

Wards Affected:

All

ITEM 6

PROCUREMENT & COMMISSIONING

18 APRIL 2017

**AWARD OF CONTRACT – NICOTINE REPLACEMENT THERAPY PRODUCTS
(REF: CU2565)**

Responsible Cabinet Member: Councillor O’Neil (Cabinet member for Healthier and Stronger Communities)

Report Sponsor: Muriel Scott (Director of Public Health)

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Executive Summary:

This report is seeking approval to award the contract for the provision of NRT with an annual value of £180,000 in 2015/6, for a contract that will be for a period of one (1) year, with a possible extension of two (2) years in the form of 12 monthly increments at the Councils discretion.

Procurement & Commissioning previously agreed that the tender could progress at its meeting on 17 January 2017.

1. Recommendation(s)

1.1 That the contract for the supply of Nicotine Replacement Therapy be awarded to the tenderer who has scored the highest in accordance with the Most Economically Advantageous Tender evaluation.

2. Background

2.1 The procurement is needed in order to meet Milton Keynes Councils Public health responsibility for providing Stop Smoking support to the public and in particular vulnerable groups.

2.2 Decision to Proceed to Tender

This procurement was approved to proceed to Tender by Procurement & Commissioning on 17 January 2017 and is consistent with Council’s policy.

2.3 Consultation

The specification and evaluation criteria for this contract were based on procurement carried out in previous years, but includes specific outcomes and targets to ensure the service is sustainable with continued success in performance. MK Council core team advisors have been trialling giving out NRT directly to patients over the last 12 months and GP advisors in 6 practices have been trialling it for 3 months. Feedback from all advisors has

been positive to say that patients prefer this method of Nicotine Replacement Therapy (NRT) supply and it has had a positive impact on patient outcomes.

- (a) A review of the previous supply models and the trial period identified the following:
 - (i) Lessons learned - The trial period allowed verification of admin cost incurred under current supply models used and possible saving of direct supply to advisors. Previous supply issues can be avoided – these include invoicing errors and GP prescribing errors.
 - (ii) Areas of change / improvement needed where highlighted as being a greater control over the amount advisors can supply in one appointment. Practices unable to offer appointments regularly are currently over supplying without sufficient support, with supply from the Stop Smoking Service this can be monitored more closely.

2.4 Specification

- (a) The procurement seeks to deliver the following service objectives:
 - (i) Value for money – the council will be eligible for wholesaler discounts by buying in bulk.
 - (ii) Improved payment processes – without the need to wait for pharmacies to invoice for reimbursement allowing improved budget management.
 - (iii) Faster access to NRT for patients - whilst still motivated.
 - (iv) Demand management - stop GP practices supplying any FP10 prescriptions and over supplying product which may be wasted.
- (b) The specification can be summarised as:
 - (i) Wholesale prices with a 20% discount compared to current costs.
 - (ii) Advisors in all Practices working as per the Milton Keynes Council Public Health Enhanced Services Stop smoking Specification will be required to supply NRT weekly and any that contravene guidance can be identified and the issue addressed. NRT will be supplied to the Council who will then supply advisors in provider Practices as per their activity.
- (c) The new contract “purchasing policy” will be structured to deliver a 20% saving on current NRT item costs supplied through GPs and the Councils core team. These two support routes currently see 86% of patients who stop smoking with support in Milton Keynes (as per 2015/16 stop smoking service data), the remainder being seen in prison or in pharmacy.

As GP contracted activity is not capped savings from direct supply of NRT from MKC are expected to be a minimum of £40,000 pa, these will be achieved due to the 20% (average) wholesaler discount that MKC will receive and through the savings made by not using pharmacies to dispense items.

- (d) Public Services (Social Value) Act 2012: Due to the nature of this contract social value will be achieved by the service this contract undertakes in providing Stop Smoking support to the public and in particular vulnerable groups

2.5 Evaluation Criteria and Panel

- (a) The MEAT evaluation of the tender includes the following tender specific requirements, which are listed below:

Area*	Evaluation Area	Weighting (%)
1	<i>Tender Price</i>	80
2	<i>Service delivery: speed of delivery, use of reliable couriers, length of use by dates, accuracy of orders.</i>	20

- (b) An open single stage European tender process (OJEU) was used and advertised on the Council's E-Tendering system and Contracts Finder on 2 February 2017 and 1 tender was returned on 10 March 2017.
- (c) Due to the limited number of national brands, the large areas covered by wholesalers and the legal requirements required of them only one tender was received which was as expected.
- (d) The tender received is from the wholesaler currently supplying NRT for the trial period, known to the Council for their competitive pricing, excellent service and efficient delivery. The tender application was evaluated and found to meet the requested criteria as laid out in the tender documents.

