

Commercial Procurement Services



BRIEFING DOCUMENT

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Framework name: Tail End Management

OJEU Notice ref: 2020/S 222-547542

Framework Duration: 09/11/2020 – 09/11/2024

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Executive Overview

This document provides information behind the award of a four year multi-supplier framework agreement for the provision of Tail End Management. The services procured under this framework agreement will provide client authorities with a fully managed service for the purchasing and management of their tail end purchase order spend and will include medical, non-medical and ad hoc supplies and services. The service will provide end to end supply chain management of the authority's tail end spend and will have the potential to deliver savings to client authority's procurement departments.

The appointed suppliers are:

Bates Office Service Limited



Cimple Limited



Clares Office Supplies Limited



Inivos Limited



KCH Interventional Facilities Management LLP



Who can use the Framework Agreement?

The framework is available for use by all NHS bodies and other public sector organisations in the United Kingdom who are referenced within the OJEU award notice. As follows:

1. Any of the following Customers, and any of their successors:
 - a) Ministerial government departments;
 - b) Non ministerial government departments;
 - c) Executive agencies of government;
 - d) Non-Departmental Public Bodies (NDPBs), including advisory NDPBs, executive NDPBs, and tribunal NDPBs;
 - e) Assembly Sponsored Public Bodies (ASPBs);
 - f) Police forces;
 - g) Fire and rescue services;
 - h) Ambulance services;
 - i) Maritime and coastguard agency services;
 - j) NHS bodies;
 - k) Educational bodies or establishments including state schools (nursery schools, primary schools, middle or high schools, secondary schools, special schools), academies, colleges, Pupil Referral Unit (PRU), further education colleges and universities;
 - l) Hospices;
 - m) National Parks;
 - n) Housing associations, including registered social landlords;
 - o) Third sector and charities;
 - p) Citizens advice bodies;
 - q) Councils, including county councils, district councils, county borough councils, community councils, London borough councils, unitary councils, metropolitan councils, parish councils;
 - r) Public corporations;
 - s) Public financial bodies or institutions;
 - t) Public pension funds;
 - u) Central banks; and
 - v) Civil service bodies, including public sector buying organisations.
2. Those listed and maintained by the Government on their website at <https://www.gov.uk/government/organisations> or any replacement or updated web-link.
3. Those listed and maintained by the Office of National Statistics (ONS) at: <https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/datasets/publicsectorclassificationguide> or any replacement or updated web-link.

4. Those bodies in England, Wales, Scotland or Northern Ireland which are within the scope of the definition of “Contracting Authority” in regulation 2(1) of the Public Contracts Regulations 2015 (PCR) and/or Schedule 1 PCR.

5. Any corporation established, or a group of individuals appointed to act together, for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character, and
 - (i) financed wholly or mainly by another contracting authority listed in this document;
 - (ii) subject to management supervision by another contracting authority listed above in this document; or
 - (iii) more than half of the board of directors or members of which, or, in the case of a group of individuals, more than half of those individuals, are appointed by another contracting authority listed above in this document;
 - (iv) an association of or formed by one or more of the Contracting Authorities listed above in this document.

6. The voluntary sector, charities and/or other entities and private organisations and which are not UK public sector bodies may also use the Framework Contracts if the Authority is satisfied that:
 - (i) such entity is calling-off services directly, solely and exclusively in order to satisfy contractual obligations to one or more public sector bodies, all of which are entitled to use the Framework Contracts on their own account.
 - (ii) such entity is acting as a managing agent or procuring on behalf of the public sector delivering services of a public nature.

For the avoidance of doubt, any successor bodies of any of the above entities shall be entitled to place Orders and shall be deemed Participating Authorities for the purposes of this Framework Agreement.

Background to Framework

The National Health Service (NHS) and wider public sector is facing a period of intense financial pressure to reduce costs. Authorities are looking towards innovative solutions to help reduce their cost base and increase efficiency through management of their tail end spends.

The Countess of Chester Hospital NHS Foundation Trust's Commercial Procurement Service sought to introduce a new commercial framework agreement which will allow NHS authorities and other public bodies to procure tail end management services, including purchasing, supplier management, delivery and reporting with no further competition. This will enable Trusts to act quickly in management of their tail end purchase order spend.

The service procured will provide client authorities with a fully managed service for the purchasing and management of their tail end purchase order spend and will include medical, non-medical and ad hoc supplies and services. The service will provide end to end supply chain management of the authority's tail end spend and will have the potential to deliver savings to client authority's procurement departments.

This framework was advertised and awarded through an EU compliant tender procurement process ("OJEU compliant").

