

Report to: EXECUTIVE CABINET

Date: 25 January 2023

Executive Member: Councillor John Taylor, Executive Member for Adult Social Care, Homelessness & Inclusivity.

Reporting Officer: Stephanie Butterworth, Director of Adult Services.
Tracey Harrison, Assistant Director of Adult Services.

Subject: **PROCUREMENT OF SERVICE AND MAINTENANCE CONTRACT AND SUPPLY OF LIFTING AND HOISTING EQUIPMENT IN COLLABORATION WITH OLDHAM COUNCIL**

Report Summary: To agree to collaborate with Oldham Council on the procurement of a new contract for the supply and installation of Lifting and Hoisting Equipment which Oldham Council will lead, and the procurement of a new Service and Maintenance Contract for old lifting and hoisting equipment which Tameside MBC will lead. The maintenance contract will be for a period of 4 years, commencing 05 June 2023 until 4 June 2027 whilst Oldham Council have indicated they will procure the lifting and hoisting contract for 5 years (4 years with an option to extend by a further year), commencing 1 June 2023 until 31 May 2028.

Recommendations: That Executive Cabinet be recommended to agree that:

- (i) Approval is given to collaborate with Oldham Council for the procurement of a contract for lifting and hoisting equipment commencing 1 June 2023 until 31 May 2028.
- (ii) Approval is given to procure a new service and maintenance contract in collaboration with Oldham Council where Tameside MBC will lead, commencing 5 June 2023 until 4 June 2027.
- (iii) With regard to the lifting and hoisting equipment contract, to delegate authority to the Director of Adult Services, in consultation with the Executive Member for Adult Social Care, Homelessness & Inclusivity, to enter into agreements with Oldham to allow Tameside to call off works on the Lifting and Hoisting Contract.
- (iv) With regard to the service and maintenance contract, to delegate authority to the Director of Adult Services, in consultation with the Executive Member for Adult Social Care, Homelessness & Inclusivity, to approve the successful contractor.

Corporate Plan: Both of the current contracts deliver and maintain adaptations across a wide spectrum of the population. They support a number of themes in the Corporate Plan:

- (6) Nurturing our Communities: increase access, choice and control in emotional and mental self-care and wellbeing;
- (7) Longer and Healthier Lives: increasing physical and mental health life expectancy, improve the wellbeing of our population;

(8) Independence and activity in older age and dignity and choice: increasing the number of people helped to live at home, reduce hospital admissions due to falls, increase levels of self-care and social prescribing; prevention support outside the care system.

Policy Implications:

Improving and maintaining the independence of disabled and vulnerable people within the borough is a key theme in the Corporate Plan. The agreement to collaborate with Oldham Council will continue the joint working enjoyed by the two Councils over a number of years.

**Financial Implications:
(Authorised by the statutory
Section 151 Officer)**

From a financial perspective, the collaboration with Oldham MBC will ensure we continue to receive significant cost benefits, through reduced unit price, staff resource and effective service and maintenance provisions over a longer period. Should TMBC go alone on this, it would expose the council to higher costs and create delays in service delivery and increases the risk of failure on the council to meet the needs of service users. Collaboration represents value for money and TMBC will continue to access DFG / Housing Assistance grant funding that will support with equipment purchase, service and maintenance.

The budget for the lifting and hoisting equipment are funded via the Disability Funding Grant (DFG), which is an annual capital allocation of £2.8m. Spend on individual grants requests are as per the housing financial assistance policy.

TMBC currently commits an annual core revenue budget of £120k that supports the contract for the service and maintenance element set out in the paper.

**Legal Implications:
(Authorised by the Borough
Solicitor)**

As set out in the main body of the report, the council has a statutory duty to deliver adaptations within their boundaries. The authority has a duty to provide necessary and appropriate adaptations to meet the assessed needs of the disabled person, and are also "reasonable and practicable" in relation to the age and condition of the property to be adapted.

The cost and funding provision for these adaptations are set out in the financial implications.

It is also the duty of the council to ensure best value when spending public money as such it is often advisable for council's undertake joint procurement exercises in order to benefit from combing their buying power and benefit from economies of scale.

Advice is being sought from STAR procurement in relation to the procurement exercise to ensure that a compliant exercise is undertaken which also delivers best value for the councils.

