



# Department of Health

## INVITATION TO TENDER FOR THE PROVISION OF: HEALTHY START REIMBURSEMENT UNIT

Deadline: 4 September 2014; 12:00:00  
ITT Reference: 59419

**PART B** – Tender Schedules  
(To be returned by Tenderers)

## Schedule One: Specification

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### 1. INTRODUCTION

- 1.1 Healthy Start is a statutory scheme governed by Regulations made under the Social Security Act 1988 as amended by the Health and Social Care (Community Health and Standards) Act 2003. The Healthy Start Scheme and Welfare Food (Amendment) Regulations 2005 introduced the scheme to Devon and Cornwall in November 2005. The Healthy Start Scheme and Welfare Food (Amendment No 2) Regulations 2006 extended the scheme across Great Britain in November 2006. Equivalent regulations were introduced in Northern Ireland on the same date.
- 1.2 Basic information about the scheme is included within the tender documentation. Further information is also available from the official Healthy Start website at [www.healthystart.nhs.uk](http://www.healthystart.nhs.uk).
- 1.3 The Department of Health manages the scheme throughout the UK on behalf of GB and Northern Ireland, largely through two major delivery contracts. One of these contracts is for provision of the Healthy Start Issuing Unit (HSIU). HSIU is responsible for processing applications from low income families, printing and issuing vouchers to them, and providing a public helpline. The other is for provision of the Healthy Start Reimbursement Unit (HSRU) which is responsible for registering retailers to accept the vouchers, processing their reimbursement claims, and making accurate BACS payments to them. The two contracts are kept separate to prevent and manage fraud risks, but the suppliers holding them are required to work closely together to share data on vouchers issued and accepted.
- 1.4 This tender exercise is to re-procure the HSRU contract. As scheme costs are incurred mainly at the point that retailers are paid for the vouchers they have accepted, this contract is critical to ensuring proper accountability for Government spending on the scheme and to reducing, and managing, risks of voucher fraud. Effective delivery of this contract is also important in securing the ongoing commitment of large and small retailers to help deliver this important scheme, and their willingness to help shape its future.

### 2. BACKGROUND TO HEALTHY START

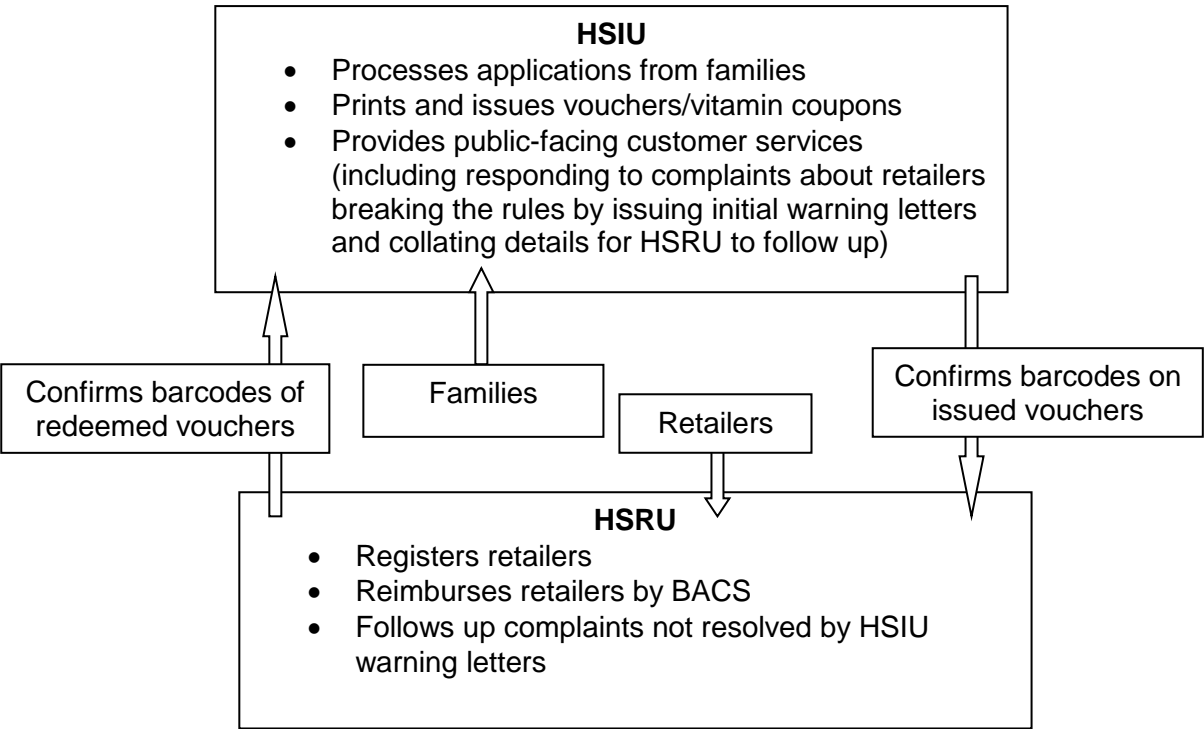
- 2.1 Healthy Start provides a nutritional safety net to pregnant women and families with very young children in low income families getting a range of income-based benefits or tax credits, and to all pregnant women under 18 years old. Support takes the form of weekly food vouchers that are accepted by retailers towards the cost of cow's milk, fresh and frozen fruit and vegetables or infant formula

milk. The range of foods that vouchers can be spent on is subject to review over time and could potentially be extended in future. Each UK country has the legal power to vary the range of foods included in the scheme, but for consistency all four countries work together to ensure that the same foods are available throughout the UK. The vouchers have a fixed value (currently £3.10).

The scheme also provides free vitamin supplements – tablets for pregnant women and new mothers getting the food vouchers, and drops for children getting the vouchers. These are currently supplied by the NHS or Local Authorities, or commercial suppliers through local arrangements with the NHS or Local Authorities, in exchange for a coupon issued with the food vouchers. But the Department of Health is exploring potential for the vitamins to be supplied in future by pharmacies, or other retailers, that accept the food vouchers. This would require a new reimbursement process – which could, but may not necessarily, be established through a future variation to the HSRU contract. Any such change would not significantly affect the overall contract size and scope.