Framework Structure

The framework agreement will operate for a period of four years. The Framework has been established under regulation 33(8)(a) of the Public Contract Regulations 2015, as such no further competition is required. Authorities must however follow the process explained in "how to utilise the framework" before making a direct call-off award. This process reflects that which was established within the framework award.

Framework Specification

Overview

The desired service specification output is to provide client authorities with a fully managed service for the purchasing and management of their tail end purchase order spend. This is to encompass the bottom 5-20% of client authority's purchase order spend (These figures are provided as a best practice guide as to what proportion of a client's purchase order spend should be classified as the tail) including medical, non-medical and ad hoc supplies and services. It should include the end to end supply chain management of the authority's tail end spend through one route and the solution should ideally highlight savings to client authority's procurement departments.

The desired output is to reduce internal costs of procuring and managing the tail end spend. Cost savings and/or efficiencies are expected to be achieved for the client authority by the following means; 1) direct savings as a result of purchasing through the tail end management provider and/or 2) indirect savings and efficiencies in processes and reduction of supply chain management through client authorities' procurement departments.

Service requirements

The provision of a fully managed service will include the following service elements which are intended to reflect a typical client authority's tail end management requirement. As such, individual clients may have alternative requirements, which will be detailed at the point of contract call-off:

- Analysis and categorisation by the service provider of client authority's spend. The service provider will perform a spend analysis on the authority's data, and then rank suppliers based on spend. The smaller suppliers starting from the bottom of the list whose business in total adds up to around 5-20% of total client authority's spend and the associated supplies/services purchased from them are nominally identified as the tail.
- The service provider will work with the client authority to identify any spend areas that fall in the nominal tail end that the client authority wishes to exclude from the tail end management service. As such this spend will not be transferred to the provider as part of the tail end management service. The client authority may decide to retain management of part of the tail end spend due to strategic importance or other reasons. Any decision on retention of

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spend management by the client authority will be at the sole discretion of the client authority.

- Provision of an audit carried out by the service provider to review client authority's tail end spend history over the previous 12 months as a minimum, and assessment of delivery, storage and stocking processes and requirements;

Following the audit, the supplier will present a full review to the client authority including a proposal of how to maximise savings and a report which will outline the financial implications for the client authority if they were to go ahead with the tail end management service from the particular provider.

- Client authorities have the right, but will not be obliged to, proceed with the service following report from the service provider.
- Provision of medical and non-medical supplies/services including special sourcing for ad hoc requests which may fall into the tail end spend, including; purchasing, storage, consolidation and delivery of such items;
- The services must be supported and maintained throughout the duration of the call-off contract term;
- The offering must include and allow for bespoke purchases to be made in addition to the agreed product portfolio which fall within the tail end of the authority's purchase order spend;
- The services should be able to clearly demonstrate savings against the client authority's current tail end spend portfolio. This may also include any VAT reclaim where appropriate.

Basic Service Requirements

Audit:

The service provider must carry out an audit of client authority's spend history over the previous 12 months as a minimum and provide a proposal based on such assessment including delivery, storage and stocking requirements. As part of the audit, the provider will evaluate the following as a minimum:

- current spend areas in the tail;
- duplications and leakages in spend;

- ordering patterns;
- opportunities for saving;
- Delivery point locations, frequency of deliveries and logistic set up.

Saving/efficiency improvement delivery

The service provider is expected to deliver savings and/or efficiencies to client authority on their tail end spend and is to demonstrate to the client authority how these can be achieved through this route as part of the proposal process. This could include but is not limited to:

Direct savings through:

- Rationalisation/standardisation of products;
- Access to better prices - Increased economies of scale from combining spend on tail management items with other customers;
- Access to bulk buying options/storage;
- Reduction in delivery charges;
- Better deployment of Procurement staff to strategic areas of spend.

Indirect savings and process efficiencies through:

- Single point of contact;
- Greater access to stocked products;
- Reduction in procurement /processing time;
- Consolidation of invoices;
- Reduction in supplier management;
- Reduction in deliveries;
- Reduction in time spent chasing orders;
- Better visibility of spend for reporting purposes.

Purchase

- Bespoke product catalogues must be made available for client authorities and there must be an option to tailor such catalogues on a site-by-site basis if required;
- Provision of an online ordering platform must be available for client authorities to place orders with the service provider.

Supplier management

The service provider is expected to take over supplier management responsibilities from the client authority for all tail end supplies/services, including but not limited to:

- Managing supplier relationships;
- Managing supplier performance;
- Managing day to day activity including supplier communication and query resolution.

