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Tender Evaluation Report:

NHS Supply Chain – Future Operating Model (Logistics Service)

ITT Reference Number: 60469

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Invitation to Tender ITT60469 – Award Evaluation Report for Logistics Services

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Reviewers:

This document must be reviewed by the following:

| NAME | SIGNATURE | TITLE / RESPONSIBILITY | DATE | VERSION |
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1 Executive Summary

- 1.1 This award evaluation report covers the procurement which was published through the Official Journal of the European Union (OJEU) to provide Logistics services to support the Supply Chain Future Operating Model.
- 1.1 The outcome of the evaluation process resulted in the following provider being recommended for the contract:

| | |
|------------------|-----------------------|
| Preferred Bidder | Unipart Group Limited |
|------------------|-----------------------|

- 1.2 The next stages are to write a Full Business Case (FBC) and submit this for approval to contract, with contract announcement and standstill expected from 6 March 2018.

2 Introduction to Evaluation

- 2.1 The purpose of this document is to detail the processes undertaken in evaluating the Tenders received for this project. This document contains information that is Commercial in Confidence and as such should be treated appropriately.
- 2.2 The aim of the procurement exercise is to identify a provider for the Logistics services, which will be a component of the Future Operating Model being procured to replace the current NHS Supply Chain contract.
- 2.3 The aim of the Logistics services procurement is to put in place a supplier to manage the supply chain operations servicing NHS providers and users with medical and non-medical products. This will involve the operational logistics management of the existing NHS Supply Chain estate, additional in-bound logistics and inter-depot trunking services and supporting supply chain network expansion; including within its scope, Home Delivery Services.
- 2.4 The estimated value of this contract is £730,000,000.00 excl. VAT for the duration of the Contract.
- 2.5 This procurement opportunity was advertised as a Contract Notice in the Office Journal of the European Union (OJEU) ref **2017/S 164-338174** on **29 August 2017**.
- 2.6 This procurement followed the government's Lean Procurement initiative, investing a large amount of time in early market engagement and consultation with suppliers in order to stimulate interest and ensure their understanding of the requirement. There were a number of market engagement events which took place over a 5 month period, detailed in Table 1 below:-

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Table 1 – Market Engagement

| EVENT | TOPIC | INFORMATION/FEEDBACK |
|--|---|--|
| 27 Oct 2016 Market Engagement Session - 1 | <ul style="list-style-type: none"> - SRO introductions - Market Engagement Process and Programme - Introduction to Future Operating Model - Logistics Model - Procurement Process & Model Contract - Financial Model - Next Steps - Q&A & Registration for 1:1 Sessions | <p>29 attendees from 19 organisations</p> <p>Suppliers were asked to consider the option of procuring HDS as a separate Lot or combined with the Core. Commercial advantages or synergies in procuring PIPP and EPRR at the same time as the FOM services as a Lot, changing Care pathway and planned volume growth.</p> |
| 7th November 2016 Supplier One to One Session - 1 | <i>Suppliers free to discuss any area they wished.</i> | <p>10 organisations attended. Hosted by the NHS BSA.</p> <p>PTP and NHS BSA staff in attendance. Covered clarifications and discussion on original presentation</p> |
| 12 December 2016 Market Engagement Session - 2 | <ul style="list-style-type: none"> - Overview of the Feedback received - Physical Assets - KPI & Metrics - Inbound Logistics - GMPTC/ Open Book - Q&A & Registration for 1:1 Sessions | <p>19 attendees from 12 organisations</p> |
| 9th January 2016 Supplier One to One Session - 2 | <i>Suppliers free to discuss any area they wished.</i> | <p>18 attendees from 9 organisations</p> |
| 2 February 2016 Site Visit | <i>Suppliers were given the opportunity to see the sheds in Rugby and NDC and discuss any area they wished.</i> | <p>19 attendees from 10 organisations</p> |
| 16 March 2017 Market Engagement Session - 3 | <ul style="list-style-type: none"> - Overview of the 1-2-1 and Site Visit Feedback received - Procurement Update - Home Delivery Service - ICC/ Governance/ New Fair Deal - Contract and Commercials Update - Q&A - 1-2-1 Sessions sign up. | <p>13 Attendees from 7 organisations</p> <p>Covered lot structure and evaluation model, HDS, and pensions</p> |
| 27 March 2017 Market Engagement Session – HDS Only | <ul style="list-style-type: none"> - Market Engagement Process and Programme - Introduction to Future Operating Model - HDS Logistics - Procurement Process & Model Contract - Q&A & Registration for 1:1 Sessions | <p>15 attendees from 10 organisations</p> <p>Presentation by the NHS BSA and PTP. Covered HDS Component exclusively</p> |
| 28/29/30 March 2017 Supplier One to One Session – Core Logistics only | <i>Suppliers free to discuss any area they wished.</i> | <p>7 organisations attended. Hosted by the NHS BSA.</p> <p>PTP and NHS BSA staff in attendance. Covered clarifications and discussion on March presentation</p> |
| 18/19/20 April 2017 Supplier One to One Session – Dedicated to HDS only. | <i>Suppliers free to discuss any area they wished.</i> | <p>6 organisations attended.</p> <p>Hosted by the NHS BSA with PTP and NHS BSA staff in attendance. Covered clarifications and discussion on March presentation</p> |

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| EVENT | TOPIC | INFORMATION/FEEDBACK |
|--|--|----------------------------------|
| 22 nd June 2017 HDS Site Visit | <i>Suppliers were given the opportunity to see the HDS sites and discuss any area they wished.</i> | 12 organisations 23 participants |

- 2.7 Feedback from these engagements were considered and incorporated into the tender documentation where appropriate.
- 2.8 This project was procured via the OJEU Open procedure.
- 2.9 The procurement received three (3) Tender responses by deadline of 9 October 2017 11:00am. The table below identifies these Bidders.

Table 2 – Suppliers

| ORGANISATION NAME | COMMENT |
|------------------------|------------|
| CEVA Logistics Limited | [REDACTED] |
| Unipart Group Limited | [REDACTED] |
| DHL Logistics Limited | [REDACTED] |

- 2.10 There are four main gates under this Open Procedure. The Gates are as follows:
- Gate A – Administrative Compliance
 - Gate B – Legal & Commercial Compliance
 - Gate C – Suitability Assessment
 - Gate D – Technical/Quality/Price Evaluation
- 2.11 Evaluation Panels were set up to assess the tender responses as per the published evaluation criteria for each Gate.
- 2.12 The evaluation criteria are pre-determined (cannot be changed) and reflect the principles associated with the selection of the most suitable and financially viable Bidders.
- 2.13 Immediately after publishing the tender, the Authority received formal notification that AAH Pharmaceuticals wished to withdraw from the competition. The reason given for withdrawal was that they believed that the scope of the service was not one which fully aligned to their key business activities and strengths at the time of procurement. They were happy to step down.

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- 2.14 Just before the tender submission deadline, XPO Supply Chain another potential supplier sent in a notification, withdrawing from the procurement exercise. Their reason for withdrawal was that they felt that they would not be able to pass Gate C (Suitability and Capability) of the evaluation. XPO Logistics had entered into the supplier engagement process with the intention of just bidding for the Logistics element of the procurement. Once the HDS element was added to the procurement, without being able to get a partner with this experience they would have been unable to demonstrate past experience. XPO Logistics in their letter indicated their respect for the decision taken by the Authority to include HDS into the main service offering and will continue to build their presence in the healthcare sector to ensure that when this service is re-tendered they would be in the position to participate. They also commended the Authority on running a highly professional process.

3 Evaluation Panel

- 3.1 The evaluation panels were recruited from different stakeholders involved in the supply chain process. This included individuals with HDS experience, logistics and procurement professionals within the NHS across different regions to ensure a cross section of interest within each group.
- 3.2 The Panel was responsible for the assessment of all Tenders received. This Panel assisted in the production and submission of the award recommendation and now seeks formal ratification through the approved governance structure together with mandatory Department of Health and ministerial approvals.
- 3.3 All evaluators signed a Conflict of Interest form along with a Confidentiality Agreement – it was noted that no evaluator registered any form of Conflict with the named potential providers.
- 3.4 The Panel was split into three teams
- Gate C – Suitability Evaluation Panel (internal members only)
 - Gate D – Proposal Evaluation Panel (internal members & wider NHS team included)
 - Price Evaluation (internal project members and BSA)
- 3.5 Details of the evaluation panel members are provided in **Table 3** below:

Table 3 – Evaluators

| ASSESSOR NAME | DESIGNATION | GATES |
|---------------|-------------|------------------|
| | | C&D |
| | | n/a |
| | | Gate D - Finance |
| | | Gate D – Finance |
| | | Gate D - Finance |
| | | Gate C & D |
| | | Gate C & D |
| | | Gate C & D |
| | | Gate C |
| | | Gate D |
| | | Gate D |

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| | | |
|------------|------------|--------|
| [REDACTED] | [REDACTED] | Gate D |
| [REDACTED] | [REDACTED] | Gate D |
| [REDACTED] | [REDACTED] | Gate D |
| [REDACTED] | [REDACTED] | Gate D |

