

For General Release

REPORT TO:	Councillor Louisa Woodley
AGENDA ITEM:	Public background paper - Item 13a Cabinet 20/11/17
SUBJECT:	Community Equipment Dynamic Purchasing System 2 (Paediatric & Young Adults Equipment) – Award Report
LEAD OFFICER:	Richard Simpson, Executive Director of Resources Sarah Ireland, Director of Commissioning and Improvement
CABINET MEMBER:	Councillor Louisa Woodley, Cabinet Member for Families, Health & Social Care Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	All

CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:

This report implements the Procurement Strategy developed within the Dynamic Purchasing System Community Equipment Strategy Report which was approved by the Contracts and Commissioning Board on the 26th August 2016 (CCB1166/16-17).

This approach supports the following corporate priorities (Corporate Plan 2015-18):

Independence: To help people from all communities live longer, healthier lives through positive lifestyle choices: and, to help families be healthy and resilient and able to maximise their life chances and independence

Enabling: To be innovative and enterprising in using available resources to change lives for the better

It will also contribute to the following priority within the Council’s Independence Strategy:

Priority 5 – Enable children and adults to maximise their independence and ensure they are safe from harm through the provision of high quality specialist services.

FINANCIAL IMPACT:

The total collective value of DPS 2 (across eight (8) authorities, including Croydon Council) is estimated to be £7,644,000 across ten (10) years. This includes a three (3) year extension, following the initial seven (7) years.

The impact for Croydon Council severally is a total value for DPS2 of £1,696,970 across (10) years. This includes a possible three (3) year extension, following the initial seven (7) years.

KEY DECISION REFERENCE NO: 4017FHSC

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 & Strategic Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the Nominated Cabinet Member 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 & Treasury is recommended to approve the establishment and use of DPS 2 (Paediatric & Young Adults Equipment) at a maximum estimated value of £1,696,790 for the Council for a period of seven (7) years, plus a three (3) year extension period (maximum term of ten (10) years).
- 1.2 The Cabinet Member is also recommended to approve the award of contracts for DPS 2, following conducting a mini-competition for a period of 36 months, to the contractors and upon the terms detailed in the associated Part B report.
- 1.3 The Cabinet Member is 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 2, be delegated to the Director of Commissioning & Improvement 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 In 2012, the Local Authority Trading Company (LATC) for Community Equipment took over the hosting of the Department of Health initiated Integrated Procurement Hub (IPH) for the provision of Complex Community Equipment. The main aim was to stimulate and drive greater competition and better value in the provision of complex equipment.
- 2.2 The IPH operates to procure equipment for 8 local authorities, including Croydon, Merton, Sutton, Tower Hamlets, Newham, Bexley, Sandwell Metropolitan Borough Council and Essex County Council.
- 2.3 The Community Equipment Service was in-sourced to the Council, including the use of DPS 1 on the 1st December 2016, which was set-up by the LATC. The three additional DPS as detailed below will be procured, set up and run by the Council, as the Contracting Authority for the purposes of the Public Contracts Regulations 2015.

- 2.4 A strategy report for the establishment of additional Dynamic Purchasing Systems for DPS2: Paediatrics & Young Adults Equipment, DPS3: Simple Aids, and, DPS4: Small Moving & Handing Equipment was presented and approved by the Contracts & Commissioning Board on the 11th August 2016 (ref: CCB1166/16/17).
- 2.5 The value of DPS 2, 3 and 4 (across eight (8) authorities within the integrated procurement hub) is estimated to be £24,700,000 across ten (10) years. This includes a three (3) year extension, following the initial seven (7) years.
- 2.6 The total collective value of DPS 2 (across eight (8) authorities, including Croydon Council) is estimated to be £7,644,000 across ten (10) years. This includes a three (3) year extension, following the initial seven (7) years.
- 2.7 The impact for Croydon Council is a total value for DPS2 of £1,696,970 across (10) years. This includes a possible three (3) year extension, following the initial seven (7) years.
- 2.8 A total of twelve (12) suppliers submitted products for DPS 2 and were admitted across twenty six (26) of the lots in the opening round. Two (2) lots remain without suppliers products submitted. DPS 2 will remain open for a period of seven (7) years, with an option to extend for another three (3) years (maximum term of ten (10) years). New suppliers can be admitted throughout the lifetime of the DPS.
- 2.9 The first mini competition against twenty six (26) of the lots on DPS 2 has now been completed and this report seeks the approval of these orders.
- 2.10 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
06/11/2017 (intra-meeting)	CCB1287/17-18

3. DETAIL

- 3.1 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 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 only, 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. The current optimum commitments for the various Lots of community equipment in this DPS 2

(Paediatrics & Young Adult Equipment) are for quantities equating to between 30 and 36 months of purchasing.