Stock Management

- The service provider must have stocking facilities available to it and must be able to securely stock all supplies as part of the service;
- The service provider should have adequate stocking facilities in order to take advantage of bulk purchasing which client authorities may not be able to take advantage of due to limited storage capacity;
- The service provider may out-source these stocking facilities if required, however any costs associated with this must not be charged to the client authority

Delivery

- The service provider must be able to offer national delivery of such supplies to client authorities;
- The service provider must have the capacity to provide consolidated deliveries to multiple delivery point locations across multiple sites at goods in or ward level;

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- Required supplies must be made available to authorities the next working day following the replenishment request for routine items. Items classed as routine will be agreed between the client's authority and supplier at call off contract award stage.

Reporting

- Provision of monthly reports including expenditure summary, costs vs. savings, product volumes and usage. Cost transparency is required in order for savings to be tracked and is expected from the service provider.

Customer Service

- The service provider must provide a dedicated account manager to the client authority's procurement department who will deal with all account reviews, planning and strategies and who will be the lead contact for all matters concerning the account;
- A customer service helpline must be available during normal office hours to support client authorities with any queries. Customer service functions must operate as a minimum from 09:00 until 17:00 Monday to Friday, excluding public holidays.

Customer service calls to the service provider by customers must not be charged at more than a standard call rate (for the avoidance of doubt premium rate telephone numbers must not be used).

Payment

- Consolidated monthly/quarterly invoicing must be provided across the tail end spend to client authorities;

Key Performance Indicators

- KPIs and Service Levels are to be agreed locally with each client under the general guidance of this framework agreement. Failure to agree these service levels by both parties will only result in a call-off contract not being established.

How to Utilise the Framework Agreement

This Framework Agreement is a multi-supplier Framework Agreement with a catalogue call-off mechanism and as such no form of further competition will be required.

The following outlines the high level process of how parties will engage each other:

1. Client Organisations wishing to use the Framework Agreement must contact the Commercial Procurement Services Team directly.
2. The Framework Manager will issue the Client Organisation with a detailed briefing pack and a template order form.
3. The Client Organisation will determine for itself whether the Framework Agreement offers adequate governance and value.
4. The Client Organisation should review information submitted by all framework suppliers in the “Framework Catalogue” and satisfy themselves that they have chosen the most economically advantageous offer based on their requirements, using the following flexible award criteria:

Criterion	Weighting range
Technical including: <ul style="list-style-type: none">• Service offering and implementation• Savings and reporting• Ordering• Delivery and stock• Customer service/support	40-60%
Commercial	40-60%
TOTAL	100%

To ensure the Client Organisation chooses the most economically advantageous offer for their organisation they shall review all Supplier framework awards and apply the following due diligence:

Step 1: Choose flexible award criteria weightings from the above table.

Step 2: Review the non-financial information

Client Organisations will need to document that they have:

1. Assigned weightings for each sub criterion; Service offering and implementation, Savings and reporting, Ordering, Delivery and stock and Customer service/support.
2. Reviewed schedule 5 “Specification and Tender Response Document for each awarded supplier;
3. For all suppliers have scored responses to all the Non-financial questions using the Likert scale below based on their individual requirements;
4. Calculated the total non-financial % that they have scored for each supplier.

Likert scale:

Rate	Qualifier
0	No Confidence
1	Serious concerns
2	Concerns, Some Confidence
3	Acceptable, Confident
4	Exceptionally Confident

Step 2: Review the commercial schedules of each awarded supplier and choose the catalogue price based on Client Organisation’s tail end spend requirements. The Supplier with the lowest service cost will gain the full commercial score available (this will be between 40-60% depending on the flexible weightings the client decides on in step 1) each Supplier’s cost above this will be proportionate by using the following formula:

$(\text{lowest service cost} \div \text{Supplier service cost}) \times \text{commercial weighting chosen by the Participating Authority in step 1} = \text{Commercial score}$

Step 3: Add the commercial and non-financial scores together to give the Client Organisation their highest scoring Supplier based on the Client Organisation’s requirements.

5. The Client Organisation will conduct a final internal evaluation meeting with Client Organisation stakeholders to decide on award and carry out any internal sign-off processes.
6. If the Client Organisation is satisfied with the outcome as calculated above, they will contact the highest scoring Supplier and finalise terms such as:

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period and/or service level agreement. Final prices may be below the cap based on a Client Organisation's specific requirements.