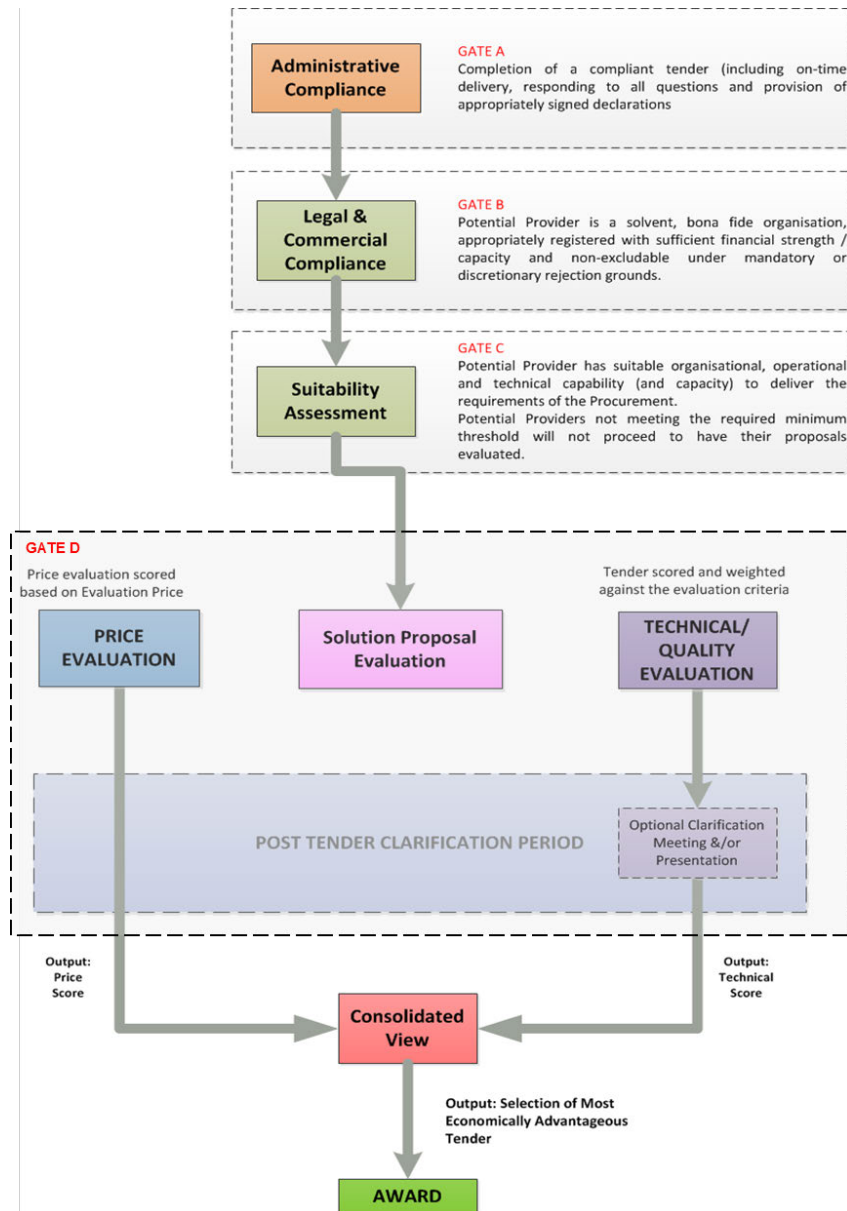
- 3.6 All evaluators attended one of three Evaluation Training days. This training covered the role of an evaluator and moderator, a walkthrough of the evaluation methodology and the questions being asked. It also reminded evaluators of their responsibilities when taking notes and ensuring good quality in their justification of scores.

4 Evaluation Process Methodology

- 4.1 The OJEU Open Procedure was used for this procurement therefore the tender evaluation proceeded through a gated process A – D (as shown below). The evaluation panel were allocated particular sections of the tender to evaluate in line with their expertise and knowledge:
- Gate A – Administrative Compliance
 - Gate B – Legal & Commercial Compliance
 - Gate C – Operational & Technical Capability
 - Gate D – Proposal Assessment
 - o Technical /Quality Evaluation
 - o Price Evaluation
- 4.2 The diagram below summarises the process used to select an appropriate Bidder and award the contract for this Procurement.

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Figure 1 – Evaluation Process Overview



5 Gate A – Administrative Compliance

- 5.1 The tender responses were opened on BMS by [REDACTED] on 9 October 2017. These responses were uploaded onto a restricted area of the DH Exchange site to enable compliance checks to be done by the moderators.
- 5.2 Failure to submit a bid through BMS:
- None
- 5.3 Compliance of Documentation:
- 5.3.1 A compliance check was undertaken on all Bid submissions to ensure that all information requested had been provided and declarations completed.
- All Bidder responses were found complete

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- 5.3.2 Clarification was sought on one bidder's form of tender declaration and an opportunity was given to the bidder to clarify the status of statements made on the form. CEVA Logistics, the bidder in question, provided the necessary clarification which was deemed to be acceptable.
- 5.3.3 The Procurement Assurance members carried out page count checks in line with limitations provided to the Provider under each question.
- All Provider responses were within the page count limit and found to be compliant.
- 5.4 All three Bidder responses met the criteria and found to be compliant.

6 Gate B – Legal and Commercial Compliance

6.1 Legal Compliance

The Legal compliance was carried out by assessing Bidders responses to Attachment 5 – Selection Questionnaire – Sections 2, 3, 5, 7 & 8 as per the below table (Table 4). All Bidder responses met the criteria and found to be compliant.

Table 4 –Selection Questionnaire – Sections 2, 3, 5, 7 & 8

| SECTION | ASSESSMENT CRITERIA | OUTCOME |
|--|--|---|
| Section 1: Potential Provider information | Potential Providers are required to provide full and accurate information | Bidder excluded if it is neither registered nor licensed appropriately |
| Section 2: Grounds for mandatory exclusion | | Bidder excluded should any of the grounds for mandatory rejection be triggered. |
| Section 3: Grounds for discretionary exclusion | | Bidders may be excluded should any of the grounds for discretionary rejection be triggered. |
| <i>Section 4: Economic and Financial Standing</i> | <i>Bidders meet the minimum financial standards & pass the financial risk assessment - See 6.2 -6.5</i> | |
| Section 5: Wider Group/Parent Company | Only if applicable - Bidders are able to offer parent company guarantee or guarantee from elsewhere | |
| <i>Section 6: Technical and Professional Ability</i> | <i>Bidders assessed in accordance with the scoring methodology and selection criteria set out in 7.1 – 7.7 Gate C – Suitability Assessment below</i> | |
| Section 7: Modern Slavery Act 2015 (the "Act") | Evidence to the effect that measures taken by Bidders are sufficient to demonstrate its reliability despite the relevant ground for exclusion and the Authority considers such evidence to be satisfactory (in accordance with Regulation 57). | Bidders may be excluded should any of the grounds for discretionary rejection be triggered. |
| Section 8.1: Insurance | Insurance requirements – Self certification | Bidders excluded if failed to provide Self certification |

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| SECTION | ASSESSMENT CRITERIA | OUTCOME |
|--|---|---|
| Section 8.2: Skills and Apprentices | Compliance with the policy set out in PPN 14/15 | Bidders passed section, if they answered “yes” to the questions and so self-certifying their commitment to developing and investing in skills and apprenticeship (including within their supply chain) through this contract. Bidders were also considered, at the absolute discretion of the Authority, if they answered “no” to any of the questions in the section and in addition provided an explanation that, in the opinion of the Authority, sufficiently justifies this lack of commitment. |
| Section 8.4: Potential Providers’ Past Performance | The Government has developed an approach to ensuring that previous poor performance by tendering entities can be taken into account and robustly assessed prior to entering into certain new contracts. The Authority is looking to determine whether Bidders have appropriately discharged their obligation under previous principal contracts (as described in “Procurement Policy Note 09/12 – Taking Account of Bidders’ Past Performance” and “Procurement Policy Note 03/14 – Measures to Promote Tax Compliance”): https://www.gov.uk/government/collections/procurement-policy-notes | Bidders passed this section if their responses to the questions in this section self-certify that the relevant principal contracts that they (and any sub-contractors or consortium members relied on to perform the Contract) have provided in the last three years have been performed satisfactorily. They may also pass this section if they can supply information to show to the Authority’s satisfaction, for any relevant contracts that were not performed satisfactorily, why this will not recur if they are awarded the Contract. |

Section 4: Economic and Financial Standing**6.2 Commercial Compliance**

- The Commercial compliance was carried out by assessing the information received from Bidders to determine whether the Bidder (or its guarantor) has the necessary economic and financial standing to deliver the contract in accordance with the Authority’s minimum financial standards; reserving the right to ask for further information.

6.3 The Minimum financial standards were as follows:

- Minimum annual turnover for each of the last two years must be greater than or equal to £360,000,000
- A current ratio (current assets/current liabilities; as referenced in the last audited accounts) greater than or equal to 1; and
- D&B Failure score is equal to or greater than 51

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- 6.4 The Authority will also exclude Bidders where in its opinion; there is a high risk of:
- Insolvency over the lifetime of the contract;
 - Inability to cope financially with the contract size; or
 - Insufficient financial capacity to deliver the services effectively.
- 6.5 Attached as **Annex 1** is the financial assurance documentation for the three Potential Providers that submitted tenders.
- 6.5.1 Both Unipart Group Limited and DHL Supply Chain Limited have passed the required criteria (based on turnover, quick ratio and D&B rating), scoring “Green” on a risk basis.
- 6.5.2 CEVA Logistics Ltd by itself was unable to pass the required turnover threshold without resorting to support from its parent company. The CEVA submission agreed that it would be willing to provide such a PCG from CEVA Group PLC. Notwithstanding this PCG, concerns remain with regards to CEVA’s equity and revenue position. This led to “Amber” rating on a risk basis for the Potential Provider. Although insufficient on its own to exclude the Potential Provider (based on the published evaluation criteria), these concerns should not be ignored and in the event that CEVA were selected as the preferred provider suitable mitigation would need to be put in place.
- 6.5.3 It was noted during the financial assessment that CEVA Logistics Ltd currently has no (physical) delivery infrastructure and rely 100% on 3rd party operators. This represents a critical part of the service was noted to be assessed under the quality/technical evaluation.
- 6.5.4 Dunn & Bradstreet rates all three Potential Providers as minimum risk, “proceed with transaction”, with scores well above the minimum specified.