2.6 Contract Terms and Conditions

- (a) Tenders were sought for a contract period starting on 1 April 2017 and ending on 31 March 2018.
- (b) The contract will provide for an extension of 2 years in 12 monthly increments at the Council's discretion subject to satisfactory performance and agreement of the Cabinet Procurement Committee.
- (c) The relevant Council's standard terms and conditions of contract will be used subject to any amendments made by the Council's legal services.

- (d) The Council's Constitution further requires that all contracts in excess of £100,000 are sealed as deeds with the legal department agreeing contract terms with the client department and making the arrangements for sending out final Terms & Conditions to contractors and sealing and storage of the final contract in the deeds room.

2.7 Project Management

Stock control systems for managing stock and checking costs and NRT supply by advisor have been established under the trial period and these will be monitored closely with fortnightly costs calculated and logged for monthly budgeting. Comparisons can be made against previous year's stock usage to verify quantities required as per annual cycles.

The new supply method will be in GP provider contracts as variation to ensure adherence and quick take up of the new supply method. Policy for the Direct Supply of NRT has been prepared for practices to ensure best practice.

- (a) The Council's Project Manager for the procurement is Stop Smoking Service Co-Ordinator.
- (b) The Council's Senior Client Officer for the procurement is Head of PH Service - Delivery and for the management of the contract the Stop Smoking Co-Ordinator.

3. Implications

3.1 Policy

The award of this contract will progress the following key priorities within the Corporate Plan 2016/20:

- Ensuring lifelong wellbeing for all in an active, vibrant place with people living long, healthy and fulfilling lives.

This has been broken down to specify:

- Adult Health and Social Care - continuing to modernise our adult health and social care services with priority place on promoting independence, prevention, integrated working, choice and dignity through empowering service users and their Carers, reducing health inequalities and working towards a healthier MK;

The procurement also supports the aims of Milton Keynes Joint Health and Wellbeing Strategy 2015-18 which include:

- Reduced hospital admissions for children and young people
- Reduce levels of smoking through tobacco control measures and stop smoking services.
- More people able to live independently for longer with a higher quality of life

3.2 Resources and Risk

The current costs of this contract and any extension will continue to be met from the Public Health Budget; £180,000 has been allocated to NRT products. The Stop Smoking contract forms part of the Public Health budget which is currently provided through a ring-fenced grant and is managed within the requirements of the grant. The costs identified within this exercise can be contained within the agreed budget and it is the responsibility of the Stop Smoking Service budget manager to ensure costs are contained.

The Risk Assessment for this contract is available if requested or directly via Members access to GRACE. In summary:

- (a) The key OPPORTUNITY secured by this contract is reduced costs for commonly bought goods and improved service delivery. It is assessed that the delivery of this contract provides a HIGH likelihood that will secure the opportunity defined providing MKC with a HIGH positive Impact.
- (b) The key THREATS for this contract have been assessed as:

Risk	Likelihood/Impact	Mitigation	Impact after mitigation
Loss of business continuity during the transition to the new supply mechanism by GP staff.	LOW	The GP staff will be warned and prepared for the new supply method 1-2 months prior to starting it.	LOW

The governance measures set out in 2.7 above provide a basis to conclude that these threats, properly managed represent a LOW likelihood with a HIGH Impact.

N	Capital	Y	Revenue	N	Accommodation
N	IT	Y	Medium Term Plan	N	Asset Management

3.3 Carbon and Energy Management

- Will be no requirement for GP staff to use paper vouchers and product supply will be logged electronically.
- Consolidation of order to reduce the number of deliveries, currently pharmacies across Milton Keynes order in product but this demand will be minimal if the council acts as the hub for GP advisor NRT.

3.4 Legal

Section 12 of the Social Care Act 2012 amended the NHS Act 2006 and created new public health duties for local authorities. Section 2B of the NHS Act 2006 requires the Council to take appropriate steps to improve the health of the population in its area.

This report seeks approval to award a contract following a tender process that will contribute to the improvement of health of people within Milton Keynes by reducing smoking.

The tender was advertised in compliance with procurement laws and the Council's contract procedure rules.

3.5 Other Implications

N	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder
N	Carbon and Energy Policy				

Background Papers:

Invitation to Tender – 17 January 2017

[Link to P&C - 17 January 2017](#)