*Relationship between HSIU and HSRU*

2.2 The following diagram gives a simple overview of the relationship between the two contractors.



*Key facts and figures*

2.3 Some key facts and figures that are relevant to this contract are set out below:

- Healthy Start vouchers are currently worth £3.10 each (having increased in value twice since the scheme was launched). The value is reviewed annually and so could change during the course of this contract.
- Approximately 2.5 million vouchers are issued every 4 weeks, and around 91% of them are reimbursed.
- All vouchers have a use-by date printed on them, which is normally 4 weeks from the date of expected receipt. Some may have a longer use-by date (typically 8 weeks from date of expected receipt) if they have been issued in special circumstances.
- Retailers have 6 months from the use by date printed on the vouchers to claim reimbursement for them – there is a protocol in place governing any exceptions to this.
- Only retailers registered with HSRU may claim reimbursement, and are paid the face value of each voucher they have accepted towards the cost of Healthy Start foods. They are not paid any additional handling fee.
- In 2013/14, retailers were paid approximately £93m in total for Healthy Start vouchers they had accepted. All payments were by BACS.
- Around 15,000 retail businesses, representing between them almost 30,000 individual retail outlets across the UK, are currently registered to accept Healthy Start vouchers. These include many small and specialist businesses such as milk rounds-men, chemists, convenience stores and co-operatives, as well as all the major supermarkets and a range of franchised and non-franchised multiples.
- Almost 70% of vouchers are currently spent in supermarkets

### **3. CONTRACT DELIVERABLES**

3.1 The contract will replace an existing contract. The successful supplier will be required to:

- Maintain a database of retailers registered to accept Healthy Start vouchers and ensure, through targeted recruitment where necessary, that there are sufficient registered retailers to enable every family receiving Healthy Start vouchers to spend them on their choice of milk, formula milk, and fruit and vegetables locally. Total numbers should not drop below current levels. The database will be searchable by the public via [www.healthystart.nhs.uk](http://www.healthystart.nhs.uk), or any other website that the Department of Health may use in future to provide information about the scheme.
- Have in place practical mechanisms for communicating with registered retailers and use these effectively to encourage good practice in voucher acceptance and processing, highlight and address non-compliance with

scheme rules, and to convey to them information about scheme changes promptly.

- Process, validate, and make accurate payment to retailers for vouchers they have accepted within specific performance standards set by DH, and within prevailing Government guidelines on prompt payments to business.
- Establish, maintain and report on effective systems to minimise, identify and act on fraud against Healthy Start (both in respect of retailer registrations/claims and the contractor's own internal delivery processes).
- Archive information captured from each voucher processed so that is accessible for use in any formal enforcement action or prosecution that may be instigated. This includes storing the paper vouchers for 3 months after the relevant claim has been processed, and storing electronic images of all vouchers reimbursed for the full contract term, plus a further 7 financial years.
- Deliver daily electronic data about redeemed vouchers to the Healthy Start Issuing Unit so that it can be used to drive delivery of customer service functions for scheme users, to detect and address fraud and abuse, and to support overall scheme governance.
- Provide accurate routine management information about all aspects of contract delivery to DH and NHSBSA on a four-weekly basis, to inform performance monitoring of the contract and the development of future policy.
- Provide any additional bespoke/ad-hoc extracts and reports from the retailer database that may be reasonably required within the contract costs (for example this could be one bespoke set of data or report per month).
- Provide a website that gives operational information for retailers, including functionality for retailers to communicate with the contractor, download forms, and monitor the progress of their claims, online.
- Provide a telephone helpline for retailers.
- Ensure that all functions are delivered in a way that takes reasonable account of sustainability and green issues, and minimises the cost of transporting vouchers between retailers and the contractor.

- 3.2 The contract will be performance-managed for DH by NHSBSA. Consistent compliance with these objectives will be monitored through the management information that the contractor will supply, monthly performance management meetings, quarterly strategic monitoring meetings, monthly random spot-checks on individual payments made to retailers, and any additional audits that NHSBSA, DH or NAO may reasonably consider to be appropriate.

## **4. CONTRACT DETAILS**

#### *Retailer eligibility to register for Healthy Start*

- 4.1 The contractor will provide application forms for retailers to use when applying to participate in the scheme. These should be available to download online, but should also be available as printed copies. The application pack should include the terms and conditions for registration, and require a statutory declaration that the retailer understands and will comply with the terms and conditions. Templates of existing application forms and envelopes are at Annex 1.
- 4.2 Any retail business with outlets selling at least one Healthy Start food may participate, provided that they have not previously registered for the scheme and had their registration revoked for non-compliance with scheme rules.

#### *Maintenance of retailer database*

- 4.3 The retailer database should contain all necessary information about registered retailers to ensure that they are paid accurately and that their claiming history is accessible and auditable.
- 4.4 Any retailer that has not claimed reimbursement for vouchers in 12 months should be removed from the register, unless they have indicated that they are still willing to accept vouchers and wish to remain registered. Their details should be retained in case of late claims or challenges against past payments, but should not be searchable online via the “find a retailer” function at [www.healthystart.nhs.uk](http://www.healthystart.nhs.uk) (which links to the HSRU retailer database).
- 4.5 Retailers should be removed from the register promptly for non-compliance in accordance with protocols to be agreed with the NHSBSA on behalf of the Department of Health. New applications for registration should be checked against details of retailers removed from the register for non-compliance.
- 4.6 Each registered retail business must have a unique supplier account, which cannot be passed on if the business changes hands. Businesses may choose to register once for all their outlets (rather than outlet by outlet), but if they do must confirm the details of every outlet included in their registration. The HSRU contractor should have systems in place to ensure that retailers that have registered for multiple outlets keep them informed of any changes to those outlets.

#### *Retailer recruitment*

- 4.7 There is already an established registered retailer base, but the contractor must ensure that numbers do not drop below the current level and should monitor coverage to ensure that it is sufficient to enable all Healthy Start families to use their vouchers at retail outlets within a reasonable distance from their home. Where the contractor identifies, or is notified of, any gap in coverage it should take steps to invite additional eligible retailers to apply on a targeted basis.