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7 Section 6: Gate C – Suitability Assessment

7.1 Bidders' Suitability responses were assessed in accordance with the scoring methodology and selection criteria set out below.

7.2 Scoring Methodology

7.2.1 **Table 5** provides details of the requirements (SQ 6.4 – SQ6.9) that the Authority used in assessing Bidder submission (Evaluation Criteria). Bidders were asked to provide information (SQ6.1 – SQ6.3) which they could cross refer to in their response to SQ6.4 – SQ 6.9. Bidder responses were assessed out of a maximum of three (3) marks, using the Marking Scheme provided in **Table 6** below.

7.3 Evaluation Criteria

Table 5 –Gate C - Suitability Evaluation Criteria

| REF | EVALUATION INTENTION | EVALUATION QUESTION | EVALUATION CRITERIA |
|-------|--|--|---|
| SQ6.4 | <p>Customer Services Operation - Core Logistics Service</p> <p>Seeks to establish that the Potential Provider has experience of delivering Customer Services similar to the Authority's requirements as described in the Specification.</p> | <p>The Core Logistics Service has a mature and well regarded Customer Services Operation. It will be the Logistics Service Provider's role to maintain this function as a first tier 'Single Point of Access'.</p> <p>Potential Providers are to detail their experience in managing such a function.</p> <p>The response must be in the form of a case study.</p> | <p>The response will be evaluated in accordance with Table 2 to assess the extent to which it shows, with the appropriate evidence:</p> <ul style="list-style-type: none"> • experience of managing a customer service operation of a similar size, scale and complexity, detailing the tools utilised, KPIs and SLAs in place; • how Customer satisfaction with the service is captured, achieved and maintained; • experience of managing a Single Point of Access Customer Services function • the facilities and systems in place that it uses to monitor and manage customer experience • how any improvements were executed; and • what challenges they have faced and the methods used to address them |

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| REF | EVALUATION INTENTION | EVALUATION QUESTION | EVALUATION CRITERIA |
|-------|---|---|--|
| SQ6.5 | <p>Customer Services Operation - Health Care Service User Seeks to establish that the Potential Provider has experience of delivering Customer Services (HDS) directly to Service Users and has the capability of meeting the Data Protection Standards in line with regulations and the Authority's requirements.</p> | <p>The Authority's Home Delivery Service (HDS) has a dedicated Customer Services Function. This team has direct contact with Service Users and handles 'Service-User Identifiable Data' as defined in the Specification. Potential Providers are to detail where they have run a similar Customer Services function and highlight how they have safeguarded the integrity of the Service Users' data.</p> <p>The response must be in the form of a case study.</p> | <p>The response will be evaluated in accordance with Table 2 to assess the extent to which it shows, with the appropriate evidence :</p> <ul style="list-style-type: none"> • experience of managing a customer service operation of a similar size, scale and complexity, detailing the tools utilised, KPIs and SLAs in place; • experience of managing a Customer Services function with direct Service User interaction; • the facilities and systems in place that it uses to monitor and manage customer experience; • how Customer and Service User satisfaction with the service is captured, achieved and maintained; and • how any improvements were executed; and • what challenges they have faced and the methods used to address them |
| SQ6.6 | <p>Project Management Seeks to establish that the Potential Provider has experience of delivering logistics improvement projects in a network or operation of a similar size and scale and in line with the Authority's requirements.</p> | <p>The Logistics Service is a key enabler of the FOM and will play a critical role in supporting the sales growth over the life of the contract. This growth will necessarily require the management and delivery of projects to deliver changes and improvements to logistics infrastructure and systems.</p> <p>Potential Providers are to describe where they have previously undertaken similar activities.</p> <p>Responses must be in the form of case studies.</p> <p>Three (3) individual case studies are required, one for each of the following circumstances:</p> <ul style="list-style-type: none"> • a Warehouse Management System (WMS) implementation • a GPS or similar time stamp proof of delivery system implementation • an implementation of a distribution centre | <p>The response will be evaluated in accordance with Table 2 to assess the extent to which it shows, with the appropriate evidence, how the Potential Provider has the capability to provide project management expertise to deliver projects in a similarly complex environment against the three (3) case studies.</p> <p>Each case study should include, as a minimum, the following in relation to the project the subject of each case study:</p> <ul style="list-style-type: none"> • A description of the methodology used • A description of its: <ul style="list-style-type: none"> ○ scope and complexity ○ value ○ objectives ○ timelines for delivery ○ risks and associated mitigations ○ challenges and associated responses ○ success criteria ○ outcomes achieved • Analysis of the outcomes and overall success or failure of the projects. |

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| REF | EVALUATION INTENTION | EVALUATION QUESTION | EVALUATION CRITERIA |
|-------|--|---|---|
| SQ6.7 | Inventory Management Seeks to establish that the Potential Provider has experience of supply chain management in line with the Authority's requirements. | <p>Inventory Management across three distribution channels (Stocked, Cross Dock, and eDirect) is a key function of the Logistics Operation.</p> <p>Potential Providers are to evidence their experience in providing such a service, and how it has been developed over time.</p> | <p>The Potential Provider's response will be evaluated in accordance with Table 2 to assess the extent to which it demonstrates that it has experience of:</p> <ul style="list-style-type: none"> Managing an inventory and supply chain management operation of a similar size and geographic distribution. Details to include <ul style="list-style-type: none"> organisational structure Infrastructure Key activities undertaken product range, number of market channels, management of working capital targets, demand planning, systems and continuous improvement methodologies used Taking over the management of a supply chain operation capability from an incumbent provider whilst maintaining service levels |
| SQ6.8 | Business Continuity Seeks to establish that the Potential Provider has experience of business continuity management in a sustainable supply chain environment. | <p>The welfare of Service Users, regardless of their location, is dependent on the resilience of the Logistics Service and the successful delivery of products. To that end, maintaining an open and fully effective supply chain is a key requirement of this contract.</p> <p>Potential Providers are to describe how they have previously addressed Business Continuity and Disaster Recovery issues in a multi-site environment. Service User</p> <p>The response should be in the form of a case study and include, as a minimum:</p> <ul style="list-style-type: none"> The Business Continuity and Disaster Recovery Plan used A description of the challenge or disruption A description of the service continuity threat All mitigations and actions employed A description of the eventual outcome | <p>The response will be evaluated in accordance with Table 2 to assess the extent to which it shows, with the appropriate evidence, how the Potential provider has:</p> <ul style="list-style-type: none"> Identified and responded to a disruption or has developed and implemented an approach to preventing or minimising impact of any potential disruption Ensured that the capability to respond to and manage disruptions is available Returned or planned to return to normal service operations following disruption <p>Particular emphasis will be placed on:</p> <ul style="list-style-type: none"> The reasoning behind the mitigations selected to respond to the challenge The impact and eventual outcome of the disruption on Customers |

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| REF | EVALUATION INTENTION | EVALUATION QUESTION | EVALUATION CRITERIA |
|-------|--|--|---|
| SQ6.9 | <p>Experience of providing Logistics Service within Health or Social Care Environment</p> <p>Seeks to establish that the Potential Provider has experience of providing a Logistics Service within a Health or Social Care Environment in line with the Authority's requirements.</p> | <p>The Health and Social Care Environment presents unique challenges and considerations to a logistics service. Specific product and Customer requirements often require adjustments in storage and delivery practices, for example. For the HDS, it can include direct contact with Service Users in a domestic setting.</p> <p>Potential Providers are to describe where they have provided logistics services within this environment, and where 'across the threshold' delivery was a key component of the service and stakeholder experience.</p> | <p>The Potential Provider response will be evaluated in accordance with Table 2 to assess the extent to which it demonstrates that it has experience of managing a service in the Health and Social Care Environment of similar size, complexity and scope. Detailing:-</p> <ul style="list-style-type: none"> the approach taken to service delivery Any challenges encountered and the responses to them A description of the outcomes achieved, Any lessons learned. <p>Additionally the response should demonstrate that the Potential Provider has experience in delivering 'an across the threshold service' irrespective of sector.</p> <p>Particular emphasis will be placed on the:</p> <ul style="list-style-type: none"> Understanding of how the unique challenges of operating a logistics service in the Health and Social Care Environment can impact on Service User health and well-being. Evidence, regulatory compliance and experience around interacting with Service Users. |

Table 6 –Suitability Assessment Scoring Scheme

| SCORE | ACCEPTABILITY | SCORING RATIONALE |
|-------|---------------------|--|
| 3 | Satisfactory | In the opinion of the evaluator the response is of a quality and level of detail that provides a good level of confidence that the Potential Provider has the capacity and capability in the areas described in the response requirements against the question. The response to the question is clear and detailed (with only minor omissions), demonstrating a good understanding of the issues and what is being asked for. |
| 2 | Fair | In the opinion of the evaluator the response is of a quality and level that provides some confidence that the Potential Provider has the capacity and capability in the areas described in the response requirements against the question, demonstrating a reasonable understanding of the issues but in some areas demonstrating misunderstanding. The response provides a low level of detail, and/or provides more of a 'model' or standard answer. |
| 1 | Poor | In the opinion of the evaluator the response is of a quality and level that lacks any convincing evidence to provide confidence in the capacity and capability of the Potential Provider in the areas described in the response requirements against the question, demonstrating some misunderstanding and/or failing to meet the response requirements against the question in many ways and/or materially in one or more ways. |
| 0 | Unacceptable | In the opinion of the evaluator the response fails to provide any confidence that the Potential Provider has the capacity or capability in the areas described in any of the requirements against the question, demonstrating a failure to understand the requirements. Alternatively, the Potential Provider has provided no response. |

