

**HEALTHY START VITAMINS**

**SUPPLIER EVENT : 5 JULY 2016**

**Time:** 10.30 – 12.30 (Registration from 10.00)

**Venue:** Old Library

 Richmond House

 79 Whitehall

 London SW1A 2NS

**HEALTHY START VITAMINS PROCUREMENT – SUPPLIER DAY DOCUMENT**

**Introduction**

1. The Department of Health (the Authority) is seeking to procure the manufacture of Healthy Start Vitamins, together with an inventory management, storage and distribution solution to ensure that supplies of vitamins are received by NHS and other public sector organisations.
2. It is expected that the procurement process will begin in Autumn 2016, and that the new contract(s) will have a development/ implementation period which will last until the delivery phase begins in September 2018.
3. The Healthy Start Scheme currently operates throughout the United Kingdom, but during the lifetime of this contract it is expected that the legislative powers which govern the current Scheme will be transferred to Scotland and possibly Wales as well, who may wish to make different arrangements in their respective countries.
4. The Authority has arranged a Supplier Engagement Day for Tuesday 5th July 10.30am – 12.30pm in London. Please contact Sam Richman and Kerry Johnson from the Department of Health Procurement Services (DHPS) on the following email addresses sam.richman@dh.gsi.gov.uk Kerry.johnson@dh.gsi.gov.uk to register for the event. The purpose of this event will be to provide information about the Scheme and the procurement requirement to the market, and to hear views and garner information from the market to help the Authority to develop the procurement model, and to ensure that the chosen procurement model provides the best value for money for the taxpayer.

**Background to the Healthy Start Scheme and Application Process**

1. The Healthy Start Scheme is a statutory scheme which aims to improve maternal diets and promote healthier eating for children in the early years, in the families most vulnerable to poor diets, in often hard to reach groups. The Scheme has a dedicated website which provides information for healthcare professionals, food retailers and the public about all aspects of the Scheme:-

https://www.healthystart.nhs.uk/

1. To be eligible for the Healthy Start Scheme a person must be at least 10 weeks’ pregnant, or have a child under four, and be in receipt of:-
* Income Support; or
* Income-based Jobseeker’s Allowance; or
* Income-related Employment and Support Allowance; and/or
* Child Tax credit, and the annual family income is less than £16,190.
1. Applications are made to the Healthy Start Issuing Unit. Applications must be made on a paper form. An invitation to apply and pre-populated application form (with name and address) are sent out by the Healthy Start Issuing Unit upon receipt of qualifying income and benefit information from HMRC. On average, 15,600 invitations to apply are sent out each four-weekly cycle. In addition, application forms can also be obtained from the Healthy Start Issuing Unit directly via the website or contact centre number, or from healthcare professionals such as midwives and health visitors. The Healthy Start application must be signed by a healthcare professional, who will have a discussion with the applicant about the importance of healthy eating, including vitamin supplementation.
2. If their application is successful, Healthy Start beneficiaries receive vouchers which can be spent on healthy foods – fresh or frozen fruit or vegetables, plain cow’s milk or infant formula based on cow’s milk which is suitable from birth. Healthy Start food vouchers have a value of £3.10 per week. Most beneficiaries receive one voucher per week, but children under the age of one receive two vouchers per week.
3. Healthy Start food vouchers are posted to beneficiaries by the Healthy Start Issuing Unit in four-week “cycles” – that is, every four weeks beneficiaries will receive a block of food vouchers for a four-week period.
4. Healthy Start food vouchers can be used in a range of retailers, so long as the retailer has signed up to be part of the Scheme. Retailers send the food vouchers they have accepted to the Healthy Start Reimbursement Unit, and receive reimbursement of the value of the voucher.