#### *Reimbursement of claims*

- 4.8 The contractor should ensure that only registered retailers are paid for vouchers they have accepted. It should provide stationery on which retailers can make their

claims, and for remittance advice. It is a legal requirement that retailers send the paper vouchers in with their claim forms, but they should not include any other documentation (e.g. till receipts or invoices)

- 4.9 The contractor should not set limits on the number, frequency, or size, of claims that retailers can make, but should work with retailers making frequent large claims to encourage them to claim in a way that is as efficient and cost-efficient as possible for both the retailer, and the Department of Health. For example, a protocol is currently in place for one major retailer that chooses to submit claims store-by-store, so that these claims can be processed together whilst still providing the retailer with management information at store level on the basis of a weigh-count before processing. Past trends in retailer payments are at Annex 10.

The contractor should provide a freepost address that retailers may use to submit their claim forms and associated vouchers. The majority of larger retailers currently choose to make alternative claims delivery arrangements with the contractor, and some may choose to use signed-for delivery, but freepost is valued by the many small businesses that accept Healthy Start vouchers.

- 4.10 The contractor should only routinely pay for vouchers that are claimed for within 6 months of the use by date printed on them. Any exceptions to this rule will be governed by protocols set by NHSBSA on behalf of the Department of Health.
- 4.11 Claims must be processed in a way that ensures that each voucher in the claim is individually validated so that only genuine vouchers are reimbursed, and that any difference between the numbers claimed for and the number reimbursed is clearly accounted for. Sufficient information about each voucher should be captured and retained for future audit purposes, for any future enforcement action. This includes the unique voucher barcodes/serial numbers and photographic images of each side of each voucher.
- 4.12 The contractor should have processes in place to manage claims from retailers whose claims have gone astray in the post, of which there are very few, (currently around 6 per year). These will be subject to protocols set by NHSBSA on behalf of the Department of Health.

#### *Claim validation*

- 4.13 Claims should be checked in particular for:
- a) Accuracy of supplier details, including payee details;
  - b) Quantity of vouchers surrendered against quantity claimed;
  - c) Whether vouchers are valid – this includes checking whether they have been submitted by the 6-month deadline, are genuine, and have not previously been included in any claim. Barcodes provided by the Healthy Start Issuing Unit will be used to carry out these checks.

- 4.15 Processes should be in place to manage any claims not submitted in accordance with scheme rules, which are inaccurate, or could indicate a deliberate attempt to abuse the scheme.
- 4.16 Where claim values are adjusted, retailers should be clearly notified of the adjustment and the reason. All details of claims, payments made, and any adjustments should be recorded in the retailer database in a way that ensures that they can be accessed and used for monitoring of individual retailers and the scheme as a whole.
- 4.17 Processes should be in place to manage any abuse of the scheme or potential concerns about fraud. The underlying principle is that low-level abuse should be proportionately managed through administrative means, but that anything that could indicate wide-scale or serious fraud should be referred promptly to NHSBSA for escalation to DH fraud enforcement staff (England), or their equivalents in the other UK countries.

#### *Payment method*

- 4.18 Retailers may only be paid by BACS. The contractor will be required to make all payments and resolve rejected payments. Retailers should be paid the full face value of each valid voucher included in their valid claim. They are not paid any administration or handling fee.

#### *Reconciliation of vouchers issued and vouchers redeemed*

- 4.19 The contractor will liaise with HSIU to ensure that there is full reconciliation of vouchers redeemed against vouchers issued. HSRU controls the serial numbers/barcodes that are to be printed on the vouchers, allocating batches to HSIU as required.
- 4.20 HSIU notifies HSRU of the serial numbers/barcodes it has used, and any that have been cancelled, at least weekly. HSRU in turn confirms to HSIU which vouchers have been returned by retailer so that HSIU can include this information in the management information it is contracted to produce on a four-weekly basis. This includes reports on how many vouchers have been used, by UK country/area/postcode and by category of beneficiary (pregnant, children under 1, children over 1 etc.). This information is used to monitor the scheme's effectiveness, and drive development of future policy. HSIU also uses the information in managing requests from families to replace vouchers that they claim to have lost or damaged, or to have not received.

#### *Revising voucher values*

- 4.21 The Department of Health will give reasonable notice of any changes to voucher value, so that the contractor can issue replacement barcodes, modify its payment processing systems to recognise the new voucher value, and communicate with retailers so that they can update their electronic point of sale systems as appropriate.



4.22 Current practice is that all vouchers issued at any given point in time will have the same face value. If voucher value is increased, this is most likely to occur at the beginning of a financial year. However, because retailers have six months from the use-by date printed on vouchers to claim reimbursement for them, should voucher value increase there will be a period of time during which the contractor will receive claims containing vouchers of the old and the new value. Retailers should be paid according to the face value of vouchers included in the claim, so claims processing systems will need to be able to recognise and accurately account for the different values.

#### *Cost reviews*

4.23 This is a demand led contract and so claim volumes, sizes, application, and telephone call/correspondence volumes could vary. NHSBSA will therefore review contract costs annually on behalf of the Department of Health and the contract price will be adjusted to reflect actual costs should they differ from the tendered sum by +/-10%.

4.24 An “open book” approach is required in respect of the negotiation and revision of costs. Any increase in prices must be justified by evidence of unavoidable changes in the contractor’s own costs, not by reference to generalised factors such as changes in the Retail Price Index, bank base rates, etc.

## **5. MAINTENANCE AND SECURITY OF INFORMATION ASSETS**

- 5.1 All data, including the register of retailers accepting Healthy Start vouchers should be maintained in electronic form with appropriate measures (HMG IA Standard No.6 as detailed in Annex 8) in place to ensure that data is protected and backed up in case of disaster. Any hard copy documents retained (such as application forms or vouchers awaiting processing or destruction) should be stored securely in such a way that they can be readily searched. Procedures and schedules for destruction of hard copy documents must be in place and complied with at all times by authorised personnel.
- 5.2 The contractor shall register under, and at all times comply with, the Data Protection Act. Electronic databases shall be structured to facilitate production of ad-hoc reports where necessary, as well as the routine reports indicated in this Tender Document. All data and records relating to the registration or reimbursement of suppliers shall be the property of the Department of Health, and must be surrendered to it, or its nominated agents, at the end of the contract or at any other time on request. Data held in electronic form must be capable of being transferred to other systems using appropriate international standard data formats.