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- 7.4 Following individual consideration of Gate C: Suitability Assessment by the Panel members, a moderation meeting was held on 13th October 2017. Based on a group discussion an agreed final score was allocated against each criterion for each Bidder.
- 7.5 The Bidders had to achieve a score of 3 on all the part C questions to be taken forward to the next stage and have their proposals evaluated.
- 7.6 A summary of the moderated results were as follows:

Table 7 – Suitability Moderation Notes

| No | SUITABILITY CRITERIA | CEVA LOGISTICS LIMITED | DHL LOGISTICS LIMITED | UNIPART LOGISTICS |
|--------------|---|---|--|--|
| SQ6.1 | Relevant experience and contract examples | Pass | Pass | Pass |
| | Please provide details of up to three contracts, in any combination from either the public or private sector; voluntary, charity or social enterprise (VCSE) that is relevant to our requirement. |  |  |  |
| SQ6.2 | Sub-Contracting Arrangements | Pass | Pass | Pass |

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| No | SUITABILITY CRITERIA | CEVA LOGISTICS LIMITED | DHL LOGISTICS LIMITED | UNIPART LOGISTICS |
|--------------|--|---|--|--|
| | Where a Potential Provider intends to sub-contract a proportion of the contract, they must demonstrate how they have previously maintained healthy supply chains with sub-contractor(s). | [REDACTED] | n/a | [REDACTED] |
| SQ6.3 | Only applicable if cannot provide 3 contract examples in SQ6.1 | Pass | Pass | Pass |
| | In no more than 500 words please provide an explanation for this | N/A | N/A | N/A |
| SQ6.4 | Customer Services Operation - Core Logistics Service | Pass | Pass | Pass |
| | Seeks to establish that the Potential Provider has experience of delivering Customer Services similar to the Authority's requirements as described in the Specification. | The Evaluation Panel found the Bidder's response comprehensive, demonstrating the operation of customer services functions across multiple clients and contracts [REDACTED] | The Evaluation Panel found this a good response which captured the full criteria. The approach was very methodical clearly setting out the complexity of the operation being undertaken and the current customer service structure in place [REDACTED] | The Evaluation panel agreed that this was a good response which met all the sub criteria. The response concentrated on customer [REDACTED] their long term relationship and provision of customer services operations. |
| SQ6.5 | Customer Services Operation - Health Care Service User | Pass | Pass | Pass |

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| No | SUITABILITY CRITERIA | CEVA LOGISTICS LIMITED | DHL LOGISTICS LIMITED | UNIPART LOGISTICS |
|--------------|--|---|--|--|
| | Seeks to establish that the Potential Provider has experience of delivering Customer Services (HDS) directly to Service Users and has the capability of meeting the Data Protection Standards in line with regulations and the Authority's requirements. | The Bidder's response demonstrated Call Centre experience and a clear understanding of the requirements around service user personal data. The panel noted that the response acknowledges lack of experience in managing a customer service function in this field i.e. delivering to potentially vulnerable users, but were convinced that the bidder has demonstrated and have the right facilities & systems in place to safeguard the integrity of service user data. | The Evaluation Panel felt this response met all the evidence and selection criteria. As the Incumbent supplier the response was very open about current challenges and attempts at improvement. [REDACTED] | Case study demonstrates experience of managing a customer service operation of a similar size, scale and complexity, detailing the tools utilised, KPIs and SLAs in place. The response clearly sets out and describes a HDS service provided by Movianto, listed as subcontractor to the Bidder, which includes clinical experts. |
| SQ6.6 | Project Management | Pass | Pass | Pass |
| | Seeks to establish that the Potential Provider has experience of delivering logistics improvement projects in a network or operation of a similar size and scale and in line with the Authority's requirements. | The Evaluation panel agreed that the Bidders response had three good concise but well expressed examples [REDACTED] [REDACTED] The process is ISO certified and appears comprehensive. | [REDACTED] he methodology is comprehensive and covers all aspect of project management. | The comprehensive response outlines a case study the Bidders use of a Project Delivery System based upon Prince2. |
| SQ6.7 | Inventory Management | Pass | Pass | Pass |
| | Seeks to establish that the Potential Provider has experience of supply chain management in line with the Authority's requirements. | The response is based upon the Bidders [REDACTED] The Panel agreed that this was a comprehensive response that covered all aspects of the evaluation criteria. It clearly set out the size and scale of the operation which is significant. | The response sets out the Bidder's corporate inventory management credentials including an inventory academy leading to professional qualifications. The case study is based upon [REDACTED] | The evaluation panel agreed that this response provides an excellent case study that shows a clear understanding of managing inventory in an environment very similar to the FOM. The response outlines the Bidders inventory management operations for two separate clients. |
| SQ6.8 | Business Continuity | Pass | Pass | Pass |

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| No | SUITABILITY CRITERIA | CEVA LOGISTICS LIMITED | DHL LOGISTICS LIMITED | UNIPART LOGISTICS |
|--------------|--|--|---|---|
| | Seeks to establish that the Potential Provider has experience of business continuity management in a sustainable supply chain environment. | The Bidders response outlines the Bidder approach to business continuity and risk management and cites the development of business continuity plans bespoke to the operation/contract being managed. The Panel agreed that the response clearly demonstrated that the Bidder has a credible structure which is reviewed regularly and acknowledges that they have not had to invoke the BCP in any of its operations but it does outline the test approach for the BCP and gives examples of improvement recommendations as a result of the tests. | A strong response which meets all the criteria. The response sets out and details a DHL proprietary 10 step model of business continuity. | The Evaluation panel agreed that the response presented a good approach to DRBC aligned to the ISO standard to specific client requirements. The case study centres on a WMS [REDACTED] demonstrates strong communications and priorities identified in service recovery. It clearly describes the Bidder's activities covering the areas of the evaluation criteria demonstrating an effective response to a major business issue. |
| SQ6.9 | Experience of providing Logistics Service within Health or Social Care Environment | Pass | Pass | Pass |
| | Seeks to establish that the Potential Provider has experience of providing a Logistics Service within a Health or Social Care Environment in line with the Authority's requirements. | CEVA demonstrated extensive experience in Healthcare supplies and particularly in across the threshold deliveries in healthcare, consumer and retail environments. The response sets out the extensive experience the Bidder has in providing solutions to healthcare clients – Patient and Customer Focused to ensure a "Patient First" service. | This was a Comprehensive answer demonstrating their activity across the Health Care environment. [REDACTED] | The Evaluation Panel agreed that the case study covered all points well and illustrates a well-managed service. The response sets out clearly the Partnership detail of current service offer with Movianto covered the question requirement well. |

7.7 All 3 Bidders were taken forward to the next Gate (Gate D) to have their proposals evaluated. The scores and some key attributes of the Potential Providers proposals can be found in Table 9 of this report.

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8 Gate D – Proposal Evaluation Process

- 8.1 The Authority used a quality / price ratio to determine the outcome of its Gate D - Award Phase evaluation. In order to give each Potential Provider a Quality Score, answers to quality (quality evaluation) questions were:
- marked under a consensus marking procedure, carried out in a moderation session; and
 - weighted by the Authority
- 8.2 These scores were then combined with the Price Score to calculate the Potential Provider's overall Final Score.
- 8.3 Table 8 below sets out the weightings ratio between the quality and price evaluation components of the Award Phase evaluation:

Table 8 – Weightings ratio between the quality and price evaluations

| | MAXIMUM AVAILABLE SCORE | AREA | WEIGHT | EQUIVALENT OVERALL WEIGHT |
|-----------|-------------------------|---|----------------|---------------------------|
| QUALITY | 60% | Business Transition | 21% | 12.6% |
| | | Operational Innovation | 18% | 10.8% |
| | | Collaboration | 10% | 6.0% |
| | | Inbound Logistics service | 12% | 7.2% |
| | | Quality Assurance | 6% | 3.6% |
| | | Activity Growth | 15% | 9.0% |
| | | Operating Model (HDS) | 14% | 8.4% |
| | | Training and Development | 4% | 2.4% |
| SUB-TOTAL | | | | 60.0% |
| PRICE | 40% | Total Sales Value to Cost Ratio | 13% | 5.2% |
| | | Logistics Target Profit Margin | 11% | 4.4% |
| | | Core Customer Service Centre Target Profit Margin | 3% | 1.2% |
| | | HDS Customer Service Centre Target Profit Margin | 5% | 2.0% |
| | | Logistics cost (TM1) | Aggregated 25% | 10.0% |
| | | Core Customer Service Centre cost (TM2) | | |
| | | HDS Customer Service Centre cost (TM3) | | |
| | | Implementation costs (TM4) | | |
| | | Exit charges (EX1) | Aggregated 43% | 17.2% |
| | | Logistics cost (TM1) | | |
| | | Core Customer Service Centre cost (TM2) | | |
| | | HDS Customer Service Centre cost (TM3) | | |
| SUB-TOTAL | | | | 40.0% |
| TOTAL | | | | 100.0% |

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9 Gate D - Quality Evaluation

9.1 Marking Schemes for Quality Questions:

- 9.1.1 Each of questions of the Award Questionnaire was marked by the evaluators using the Evaluation Criteria in the Technical Evaluation Matrix (Table 9) and Quality Evaluation Marking Scheme provided in Table 10 below.
- 9.1.2 Evaluators had the opportunity during this period to ask Bidders to clarify areas of their response. No clarification questions were raised.
- 9.1.3 The responses were assessed out of a maximum of five (5) marks. The individual evaluators were not able to give partial marks (for example 2.5).

