

CAREB

Commodity Action Report & Eps Bulletin

Decontamination Consumables and Maintenance (NP187/15)

Prepared by:

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Commodity Manager

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Document Information

Contract Name: Decontamination Maintenance and Consumables

Contract Reference: NP187/15

National Spend: £3.4M

Savings Opportunity: £161,267

Start Date: 15/03/2016

Expiry Date: 14/02/2017

Contract Manager Kris Lindsay,
Commodity Manager

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Awarded Suppliers (see main text for details of selection and evaluation process)

<u>LOT 1 DECONTAMINATION MAINTENANCE, TESTING & RE-VALIDATION</u>	<u>LOT 2 DECONTAMINATION CHEMISTRY</u>	<u>LOT 3 DECONTAMINATION FILTRATION</u>	<u>LOT 4 DECONTAMINATION TEST MATERIALS</u>
Audere	Amity	Cantel	3M Healthcare
Belimed	Belimed	Dingbro	Andersen Caledonia
BMM Weston	Bonnyman's	Dolby	Cantel
Cantel	Cantel	Getinge	Dolby
Dolby	Dolby	Medisafe	Getinge
Getinge	Ecolab	Pall	Medisafe
LTE Scientific	Getinge	PFE	Microlab
Medical Devices	Medical Devices	Peacocks	Peskett
Medisafe	Medisafe	Steris	Steris
MMM	PFE	Veolia	
PFE	Peacock	Wassenburg	
Peacocks	Peskett		
Steris	Schulke & Mayr		
Veolia	Serchem		
Wassenburg	Steris		
	Wassenburg		

Key Strategy (see main text for further details) Open Process, multi supplier un-ranked framework. 4 Lots – Maintenance, Testing & Re-validation, Chemistry, Filtration and Test Materials. Framework awarded for a period of 23 months to bring into line with the expiry of NP143/14 Decontamination Equipment Framework and gives NHSS the option to combine both agreements. Pricing is fixed for the first 23 months of the Framework.

The key objectives of the procurement were as follows.

- To enable the aggregation of service contracts or consumable requirements, either locally or nationally, to take advantage of volume/value discounts included within the tender.
- Provide a legal structure under which service agreements can be renewed on an annual basis whilst complying with EU procurement regulations.
- Ensure all maintenance and consumable options are covered under one Framework Agreement providing a simplified approach for both customers and suppliers and enabling accurate benchmarking of supplier pricing. The Framework will also enable target call offs either by site, Health Board or equipment type to drive savings and build on our information, knowledge and suppliers' capability.
- Make mandatory that suppliers provide quarterly performance reports for maintenance and repair provision. Reports will capture information on the number of call-outs, fault types, spares used, response times and first time fix rates. This data will help better understand common faults, give NHSS the opportunity to tackle underperforming suppliers and help build a reliability index for decontamination equipment utilised in NHSS.
- To identify and work with any suitable third party providers in the market.