## **6. STATIONERY**

- 6.1 The contractor shall be responsible for providing ALL stationery required for supplier registration, claim processing, payment approval, reimbursement, correspondence, management reporting and associated functions, as well as stickers for retailers to display in shop windows. Examples of key stationery items currently in use are included at Annexes 4,5 & 7 The Contractor must undertake to produce agreed stationery in sufficient amounts to deliver the contract effectively.
- 6.2 Whilst the contractor is expected to recommend content and presentation of stationary items, it will be required to adhere to current Healthy Start branding guidelines and no individual item should be varied without consent from the Department of Health. Please note that the window sticker will need to be updated to the latest Healthy Start branding.
- 6.3 The Department of Health is currently responsible for producing and printing the Healthy Start supplier guide (Annex 6) and quick reference guide (Annex 3) and supplying this to the contractor. The contractor must give reasonable notice where stocks of these are running low. Should the Department require the contractor to produce these items in future; this will be negotiated by means of a contract variation.

## **7. WEBSITE**

- 7.1 The Contractor must ensure that both general information about the role and responsibilities of retailers registered to accept vouchers, and accounts management functions, are available to retailers via a bespoke website. The website URL and all IP associated with the delivery of this contract remain the property of the DH. The content and layout of the website are subject to approval by the Department of Health. The Department of Health will provide or approve any policy content.
- 7.2 All website functionality must be designed and delivered in a way that ensures that the security of information shared with the site is safeguarded, and that Cabinet Office Guidance on the handling of data is complied with. The Department of Health reserves the right to commission a full security review of the website at any time to verify this and the contractor will be required to correct promptly any deficiencies identified as a result of any such review within contract costs.
- 7.3 As with stationery, the contractor is required to adhere to Healthy Start branding guidelines when presenting information on its website and will facilitate any liaison that may be required with the supplier of the public-facing Healthy Start website to achieve this.

## **8. VOUCHER DESIGN**

- 8.1 The contractor is not responsible for designing or modifying Healthy Start vouchers. However, the contractor will be expected to work with NHSBSA and HSIU to explore ways to improve on voucher design, and implement any changes agreed. It must ensure that systems for processing vouchers can handle the vouchers as designed at the outset of the contract, and provide advice on the extent to which future changes can be accommodated. The contractor will be given an opportunity to comment on, and test, any proposed modifications to voucher design that may impact on its systems or procedures.
- 8.2 An example of the current voucher is at Annex 2. Key features include:
- a unique serial number
  - a unique identifier for the recipient
  - anti-copying/scanning measures
  - a watermark
  - an expiry date
  - a value
  - clearly defined range of foods
- 8.3 It is possible that the current vouchers will be modified during the term of the new HSRU contract. If this is the case, the Department of Health undertakes to notify the successful bidder of this in reasonable time, so that any changes can be taken account of during the contract implementation phase.

## **9. RECORD KEEPING:**

- 9.1 The Contractor shall maintain sufficient records to enable the validity and authorisation of each transaction to be fully audited. The Contractor's proposed methods of record keeping will be subject to specific approval by the Department of Health.
- 9.2 The Contractor shall retain all electronic records for the full contract term, plus an additional seven full financial years (the Financial Year referred to commences at 00.01 hours on 01 April and terminates at midnight on the following 31 March).

## **10. SECURITY**

- 10.1 The Contractor shall operate procedures acceptable to the Department and which conform to Cabinet Office guidelines on the protection of sensitive data as set out in Annex 9.
- 10.2 In particular the contractor must ensure that:
- a) Retailer register, bank details and/or payment instructions held in the retailer database cannot be accessed or amended without due authorisation, and all changes should be auditable
  - b) Claims cannot be amended without due authorisation
  - c) Vouchers cannot be stolen, or in any way re-used at any point after they have been received by the Contractor
  - d) Transaction records cannot be altered.
  - e) Secure and auditable destruction protocols are in place for processed vouchers and other paper documents associated with contract delivery.
  - f) Personal data is not shared or used for any other purpose than the administration of the Healthy Start scheme and related purposes (including research on the scheme authorised by the Department of Health), or to support investigations by the police or fraud enforcement agencies.

## **11. CORRESPONDENCE/CONTACT WITH RETAILERS AND THE PUBLIC**

- 11.1 The contractor shall handle all general and specific correspondence and telephone calls from registered and non-registered retailers that is relevant to delivery of the contract. Any written or telephone contact that could indicate potential fraud should

be notified to NHSBSA. Any questions of a policy or political nature should be referred to the Department of Health for answer unless an agreed standard response has been provided. The contractor will be required to pay close attention to complaints, ensure these are handled promptly and efficiently, at an appropriate level, and report on complaints handling (NB: numbers of complaints currently received are negligible). The contractor shall acknowledge any correspondence that is referred elsewhere, and explain to whom it has been referred.

11.2 The Department of Health or NHSBSA may make ad-hoc requests for information about HSRU's role and about Healthy Start retailers to respond to enquiries from Ministers, or Members of Parliament. Wherever possible, such enquiries will be answered on the basis of Management Information provided routinely but the contractor must be in a position to respond quickly to urgent requests that cannot be dealt with using data already available. The fulfilment of such requests will be on a free of charge basis.

11.3 The telephone system must be capable of monitoring the volume of incoming calls and the resources flexible enough to manage peaks and troughs.

## **12. PROVISION OF SERVICES IN OTHER LANGUAGES**

12.1 Tenderers may also wish to offer other languages in general use in the UK though it is not a mandatory requirement in this tender. The priority is for the Contractor to be able to deal with correspondence and calls using clear, distinct and simple English, and to respond to correspondence in Welsh if required.

## **13. USE OF WELSH**

13.1 General correspondence received in Welsh must be replied to in Welsh. The Contractor must provide a translation service to meet these requirements. It is not a mandatory requirement that telephone calls can be handled in Welsh

## **14. POSTAGE**

14.1 Postage costs associated with delivery of the Contract will be reimbursed to the Contractor at cost, subject to production by the Contractor of appropriate evidence.