**Healthy Start Vitamins – current arrangements**

1. The Healthy Start Scheme also provides free vitamins for Healthy Start beneficiaries, and these vitamin products contain the precise quantities of the vitamins recommended by the Government. Pregnant women and new mothers can receive free vitamin tablets containing vitamins C, D and folic acid. Children aged 6 months – 4 years can receive free vitamins drops containing vitamins A, C and D. Both products are provided in containers which contain eight weeks’ supply. Every eight weeks the Healthy Start Issuing Unit sends beneficiaries a vitamins voucher for the type of vitamins they are entitled to (women’s or children’s) at the same time as they receive their food vouchers. Healthy Start beneficiaries can exchange their voucher for a free supply of children’s or women’s vitamins as appropriate.
2. NHS Supply Chain are currently responsible for contracting for the manufacture of both vitamin products, for processing orders, and for delivering stocks of the vitamins to distributing bodies.
3. Legislation requires organisations which commission maternity services, or services for children, to make these vitamins available to Healthy Start beneficiaries. Local authorities, NHS and other public sector organisations buy the vitamins from NHS Supply Chain and distribute them, principally through ante-natal settings and consultations, and children’s centres. Some areas also distribute the vitamins via community pharmacies. In Northern Ireland, beneficiaries send their vitamin voucher to the Business Services Organisation, and their vitamins are posted to them.
4. Local authorities can be reimbursed for the vitamins vouchers they have accepted. This reimbursement covers the cost of the vitamins themselves, but not the cost of any local distribution. Claims for reimbursement are submitted to NHS Supply Chain on a quarterly basis. While reimbursement is available to local authorities if they collect and submit the vitamin vouchers, not all local authorities choose to do so.
5. Organisations which provide free Healthy Start vitamins are also able to sell Healthy Start vitamins to people who are not on the Healthy Start Scheme. The maximum price which can be charged in these circumstances is £2.10 for the children’s drops and £1.15 for the women’s tablets.
6. Some local authorities buy the Healthy Start Vitamins products to give to people who do not qualify for Healthy Start, as part of local schemes to improve the vitamin intake status of all pregnant women and/or children in the area, or as part of schemes to target population groups at particular risk of vitamin deficiency.
7. Wholesale pharmaceutical suppliers are also able to buy stocks of Healthy Start Vitamins to sell on for retail sale to the public.
8. Annex A gives the latest figures on sales and reimbursements. The level of reimbursements is less than the level of sales, as sales figures cover all sales, regardless of how the vitamins will be used, while reimbursements cover only those instances where a local authority has collected and submitted vitamin vouchers to NHS Supply Chain.

**Potential future delivery models**

1. Following the engagement of internal and external stakeholders, the Authority has decided to procure the children’s drops as a food supplement rather than as a medicine, which has implications for the various supply chain models which could be chosen for this procurement, and the Authority’s preferred model.
2. The Authority has reached provisional decisions on the supply chain options based on assessing and scoring the individual options identified against the procurement objectives for the overall Healthy Start Vitamins Scheme.
3. The procurement objectives for the Healthy Start Vitamins Scheme cover five broad areas, each of which has sub objectives (which will be explained in more detail at the Suppliers Event).
4. The high level procurement objectives are:
5. To seek to achieve the Authority’s commitment to cost savings of at least 5% over the life of the contracts;
6. That the Authority meets all statutory, legal, Food Standards obligations;
7. Level of service/product delivery are maintained and improved;
8. Quality standards are maintained and improved;
9. To contract for products in line with changes to relevant Government guidance, and which enable changes to be made to the broader Scheme.

1. The supply chain analysis has provisionally settled on a neutral vendor model, closely followed by master vendor model. Each of these will be explained more fully at the Suppliers event and of course supplier feedback will be welcomed.

**Procurement route**

1. The Cabinet Office default position for procurement projects is the Open procedure. The Authority is still considering the procurement route options, such as the Competitive Procedure with negotiation, and will use suppliers’ feedback on the requirements as a way of informing which procurement route would achieve the best outcomes.

**Potential Contract length and value**

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| **Contract**  | **Annual value**  | **Length**  | **Total Value** | **Rationale**  |
| Children’s vitamins  | £550K | 3 Years plus 2  | £2.75 Million  | With a more output based approach there may be a better opportunity for suppliers to develop the product and get a return on investment in a shorter contract period.  |
| Women’s vitamins  | £385K | 3 Years plus 2  | £1.92 Million  | A stable product which can be easily transferred between suppliers.  |
| Storage and distribution  | £175K | 3 Years plus 2  | £875K | A commoditised service which changes and improves.  |
|  |  |  | Grand total: £ 5.5Million (approx.)  |  |

**Outcomes sought from the procurement (including minimum requirements)**

1. This section sets out the outcomes the Department of Health wishes this procurement exercise to achieve, and attendees are invited to discuss and put forward information and proposals which will enable the Department to undertake a cost-effective procurement which will deliver these outcomes.
2. This section also sets out any minimum requirements which will apply to any solution to achieve the outcomes. Attendees should note that this may not be a definitive list of finalised minimum requirements.
3. Attendees should also note the general information at the end of this section.

Outcomes

**1.Health is improved, and the risk of vitamin deficiency is avoided, in those groups of people who are on the Healthy Start Scheme, by:-**

* The manufacture of high-quality vitamin products which contain the daily amounts of the vitamins recommended by the UK Governments, which are easy for recipients to store and to use/administer, and which recognise the religious/ethical wishes of some recipients;
* The manufacture of vitamin products which are easy for NHS and other public sector organisations to store and to distribute to recipients;
* A system by which NHS and public sector organisations can order and speedily receive vitamin products for onward distribution to recipients;
* Assurance at all times of sufficient stocks of vitamin products to meet demand from NHS and public sector organisations, as well as a buffer stock to guard against any issues with ingredients or manufacture.

**2.Value for money is secured for the taxpayer by:-**

* Rigorous key performance indicators and a fair system of penalties in the event of any failure to achieve the KPIs;
* A contract(s) which lend its/themselves to effective contract management;
* A contract(s) which promote innovation, continuous improvement, cost-control and cost-saving.