Risk Management:

Should the Council decide not collaborate with Oldham Council and procure its own contract it is unlikely to be able to obtain the same competitive rates due to the lower numbers involved and lower numbers make the lifetime warranty less likely to be cost effective for bidders.

A decision to return to individual quotes for each grant application would put pressure on already stretched resources in Adult and Children's Services as well as Housing Adaptions. There would be

no lifetime warranty and this would also create pressure on Council resources when extended warranties expire.

Should the Council decide not to collaborate with Oldham to procure a new service and maintenance contract would create issues as noted in the body of the report and would increase pressure on Council services as equipment fails.

Procuring a Tameside only contract would not achieve the same cost benefits generated by collaborating with Oldham Council.

Background Information:

The background papers relating to this report can be inspected by contacting Jim Davies, Housing Adaptations Manager, Capital Programmes, Strategic Property, Place, by:



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1 INTRODUCTION/ BACKGROUND

- 1.1 Legislation in the form of the Housing Grants, Construction and Regeneration Act 1996 (plus subsequent amendments) places a statutory duty on local housing authorities to deliver adaptations within their boundaries. The authority has a duty to receive and approve eligible applications where the Council considers the adaptation to be “necessary and appropriate” to meet the assessed needs of the disabled person, and “reasonable and practicable” in relation to the age and condition of the property to be adapted.
- 1.2 Funding for Disabled Facilities Grant (DFG) has been included within the Better Care Fund (BCF) since 2015-16. It operates under Section 75 of the National Health Service Act 2006 (pooled budget arrangements between NHS GM ICB and the local council). Provision of this annual capital funding is from Department of Levelling Up, Housing and Communities (DLUHC) and Department of Health and Social Care (DHSC). However, the provision of DFG for those who qualify for the service remains a statutory duty upon the local housing authority.
- 1.3 The Council offers an Agency Service to disabled and vulnerable residents of the borough to assist them in making an application for a DFG where an Occupational Therapist from Adult Services and Children’s Services prepares an assessment of need. Government regulation currently limits maximum individual grants to £30,000 in England including all on costs and VAT as appropriate.
- 1.4 In 2018 the Council introduced its Housing Financial Assistance Policy as required within the terms of the Regulatory Reform (Housing Assistance)(England and Wales) Order 2008 including the introduction of a number of alternative discretionary grants to speed up the delivery of lifting and hoisting equipment.
- 1.5 A substantial proportion of adaptations recommended by Adult and Children’s Services relate to Lifting and Hoisting equipment (stairlifts, ceiling track hoists, through floor lifts and step lifts). Mechanical and electrical items require regular and specific types of maintenance in order to allow them to function safely and to prevent injury to the disabled person and their carers.

Lifting and Hoisting Equipment

- 1.6 In 2014, discussions in the Greater Manchester DFG Subgroup led to detailed discussions with Oldham Council on the issues with lifting equipment and long-term maintenance. Oldham Council had piloted a scheme with a single supplier where they included a long-term warranty in the purchase price. Oldham Council asked Tameside Council to join them as a partner and they procure a tender as a means to achieving best value and with the intention of reducing delivery times.
- 1.7 In 2014, and in order to test the market, Oldham and Tameside decided to include in the tender what was termed a “lifetime” warranty for each piece of installed equipment. Such a warranty places responsibility for future maintenance and future servicing of any installed equipment on the supplying contractor thus securing long-term revenue savings for each of the authorities. This is achieved by the supplier including in the installation cost what they think will be required to fund the service over what they think is an average period of use based upon their business data. This arrangement is unique in that it releases each Council from any long-term maintenance costs funded through revenue. Both Councils decided it would be in our best interests to re-procure in 2018.
- 1.8 Within the terms of the Disabled Facilities Grant, it is possible, and encouraged by DLUHC and DHSC, to include an extended warranty as part of the capital grant awarded. Once the initial warranty expires grant cannot fund a further warranty because this is pure maintenance and therefore revenue. The “lifetime” warranty is in effect an extended warranty and therefore it is possible to capitalise it within the grant award.
- 1.9 This supply contract has delivered, over the last 8 years, large numbers of hoisting and lifting

equipment and has contributed to the reduction in long-term maintenance costs by also replacing a large number of equipment from the Service and Maintenance contract.

- 1.10 It would remain advantageous to Tameside and its residents to continue with this arrangement through Oldham Council. Oldham Council is willing to act as lead authority once more with this procurement.