Table 9 –Technical Evaluation matrix – weightings for questions AQ.1 to AQ.8 of the Award Questionnaire

| REF | EVALUATION INTENTION | INFORMATION REQUEST | EVALUATION CRITERIA | WEIGHT |
|------|---|--|--|--------|
| AQ.1 | <p>Business Transition Seeks to establish that the Potential Provider' has a realistic and achievable strategy and plan to:</p> <ul style="list-style-type: none"> ensure organisational readiness; and transition the logistics operation | <p>The logistics operation currently has 2090 staff, 182 vehicles and an extensive depot infrastructure supported by a host of back office functions including customer services and inventory management.</p> <p>A majority of current staff engaged in the Core Logistics and Home Delivery Service (HDS) will be included in TUPE activity and are expected be available to the Potential Provider. Additionally, lease agreements for the existing Core Logistics vehicles will be novated to the Supplier.</p> <p>The Potential Provider will be the main occupant of the Sites and responsible for managing these properties. This could include but is not limited to the implementation of the necessary agreements between the Logistics Service Provider and other FOM Providers who will have staff based at one or more logistics sites.</p> <p>A seamless operational transition on 1st October 2018 with no disruption to supply or quality of service is the main success criterion for the logistics service.</p> <p>The Implementation Key Milestones and activity descriptors set out in Annex 2 to Schedule 3 of the Contract are intended</p> | <p>The response will be evaluated in accordance with Table 5 to assess the extent to which it evidences :</p> <p>a) A business transition strategy, including:</p> <ul style="list-style-type: none"> a detailed transition plan that includes indicative timings in line with the Service Specification and Contract Schedules key risks and appropriate approaches for their mitigation which does not unnecessarily transfer risk to the Authority but highlights areas where Authority action is required; and an operational implementation plan that describes how they will maintain service levels during the transition phase in line with the Contract <p>b) Staff Transition: A description of how staff will be transferred to the Potential Provider including:</p> <ul style="list-style-type: none"> TUPE plans a description of how the staff would be evaluated and supported through the change; and how statutory requirements such as apprenticeships will be maintained and developed <p>c) Fleet Transition: A description of how the Potential Provider will manage novating vehicle leases and transitioning the vehicles</p> | 21% |

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| REF | EVALUATION INTENTION | INFORMATION REQUEST | EVALUATION CRITERIA | WEIGHT |
|------|---|---|---|--------|
| | | <p>to give Potential Providers an indication of the type of transition activities and the potential sequencing of these activities within the available timeframe. Subject to the information requested by this question and to its requirements, Potential Providers may propose such approaches as they see fit, including but not limited to sequencing of activities, and/or the Potential Provider's proposed duration of the Implementation Services within the Authority's timeframe envelope.</p> <p>The Potential Provider must submit a proposal that describes how they will:</p> <ul style="list-style-type: none"> • transition the existing operation (in line with the Contract and Service Specification); and • Ensure that such transition is successful. | <p>d) Multi-occupancy Site Management: A detailed description of how the Potential Provider will manage the transition of site management and includes but is not limited to:</p> <ul style="list-style-type: none"> • Site management • Asset transfer • Lease transfer • System transfer • Operational processes • Governance structures and mechanisms • Relationship with other site occupants (FOM Providers) <p>e) Technology and Integration: A detailed description of how the Potential Provider will ensure that their ICT systems will interface with the Intelligent Client Co-ordinator (ICC) systems (in line with the diagram provided in the Data Room). This should include but is not limited to:</p> <ul style="list-style-type: none"> • Risks and associated mitigations • Implementations • Testing • Cut-over | |
| AQ.2 | <p>Operational Innovation Seeks to establish that the Potential Provider has analysed the existing Logistics operations and considered the opportunities for efficiencies and innovations to support the changing health care environment and describes how these will make a difference across the Health Care environment.</p> | <p>The NHS and local councils have formed strategic partnerships across England to improve health and care. Sustainability and Transformation Partnerships (STPs) are tasked with scoping and developing new Care Pathways in settings away from established service delivery in the existing NHS Estate e.g. Hospitals and acute clinics.</p> <p>Potential Providers are to explain how they will approach the operational challenges posed by this evolving environment. Consideration should be given to the development and implementation: of new services and logistics channels whilst maintaining the quality of service and controlling cost and taking account of the Government's SME agenda.</p> | <p>The response will be evaluated in accordance with Table 5 to assess the extent to which it shows that the Potential Provider has:</p> <ul style="list-style-type: none"> • A credible and sustainable analytical, design, and implementation methodology, for delivering operational innovation • A mechanism for defining and measuring successful outcomes • A description of any new services and logistics channels under consideration • A mechanism for being able to deliver to all postcodes in England or to any service user defined as eligible under any contract let by any NHS England body; and • An effective ICT integration approach | 18% |

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| REF | EVALUATION INTENTION | INFORMATION REQUEST | EVALUATION CRITERIA | WEIGHT |
|------|--|---|--|--------|
| AQ.3 | <p>Collaboration Seeks to establish that the Potential Provider's proposed relationship and conflict management strategies and method statements are fit for the FOM environment</p> | <p>The FOM is a multi-stakeholder environment, where many Providers will need to work together to achieve the required outcomes.</p> <p>For the Logistics Service Provider, this will mean having multi-dimensional relationships with other FOM providers/stakeholders in Logistics, Transactional Services, Supporting Technology, Category Towers and the Intelligent Client Co-ordinator (ICC).</p> <p>The Potential Provider must submit a proposal that describes how they will develop and manage relationships with other FOM providers/stakeholders across the NHS.</p> <p>The Potential Provider should respond to this question having regard to the FOM General Guide available in the Data Room</p> | <p>The response will be evaluated in accordance with Table 5 to assess the extent to which it shows that the Potential Provider:</p> <ol style="list-style-type: none"> Has an understanding of the complexities and interdependencies of the FOM environment and Identifies the customers and stakeholders; <ul style="list-style-type: none"> Provides credible examples of any potential challenges that may arise and what measures will be put in place to mitigate against any risks; and Describes methods, governance and conflict management mechanisms for managing the multi-dimensional relationships with other FOM providers/stakeholders in line with the Contract and Specification Highlights any additional benefits that a collaborative approach can bring to the Logistics Services and the FOM | 10% |
| AQ.4 | <p>Inbound Logistics service Seeks to establish that the Potential Provider has a considered approach for implementation and operation of the Inbound Logistics service, and a vision for its expansion in line with projected volume growth.</p> | <p>An Inbound Logistics service must be established to support the Logistics operation. The requirements for this service include but are not limited to:</p> <ul style="list-style-type: none"> receive containers, de-stuff and palletise the stock trunk stillages, roll cages and pallets as needed across the Logistics Network collect and consolidate pallets across the Network operate a backhaul service from product suppliers to the Network inter-depot transfers <p>The Potential Provider is to provide a proposal describing the design, implementation, delivery and operation of the function.</p> <p>*Please note that you will be required to provide your commercial model separately within the Financial Submission Template (Attachment 7).</p> | <p>The response will be evaluated in accordance with Table 5 to assess the extent to which it demonstrates that the Potential Provider:</p> <ul style="list-style-type: none"> Has a credible solution with a sustainable resource model that delivers the requirement as detailed in the Service Specification evidences the potential challenges / difficulties that could arise and the resolution process which the Potential Provider would put in place to tackle these Has a credible vision for the expansion of the service Has taken appropriate measures to identify, mitigate and manage delivery risks Demonstrates an understanding of the interaction between the Category Tower providers and the ICC in amending strategies to grow the service. Has made Project / Delivery Lead arrangements with individual(s) that have the appropriate qualifications and experience to manage the scope of the requirements; and Has a quality assurance and performance regime that monitors, measures and assures quality outcomes | 12% |

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| REF | EVALUATION INTENTION | INFORMATION REQUEST | EVALUATION CRITERIA | WEIGHT |
|------|---|---|---|--------|
| AQ.5 | <p>Quality Assurance Seeks to establish the Potential Provider's competency in sustaining Quality Assurance and Quality Control practices and how these approaches will be aligned to FOM.</p> | <p>The main success criterion for the Logistics Service is the continuity and quality of service to the Customer, and Quality Assurance and Quality Control functions support and measures that delivery.</p> <p>To that end, Potential Providers are to describe:</p> <ol style="list-style-type: none"> How they will approach sustaining Quality Assurance (QA) including Quality Control (QC) practices, and how they will assess new practices delivering increased benefits/results? How they will approach developing system-wide best behaviours across the interdependencies that exist in the FOM? | <p>The response will be evaluated in accordance with Table 5 to assess the extent to which it shows that the Potential Provider has:</p> <ul style="list-style-type: none"> A credible and sustainable approach to a sustainable Quality Assurance (QA) including Quality Control (QC) performance regime for new and adopted practices, that monitors, measures and assures quality outcomes Demonstrates within their QA & QC approach an understanding of the interdependencies within the FOM Appropriate information management tools and systems to deliver the Services and create a durable culture of continuous improvement; and A credible and sustainable learning programme that recognises new practices to the benefit and continuous growth of the Logistics service. | 6% |
| AQ.6 | <p>Activity Growth Seeks to establish that the Potential Provider's strategy for supporting the projected growth scenarios is fit for the FOM.</p> | <p>This Logistics Tender is one component of a broader Procurement Transformation Programme (PTP). The PTP is projected to deliver a doubling of sales across the FOM. This sales growth will cause additional volume to travel through the Logistics Network and additional logistics capability will be required to support it.</p> <p>Potential Providers are to provide a proposal describing how they would support the expansion of the Logistics Network to deliver a robust and sustainable solution that protects the quality of the service provided to Customers and is sustained throughout the life of the Contract.</p> | <p>The response will be evaluated in accordance with Table 5 to assess the extent to which it:</p> <ul style="list-style-type: none"> Shows that the Potential Provider has a credible strategy for delivering the outcomes as defined in the Specification which is sustainable in the long term identifies the risks associated with activity growth and appropriate approaches for their mitigation includes a robust and sustainable solution that protects the quality of the service provided to Customers throughout the life of the Contract includes a credible plan for managing and sustaining the relationships with stakeholders across the FOM landscape | 15% |