14.2 The contractor should propose the best approach to ensuring that retailers do not incur postage charges when submitting their claims for vouchers. Alternatives to the freepost facility will be considered, but will be subject to approval by the Department of Health. Tenderers should therefore cost a freepost option, and include any other proposal as an alternative option.

14.3 The Contractor will be expected to use appropriate available services or technology (for example Mail sort), to minimise the overall cost of outbound post (e.g. when

mailing remittance notices or guidance to retailers) where this can be achieved without deterioration in the service provided to retailers.

14.4 The Contractor will be responsible for arranging the appropriate licences.

## **15. PERFORMANCE STANDARDS – DEPARTMENT OF HEALTH’S MINIMUM REQUIREMENTS**

Performance targets shall apply to the contractor’s work. All incoming correspondence shall be stamped with the date of receipt. The requisite targets are summarised in Annex 11.

15.1 Supplier registration/de-registration:

- a) Any general correspondence requesting a registration pack should be responded to within TWO working days.
- b) All valid retailer registration applications should be approved or rejected within TWO working days of receipt. Where any element of the application requires following up, the retailer should receive at least an acknowledgement indicating when they will be informed of the application decision, or seeking additional information within THREE working days. All applications requiring further information or additional consideration should be actively monitored and resolved within no more than FIVE days.
- c) Retailer accounts should be closed if no claim has been received for one full year. This should occur within ONE month of the year expiring.
- d) Accounts requiring ‘suspension’, albeit temporarily or permanently, should be actioned within ONE working day.

15.2 Claim processing and payment

- a) Claims should be processed and payments despatched within agreed timescales
- b) Where claims are not capable of being approved without reference to the NHSBSA, Department of Health or an enforcement agency, the Contractor shall, nonetheless, aim to undertake its involvement in resolving the claim within the maximum target period. There should be a mechanism for removing the claim from the contractor’s performance calculator whilst awaiting the outcome of any referral.
- c) Any claims paid more than 10 working days after receipt should be specifically reported at the end of each month.
- d) Where individual claims cannot be processed within the target times, the reasons why and the actual processing time must be reported to the NHSBSA as part of the monthly Business Performance Review Meeting.

- e) All claims paid or on hold should be maintained within a retailer's account.
- f) Claims not clearly identifiable to a specific retailer or from a business not yet registered to participate in the scheme should be securely held in a holding account that can easily be interrogated so that they can be identified easily if pursued by the retailer concerned.
- g) A minimum of two BACS payment runs must be made per week, spaced at least one working day apart. Daily BACS runs are preferred.

15.3 The full list of proposed Service Credits as enclosed in Annex 13

One Service Point credit would be equivalent to £25. Should more than 2 Amber levels be reached in any one reporting cycle, then service credits will be claimed from the Contractor, as highlighted in Annex 13.

15.4 Management information

All routine management information should be provided in the agreed format and to agreed timescales. This will normally be within 7 days of the month end for information provided on a calendar month basis, or within 7 days of the end of the relevant four-week issuing "cycle".

## 16. BACS PROCESSES

- 16.1 The Contractor will be required to operate a commercial BACS Bureau.
- 16.2 The Department reserves to itself the right to nominate with whom the Contractor shall register its BACS Bureau.
- 16.3 The system offered by the contractor should be BACSTEL IP compliant.
- 16.4 The Department will provide controlled access directly to its funds. Exact handling to be agreed with the chosen contractor.
- 16.5 The contractor will be responsible for resolving any BACS queries and for managing rejected payments. The Department will provide information from its financial systems to support this function.

## 17. MANAGEMENT

- 17.1 The Contractor shall nominate a Manager, (the Contractor's Representative), to take responsibility for performance of the Contract and to authorise all actions necessary in relation to such performance. Similarly, the Department shall appoint an Officer, (the Department's Representative), to act on behalf of the Secretary of State in respect of the Contract.

## **18. IMPLEMENTATION**

- 18.1 The Contract will begin on 1<sup>st</sup> April 2015. The Contractor should propose an Implementation Plan and project manage implementation to ensure delivery by the due date, which will be approved by NHSBSA and the Department of Health. The Plan should include a clear indication of any assistance required from NHSBSA or the Department of Health, and should allow a reasonable timescale for such assistance.
- 18.2 TUPE (Transfer of Undertakings Protection of Employment)  
Please be advised that TUPE may apply to this to contract. Refer to annex 12 for further information provided by the current service provider.

## **19. CONTINUOUS IMPROVEMENT**

- 19.1 In relation to cost savings and efficiencies, the Authority will set an ongoing obligation on the Contractor throughout the Contract Period to identify potential improvements to the provision of the Services with a view to reducing the Authority's costs (including the Contract Charges) and/or improving the quality and efficiency of the Services and their supply to the Authority. The Contractor will be required to report to the Authority on this on at least a quarterly basis or when required. Where the Authority agrees to implement any recommended improvement which result in any cost savings, such savings shall be split between the Authority and the Contractor at a ratio of 60/40.

## **20. RETAILER RECRUITMENT AND REGISTRATION**

- 20.1 The broad outline of this element of the Healthy Start Scheme has already been described. This section describes the Department's requirements in more detail.
- 20.2 Because Healthy Start was first launched across the UK in November 2006, there is an existing network of retailers already registered to accept Healthy Start vouchers. A large-scale recruitment exercise is therefore not required. However, the Contractor will be responsible for monitoring retailer participation and carrying out appropriate targeted recruitment exercises where and when necessary.

External organisations, including NHS organisations and Local Authorities, sometimes wish to help HSRU recruit Healthy Start retailers locally and we encourage them to do so, focusing on the small and specialist retailers that are difficult for HSRU to recruit through centrally organised or national campaigns. The Contractor is expected to give them appropriate assistance by supplying application leaflets and, where requested, extracts from its database confirming those retailers in a specified area already registered. In all cases, only data on



retailers who have specified that they are happy for their details to be promoted should be supplied to external organisations.