Health Board	No Change Benefit	Optimum Benefit	Specific HB Comment/ HB Actions
Ayrshire & Arran	£9,570	£12,850	<u>Veolia</u> - review spend, 20% discount available for 4 year commitment agreement for service contracts saving £1,368. <u>Dolby</u> - Implement 4 year agreement to mitigate £500 cost pressure on service contracts. Additional savings are made up from existing suppliers price reductions.
Borders	-£3,864	£2,606	<u>Veolia</u> review spend, 20% discount available for 4 year commitment agreement for service contracts saving £3,529. <u>Steris</u> - Implement 4 year agreement to reduce cost pressure to £1,339 for service contracts and for chemicals enter into 3 year commitment agreement to mitigate £4.5k cost pressure.
Dumfries & Galloway	£7,716	£12,844	<u>Cantel</u> - price reduction of £6,844. <u>Veolia</u> - review spend, potential 20% discount for 4 year agreement saving £2,110 for service contracts. Additional savings are made up from existing supplier price reductions.
Fife	£10,926	£15,057	<u>Cantel</u> - price reduction of £8,329, potential for an additional saving of £863.82 for 5 year service agreement cover ISIS machines. <u>Veolia</u> - review spend, 20% discount for 4 year service agreement saving £1,844. <u>Dolby</u> - enter into 4 year commitment service agreement to mitigate £500 cost pressure. Additional savings are made up from existing supplier price reductions.
Forth Valley	£7,819	£11,695	<u>Cantel</u> - price reduction of £4,640, potential for an additional saving of £1,329 for 5 year service agreement cover ISIS machines. Additional savings are made up from existing supplier price reductions.
Grampian	£17,143	£30,683	<u>Veolia</u> review spend, 20% discount for 4 year service agreement saving £2,949. <u>Medical Devices Scotland</u> - price reduction of £10,754, an additional 10% discount available for entering into 3 year commitment service agreement saving a further £8,858. Additional savings are made up from existing supplier price reductions.
Greater Glasgow & Clyde	-£5,573	£26,811	<u>Cantel</u> - price reduction of £2,813 for Cantel service agreement, potential for an additional saving of £844 for 5 year service agreement cover ISIS machines. <u>Veolia</u> - review spend, 20% discount for 4 year service agreement saving £13,002. <u>Steris</u> - 10% discount available by entering into 4 year commitment service agreement mitigating £451 cost pressure and for chemicals enter into 3 year commitment agreement for chemicals to mitigate £5.8k cost pressure. <u>Belimed</u> - price reduction saving £1,183. <u>Medisafe</u> - £1,000 cost pressure. Additional savings are made up from existing supplier price reductions.
Highland	-£915	£4,614	<u>Veolia</u> - review spend with Veolia, 20% discount for 4 year service agreement saving £3,712. <u>Medical Devices Scotland</u> - 5% discount available for entering into 3 year commitment service agreement saving £585. Additional savings are made up from existing supplier price reductions.
Lanarkshire	-£5,090	£674	<u>Cantel</u> - cost pressure of £6,974 for Cantel service agreements. <u>Veolia</u> - review spend, potential 20% discount for 4 year service agreement saving £2,565. <u>Dolby</u> - enter into 4 year commitment service agreement with Dolby to access saving of £925. Difference made up from existing supplier price reductions.
Lothian	-£1,445	£17,258	<u>Cantel</u> - price reductions of £6,370, potential for an additional saving of £623 for 5 year service agreement covering ISIS machines. <u>Veolia</u> - review spend, 20% discount available for 4 year service agreement saving £4,064. <u>Getinge</u> - 10% discount available for entering into 4 year commitment service agreement saving £ 3,474. <u>Dolby</u> - Enter into 4 year commitment service agreement to mitigate -£2,612 cost pressure. <u>Steris</u> - 10% discount available by entering into 4 year commitment service agreement to reduce cost pressure to £1,065. Additional savings are made up from existing supplier price reductions.
NWTC (Golden Jubilee)	-£2,027.83	£409.76	<u>Veolia</u> - review spend, 20% discount available for 4 year service agreement saving £2,140. <u>Peacocks</u> - £2,000 cost pressure. Additional difference made up from existing supplier price reductions.
Orkney	£1,033	£2,031	<u>Veolia</u> - review spend, 20% discount available for 4 year service agreement saving £582. <u>Peacocks</u> - Price reduction saving £1,400. Additional difference made up from existing supplier price reductions.
Shetlands	£2,699	£3,025	<u>Steris</u> - Chemicals enter into 3 year commitment agreement for chemicals to mitigate £837 cost pressure. <u>Peacocks</u> - Price reductions saving £2,400. Additional difference made up from existing supplier price reductions.
Western Isles	-£128	£1,297	<u>Cantel</u> - Price reduction saving £2,430. <u>Veolia</u> - review spend, potential 20% discount for 4 year agreement saving £431. <u>Medical Devices Scotland</u> - cost pressure of -£2,390. <u>Steris</u> - chemicals enter into 3 year commitment agreement for chemicals to mitigate -£1.4k cost pressure. Additional difference made up from existing supplier price reductions.
Tayside	£4,280	£19,412	<u>Veolia</u> - review spend, 20% discount for 4 year service agreement saving £1,995. <u>Medical Devices Scotland</u> - Price reduction saving £4,698, an additional saving of £6,828 is available by entering into a 3 year commitment service agreement. <u>Dolby</u> - Implement 4 year service agreement with Dolby to mitigate £500 cost pressure. <u>Steris</u> - 10% discount available by entering into 4 year commitment agreement saving £3,378. Additional savings are made up from existing supplier price reductions.
Total	£42,143	£161,267	

C A R E B National Procurement	Decontamination Maintenance and Consumables	NP187/15
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1. Commodity Description

The repair, maintenance and testing of the full range of decontamination equipment including; CDU and LDU washers, automatic endoscopy re-processors, endoscopy drying cabinets, sterilizers and reverse osmosis equipment.