Service and Maintenance

- 1.11 Prior to the “lifetime” warranty arrangement, Tameside’s policy was to install equipment with a fixed extended warranty of up to 5 years. Upon expiry of this warranty, the unit was transferred to Tameside’s Service and Maintenance Contract. The cost of providing this particular contract in Tameside currently falls to Adult Services revenue budget.
- 1.12 Prior to the procurement of the service and maintenance contract in 2013, advice from Legal Services was requested on the potential option of not continuing with the contract once it had expired. The advice suggested that, due to the length of time the Council had been providing the service and maintenance arrangement, there was concern that withdrawing the service could be challenged due to the detrimental effect it would have on vulnerable and disabled people having to cover the costs.
- 1.13 Advice also suggested that the associated costs to the Council of trying to assist individuals with alternative arrangements would be resource intensive and may not be successful. In addition to this, there would potentially more serious cost implications for the Council when clients request assistance when their equipment fails.
- 1.14 In 2013 and 2018, Tameside MBC acted as lead authority to procure a Service and Maintenance contract with Oldham MBC as partner. The joining of the two authorities allowed a more advantageous price compared with each authority sourcing their own arrangement. Along with the general service and maintenance arrangements, the contract includes a requirement for the supplier to advise both authorities when equipment in their area is beyond economical repair so that it can be replaced under the “lifetime” warranty arrangement. This is another advantage of the joint working with both contracts.
- 1.15 The current Service and Maintenance Contract offers a 24hr and 365day call out arrangement and includes a specific inspection under the Lifting Operations and Lifting Regulations 1998 (known as the LOLER regulations). In order to offer the service and maintenance contract the Council owns all the equipment installed in residential properties and as such the LOLER inspection protects the Council by highlighting potential repair issues outside the normal servicing regime.
- 1.16 To date a substantial number of units has been removed from the Service and Maintenance contract, for both authorities reducing the call on revenue funding and the potential for costly failures. The number of units relating to Tameside addresses on the contract since 2013 has reduced from over 1500 to around 800. This will continue to reduce over the lifetime of any new contract and both Councils are committed to replacing all the equipment with “lifetime” warranty equipment.
- 1.17 Oldham MBC has expressed its desire to continue with the arrangement should Tameside agree to procure a new contract in 2023.
- 1.18 Whilst the Council is required to provide adaptations as a mandatory requirement, it is not required to provide a long term service and maintenance arrangement once the equipment is installed and any warranty has expired. The benefits of continuing with this contract, for the next 4 years is more beneficial than not having it at all.
- 1.19 Oldham Council report requesting permission to procure the Lifting and Hoisting Equipment contract, and requesting permission to collaborate with Tameside Council on the Service and

Maintenance Contract is going through their governance process.

2 PROCUREMENT REQUIREMENTS

- 2.1 With regard to the procurement of a contract to supply and install Lifting and Hoisting equipment, Oldham Council will follow the required procurement procedures for the tender process and the tender will be offered via The Chest to prospective bidders. STAR procurement will advise on the process from Tameside Council's perspective.
- 2.2 With regard to the procurement of the Service and Maintenance contract, the Procurement Standing Orders have been consulted. The Contract value based upon the value of work carried on behalf of both authorities will be in the region of £500,000 over a 4 year period and as such will be the subject of a OJEU Notice. Procurement of the contract will be carried out via STAR procurement and the tender will be offered on The Chest (North West Procurement Portal).
- 2.3 STAR Procurement have requested both procurement procedures to allow for other GM LAs and bodies to be allowed to benefit from these contracts when let.
- 2.4 STAR Procurement were requested to provide comments on this report. In an email dated 28 November 2022, they state, "STAR will liaise with Tameside to ensure compliance and correct procedures are adhered to".

3 VALUE OF THE CONTRACTS

Lifting and Hoisting

- 3.1 The value of the Lifting and Hoisting contract procured by Oldham MBC is estimated to be in the region of £850,000 per year. The split between the two authorities is estimated as Tameside £470,000 per year and Oldham £380,000 per year based upon current number of installations and current unit rates. The Contract will commence 01 June 2023 until 31 May 2028 including the one year extension should it be agreed.
- 3.2 The actual expenditure for both Tameside and Oldham is difficult to predict due to a number of factors:
 - the number of referrals received from Occupational Therapists depending upon staffing levels
 - the number of units from the service and maintenance contract replaced depends upon the numbers failing or the number actively pursued for replacement: depending upon staffing levels;
 - the cost of materials and labour rising over the term of the contract as this will affect the bid.