*Retailer Registration – Information on Retailers*

- 20.3 The Contractor will be provided with all information held in the existing registration database.
- 20.4 The Contractor shall maintain the Register of all registered Retailers who have notified their intent to supply liquid milk, infant formula, fresh fruit and/or fresh vegetables for Vouchers. The Register shall hold the following information on each supplier:
- a. Healthy Start Scheme registration number;
  - b. Trading name;
  - c. Trading address;
  - d. Key contact;
  - e. Correspondence address (if different to above);
  - f. Telephone number;
  - g. Type of business
  - h. Number and details of outlets;
  - i. Date of registration
  - j. Payee name, sort code and account number. More information may need to be captured depending on the requirements of the Contractors own BACS systems as determined by their bureau provider.
  - k. Country - i.e. England, N Ireland, Scotland or Wales.
  - l. HS product(s) declared
  - m. Category of retailer (as per application form)
  - n. Provision for a 'flag' for accounts requiring monitoring
  - o. Last claim date
  - p. Claims and application history
  - q. Third party voucher handling details, as appropriate

- 20.5 Provision is required for adding comments in free form text to each retailer's registration record.
- 20.6 Retailers should be added to the registration database when they have provided a fully completed application form and the application has been processed and accepted. No payments for vouchers accepted should be made to retailers who have not been accepted onto the scheme.
- 20.7 Unless the retailer has requested that its contact details are not publicised, these should be held in a way that ensures that they will be available to those searching the database using the postcode locator at [www.healthystart.nhs.uk](http://www.healthystart.nhs.uk).
- 20.8 If the database is also to store details of applications received but not processed, these should be held in a way that ensures that no payments can be made to that retailer until registration is confirmed, and that the retailer is not found when the database is searched using the postcode locator on the website.
- 20.9 It is the Contractor's responsibility to ensure that registered retailer bank account details held in the database are compatible with the BACS system used by the Contractor.

#### *Retailer Registration – Procedures*

- 20.10 The Contractor should provide an application form and covering letter to retailers wishing to register, on request, and should provide access to a downloadable application form and associated information on its website. On receipt of an application, the Contractor shall check that all required information has been given.
- 20.11 If the application is satisfactory, the retailer must be registered and sent a registration pack within two days of receipt of the application. This should include the retailer's unique registration number, one or more window stickers, supplier guides and quick reference guides, a claim form together with instructions on making a claim for vouchers accepted.
- 20.12 If the application is not satisfactory or additional information is required, the retailer should be informed of what they need to do within three days of receipt of the application. This might involve amending or adding to the original application form, or could involve providing further information. When a response is received from the retailer, again an application decision, rejection, or acknowledgement should be provided as appropriate within three days.
- 20.13 If the application is rejected, the retailer should be informed of this, and the reason, within two days of receipt of the application.
- 20.14 Checks should be made to ensure that duplicate accounts are not set up.

### *Retention of Records*

- 20.15 Registration details of retailers must be retained for not less than seven years from the end of the financial year in which the last claim for payment was made, or registration lapsed due to inactivity
- 20.16 The Department of Health will agree mutually acceptable arrangements for storage/transfer of data still required at the end of the Contract period.

### *Retailers removed from the scheme, or refused registration*

- 20.17 Retailers may be removed from the scheme for breaches of the terms and conditions. Retailers so removed, or previously removed from the Welfare Food Scheme for non-compliance, should be refused registration in future.
- 20.18 The Contractor is responsible for ensuring this rule is firmly applied. It is possible that barred retailers will attempt to seek registration again by applying using slightly different details. When checking new applications therefore, the Contractor should not simply rely on the declaration on the form to confirm whether or not an applicant has been previously removed. New applications should also be checked against existing data held on retailers removed from the scheme, and checks should be made on bank account numbers, key contact details and correspondence addresses as well as trading names and addresses.

### *Receipt and Validation of Claims for Reimbursement*

- 20.19 HSRU currently processes on average 2,654,200 returned vouchers per month, or 122,550 per working day.
- 20.20 The Contractor should design the claim form to accompany voucher claims (downloadable and printed). The design should enable the retailer to retain either a copy or a portion of the claim form for their own records.
- 20.21 The Contractor is required to carry out at least the following actions to ensure that claims are accurate and valid, and to detect fraud: -
- a) Verify that the retailer's registration number and details on the claim form correspond with those on the register
  - b) Check that the claim form is signed and dated
  - c) Verify that the quantity of vouchers for which reimbursement is being claimed are included with the claim
  - d) Check for duplicate or forged vouchers, or vouchers not identifiable due to excessive damage or defaced barcodes. These should not be reimbursed.(minor damage is acceptable provided vouchers can be identified).

- e) Check for vouchers not submitted for reimbursement within 6 months of the expiry date. These should not be reimbursed except in specific circumstances agreed with the Department of Health, but should be recorded in the database as redeemed.
- f) Make an accurate payment to the retailer, notifying the retailer of the amount paid and the payment date
- g) In all cases, the reasons for any adjustments made to the claim value before payment should be reported to the retailer, with reasons for the adjustments. This can be done via the remittance advice – additional correspondence should not be necessary except in exceptional circumstances. Because retailers may challenge adjustments, whatever handling and storage arrangements are in place for processed voucher claims, those that have been adjusted must be readily accessible for any further investigation that may be necessary for a minimum of 30 days after the remittance advice has been sent.
- h) Enter the data required to enable payment to be calculated and made by BACS.
- i) All claims to be paid as found subject to any deductions at d and e.
- j) The contractor may suggest tolerances for consideration regarding the accuracy checks of voucher counts, and these are subject to agreement by the Department of Health.

### *Payment*

#### 20.22 The Contractor shall:-

- a) Establish and operate a system for calculating payment due;
- b) make claim forms available to be downloaded from the website;
- c) Establish and maintain a secure system for making payments by BACS;
- d) Make payment within the agreed time standards;
- e) Provide the retailer with a remittance advice fully explaining the reasons for any differences between the amount claimed and the payment and his own reference if one has been provided. A new claim form should be provided with each payment. The claim form should be personalised to the retailer and show their registration number, name and address, payee details and any other information agreed by the Health Departments;
- f) Make payment of approved claims within the following times from the receipt of the claim: 90% within 5 working days; 100% within 10 working days.