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| REF | EVALUATION INTENTION | INFORMATION REQUEST | EVALUATION CRITERIA | WEIGHT |
|------|---|--|--|--------|
| AQ.7 | <p>Operating Model (HDS) Seeks to establish that the Potential Provider's proposed HDS operating model will deliver advantages to the Service Users.</p> | <p>The Home Delivery Service (HDS) delivers selected products directly to Service Users in their place of residence – nursing homes, residential care homes or private residences. There is a dedicated Customer Services function for HDS, and it also requires warehouse and delivery functions.</p> <p>Potential providers are to use the relevant information in the Specification, Contract and Data Room to develop an operating model for the HDS and explain the advantages of the proposed model.</p> | <p>The response will be evaluated in accordance with Table 5 to assess the extent to which it shows that the Potential Provider:</p> <ul style="list-style-type: none"> Has a credible solution with a suitably qualified resource model that meets the HDS objectives as described in the Service Specification (Attachment 2) and KPIs (Schedule 6 of the Contract). Show that understands the potential challenges / difficulties that could arise, and has a robust plan of how these will be addressed. demonstrates and evidences the advantages of the proposed model and how it can benefit the Authority and the Service Users Has taken appropriate measures to identify the matters that would most likely be considered a priority by Service Users and evidence how these will be addressed within the proposed operating model | 14% |
| AQ.8 | <p>Training and Development Seeks to establish that</p> <ul style="list-style-type: none"> the Potential Provider's proposed training and development plans will enable the organisation to monitor and manage the technical and interpersonal skills gaps, and The plans are aligned with the service delivery requirements so that they enhance the Service User's experience. | <p>The continual training and development of staff is an essential element of the Logistics Service. Throughout the life of the contract there will be a number of changes to accommodate activity growth, and effectively trained staff is essential to maintaining service levels through change.</p> <p>Any staff working in HDS delivery or Customer Service roles will also have direct contact with Service Users. These activities require that staff be appropriately cleared and trained before undertaking them.</p> <p>Potential Providers are to detail how they will train and develop staff to operate in an environment where they will be experiencing change, and where they may be required to directly interact with Health Care Service Users and enhance the Service User's experience.</p> | <p>The response will be evaluated in accordance with Table 5 to assess the extent to which it demonstrates that the Potential Provider understands the service delivery requirement and has:</p> <ul style="list-style-type: none"> a training and development strategy which is in line with the Service Specification and the Contract A structured approach to identifying and managing skills gaps in order to meet the service delivery requirements throughout the contract life. A credible sample staff training matrix and development plan Identified and taken appropriate measures to mitigate risk | 4% |

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Table 10 – Quality Evaluation Marking Scheme for quality questions AQ.1 to AQ.7

| MARK | MARK DESCRIPTION |
|------|--|
| 5 | Excellent: In the opinion of the evaluator the response is of a quality and level of detail that provides extreme confidence that the Potential Provider's proposals will meet all of the response requirements against the question, demonstrating an excellent and thorough understanding of the issues and what is being asked for. Proposals clearly set out how and what will be delivered. |
| 4 | Very good: In the opinion of the evaluator the response is of a quality and level of detail that provides a high degree of confidence that the Potential Provider's proposals will meet all of the response requirements against the question, demonstrating a very good understanding of the issues and what is being asked for. Proposals set out how and what will be delivered. |
| 3 | Good: In the opinion of the evaluator the response is of a quality and level of detail that provides a good level of confidence that the Potential Provider's proposals will meet all of the response requirements against the question, demonstrating a good understanding of the issues and what is being asked for. Proposals set out how and what will be delivered with only minor omissions. |
| 2 | Reasonable: In the opinion of the evaluator the response is of a quality and level of detail that provides some confidence that the Potential Provider's proposals will meet all of the response requirements against the question, demonstrating a reasonable understanding of the issues but in some areas demonstrating a misunderstanding. Proposals generally provide sufficient information but in some areas have a low level of detail and/or provide more of a "model answer" than a bespoke response to the relevant response requirements. |
| 1 | Poor: In the opinion of the evaluator the response is of a quality and level of detail that provides insufficient confidence in the ability of the Potential Provider to meet the response requirements against the question, demonstrating some misunderstanding in the submission, and failing to meet the response requirements against the question in many ways and/or materially in one or more ways. Proposals provide a generally low level of information and/or detail. |
| 0 | Very poor: In the opinion of the evaluator the response fails to provide any confidence that the response requirements against the question will be met, demonstrating a failure to understand the requirements. |

9.2 Moderation of Quality Score

9.2.1 Following individual consideration of the responses by the Panel members, a moderation meeting was held on the 24 October 2017. Based on group discussion an agreed final consensus score was allocated against each criterion for each Potential Provider.

9.2.2 A summary of the moderated scores and key attributes is presented in Table 11 below.

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Table 11 – Scores and attributes of Potential Provider quality responses

| COMPARISON OF POTENTIAL PROVIDER QUALITY SCORES | | | | | | | | |
|--|---|-----|-----|-----|-----|--|-----|-----|
| PROVIDER | AQ1 | AQ2 | AQ3 | AQ4 | AQ5 | AQ6 | AQ7 | AQ8 |
| Unipart Logistics | 3 | 4 | 4 | 4 | 4 | 4 | 3 | 3 |
| DHL Logistics | 4 | 3 | 4 | 3 | 4 | 3 | 3 | 4 |
| CEVA Logistics | 2 | 2 | 3 | 3 | 3 | 2 | 3 | 3 |
| ATTRIBUTES OF POTENTIAL PROVIDER QUALITY RESPONSES | | | | | | | | |
| Unipart Logistics | DHL Logistics | | | | | CEVA Logistics | | |
| <p>Pros</p> <ul style="list-style-type: none"> The transition plan is very detailed, with a very detailed staffing strategy, which shows TUPE implications. This bid shows good experience and knowledge of transfer of business. They cover fleet and site management in depth. Great detail on IT, bringing in an existing, proven system. Very good response to operation innovation with a number of transformational, aspirational albeit sometimes holistic innovations presented.. Excellent appreciation of the core issues and a clear attempt to understand the drivers in the NHS and the intent behind this question which is driving us to not stand still as we move towards care closer to home. The response to collaboration, highlighting the benefits and how they envisage working across all sectors. This provided a high degree of confidence that the requirements will be met. Key stakeholders have been identified, with a clear understanding of the complexities of the FOM environment. Credible potential challenges identified and mitigations suggested. | <p>Pros</p> <ul style="list-style-type: none"> A very solid and detailed proposal showing their current knowledge and understanding of the service and also their aims for the future. The proposal provides a credible roadmap to the FOM with very good acknowledgement of collaboration and integration with other FOM stakeholders. Additional enhanced systems proposed to help improve current solution. Excellent governance and project management tools with good detail on Risk analysis with all critical tasks identified in the plan to ensure smooth transition. A good response on collaboration. Adheres to a structured collaboration framework BS11000. An excellent proposed Collaboration Management Team to coordinate between FOM organisations. As incumbent, they evidenced a deep understanding of both current NHSSC elements and wider NHS stakeholder environment, with a very good management approach and resolution process. A credible approach detailed through their Quality Assurance process and QMS. Monitoring techniques and Key FOM interdependencies identified. Information management tools in place to deliver continuous improvement - got a Quality Manual and currently rolling out "ETQ Reliance Suite". A learning programme and quality | | | | | <p>Pros</p> <ul style="list-style-type: none"> Provided a good implementation methodology proposing a 'shadow organisation' and dedicated site support team. The demonstrated a reasonable understanding of the FOM, its complexities and identifying ICC as having the pivotal role with main interaction between the procurement towers and logistics provider. <p>Cons</p> <ul style="list-style-type: none"> Bid generally failed to answer or provide sufficient details to provide confidence that the provider could deliver the requirements. The transition plan focuses on HDS and Inbound logistics only. The panel found some of the elements within the response very brief and with very little context or depth attempted which provided little confidence. In addition, the IT approach proposed was at odds | | |

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| | | |
|--|--|---|
| <ul style="list-style-type: none"> • Use of the 'Unipart Way' approach, based on lean principles; collaborative approach, governance framework, integrated planning process and improvement tools. Clearly identified the experience they can bring to improve processes. • The Panel liked the proposal to locate the NHS Inbound Logistics operation in an existing UL multi-client warehouse located in Nuneaton. A very different solution to the one currently operated, but appears to be very well thought out and credible. • Provides a very good response to Quality Assurance. As QA is the foundation of the 'Unipart Way' the bid response goes over and above the Specification requirement. The panel agreed that it is a very well structured, credible and sustainable approach, implementing an existing, proven tool. • An excellent strategy for accommodating activity growth. Clearly thought through sales growth and impact on the network. The bidder has demonstrated an extensive and thorough appreciation of the challenge and pressures. <p>Cons</p> <ul style="list-style-type: none"> • The Transition plan includes a very detailed multi-occupancy site management; however the governance structure and mechanisms were omitted from the proposal. • The HDS response could have been improved by providing greater focus on the resource model and greater detail on the vehicle off-load arrangements. • The panel noted minor omissions on the HDS training element and presentational approach which weakened the scoring for the training and development question. | <p>framework which ensures continuous improvement is embedded and all staff training in service / process improvement.</p> <ul style="list-style-type: none"> • DHL indicates first off that they have extensive experience with this contract already and ongoing maintenance of training and development. They explain how much they have learned from their existing contract in healthcare. • They detail with live examples how they deal with training needs and gap analysis and develop staff in the core areas providing assurance. <p>Cons</p> <ul style="list-style-type: none"> • Bidder clearly understands the business and has global experience to fall back on with impressive systems and tools, but just didn't provided confidence that they were in the driving seat when it comes to change and innovation. Solution more about offering options rather than providing actual proposals. • Moderation discussions identified a number of minor omissions. The IT solution lacked sufficient detail while resource modelling within the response was lacking key detail. • Response appears to ignore the role of the Supporting Tech function, and proposes an increase in double handling and in consequence additional costs. • The HDS resource model provided consisted of an organisational chart that omitted warehouse resources and the returns policy was not included. • Compliance with NHS standards not included in the training and development bid response. | <p>with the Supporting Technology strategy and highlighted a misunderstanding with the delivery requirements.</p> <ul style="list-style-type: none"> • Although the response analysed the challenge of STPs there was little evidence of innovation with a lack of detail apparent with respect to delivery approach. Details of the delivery mechanism were weak, with minor omissions around stakeholder and customer engagement piece. • The proposed inbound service model lacked detail and provided very little vision for expansion and the ability to do so within new facilities. • The Panel found the response on Activity growth very vague and incomplete, with no real proposal presented to manage the growth from 40 to 80 % market share. The relationship management solution was also at process level. • The bid response to the HDS requirement did not fully cover all specification objectives – there was no reference to three day delivery, returns, and emergency deliveries. Minimal detail around customer services- no KPIs. Little detail on the measures to identify service users' priorities. |
|--|--|---|