Minimum requirements

1. In considering how to achieve the outcomes set out above, attendees should note that the following minimum requirements set out below are likely to apply to this procurement:-
* All aspects of the manufacturing process should be fully compliant with all aspects of legislation relating to the manufacturing, packaging, marketing/sale, storage and disposal of food supplements.
* Products must be easy to use and to administer (in the case of the children’s vitamins).
* Products must be manufactured so that they need to be used/administered no more than once per day.
* The shelf-life of a non-liquid product must be a minimum of two years and must be capable of being stored and used at room temperature.
* The shelf-life of a liquid product must be a minimum of one year and must be capable of being stored and used at room temperature.
* The vitamin product for pregnant women and women with a child under one must ensure that the person taking it receives the following amounts of the following vitamins per day:-

Vitamin D – 10 microgrammes

Vitamin C – 70 milligrammes

Folic Acid – 400 microgrammes

* The vitamin product for children under four must ensure that the person taking it receives the following amounts of the following vitamins per day:-

Vitamin A - 233 microgrammes

Vitamin C – 20 milligrammes

Vitamin D – 10 microgrammes

* Products must contain the appropriate daily levels of vitamins set out above throughout the appropriate shelf-life, based on storage at room temperature.
* Products must contain the appropriate daily levels of vitamins set out above throughout the period the product is in use, based on storage at room temperature.
* Products must either be unflavoured, or flavoured with a sugar-free, pleasant-tasting flavouring.
* All ingredients used must be identifiable by batch and must be tested for quality and purity before being used in manufacture of products.
* All ingredients must comply with EU legislation on allergens and no GMO ingredients should be used. Products must be capable of being Vegetarian Society and Halal certified.
* All batches of the finished product must be tested for quality before being released for use.
* Any ingredients/batches of finished product not up to standard must be correctly disposed of and fresh supplies purchased / product manufactured at the contractor’s cost;
* Stability tests of products must be conducted at least once per year to ensure that the required daily levels of active ingredients remain during across the whole shelf-life and in-use period.
* The Healthy Start scheme operates on four-week cycles, and so the way in which products are packaged and batched should fit in with a four-week cycle.
* The product packaging should display the NHS and Healthy Start logos.
* Sufficient stocks of vitamins products must be manufactured so as to ensure that there is a “buffer stock” of twelve weeks’ worth of vitamin product is available at all times, for use by the NHS and other public sector organisations.
* All NHS and other public sector organisations should receive the stocks of the vitamins they have ordered within four working days of their order being received by the storage contractor
* All vitamin products ordered by the NHS and public sector organisations must have a minimum remaining shelf-life of 16 weeks when they are delivered to the address(s) given by the public sector organisation.
* No minimum order quantity should apply to purchases by NHS and other public sector organisations, and these organisations must not be charged a delivery charge for any orders placed, regardless of size of order
* Purchases of vitamin products for onward commercial sale will only be allowed once the minimum requirements set out above regarding manufacture and stock-holding for public sector organisations have been met.

General information

1. Healthy Start children’s vitamins are currently a licensed medicine, and the product licence reference is PL 01511/0003. The marketing authorisation is held by the Secretary of State for Health. However, the Authority does not intend to renew the current licence for this product, and wishes for the children’s vitamins manufactured under this contract to be a food supplement instead. Bids which propose to manufacture Healthy Start children’s vitamins as a licensed medicine will not therefore be accepted.
2. However, the Authority will be looking to apply rigorous quality controls for the products. Bidders will, therefore, need to set out any additional measures that they will take to ensure that the manufacturing quality standard of the product will be maintained throughout the life of the contract.
3. At present, NHS Supply Chain undertakes the reimbursement of vitamin vouchers submitted by public sector organisations. It is possible that this procurement will also include a reimbursement function similar to the function currently carried out by NHS Supply Chain.

**Broader commercial opportunities**

1. Attendees at the supplier event, or other potential suppliers, are encouraged to make contact with the Authority to arrange a short 1:1 discussion or teleconference to discuss the broader commercial potential of the Healthy Start Vitamin products.

**Annex A**

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| **Healthy Start Vitamins Sales (Units)** |
|   | **Drops** | **Tablets** |
| 2012/13 | 252,188 | 212,119 |
| 2013/14 | 531,371 | 397,901 |
| 2014/15 | 547,948 | 445,636 |
| 2015/16 | 551,196 | 483,425 |

**Healthy Start Vitamin Reimbursements**

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| --- | --- | --- |
|  | **Annual reimbursement claims** | **Average Quarterly no. of claims** |
| 2013/2014 | 206 | 52 |
| 2014/2015 | 325 | 81 |
| 2015/2016\* | 199 | 66 |

***\*includes quarters 1 to 3 only, quarter 4 outstanding.***

**Number of orders placed**

|  |  |  |
| --- | --- | --- |
|  | **Annual – 2015/2016** | **Average per week** |
| **Number of orders placed** | 11,104 | 214 |