The framework also contains Lots for decontamination equipment consumables such as; chemicals, filters and test materials.


2. Current Position

The scope of this Framework is currently covered by two national agreements; NP170/11 Decontamination Consumables and NP174/11 Decontamination Maintenance. The stakeholder group and suppliers for maintenance and consumables is the same and it was decided to retender both under one national agreement.

The key strategy of both Frameworks was to enable Health Boards to migrate to lower cost non-OEM service and consumables providers. This strategy was unsuccessful due to the cost and resource required to validate non-OEM consumables and the lack of suitable multi vendor maintenance providers in market.

NHS Scotland currently utilises 29 suppliers (11 of which are on contract) for decontamination maintenance and consumables. 9 of these suppliers account for 80% of spend, with 8 out of 9 suppliers being OEM's. Current annual contracted spend in this area is £2.2M with an additional £1.2M off contract. Spend by supplier during 2014-15 detailed below.

Supplier	NP174/11 Maintenance	NP170/11 Test materials	NP170/11 Filtration	NP170/11 Chemistry	Totals
CANTEL MEDICAL (UK) LIMITED	£520,757	£807	£39,611	£275,904	£837,080
STERIS LIMITED	£205,523	£4,897		£331,567	£541,987
GETINGE UK LTD	£313,824			£26,632	£340,456
DOLBY MEDICAL LTD	£243,728	£405		£13,065	£257,197
VEOLIA	£164,379		£36,455	£9,548	£210,382
MEDICAL DEVICES SCOTLAND LIMITED	£194,218		£568		£194,786
BELIMED LTD	£92,793			£19,571	£112,364
ANDERSEN CALEDONIA	£74,515	£36,334		£189	£111,038
PEACOCKS MEDICAL GROUP LTD	£35,160			£60,645	£95,805
ECOLAB	£0			£95,724	£95,724
SERCHEM	£0			£91,258	£91,258
MEDISAFE INTERNATIONAL T/A MEDISAFE UK LTD	£22,210	£25,360	£17,215	£20,446	£85,231
WASSENBURG LTD	£79,640		£2,357		£81,997
PURITE LTD	£72,512		£4,734		£77,246
SCHULKE & MAYR	£0			£67,294	£67,294
BIOVAL LTD	£42,588				£42,588
BMM WESTON LTD	£30,874		£489		£31,364
LUBRON UK LTD	£22,782		£7,604		£30,386
3M	£0	£30,232			£30,232
PALL	£0		£29,862		£29,862
PESKETT SOLUTIONS	£1,196	£280		£25,135	£26,611
DINGBRO	£0		£22,105		£22,105
MEDICAL INNOVATIONS (AMITY)	£0			£18,304	£18,304
LTE SCIENTIFIC	£12,021		£460		£12,481
TRISTEL	£0			£4,759	£4,759
AUDERE MEDICAL SERVICES	£2,250				£2,250
TRIPLE RED LTD	£2,109				£2,109
MEDIPURE	£0			£586	£586
PARTNERS FOR ENDOSCOPY	£0				£0
TOTALS	£2,133,080	£98,315	£161,459	£1,060,629	£3,453,483
OFF CONTRACT	£968,854	£63,186	£69,882	£247,870	£1,349,791.89

 = Existing Framework Supplier

The following table shows spend by Health Board during financial year 2014-15.