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9.3 Quality Thresholds

- 9.3.1 Where a Potential Provider scores a final mark of below three (3) in any of the questions AQ.1, AQ.2, AQ.3, AQ.4 and AQ.7, the Authority will disqualify the Potential Provider from further participation in this Procurement.
- 9.3.2 Where a Potential Provider received a Quality Score of less than 59.2% of the available score for quality (i.e. 35.52% out of the overall Maximum Score Available of 60% allocated to the quality evaluation **Table 9** above), the Authority may disqualify the Potential Provider from further participation in this Procurement.
- 9.4 CEVA Logistics AQ.1 – Business Transition response was moderated to a consensus score of 2. As this score is below the minimum threshold required for this question, CEVA logistics was disqualified from further participation. Despite this result, the Panel moderated the entire Award Questionnaire response to ensure a more comprehensive and complete feedback. CEVA logistics received a quality score of less than 35.52%, in addition to failing to score over the minimum threshold for AQ1 and AQ2. For the purposes of the consolidation exercise the CEVA scores and prices were discounted.
- 9.5 Following the evaluation of each Potential Provider's responses to questions AQ.1 to AQ.8 of the Award Questionnaire, the Authority applied the weighted scores from those questions and the aggregate score was converted to their weighted total percentage score out of 60% and constitutes the Potential Provider's final quality score ("Quality Score"), as shown in Table 12 below.

Table 12 – Final Quality Score Calculations

| PROVIDER | AQ1 | AQ2 | AQ3 | AQ4 | AQ5 | AQ6 | AQ7 | AQ8 | TOTAL QUALITY SCORES | QUALITY SCORES (100%) | FINAL WEIGHTED QUALITY SCORES (60%) |
|----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|----------------------|-----------------------|-------------------------------------|
| <i>Overall weighting</i> | 21% | 18% | 10% | 12% | 6% | 15% | 14% | 4% | 100% | | |
| Unipart Logistics | | | | | | | | | 3.61 | 72% | 43.32% |
| Individual Weighted Scores | | | | | | | | | | | |
| DHL Logistics | | | | | | | | | 3.41 | 68% | 40.92% |
| Individual Weighted Scores | | | | | | | | | | | |
| CEVA Logistics | | | | | | | | | 2.46 | 49% | 29.52% |
| Individual Weighted Scores | | | | | | | | | | | |

10 Award Phase – Price Evaluation

10.1 The Maximum Score Available for price based on evaluation of the Potential Provider's Financial Submission is 40% (as per Table 8 above).

10.2 As indicated in Table 13 below, there are a number of components to the price evaluation.

Table 13 – Pricing evaluation sub-criteria and sub-weightings

| CRITERIA | SUB-CRITERIA | SUB-WEIGHTING |
|---|---|---------------|
| TOTAL SALES VALUE TO COST RATIO | Total Sales Value to Cost Ratio | 5.2% |
| TARGET PROFIT MARGIN RATIOS | Logistics Target Profit Margin | 4.4% |
| | Core Customer Service Centre Target Profit Margin | 1.2% |
| | HDS Customer Service Centre Target Profit Margin | 2.0% |
| OPERATIONAL COSTS - TARGET COST PLUS EXIT AND IMPLEMENTATION COSTS | Logistics cost (TM1) | 10.0% |
| | Core Customer Service Centre cost (TM2) | |
| | HDS Customer Service Centre cost (TM3) | |
| | Implementation costs (TM4) | |
| | Exit charges (EX1) | |
| OPERATIONAL COSTS - TARGET COST | Logistics cost (TM1) | 17.2% |
| | Core Customer Service Centre cost (TM2) | |
| | HDS Customer Service Centre cost (TM3) | |

10.3 Each of these factors were evaluated and consolidated into a single Price Score. It is this Price Score that was aggregated with the Quality Score to give a final Consolidated Score per bid.

10.4 The approach to evaluating Potential Providers' proposals against each of the price sub-criteria is set out below.

10.4.1 The mechanism used was the same for all the evaluation components.

1. The average (i.e. the mean) value across Potential Providers that have achieved the required technical/quality threshold is calculated;
2. The percentage difference between the Potential Provider value and the average value is calculated;
3. The average value is assigned an equivalent value of 50-points as a starting point for each Potential Provider;
4. One point is deducted for each percentage point that a Potential Provider's value is above the average value; or
5. One point is added for each percentage point that a Potential Provider's value is below the average value.

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- 10.4.2 In the event that the aggregate point score for a Potential Provider is negative, then the Potential Provider score is restricted to 0 points. If however, the points score for a Potential Provider is greater than 100 points then the price evaluation score for the Potential Provider will be limited to a maximum of 100 points.
- 10.4.3 This aggregated point value is rounded to two decimal places, then carried forward and used during the consolidation exercise.

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10.5 Total Sales Value to Cost Ratio

10.5.1 Potential Providers provided in their Financial Submission their proposed Total Sales Value to Cost Ratio. Each Potential Provider was awarded a score for their Total Sales Value to Cost Ratio out of the maximum available score. For this sub-criterion a weighting of 13% was applied. The score against the Total Sales Value to Cost Ratio was calculated using the mechanism described above, and below (Table) is the result.

10.5.2 As the CEVA tender did not successfully pass through Gate C, their Financial Submission Template values were excluded from the evaluation and consolidation process.

Table 14 –Total Sales Value to Cost Ratio

| POTENTIAL PROVIDER | PROPOSED TOTAL SALES VALUE TO COST RATIO | AVERAGE SALES VALUE TO COST RATIO | DIFFERENCE FROM MEAN | DFM % | PERCENTAGE CHANGE | SCORE OUT OF 13% |
|--------------------|--|-----------------------------------|----------------------|-------|-------------------|------------------|
| CEVA | | | | | | |
| DHL | | | | | | |
| Unipart | | | | | | |

10.6 Proposed Target Profit Margin

10.6.1 Potential Providers provided in their Financial Submission their proposed Target Profit Margin (TPM) for delivering the Services; split into three activity areas:

- Logistics activity;
- Core Customer Service; and
- HDS Customer Service.

10.6.2 Of the three Potential Providers only Unipart chose to vary the TPM across the three activity areas. Unipart also presented the most competitive TPMs in each area. The DHL and CEVA TPMs were around twice that of Unipart indicative of Unipart aggressively pricing their solution. The

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Potential Provider's Target Profit Margins were used to generate a score, based on the difference between the proposed TPM and the average of all Potential Providers' proposed TPMs.

10.6.3 Each Potential Provider was awarded a score out of the Maximum Score Available. For this sub-criterion a total weighting of 19% was applied split as follows:

- Logistics TPM – 11%
- Core Customer Service TPM – 3%
- HDS Customer Service TPM – 5%

10.6.4 The Target Profit Margin score calculated for each of the three activity areas using the mechanism described above was as follows:

Table 15 – Logistics Target Profit Margin

| POTENTIAL PROVIDER | PROPOSED LOGISTICS TARGET PROFIT MARGIN | AVERAGE LOGISTICS TARGET PROFIT MARGIN | DIFFERENCE FROM MEAN | DFM % | PERCENTAGE CHANGE | SCORE OUT OF 11% |
|--------------------|---|--|----------------------|------------|-------------------|------------------|
| CEVA | ██████████ | ██████████ | ██████████ | ██████████ | ██████████ | ██████████ |
| DHL | ██████████ | | ██████████ | ██████████ | ██████████ | ██████████ |
| Unipart | ██████████ | | ██████████ | ██████████ | ██████████ | ██████████ |

Table 16 – Core CSC Target Profit Margin

| POTENTIAL PROVIDER | PROPOSED CORE CSC TARGET PROFIT MARGIN | AVERAGE CORE CSC TARGET PROFIT MARGIN | DIFFERENCE FROM MEAN | DFM % | PERCENTAGE CHANGE | SCORE OUT OF 3% |
|--------------------|--|---------------------------------------|----------------------|------------|-------------------|-----------------|
| CEVA | ██████████ | ██████████ | ██████████ | ██████████ | ██████████ | ██████████ |
| DHL | ██████████ | | ██████████ | ██████████ | ██████████ | ██████████ |
| Unipart | ██████████ | | ██████████ | ██████████ | ██████████ | ██████████ |

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Table 17 – HDS CSC Target Profit Margin

| POTENTIAL PROVIDER | PROPOSED HDS CSC TARGET PROFIT MARGIN | AVERAGE HDS CSC TARGET PROFIT MARGIN | DIFFERENCE FROM MEAN | DFM % | PERCENTAGE CHANGE | SCORE OUT OF 5% |
|--------------------|---------------------------------------|--------------------------------------|----------------------|-------|-------------------|-----------------|
| CEVA | | | | | | |
| DHL | | | | | | |
| Unipart | | | | | | |

10.7 Service Cost

10.7.1 The Service Cost (EV1) for each Potential Provider was taken from their Financial Submission and used to generate a score (against the maximum score of 25%) as follows.