- 3.3 The term of the DPS 2 (Paediatric and Young Adults Equipment) is seven (7) years, with the option to extend for a further three (3) years (a maximum of 10 (ten) 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. 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.
- 3.4 DPS 2 (Paediatric and Young Adults Equipment) was tendered using the restricted procurement procedure of the Public Contract Regulations 2015. In accordance with the regulations an OJEU notice and PQQ were issued to the market on 28th September 2016.
- 3.5 To provide assurance to clinicians and prescribers about the quality of the equipment purchased through the DPS, approval was sought from the the Director of Commissioning & Improvements, in accordance with Regulation 21 and 17 of the Tenders and Contracts Regulations to change the evaluation criteria to 50% quality (ascertained at PQQ stage) and 50% price (ascertained at ITT stage).
- 3.6 The total of the Quality scores from the PQQ stage (50%) and the Price scores from the Pricing Matrix (50%) were added together and the Admitted Suppliers were ranked accordingly for the relevant category. The Admitted Supplier with the highest combined score (i.e. is ranked highest) was identified as the Preferred Supplier for that category for the duration of the mini competition.
- 3.7 The quality evaluation consisted of the comparison of bidder responses against the product specification and method statements. Each supplier method statement was scored by individual members of an evaluation panel with each question being scored from 0 to 5. The marks were awarded in line with the criteria in Table 2.

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.

The method statements used

- 7A.1 - Product regulatory conformity
- 7A.2 - Quality-economic comparison to equivalent products
- 7A.3 - Clinical benefits
- 7A.4 – Product life expectancy and warranty
- 7A.5 – Training and support
- 7A.6 – Product function, features, key parameters, accessories and fittings
- 7A.7 – Delivery Times

- 3.8 Tenders had to achieve a minimum score of 2 marks for the response to question 7A1. Failure to meet this resulted in rejection of the tenderers quality submission and the submitted tender was not to be considered further.
- 3.9 Any submission that failed to reach the overall quality threshold of 21 marks across all seven method statements, which is deemed an overall ‘acceptable’, score was rejected and not considered further.
- 3.10 The scoring at PQQ stage was performed by the Operations Manager, Clinical Lead and Procurement Team Leader from Community Equipment Service. A moderation meeting was held on 12th January 2017 to ensure consistency of scoring and agree final PQQ percentage scores.
- 3.11 The maximum score achievable for PQQ was 50%. PQQ scores were calculated using the following equation:

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

- 3.12 A total of 12 qualified suppliers were invited to submit PQQs for twenty eight (28) Lots in the opening round. Two (2) Lots of the twenty eight (28) Lots did not receive any product submissions. The DPS will remain open for new suppliers to be admitted for the duration of the DPS.

- 3.13 Suppliers were notified on 25th May 2017 that they had qualified for the relevant Lots and were to be admitted to the DPS.
- 3.14 The first mini competition was issued on 1st June 2017 against the twenty six (26) Lots that PQQs had been submitted for. The closing date for submissions was 15th June 2017. 45 tender responses were received across twenty two (22) of the lots.
- 3.15 On the assessment of risk the first mini competition was closed and suppliers were informed accordingly on 8th August 2017.
- 3.16 It was apparent that suppliers covered the required range of sizes with a different number of products. When the responses came back from the suppliers to the first round of mini competitions they had often quoted for the required volume for each size of equipment within their range. Therefore the total volume of equipment varied from supplier to supplier and drastically affected the total price. It was then made clear that the volume required was to cover the whole range and distribution of volume between the sizes within the range was included. The reissue of mini competitions were released on 23rd August 2017 and had a closing date of 3rd September 2017.
- 3.17 The tenderer's pricing score was calculated using the following calculation:

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

- 3.18 The percentage score from 3.13 and 3.20 were combined together to give the total score for each tenderer.
- 3.19 Table 3 lists the results of the winning bids from the reissue of the mini competitions for a volume estimated to provide equipment requirement for three years. The name of the winning bidder is detailed in the associated Part B report.