HEALTH BOARD	SPEND 14-15
NHS AYRSHIRE & ARRAN	£299,203.49
NHS BORDERS	£133,963.32
NHS DUMFRIES & GALLOWAY	£62,728.30
NHS FIFE	£47,177.29
NHS FORTH VALLEY	£152,367.53
NHS GRAMPIAN	£282,761.88
NHS GLASGOW	£1,009,949.88
NHS HIGHLAND	£140,129.44
NHS LANARKSHIRE	£206,216.89
NHS Lothian	£407,729.76
NHS NATIONAL SERVICES	£374,008.47
NHS SHETLAND	£76,197.89
NHS TAYSIDE	£241,929.71
NHS WESTERN ISLES	£19,120.12
TOTAL	£3,453,483.97

3. New Contract Process and Award

CAP PANEL MEMBERS

A complete strategic sourcing process was followed to identify opportunities, evaluation criteria and score tender responses. Twenty five (25) representatives from all over Scotland have been involved in the process representing 88% of the total spend. It was agreed during the Award of Business CAP that twenty six (26) suppliers across the 4 Lots would be placed on the National Framework.

Title	Health Board
Deputy Decontamination Manager	NHS A&A
Decontamination Co-ordinator	NHS Borders
ASDU Coordinator	NHS Borders
Estates Officer	NHS D&G
TSSU Manager	NHS D&G
Estates Officer	NHS Fife
Senior Charge Nurse Endoscopy	NHS Fife
Clinical Scientist	NHS Fife
ASDU Manager/Decontamination Lead	NHS Forth Valley
Decontamination Estates Manager	NHS GG&C
Sterile Services Manager (Facilities)	NHS GG&C
Senior Commodity Officer	NHS GG&C
Head of Decontamination	NHS GG&C
Commodity Manager	NHS GG&C
CSPD Manager	NHS GJNH
CSPD Engineer	NHS GJNH
Head of Decontamination	NHS Grampian
Decontamination Unit Manager	NHS Grampian
Deputy Central Decontamination Unit Manager	NHS Grampian
Quality and Training Deputy Manager	NHS Grampian

	NHS Grampian
Lead for Decontamination	NHS Lothian
Infection Control Nurse Adviser	NHS NES
Authorising Engineer (Decon)	NSS PCF
Estates Officer	NHS Tayside

TENDER WEIGHTINGS

Criteria Weighting

- Technical and Support 10%
- Cost 50%

CONTRACT PROCESS

The complete strategic sourcing process was followed to identify opportunities, to decide evaluation criteria and to score the tender responses.

A Prior Information Notice was advertised on Public Contracts Scotland on 19th May 2015 with thirty two (32) suppliers noting interest. The contract notice was advertised on 7th October 2015 using the Open Process.

The tender was advertised with 4 Lots, to be awarded as a multi supplier framework with an envisaged award of 20 suppliers in Lots 1 Maintenance and Lot 2 Chemicals and awarded to an envisaged 15 suppliers in Lots 3 Filtration and 10 suppliers in Lot 4 Test Materials. Forty five (45) suppliers accessed tendered documentation with 26 bids received.

There is an NHS Scotland drive to reduce variation and consolidate supply base, however, following a review of the market at strategy stage, and discussions with CPA members, it was agreed that it would not possible for a small number of suppliers to meet the full range of NHS Scotland requirements. The number of suppliers awarded to the Framework reflects the range of decontamination equipment currently used in NHS Scotland and enables Health Boards to access fully comprehensive service cover and validated consumables only available from original equipment manufacturers (OEMs).

The Selection Criteria requirements within the qualification envelope were reviewed by Strategic Sourcing and all deemed acceptable after completion of a few minor clarifications.

The Technical and Support questions were reviewed and evaluated by the Commodity Manager and HFS AE(D)s, with total maximum score being 500. Questions within the Technical and Support section focused on how bidders would ensure products or services comply with current regulations such as SHTM and specifically in the maintenance side how they will support the maintenance, repair and testing for equipment types tendered.

Pricing submitted by suppliers was scored based on Lowest price/Supplier price * Maximum Points Available for each line within the pricing schedule. A maximum of score of 500 (50%) was available in the Cost section, including points for suppliers dynamic pricing and the provision of total cost of supply elements.

AWARD

The following table provides a breakdown of suppliers awarded to the multi supplier framework on a lot by lot basis.