## 20.23 Management Information

The management information requirement will be discussed in more detail and finalised post award. Current reports are described below.

### Weekly Reports:

#### (a) National Claim Analysis

The Claim Report shows by category type the number of claims received broken down by:

- Registered suppliers in each category
- Number of claims
- Average vouchers per claim
- Suppliers registered but not submitted a claim
- Suppliers who have submitted 2 or more claims
- Average frequency for claim submissions

It also tracks the accuracy of the value claimed to that paid.

#### (b) Healthy Start Voucher Analysis

The Voucher Report is a cumulative report from first cycle of vouchers issued in Phase 1 (Devon and Cornwall). This shows by cycle the number of vouchers issued and the number returned by retailers. It also tracks the pattern of redemption and the number of invalid vouchers received as a result of (i) forgery and (ii) late submission.

### Monthly Reports:

#### (a) Reconciliation Report

The Reconciliation Report is a breakdown of the number and value of payments made on each BACS run to Healthy Start suppliers. This is primarily used by DH Finance to reconcile the BACS payments made by the HSRU to the value on the DH bank account statements.

#### (b) KPI Report

The Key Performance Indicator Report contains information on the Contractor performance in relation to SLAs for Payments, Applications received and processed, Call Centre and Email enquiries.

#### (c) Prompt Payment Report

The prompt Payment Report itemises by day the number of claims received and the amount of time taken to make payment and is primarily used by the DH Finance department to ensure that payments are being made within government standard timelines. This report is also used to calculate the payment KPI.

#### (d) Recruitment Analysis

The Recruitment Analysis is produced separately for each country. This report provides information about the registered suppliers.

- Numbers mailed and responded by media type
- Response times from mailing to receipt of an application

Some modifications will be required to this report for the new Contract. In particular, it will in future need to specify the number of retail outlets physically located in each UK country, as well as the number of retail outlets belonging to retail businesses within each country. The Contractor may wish to propose other improvements when this is discussed post Contract award.

#### Quarterly Reports

##### (a) Retailer Report

This report summarises the number of vouchers received by retailer type.

#### Ad Hoc Reports & Analysis

##### (a) Forecast Report

- The forecast report shows estimated monthly claim values
- In addition to the regular reports are requests for specific information relating to a supplier, postcode area, and supplier categories etc.
- Reports by country - England, N Ireland, Scotland and Wales – should be determined by the supplier's trading address.
- All reports should be available in electronic form readable into an IBM compatible PC database or spreadsheet, capable of accepting data via appropriate international standard data transfer formats, to enable the Department to carry out further analyses.
- Ad-hoc bespoke reports will be required from time to time using the DH's data. The contractor will be expected to provide these free of charge within 2 working days.
- DH will expect the contractor to work towards providing an enhanced suite of reports during the first year of the contract with guidance from the contract manager.

## **21. Other relevant details**

21.1 Underlying Principles:-The following principles must underpin these proposed procedure(s) to ensure that legislative, security and other governmental and Health Departmental requirements are being met.

- a) The roles of Civil Servants and the Contractor must be clearly differentiated.
- b) Civil servants must give the Contractor strict criteria for the acceptance of registrations.
- c) Civil servants must give the Contractor strict criteria against which to check claims.
- d) The Contractors' adherence to the criteria may be externally audited by the Civil servant.
- e) The confidentiality of all information in the system must be maintained at all times.
- f) The Procedure must be economical of civil service time.
- g) The Procedure must allow for compliance with performance targets.
- h) The payment system must be able to build case law and claims within the system must be traceable to facilitate control, expediting and response to Supplier's queries.

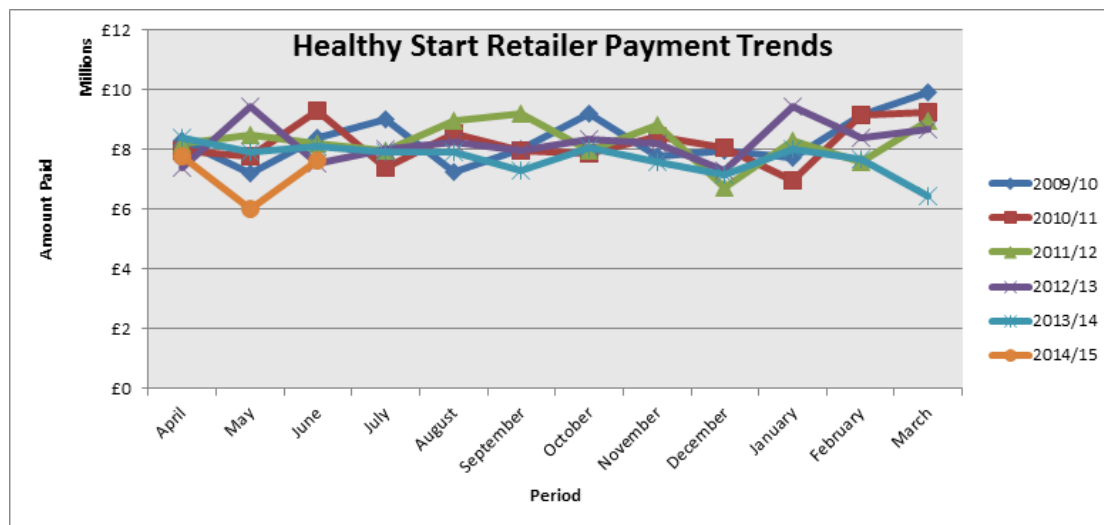
21.2 Third parties – including coupon handling houses

The Contractor must make specific arrangements for handling situations in which any retailer wishes to submit vouchers for payment via a coupon-handling house or other third party. This is normally only done by major retailers accepting a large number of vouchers. The retailer must give express permission for HSRU to liaise with the third party and must provide information on the handling house or third party on the retailer registration form. If the Contractor is also employed by any retailer to manage or sort coupon claims on its behalf, it must notify NHSBSA, and will be required to provide auditable assurances that there will be adequate separation of duties to ensure that risks of fraud, error, or cross-charging are robustly and transparently managed. Any tenderer that may be in this position at the contract start date must clearly indicate this in their tender, and include specific proposals for managing the associated risks.