Winning Bids – Table 3

Lot	Description	Qty Croydon & IPH	Unit Price	Contract Value
32	Early Years Upright Floor Corner Seating	75	£380.00	£28,500.00
33	Early Years Reclined Floor Seat	N/A	N/A	N/A
34	Early years Lightweight Supportive Padded Seat	50	£233.00	£11,650.00
35	High Chair with supportive seating	N/A	N/A	N/A
36	ACTIVITY CHAIR OFFERING LOW TO MODERATE POSTURAL SUPPORT	150	£478.41	£71,761.50
37	ROBUST STABLE CHAIR OFFERING LOW LEVEL POSTURAL SUPPORT	150	£349.80	£52,470.00
38	CHAIR ON A CONFIGURABLE HEIGHT ADJUSTABLE BASE OFFERING MODERATE POSTURAL SUPPORT	150	£1,391.67	£208,750.50

Lot	Description	Qty Croydon & IPH	Unit Price	Contract Value
39	CHAIR WITH RECLINED SEATING OFFERING HIGH LEVEL POSTURAL SUPPORT	45	£1,531.20	£68,904.00
40	CHAIR FOR CHILDREN AND YOUNG PERSON WITH COMPLEX SEATING NEEDS OFFERING HIGH LEVEL POSTURAL SUPPORT	100	£1,668.00	£166,800.00
41	SMALL FLOOR LEVEL TABLE	50	£111.00	£5,550.00
42	TABLE FOR THE OLDER CHILD	50	£111.00	£5,550.00
43	BABY BATH SEAT	30	£390.00	£11,700.00
44	UPRIGHT CORNER BATH SEAT	N/A	N/A	N/A
45	MOULDABLE BATH INSERT	N/A	N/A	N/A
46	BATH CHAIR OFFERING LOW LEVEL SUPPORT	90	£100.00	£9,000.00
47	SHOWERING AND TOILETING SYSTEM OFFERING POSTURAL SUPPORT	110	£1,052.67	£115,793.70
48	TROLLEY MOUNTED SHOWERING AND CHANGING BENCH	25	£233.00	£5,825.00
49	WALL MOUNTED SHOWERING AND CHANGING BENCH	25	£2,362.50	£59,062.50
50	POWERED BATH LIFT WITH RECLINING BACK	100	£495.00	£49,500.00
51	POWERED BATH LIFT WITH LONG SEAT	100	£495.00	£49,500.00
52	SMALL TOILET SURROUND	0	N/A	N/A
53	SMALL BASIC FLOOR STANDING COMMUNE	0	N/A	N/A
54	TOILET SEAT WITH HIGH BACK	90	£1,052.67	£94,740.30
55	TOILET CHAIR	120	£447.25	£53,670.00
56	COT BED	10	£5,345.25	£53,452.50
57	MODULAR COT BED	20	£5,308.50	£106,170.00
58	SHORT PROFILING BED	50	£624.00	£31,200.00
59	FLOOR LEVEL PROFILING BED	400	£598.00	£239,200.00
Total				£1,511,926.00
Total at pre-competition prices				£1,547,533.50
Saving for this competition				£35,607.50

3.20 The Cabinet Member is 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 2, be delegated to the Director of Commissioning & Improvement 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 3.20, 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.

4. CONSULTATION

4.1 Product information has been shared with prescribers and commissioners from across the partner authorities and their views included in the evaluations. Lead/senior Occupational Therapists from Croydon, Sutton and Merton attended

the evaluation event for verifying that the successful bids satisfy the quality specifications.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

The DPS contracts will be operated by the Council, as the Council, in its capacity as 'Contracting Authority), procured and established the DPS systems described above. CES will operate 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 all activity, CES is expected to spend more than £9.5m per annum and would therefore generate an estimated surplus of c.£1m.