7. The Client Organisation requests a unique reference number from the Framework Manager.
8. The Framework Manager will issue the Client Organisation with a unique reference number which the Client Organisation can use to call-off the services under this Framework Agreement. Client Organisations attempting to engage a Supplier without the unique reference number are doing so outside of the remit of this Framework Agreement and as such the Framework Manager can offer no assurance on legal compliance.
9. The Client Organisations award a call-off contract. At this point, the Client Organisation will be referred to as a Participating Authority.
10. Project implementation meeting to take place with the successful Supplier and the Participating Authority.
11. The Participating Authority may use the model contract templates as developed within this Framework Agreement.
12. Notification of Award. It is recommended that the Participating Authority carries out a Voluntary Standstill Period - Minimum of 10 calendar days.
13. The Participating Authority shall publish the necessary award information on Contracts Finder.
14. The Framework Manager will monitor expenditure through the successful Supplier's management reports. Management fees as detailed below will be invoiced based on this information at the rate stated and at the frequency stated.

Terms and Conditions of Contract

This framework is subject to the following Conditions of Contract:

NHS FRAMEWORK AGREEMENT FOR THE PROVISION OF SERVICES (January 2018) Call-off Terms and Conditions for the Provision of Services

Framework Manager Commission

A Framework Managers commission is charged to the supplier. As such client authorities do not pay the framework manager for use of this framework. For the purposes of transparency our commission chargeable to the supplier is as follows.

The purposes of rebates and commissions are the promotion and management of the framework and as such should benefit both the Framework Supplier and the Framework Manager.

Framework Award Fee - There is a framework award fee of £10,000 divisible equally between the five framework suppliers, therefore £2,000 per supplier. This is not discountable against any other fees charged.

Annual Fee - An annual fee equal to that paid in the award fee, therefore £2,000 per supplier (due on each anniversary of the framework letting date). This is not discountable against any other fees charged. The annual fee will be due for every year or part year the framework or any contracts let under the framework are live.

Business success charge – this is 1.5% of the turnover of each call off Contract awarded under the Framework Agreement. The business success charge will be paid by the Supplier to the Framework Manager for the duration of each call off contract. Call off contracts may exceed the Framework Agreement expiry date and in such cases the business success charges will continue to be paid until the call off contract expiry date.

Awarded Supplier contact details:

Company Name:	Bates Office Services Limited
Contact name:	Rebecca Edmonds
Contact position:	Business Development and Sustainability Manager
Address:	Unit A1-A4 Knights Park Industrial Estate, Rochester, Kent ME2 2LS
Telephone:	01322 550 167
E-mail address:	Rebecca.edmonds@batesoffice.co.uk
Website address:	www.batesoffice.co.uk
Company Registration:	3352929
VAT Registration:	696521207
Name of parent company:	N/A

Company Name:	Cimple Limited
Contact name:	Lucy Octave
Contact position:	Customer Success Manager
Address:	First Floor Thavies Inn House 3-4, Holborn Circus, London, EC1N 2HA
Telephone:	
E-mail address:	hello@cimple.uk
Website address:	https://cimple.uk/
Company Registration:	11591373
VAT Registration:	307086121
Name of parent company:	Upside Launchpad Limited

Company Name:	Clares Office Supplies Limited
Contact name:	Barney Sharp
Contact position:	Regional Sales Director
Address:	Unit D1 Voyager Park, Portfield Road, Portsmouth, Hampshire PO3 5FN
Telephone:	0777 555 6104
E-mail address:	bsharp@clares.co.uk
Website address:	www.clares.co.uk
Company Registration:	1048653
VAT Registration:	GB 107 3403 10
Name of parent company:	N/A

Company Name:	Inivos Ltd
Contact name:	Tom Lister
Contact position:	Client Development
Address:	307 Euston Road, London, NW1 3AD
Telephone:	0845 270 6690
E-mail address:	tom.lister@inivos.com
Website address:	www.inivos.com
Company Registration:	07183575
VAT Registration:	996080088
Name of parent company:	N/A

Company Name:	KCH Interventional Facilities Management LLP T/A KFM
Contact name:	Andrew Clarke
Contact position:	
Address:	KFM, Unit 1, KCH Business Park, 129 Coldharbour Lane, London SE5 9NY
Telephone:	
E-mail address:	kch-tr.kingsfm@nhs.net
Website address:	https://www.kings-fm.co.uk/
Company Registration:	OC412121
VAT Registration:	244 324 036
Name of parent company:	King's College Hospital NHS Foundation Trust

Contact Us

The key contact for this framework agreement is:

Abigail Ballard

COCH Commercial Procurement Services

01244 362174

info@coch-cps.co.uk

Further information on Countess of Chester Commercial Procurement Service frameworks and services can be accessed via our website www.coch-cps.co.uk