Table 18 – Service Cost

| POTENTIAL PROVIDER | SERVICE COST EV1 | AVERAGE CONTRACT COST | DIFFERENCE FROM MEAN | % DFM | PERCENTAGE CHANGE | SCORE OUT OF 25% |
|--------------------|------------------|-----------------------|----------------------|-------|-------------------|------------------|
| CEVA | | | | | | |
| DHL | | | | | | |
| Unipart | | | | | | |

10.7.2 The Operation Cost is the Service Cost (EV1) less the Implementation and Exit Costs. For each Potential Provider the values will be taken from the Financial Submission and used to generate a score (against the maximum score of 43%) as follows:

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Table 19 – Operation cost

| POTENTIAL PROVIDER | OPERATION COST | AVERAGE CONTRACT COST | DIFFERENCE FROM MEAN | % DFM % | PERCENTAGE CHANGE | SCORE OUT OF 43% |
|--------------------|----------------|-----------------------|----------------------|---------|-------------------|------------------|
| CEVA | | | | | | |
| DHL | | | | | | |
| Unipart | | | | | | |

10.8 Consolidation

10.8.1 The scores calculated against each Potential Provider were aggregated and weighted to give a Price Score out of 40 points. This was then aggregated with the Quality Score to give a final Consolidated Score:

Table 20 – Price Consolidation

| POTENTIAL PROVIDER | TOTAL SALES VALUE TO COST RATIO SCORE | LOGISTICS TPM SCORE | CORE CUSTOMER SERVICE TPM SCORE | HDS CUSTOMER SERVICE TPM SCORE | SERVICE COST SCORE | OPERATION COST SCORE | AGGREGATED SCORE (OUT OF 100) | PRICE SCORE (OUT OF 40) |
|--------------------|---------------------------------------|---------------------|---------------------------------|--------------------------------|--------------------|----------------------|-------------------------------|-------------------------|
| CEVA | | | | | | | | |
| DHL | | | | | | | | |
| Unipart | | | | | | | | |

*Adding across the line will show a discrepancy of 0.01% which is accounted for in the rounding of figures in this table to two decimal places, whilst the actual assessment were not rounded.

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10.9 Allowable Assumptions

10.9.1 Proposed Assumptions via clarification

Under the tendering process Potential Providers were able to “submit potential Proposed Assumptions to the Authority via the clarification question process to obtain guidance from the Authority on the relevant Proposed Assumption prior to submission of their Tender”.

A number of assumptions were adjudged to be Authority Responsibilities that will be included in the contract documentation. Details of the output from the Proposed Assumptions submitted via the clarification process can be found in the Proposed Assumption - clarification question responses (**Annex 5**).

10.9.2 Proposed Assumptions as part of the Bid Response

As part of the procurement process, each Potential Provider was able to submit Proposed Assumptions within their tenders. The status of each of these Proposed Assumptions was evaluated as per the procurement’s Allowable Assumptions Guidance. The Logistics Services work-stream in conjunction with the Commercial Lead evaluated all the proposed assumptions, and sought additional assurance from GLD and Mills & Reeves. An Assumptions Report which provides further details of the Allowable Assumptions evaluation can be found in **Annex 2** of this Evaluation Report.

10.9.3 The following **Table 21** shows the Allowable Assumption Status

Table 21 – Allowable Assumption Status

| STATUS | DEFINITION | ADJUSTS TOTAL TARGET COST FOR EVALUATION PURPOSES | ADJUSTS TARGET COST AT CONTRACT AWARD | PLACE IN SIGNED CONTRACT |
|-----------|---|--|---|----------------------------------|
| ACCEPTED | The Authority perceives that the Proposed Assumption: <ul style="list-style-type: none"> has already been committed to by the Authority; and/or is certain to be valid; and/or Has a low probability/risk of being invalid. | x | x | Authority Responsibility |
| REJECTED | The Authority perceives that the Proposed Assumption: <ul style="list-style-type: none"> is unreasonable (including where the assumption transfers an unreasonable level of risk to the Authority); and/or is already known to the Authority to be invalid; and/or Has a high risk/probability of being invalid. | ✓ | ✓ | N/A (Supplier responsibility) |
| ALLOWABLE | The Authority perceives that the Proposed Assumption: <ul style="list-style-type: none"> represents a genuine unknown which could later increase the Service cost; and Does not meet the criteria for ‘Accepted’ or ‘Rejected’. | ✓ | x | Allowable Assumptions Register |

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10.9.4 Responses were evaluated as follows:

10.9.5 DHL submitted 3 Proposed Assumptions as part of their tender submission.

- 1 was 'Accepted' as an Authority Responsibility, with no cost adjustment included in the financial evaluation.
- 1 was 'Allowable' with the cost adjustments already included in the financial evaluation
- 1 was 'Rejected' with the cost adjustment included in the financial evaluation

10.9.6 CEVA did not submit any Proposed Assumptions as part of their tender documentation. This meant that no adjustments to their costs were required during the financial evaluation.

10.9.7 Unipart did not submit any Proposed Assumptions as part of their tender documentation. This meant that no adjustments to their costs were required during the financial evaluation.

10.10 Evaluation of Financial Responses

10.10.1 Financial evaluation was conducted by 3 individuals: 1 from the PTP programme and 2 from NHS BSA. Each individual was sent the financial bids for each of bidders. Their responsibility was to make sure that all inputs in the Financial Submission Template were correct, no formulas had been edited and that there were no anomalies within any bids.

10.10.2 All 3 evaluators then sent the outputs from the financial submission to the moderator to be consolidated for the moderation session which was held on 19th October 2017. Where any discrepancies existed, these were discussed in moderation as to why an evaluator thought any input was incorrect or any submission template required clarification.

10.10.3 It was agreed under moderation that all Potential Providers financial proposals were credible in nature (and likely represented differences in solution provision) and that no gaping holes were evident in their pricing strategies.

10.10.4 The moderated financial submission results can be seen in **Table 16 - Price consolidation**. All clarifications are documented in **Annex 3**.

10.10.5 Following moderation, further financial due diligence was carried out against the Financial submission templates to assure the Authority of the validity of the Potential Providers submissions. All bid variations identified were compared, and where needed clarification sought from bidders. The table below provides summary and full details can be found in the Financial Due Diligence Report (Annex 3).

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Table 22 – Financial Due Diligence Summary

| | Comparison excl. Implementation & Exit Costs across all service areas | | |
|--|---|-----|------------|
| Summary | DHL | UNI | Commentary |
| Staffing costs | | | |
| Plant, Vehicles and Equipment | | | |
| Property related Costs | | | |
| Other Operating, Support and Miscellaneous Costs | | | |
| Grand Total | | | |

10.11 Abnormally Low Tenders

The Authority did not consider that any Potential Provider's response to the Financial Submission was abnormally low therefore no tender response was rejected on the basis of abnormally low tenders as defined by the procurement Regulations.

Various clarification questions with regards to bid costs were made and during evaluation of the differential in costs, discussed. The Financial Due Diligence Report (Annex 3) details a comprehensive analysis by identifying potential issues in the costings presented, The clarifications sought, received and considered provide assurance that the budgets presented are viable and robust. The consensus view was that the two eligible Potential Providers offered credible costs to deliver the service.

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11 Evaluation Results

- 11.1 A breakdown of the scores that make up the final evaluation scores are provided within Table 23– scores and attributes of potential provider quality responses. Below is a summary of the moderated evaluation results.

12 Consolidated Score

- 12.1 At the conclusion of the technical evaluation, each Bidder's Quality Score and Price Score was added together in order to calculate its overall Consolidated Score.
- 12.2 The highest scoring Potential Provider i.e. the one who achieved the highest overall Consolidated Score is noted below

Table 23 – Consolidated Score Summary

| Bidder name | Quality Evaluation Thresholds | Technical score 60% | Service Cost excl. Exit Cost | Price score 40% | Final MEAT score | RANK |
|--------------------------|-------------------------------|---|---|---|---|------|
| CEVA Logistics Limited | Fail |  |  |  |  | N/a |
| DHL Supply Chain Limited | Pass |  |  |  |  | 2 |
| Unipart Group Limited | Pass |  |  |  |  | 1 |

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13 Next Steps

- 13.1 This report is for information only to inform the Senior Management Team of the results of the Logistics Services Procurement. A Full Business Case will follow this report seeking approval to award to **Unipart Group Limited** as the preferred supplier
- 13.2 Once all approvals have been provided each Potential Provider will be notified of the outcome and a 10 day standstill period will commence.

Name of person preparing the report:-

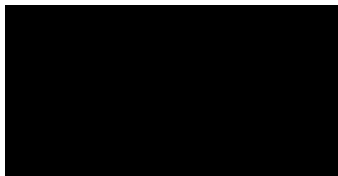
Name: [REDACTED]
Date: 8 November 2017

Work stream Lead Approver
Name: [REDACTED]
Date: 8 November 2017

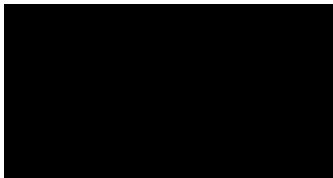
Annex 1 Financial Assurance Report



Annex 2 Allowable Assumptions Handling Report



Annex 3 Financial Due Diligence Report



Annex 4 Proposed Assumptions Clarification Response