Service and Maintenance

- 3.3 The value of the Service and Maintenance contract procured by Tameside is expected to be between £220,000 and £275,000 per year. The split between the two authorities is expected around £120,000 - £150,000 for Tameside and £100,000 - £125,000 per year for Oldham. This will reduce over the term of the contract as equipment is replaced. The Contract will commence 05 June 2023 until 04 June 2027.
- 3.4 The actual expenditure with this contract is wholly dependent upon the numbers of the equipment being serviced, the age of that equipment and the number of call outs and repairs.
- 3.5 As of the end of November 2022, there are 478 pieces of lifting equipment on the current contract. 21 pieces are at least 20 years old; 91 are 15 - 20 years old, 95 are 10 – 15 years old and 271 are less than 10 years old. Some older units are less reliable than others are and

cost more to repair due to availability of parts becoming scarcer. The oldest lifting equipment will be targeted for replacement as a priority.

4 OPTIONS CONSIDERED IF COLLABORATION WITH OLDHAM IS NOT AGREED

4.1 Lifting and Hoisting Equipment

Option 1 - The Council could decide not to join with Oldham Council on the supply of Lifting and Hoisting Equipment and procure an individual contract.

4.2 Option 2 - The Council could decide not to join with Oldham Council and also decide not to undertake a separate procurement exercise. It could take the decision to obtain quotes three quotes for each referral received.

4.3 Option 3 - The Council could choose to join an existing framework.

4.4 Service and Maintenance

Option 1 - The Council could choose not to procure the Service and Maintenance contract with Oldham Council as a partner and go it alone with an individual procurement exercise.

4.5 Option 2 - The Council could choose not to join with Oldham Council and not procure its own Service and Maintenance contract and allow the current arrangement to end.

4.6 Option 3 - The Council could continue a procurement with Oldham Council or its own contract and pass some or all of the costs of the contract onto those currently enjoying the benefits of the service and maintenance contract.

5 RISKS IF CONTRACTS ARE NOT PROCURED

5.1 There are a number of risks associated with not continuing with the procurement of these contracts from increased costs, staff resources and continued requests to Adult and Children's Services for assistance.

5.2 Lifting and Hoisting Equipment

Option 1 - If Tameside Council decided not to join Oldham Council, it could arrange for its own procurement exercise to supply this equipment. The main negative issue with this option would be an increase in unit costs. Two Councils buying the equipment would result in unit costs that are more favourable. To go it alone would not offer the same volume to the bidders and would see our costs increase. In addition, the fact that both Councils wish to continue with the lifetime warranty makes the volume of equipment a more attractive option to suppliers who may not be able to provide a competitive cost for such an option on lower volume.

5.3 In this option where a supplier may not be able to provide a lifetime warranty the Council may have to purchase extended warranties leading to similar long-term issues as noted in Option 2.

5.4 Option 2 - If Tameside Council decided not to join with Oldham Council and decided not to procure its own contract then the Council would revert to obtaining 3 quotes for each individual referral. This option is not the best for quick delivery or the best use of officer time.

5.5 Obtaining individual quotes puts more pressure on Occupational Therapists because they would have to meet individual suppliers at a person's property to ensure they can provide exactly what is required. The Council would then have to rely on suppliers to submit their quotes in a timely manner, leading to delays in the process. In addition, suppliers are unlikely to be able to provide the lifetime warranty based on individual purchases, or if they can the cost is likely to be more expensive than currently offered, increasing costs and therefore an extended warranty is the most likely option. Even though the funding is not Tameside capital

the Council still has an obligation to provide value for money. This then creates issues when the extended warranty expires.

