved by: Gillian Bevan, Head of HR - Resources on behalf of the Director of Human Resources

8. EQUALITIES IMPACT

- 8.1 An equality analysis was undertaken to ascertain the potential impact of insourcing of the equipment service back to Croydon Council and the creation

of DPS to supply equipment on groups that share protected characteristics. This concluded that the service truly promotes equalities across groups with protected characteristics. The provision of community equipment promotes independence, improves quality of life and reduces social isolation. Additionally, the Community Equipment service provides employment opportunities for people with learning disabilities. As there will be no change to operational aspects of the service, service users should not be affected.

9. ENVIRONMENTAL IMPACT

9.1 There are no environmental impacts to the report.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no crime and disorder reduction impacts

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 Approve the Mini-Competition Contract Award to the preferred suppliers detailed in this report.

11.2 Note the deviation from Regulation 21 of the Council's standard evaluation weightings to 50% quality and 50% price was approved as part of the Procurement Strategy.

11.3 Approve the establishment and use of the Dynamic Purchasing System Beds & Associated Equipment (DPS 5) and the admitted suppliers) for a maximum period of 10 years

12. OPTIONS CONSIDERED AND REJECTED

12.1 The establishment of DPS 5 ensures that the Council and other authorities within the Integrated Procurement Hub are getting the best possible value for money in relation to the purchase of Community Equipment. Therefore a community directory or retail model has been rejected.

CONTACT OFFICER: Dardan Ljubishtani, Procurement Officer.

APPENDICES TO THIS REPORT: None

BACKGROUND PAPERS: None