<u>LOT 1 DECONTAMINATION MAINTENANCE, TESTING & RE- VALIDATION</u>	<u>LOT 2 DECONTAMINATION CHEMISTRY</u>	<u>LOT 3 DECONTAMINATION FILTRATION</u>	<u>LOT 4 DECONTAMINATION TEST MATERIALS</u>
Audere	Amity	Cantel	3M Healthcare
Belimed	Belimed	Dingbro	Andersen Caledonia
BMM Weston	Bonnyman's	Dolby	Cantel
Cantel	Cantel	Getinge	Dolby
Dolby	Dolby	Medisafe	Getinge
Getinge	Ecolab	Pall	Medisafe
LTE Scientific	Getinge	PFE	Microlab
Medical Devices	Medical Devices	Peacocks	Peskett
Medisafe	Medisafe	Steris	Steris
MMM	PFE	Veolia	
PFE	Peacock	Wassenburg	
Peacocks	Peskett		
Steris	Schulke & Mayr		
Veolia	Serchem		
Wassenburg	Steris		
	Wassenburg		

PRODUCT DETAILS AND PRODUCT MATCHING

Lot 1 Maintenance, Testing and Re-validation

As service contracts in this area are highly configurable, and service levels vary vastly from one supplier to another, we have used generic service levels in order to evaluate scoring and benchmark supplier pricing. The below spreadsheet details all awarded suppliers pricing against NHSS service levels, as defined within the spreadsheet. This spreadsheet will allow Health Boards to compare current service costs against other suppliers on the Framework.

Maintenance
Matrix.xlsx

Given that HB's do not have a standard service level with any supplier and have agreements that are tailored to their specific needs a generic service level has been used for the purposes of the evaluation to allow a like for like comparison. Suppliers also provided pricing for Health Boards wishing to renew service contracts based on existing contract definitions. Details of old price against new framework price for these agreements can be found in the below spreadsheet.

Current NHSS
Service Contract with

Full details of all various service levels will be uploaded to CCM.

Bidders were also asked to provide spare parts pricing which is detailed in the below spreadsheet. This will provide Health Boards with continuity of pricing for the first 23 months of the Framework when pricing is fixed.

Lot 1 Spare Parts
Pricing.xlsx

HB were unable to provide any historical spend data in this areas so we have been unable to benchmark new pricing against pricing previously paid.

Consumables

For Consumables; Lot 2 Chemicals, Lot 3 Filtration and Lot 4 Test Materials

A full breakdown of products awarded by Supplier and Lot No. is contained within the attached Award Summary.

Contract Award
Information.xlsx

4. Base Data Used For Contract Analysis And Benefit Calculation

Data has been obtained from three sources:

- 1) From current NHS Scotland Framework suppliers via sales uptake information.
- 2) From current off-contract supplier via NHS Scotland Spend Dashboard on Business Objects.
- 3) For maintenance contracts all bidding suppliers were required to provide details of existing NHS Scotland service contracts.

5. Details of Opportunity & Method of Call Off

METHOD OF CALL OFF

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Call-off from the Framework may be enacted in the following two ways; Direct call off from the chosen supplier, or by undertaking a mini-competition.

OPPORTUNITY

Lot	Spend	Variance (old price v. New price)	NDC Opportunity	HB Commit Opportunity	Optimum Benefit
Lot 1 Maintenance	£1,803,311	£14,195		£106,292	£106,292
Lot 2 Chemicals	£1,133,959	£24,757	£13,915	£2,712	£41,385
Lot 3 Filtration	£113,245	£1,984	£10,804		£12,385
Lot 4 Test Materials	£51,051	£1,206	£0		£1,206
Miscellaneous (Spare parts etc)	£351,916	n/a	n/a		
Totals	£3,453,483	£42,142	£24,719	£109,004	£161,267

Lot 1 Maintenance, Testing and Re-validation

Benchmarking of pricing for suppliers own defined service contracts shows a mix of price decreases and increase with an overall effect of a £14,195 saving per annum.