5.1 Revenue and Capital consequences of report recommendations

DPS 2 (1st mini competition): CES activity across the Integrated Procurement Hub as a whole

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2017/18 £'000	2018/19 £'000	2019/20 £'000	TOTAL £'000
Effect of decision from report				
Expenditure	210	504	504	1,512
Income	(230)	(552)	(552)	(1,656)
TOTAL	(20)	(48)	(48)	(144)

DPS 2 (1st mini competition): Council Spend

Current year	Medium Term Financial Strategy – 3 year forecast		
2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000

Revenue Budget available				
Expenditure	1,057	1,057	1,057	1,057
Income				
Effect of decision from report				
Expenditure	47	112	112	65
Income				
Remaining budget	<u>1,010</u>	<u>945</u>	<u>945</u>	<u>992</u>

The Croydon equipment pool has a total budget of £1.888m, with contributions made on a 56:44 split between the Council (£1.057m) and the CCG (£0.831m). This covers a whole range of equipment purchases for which the DPS 2 contract represents one element. The current 2017/18 projection against the Croydon equipment pool is just over £2.1m which will lead to an overspend of approximately £150k overall on the Council's contribution. Whilst very small reductions are expected to be generated by the DPS 2 contract, this budget is likely to remain overspent.

Some paediatric equipment is also expected to be purchased from CES within the 0-25 SEND budget. These budgets are less structured, with decisions made locally about the necessity of purchases. However, it is likely that a proportion of the Council spend on DPS 2 will be met from this service budget (rather than the equipment pool).

5.2 The effect of the decision

5.2.1 DPS 2

5.2.1.1 The total value of DPS 2 (across eight (8) authorities within the integrated procurement hub) is £7,644,000 across ten (10) years. This includes a possible three (3) year extension, following the initial seven (7) years.

5.2.1.2 Council impact

The total value of DPS 2 for the Council is £1,696,970 across (10) years. This includes a possible three (3) year extension, following the initial (7) years.

5.2.2 DPS 2 (1st mini competition for 36 months)

5.2.2.1 The total value of DPS 2 for the 1st Mini competition (across eight (8) authorities within the integrated procurement hub) is £1,511,926 for 36 months.

5.2.2.2 Council impact

The total value of DPS 2 for the 1st Mini competition for the Council is £335,648 for 36 months.

5.3 Risks

If DPS 2 had not been developed, the Council would be at risk of not getting the best value for money on community equipment purchases.

5.4 Options

- 5.4.1 Options were considered as part of the strategy award report agreed by CCB 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 improvements.
- 5.4.2 A community directory or retail model is inappropriate for providing complex medical equipment. However, 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.
- 5.4.3 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).

5.5 Future savings/efficiencies

The savings achieved in the first three years of this DPS will be £35,607.50 from the baseline of £1,511,926 across the Integrated Procurement Hub (8 authorities). Leaving the DPS open enables new suppliers to join the DPS and as the number of competing suppliers increases this should produce increasing savings as future mini competitions are run.

Approved by: Josephine Lyseight, Head of Finance for People & Ian Geary, Head of Finance for Resources.

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Council Solicitor comments that the proposal set out in this report is in accordance with the Council's Tenders and Contracts Regulations and seeks to support the Council's duty to achieve Best Value pursuant to the Local Government Act 1999.

Approved by: Sean Murphy, Head of Commercial and Property Law & Deputy Monitoring Officer on behalf of the Council Solicitor & Monitoring Officer.

7. HUMAN RESOURCES IMPACT

- 7.1 There are no direct Human Resources implications arising from this report for Croydon Council employees.

Approved by: Deborah Calliste on behalf of the Director of Human Resources

8. EQUALITIES IMPACT

- 8.1 A full EIA was undertaken in relation to the insourcing of the equipment service back to Croydon Council and the creation of DPS 2, 3, and 4 is included this analysis. This 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.

9. ENVIRONMENTAL IMPACT

9.1 There are no environmental impacts to the report.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 N/A

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 The prices submitted by the suppliers listed in the Part B report have proved the most competitive in respect of the specified lots. New equipment suppliers have been evaluated by lead/senior Occupational Therapists to verify their adherence to quality requirements.

12. OPTIONS CONSIDERED AND REJECTED

12.1 The establishment of DPS 2 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. Procuring outside of the DPS would not enable the Council and the Integrated Procurement Hub to achieve the savings detailed within this paper.

CONTACT OFFICER:

Name:	David Thompson
Post title:	Procurement Lead Croydon Community Equipment Services
Telephone number:	07841 524 552

BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972

No Background papers required for this report