- 5.6 An additional consideration for individual purchases is what will happen when the extended warranty expires. The grant to provide equipment is awarded to the individual and as such, the equipment belongs to them, not the Council. The Council has no obligation to do anything other than provide the grant and ensure the clients assessed need is met. Suppliers are most likely to offer the person a new warranty, for which they will have to pay. There is no grant for warranty in this scenario because now the warranty is a revenue cost. Adding to (front loading) the capital purchase with an extended warranty, or lifetime warranty is deemed a capital cost and can be included in the initial grant award.
- 5.7 It is highly likely that once the warranty expires the majority of people will choose not to pay for any further arrangement. This is likely because of the annual cost, anything from £250 per year for a stairlift and upwards of £750 per year for a through floor lift depending upon the level of service offered. This will result in many units not being serviced or repaired and subsequently failing. The person requiring the unit will then call on Adult Services or Children's Services for assistance. If the equipment is not working, the person then has an unmet need and is likely to require some form of assistance from the Council increasing pressure on already stretched services. An assessment of need will be required and most likely result in an urgent new application for grant to replace the equipment. This will then put pressure on Housing Adaptations to replace these whilst trying to deliver adaptations for other people who may already have been waiting for their work.
- 5.8 In the case where a client chooses not to purchase a service and maintenance contract the fact that their unit has failed and they are then in the position of not being able to access facilities in their home the cost to the Council to meet what is now an unmet need will be considerable.
- 5.9 Option 3 - Choosing to not procure but join an existing framework is problematical because although frameworks are available for lifting and hoisting equipment none offers the lifetime warranty option that Oldham and Tameside have developed. The effect of a purchase framework would leave Tameside in the same position had we procured the equipment ourselves. The matter of extended warranties and what happens when they expire will be a major problem.
- 5.10 These 3 options are considered not viable in terms of the offer of removing the long-term maintenance liability from the Council, staff resource or value for money.
- 5.11 **Service and Maintenance**
Option 1 - Tameside Council could decide not to include Oldham in the procurement exercise. The numbers of equipment between the two Councils offers a better option for bidders. Therefore the costs are likely to be higher should Tameside decide to go it alone.
- 5.12 Option 2 - The Council could decide not to enter into any procurement exercise and allow the current contract to expire. The consequences of this option could have a considerable effect on people, on Adult Services and Children's Service. Hundreds of people would find themselves with no service or maintenance offer. The current supplier would likely offer an arrangement to each person but the costs would not be as favourable as those included in a large contract would. 24hr call out services are expensive to provide if the numbers do not stack up.
- 5.13 It is reasonable to assume that few people would choose to fund such costs, especially in the current financial climate. The reality is that the equipment would go on for a time and then it would breakdown. This would lead to people calling the Adult and Children's Services for assistance with daily living.

- 5.14 Option 3 - The Council could choose to procure a Service and Maintenance Contract with Oldham or go it alone but pass the running costs onto the people who are using the service. If this were an option for consideration, it would mean the current equipment would have to be transferred into the ownership of the person using the equipment. This would be problematical because take up is likely to be quite low.
- 5.15 In this option, the equipment would not require the LOLER inspection, as the Council would not own them. In order to offer a reasonably affordable cost effective service it would probably be necessary to reduce the service provided to exclude 365-day call out, 24 hr call out and remove the low-level repairs from the initial cost.
- 5.16 The cost of setting up this kind of arrangement would involve a considerable amount of officer time arranging paperwork and obtaining agreements for the transfer of equipment; arranging for invoices to be raised each year and for the collection of unpaid invoices; dealing with queries about repair costs, etc. The cost to each person would be dependent upon how many signed up so even in this option the cost could be similar to an individual warranty arrangement. The Council would also still have to deal with those people who decided not to take up the offer and would then call upon the Council for assistance when the unit failed.
- 5.17 These three options are not considered viable when taking into consideration the effect on Council services.

6 CONCLUSION

6.1 Lifting and Hoisting Equipment

The best option for the Council, its vulnerable and disabled residents is to continue with the collaboration with Oldham for a further 5 years. The advantages of a contract that allows the Council to provide much needed equipment to its residents without taking on any long-term responsibility for the maintenance of said equipment outweighs the alternatives.

- 6.2 The Council can continue to provide its statutory obligations under the terms of the DFG legislation and the Housing Financial Assistance Policy without having to call upon its own stretched financial resources.

6.3 Service and Maintenance

The Council has an obligation to assist its disabled and vulnerable residents but with this type of service, it is not a statutory obligation and the resources for this type of contract are limited. However, not providing this service, whilst saving revenue would only increase calls for service within Adults and Children's Services thereby increasing the pressure on already limited resources.

- 6.4 The Council should re-procure this contract for a final time and formulate a program to increase efforts into replacing the equipment over the 4-year period of the contract. This will have the double effect of reducing the revenue cost over the contract period and increase expenditure for the DFG budget, which is currently under committed.

7 RECOMMENDATIONS

- 7.1 As set out at the front of the report.