Most suppliers have also tendered multiyear commitment discounts for decontamination equipment service contracts. Optimum secured savings in Lot 1, of £106,929, are based on Health Boards entering into 3, 4 or 5 year commitment agreements where savings opportunities exist, either based on specific equipment models or value of overall service contract spend. To access these discounts most suppliers will require Health Boards to provide a purchase order for the full value of the multiyear commitment, although invoices will only be issued at least annually. Multiyear commitment agreements are already commonly in place within the commodity and as agreed at the Award CAP meeting Health Boards are keen to implement to access financial savings.



Lot 1 Dynamic Pricing.xlsx

There are also a small number of multi vendor suppliers included on the Framework who although do not provide the fully comprehensive level of cover available from manufactures they can provide pre-planned maintenance and can access most spare parts with the exception of printed circuit boards.

Lot 2, 3 & 4 Consumables

Benchmarking of currently purchased products against new framework pricing shows a mix of price decreases and increases with an overall effect of a £24,947 saving per annum across all three Lots.

There is an opportunity to maximise savings by increasing the use of the NDC delivery channel. Health Boards wishing to move products to the NDC should follow the traditional request process with each request being reviewed on an individual basis depending on current warehouse capacity.

The framework also provides access to a number of chemicals from third party suppliers that have not been validated by original equipment manufacturers (OEMs). These chemicals appear to provide significant savings for users however the implementation of these chemicals, especially on the endoscopy washer disinfectors, has proved extremely challenging in the past due to the down time

and difficulty in re-validating equipment. Going forward National Procurement is keen to work with, and provide support, to any Health Boards who wish review alternative chemicals on the Framework.

Full savings opportunities are detailed within the below spreadsheet.



NP187-15 Benefit
Calculation.xlsx

6. Calculations of Benefits

As detailed previously in Section 5 - Details of Opportunity & Method of Call Off

7. ePS Implementation

Contract Maintenance Process

Any Changes to Contract directed through Commodity Manager based on new product/service introduction as approved through Commodity Advisory Panel or supplier reviews.

EPS Implementation Notes

All consumable items have been loaded to CCM. These have also been loaded into PECOS at level 1. Due to the wide range of maintenance, testing and revalidation pricing these have been added as an excel attachment at supplier level of CCM.

Contractual Terms

The framework will be awarded on National Procurement's standard terms and conditions of contract for the purchase of goods and services. Health Boards should ensure that all orders reference the NP187/15 Contract Reference on all purchase orders.

8. Next Steps

Each Health Board should review this contract and CAREB through the appropriate users group(s) and implement the best value for money product selection. This CAREB will also be passed directly to CAP members and SSD Managers.

For Lot 1 Maintenance, Testing and Re-validation

- Review existing service contracts and implement multiyear commitment agreements where savings opportunities exist.
- Health Boards should contact the Commodity Manager if there are any issues renewing service contracts.
- Post Award all HB's should confirm contract renewals and savings achieved.

For Consumables Lot 2 Chemistry, Lot 3 Filtration and Lot 4 Test Materials

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National Procurement		

- Health Boards should review existing spend and move products to NDC delivery route where savings opportunities exist.

Health Boards can contact any of the following PCF staff to receive support on using this framework

Kris Lindsay

Commodity Manager



Supplier Management

Going forward suppliers will be required to provide quarterly performance reports for maintenance and repair provision. Reports will capture information on the number of call-outs, fault types, spares used, response times and first time fix rates. This data will help better understand common faults, give NHSS the opportunity to tackle underperforming suppliers and help build a reliability index for decontamination equipment utilised in NHSS.

9. Contract Extensions

The framework has been awarded for an initial period of 22 months, expiring 14/12/2017, and with one 26 month extension available.

This will bring the Framework into line with the expiry of NP143/14 Decontamination Equipment Framework and gives NHSS the option to combine both agreements.

Version History

Version . No.	Version. Date	Revised By	Description	Filename
1.0	March 2016	Kris Lindsay	C A R E B - Decontamination Consumables and Maintenance	NP187/15

Distribution

To	Action		
All HoP's	Local engagement with stakeholders to secure optimum value for money option		
Strategic Sourcing	Load CAREB and other relevant data to intranet		
HB Project Manager (e procurement)	Advisory		
Logistics	Review catalogue content in NDC and work with HBs to reduce ordering of non-contract items		

C A R E B

**Decontamination
Maintenance and
Consumables**

NP187/15

National Procurement