



Department
of Health

Regulation 84 Report

For Details of procurement

ITT 60469

IWS 6796

Document Management

Version Control

Status		Draft / Approved	
Version	v 0.1	Date	19 October 2017
Director Responsible			
Author			
Person to contact			

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Regulation 84 Report

Project Name	NHS Supply Chain Future Operating Model: Logistics Services
Author	
Date	19 October 2017

Basic Information	
Name and address of the contracting authority	NHS Business Services Authority (Department of Health, Skipton House, 80 London Road, London SE1 6LH is acting on behalf of the NHS Business Services Authority for the purposes of the procurement)
Subject matter of contract / framework agreement / dynamic purchasing system	<p>The procurement exercise is for the delivery of Logistics Services, which will be a component of the Future Operating Model being procured to replace the current Supply Chain service.</p> <p>The procurement is specifically to provide the following logistics services:</p> <ol style="list-style-type: none"> 1. Provision and management of existing logistics services including transport, inventory management and site facilities in Alfreton / Normanton / Rugby / Bridgewater / Runcorn / Maidstone / Bury St Edmunds and the Customer Services located at Sherwood Business Park, Nottingham as the leaseholder. 2. Provision of an in-bound logistics and inter-depot trunking service. 3. Support for expansion of logistics services to meet projected demand increases (details regarding current volumes and projections were available within the data room to all bidders) 4. Provision for home and community delivery services for continence products and potentially other products on behalf of the Authority; to residential homes, care homes, domestic premises and any NHS-funded providers of community health care services.
Value of the contract / framework agreement / dynamic purchasing system	£730,000,000
Pre-Procurement Considerations	
Choice of Procedure	Open Procedure
Electronic Communication	Communication was by electronic means using the Department of Health's electronic tendering system

Prior involvement	A number of market engagement events were held to ensure all suppliers were informed and assisted in the development of the scope and contract requirements of the procurement. All materials generated were shared by electronic means through the DH tendering system or within the project specific secure Data Room.		
	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	29 attendees from 19 organisations 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.
	7 th November 2016 Supplier One to One Session - 1	Suppliers free to discuss any area they wished.	10 organisations attended. Hosted by the NHS BSA. PTP and NHS BSA staff in attendance. Covered clarifications and discussion on original presentation
	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	19 attendees from 12 organisations
	9 th January 2016 Supplier One to One Session - 2	Suppliers free to discuss any area they wished.	18 attendees from 9 organisations
	2 February 2016 Site Visit	Suppliers were given the opportunity to see the sheds in Rugby and NDC and discuss any area they wished.	19 attendees from 10 organisations
	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.	13 Attendees from 7 organisations Covered lot structure and evaluation model, HDS, and pensions
	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	15 attendees from 10 organisations Presentation by the NHS BSA and PTP. Covered HDS Component exclusively
	28/29/30 March 2017 Supplier One to One Session – Core Logistics only	Suppliers free to discuss any area they wished.	7 organisations attended. Hosted by the NHS BSA. PTP and NHS BSA staff in attendance. Covered clarifications and discussion on March presentation
	18/19/20 April 2017 Supplier One to One Session – Dedicated to HDS only	Suppliers free to discuss any area they wished.	6 organisations attended. Hosted by the NHS BSA with PTP and NHS BSA staff in attendance. Covered

			clarifications and discussion on March presentation
	22nd 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
		-	
Division of contracts into lots:	<p><u>Division of Core Logistics into Geographical Lots.</u> The division of the contract into geographical Lots was considered, however the pre-market engagement process confirmed the logistics market is relatively mature and dominated by large UK and European operators such as Lloyds Pharmacy, Alliance Healthcare, CEVA Logistics and DHL Supply Chain & Logistics, and disaggregation on geographic lines, would have increased risk of consistency of service which is a key delivery objective for the service</p> <p><u>Separate Core Logistics, Home Delivery Service (HDS) and Healthy Start Vitamins procurements (lots)</u></p> <ol style="list-style-type: none"> 1. In view of government policy goals for SMEs – the procurement was framed to consider possible opportunities for SMEs to be included through two distinct approaches: the separation of the service components into separate lots and opportunities presented within the service delivery model of a prime contractor (e.g. as a sub-contractor, or Joint Venture or as part of a prime contractor supply chain). 2. Following extensive pre-procurement market engagement carried out by the PTP Logistics team, it was established that there was not sufficient interest in HDS alone from SMEs to warrant continuing with the strategy of separating the requirements into lots. 3. A further reason for the decision related to the anticipated market growth in the logistics services overall. Having multiple providers could limit the flexing of resources and the ability of the logistics service as a 		

	<p>whole to respond to rapid growth in the FOM and the ability of the Logistics service to readily meet the demands of this growth.</p> <p>4. Consideration was further given to lotting a separate logistics solution for the Healthy Start Vitamin Scheme and some market engagement took place for this purpose. However It was eventually decided that the product distribution should remain in the core contract. This decision was prompted by best value for money and simplifying the logistics delivery model across the NHS and social care,</p> <p>5. This decision not to lot the logistics requirements were communicated to the market engagements participants where the reasons for proceeding without lots was presented and acknowledged by participants. It was also noted in the communications that the opportunity to sub contract remained as well as the fact that lotting would continue to be actively considered in future procurement exercises.</p>
<p>Deviation – Social and Other Specific Services</p> <p>When awarding a contract subject to the light-touch regime, contracting authorities have the right to deviate from the information provided for in the procurement documents, providing that certain conditions in Regulation 76 are complied with.</p>	N/A
Pre-Qualification Stage	
Names of the selected candidates	n/a
Reasons for selection of candidates or tenderers	n/a
Names of rejected candidates or tenderers	n/a
Reasons for rejection of candidates or tenderers	n/a
Minimum yearly turnover requirements (if such turnover requires are in excess of twice the contract value)	n/a
Conduct of the Procurement (CPN, CD or IP Procedures)	
Names of candidates or tenderers rejected during the procurement procedure	N/A
Reasons for rejection of candidates or tenderers in those circumstances	N/A
Award Stage	
Name of the successful tenderers	Unipart Group Limited
Reasons why the successful tender(s) was selected	<p>All the suppliers submitted compliant tenders and were scored in accordance with the published criteria for cost and quality in the procurement documents (Invitation to Tender 60469 – Attachment 4 – Evaluation Guidance and Attachment 13 – Award Questionnaire)</p> <p>The evaluation criterion is based on 60% quality and 40% price and both areas were evaluated independently by subject matter experts. This included members of the project team, Authority (NHS BSA) and the NHS. The consolidated final score provided the topped ranked response based on the best quality and price outcome.</p>

	Unipart Logistics Ltd won on both quality and price – for detailed information, please refer to the evaluation report.
Names unsuccessful tenderers during the procurement procedure	All the tenderers submitted compliant tenders and were scored in accordance with the published criteria for cost and quality in the procurement documents.
Reasons for rejection of tenderers	n/a
Subcontracting: (where known and applicable) Guidance note on subs	Unipart Logistics (UL) will subcontract the Home Delivery Service to Movianto UK. In particular undertaking the distribution element of product to service users. Also included within the contribution from Movianto UK is the HDS Customer Service team
Abnormally Low Tenders (if applicable)	No tenders were deemed abnormally low
Miscellaneous matters (insert according to when issue arises)	
Conflicts of interests: those conflicts detected and subsequent measures taken	<p>The authority has a process for identifying and dealing with conflicts of interest within the internal teams working on the procurement and external evaluators within the NHS evaluator volunteers and NHS BSA. In this instance no conflicts of Interest were identified</p> <p>The tenderers were all requested to complete a conflicts of interest form. DHL Supply Chain Ltd is the current contracted provider of this service therefore the Authority (NHS BSA) and the provider have signed an Ethical Walls agreement to ensure bid teams and business as usual activity are separated and information is not shared. A copy of the Ethical Walls agreement is provided in the document library.</p>
Abandonment of Procurement	N/A
Documents justifying decisions taken	
<p>1. PRE PROCUREMENT DOCUMENTS:</p> <p>a. NHS Programme Market Engagement</p> <p>[REDACTED]</p> <p>b. Pre-Market Engagement Activity PIN – PIN OJEU Ref 2015/S 213-389103</p> <p>c. Contracts Finder Early Engagement Notices https://www.contractsfinder.service.gov.uk/Notice/2e78dcca-b3e0-4b72-8d57-99c7630fa4e3?p=@RPT0=NjJNT08=UFQxUIR https://www.contractsfinder.service.gov.uk/Notice/fd3a675c-5cb6-48a6-a10c-79510de73083?p=@RPT0=NjJNT08=UFQxUIR https://www.contractsfinder.service.gov.uk/Notice/e2328581-2475-408b-8fe4-7e0c84e6b8d6?p=@RPT0=NjJNT08=UFQxUIR </p>	

<https://www.contractsfinder.service.gov.uk/Notice/bd83aada-9024-4bed-a519-8a1b4048377a?p=@RPT0=NjJNT08=UFQxUIR>

d. Supplier Market Engagement

Market Engagement– Logistics Presentation & 1-2-1 Appointments

[REDACTED]

e. Outline Business Case and Approvals

OBC

[REDACTED]

OBC Approval

[REDACTED]

2. PROCUREMENT DOCUMENTS

a. Notices

OJEU notice

[REDACTED]

Contracts Finder Notice

<https://www.contractsfinder.service.gov.uk/Notice/743bbe9f-4278-412b-840b-4ea451b6cacf?p=@RPT0=NjJNT08=UFQxUIR>

b. BMS Invitation to Tender Reference

ITT: 60469

c. Invitation to Tender Document Suite

ITT – Instructions to Potential Providers

[REDACTED]

Draft Contracts

[REDACTED]

Clarification Period - Q&A Document

[REDACTED]

d. Supplier Presentations

[REDACTED]

Cost Model Presentation

Site Visit Presentation (Core Logistics and HDS)

e. Evaluation and Moderation Site:

[REDACTED]

f. Evaluation Documents: Gate C - Suitability

Assessor Scores and Comments

[REDACTED]

[REDACTED]

[REDACTED]

g. Evaluation Documents: Gate D – Award

[REDACTED]

Quality Assessor Scores and Comments

[REDACTED]

3. POST PROCUREMENT DOCUMENTS

a. Final Business Case and Approvals

[REDACTED]

b. Preferred Bidder Letters

N/A

c. Standstill Letters

[REDACTED]

d. Contract - To be completed

e. Contract Award Notice

- OJEU Contract Award – To be completed
- Contracts Finder Contract Award – To be completed

Other References:

DHL Ethical Walls Sign Agreement

[REDACTED]

Sterling Data Room – The programme has invested in a secure data room to provide bidders with all additional information such as all shared information and data from the incumbent regarding contracts and employees. Access to this room is strictly controlled and can only be provided by approval of the Procurement Assurance Team and on signing a Non-Disclosure Agreement.