## ANNEXES

### Annex 10 Retailer Payment Trends

	April	May	June	July	August	September	October	November	December	January	February	March
<b>2009/10</b>	8323314	7190280	8407494	9001126	7245012	8037293	9215842	7762989	7958084	7731507	9159064	9912041
<b>2010/11</b>	7944583	7772908	9293433	7374588	8524342	7977109	7865856	8444335	8049360	6981402	9151385	9236633
<b>2011/12</b>	8206937	8479827	8222750	7972189	8976754	9181323	7980441	8834442	6746995	8279799	7591544	8955835
<b>2012/13</b>	7374683	9419251	7520634	8029454	8265480	7963748	8346015	8186877	7313526	9457570	8417334	8665365
<b>2013/14</b>	8408883	7932116	8119988	7908215	7936084	7306136	8056137	7597886	7155671	8031068	7696940	6429465
<b>2014/15</b>	<b>7771266</b>	<b>5991546</b>	<b>7641150</b>									





## Annex 11 SUMMARY OF PERFORMANCE TARGETS

Note 1. In providing the service requirements set out in the specification, the targets set out in the following table must be satisfied.

Note 2. In interpreting the targets, references to “hours”, “days” or “weeks” should be taken as meaning “working hours”, “working days” or “working weeks” respectively, unless specified otherwise.

Note 3. Unless specified otherwise, percentage targets are to be measured over the calendar month.

Note 4. The financial year should run 1 April to 31 March.

KPI	Target
<b>Payments</b>	
Claims paid within 7 working days	90%
Claims paid within 10 working days	100%
Standard working practice is to ensure that all claims are processed and payments raised within seven working days of receipt	
Payment must be made only in exchange for valid vouchers received by the Contractor from registered retailers who, in turn, have accepted them as payment for Healthy Start foods.	
Contractors are invited to propose acceptable checking processes and checking levels.	
<b>Applications</b>	
Processed within 2 working days	90%
Processed within 3 working days	100%
Standard working practice is to ensure that all applications are opened, data captured onto the system and the relevant output produced for mailing within 2 working days. For successful applications this would be a supplier pack, for incomplete applications this would be a letter to request further information.	
<b>Telephone Calls</b>	
Percentage calls acknowledged within 60 seconds	100%
Percentage calls (during working hours, requiring connection to advisor) connected within 5 minutes	95%
Average call answer time	60 seconds
Average length of call	2 minutes
Based on normal circumstances where claims are being processed to within the KPI target and there are no additional communications to be	

made (i.e. changes to the Healthy Start scheme)	
<b>Telephone Enquiries</b>	
Initial response within 1 working day (not automated)	90%
Enquiries concluded within 5 working days (Provided the answer is in the control of the HSRU and is not dependent upon a third party)	100%
<b>Email Enquiries</b>	
Initial response within 1 working day (not automated)	90%
Enquiries concluded within 5 working days (Provided the answer is in the control of the HSRU and is not dependent upon a third party)	100%
<b>Postal Correspondence</b>	
Response within 3 working days (Unless waiting for a third party's response)	90%
Response sent resolving query within 7 working days (provided the answer is within the control of HSRU)	100%

#### **Annex 12: TUPE Information (as provided by current service provider)\***

\*DH doesn't warrant or make any representation as to the accuracy of any information supplied by the current service provider.

Employee	Continuous Service Date	Notice Period (weeks)	Terms & Conditions applicable	working hours	Basic Salary £	Bonus Scheme	Medical Plan Eligibility	PHI	Pension member and scheme name	Employers Pension Contribution %
1	30/08/2005	4	Monthly	35	29309.00	N/A	No	Canada Life	Standard Life	6%
2	07/11/2012	1	Weekly	35	11484.20	N/A	No	none	Peoples Pension MRM Weekly	1% of qualifying earnings
3	24/10/2005	4	Monthly	15	4921.80	N/A	No	Canada Life	None	N/A
4	30/12/2012	1	Weekly	35	11484.20	N/A	No	none	Peoples Pension MRM Weekly	1% of qualifying earnings
5	20/11/2006	4	Monthly	35	11484.20	N/A	No	Canada Life	Peoples Pension MRM Monthly	1% of qualifying earnings
6	06/10/2003	4	Monthly	35	12147.00	N/A	No	Canada Life	Peoples Pension MRM Monthly	1% of qualifying earnings
7	21/10/2012	1	Weekly	35	11484.20	N/A	No	none	Peoples Pension MRM Weekly	1% of qualifying earnings
8	30/09/2002	4	Monthly	35	14052.00	N/A	No	Canada Life	Peoples Pension MRM Monthly	1% of qualifying earnings
9	19/01/2009	4	Monthly	35	11484.20	N/A	No	Canada Life	Peoples Pension MRM Monthly	1% of qualifying earnings

Employee	Employees Contribution %	Currently on Maternity Leave	Start of Maternity Leave	End of Maternity Leave	Annual Leave entitlement - Days	Annual Leave entitlement - Hours
1	5%	no	N/A	N/A	TBC	N/A
2	1% of qualifying earnings	no	N/A	N/A	N/A	196
3	N/A	no	N/A	N/A	TBC	N/A
4	1% of qualifying earnings	no	N/A	N/A	N/A	196
5	1% of qualifying earnings	no	N/A	N/A	TBC	N/A
6	1% of qualifying earnings	no	N/A	N/A	TBC	N/A
7	1% of qualifying earnings	no	N/A	N/A	N/A	196
8	1% of qualifying earnings	no	N/A	N/A	TBC	N/A
9	1% of qualifying earnings	no	N/A	N/A	TBC	N/A

**Schedule One (a): Tenderer Response**

See accompanying template questions for completion and return.

## **Schedule Two:      Pricing Schedule**

### **1.      General Instructions**

- 1.1      The rates contained within the Pricing Schedule are, unless otherwise expressly agreed between the parties, firm.
- 1.2      The rates entered shall be deemed to include complete provision for full compliance with the requirements of the Contract.
- 1.3      The rates exclude VAT.  
The rates entered in the Pricing Schedule shall include all travel and subsistence costs.
- 1.4      See accompanying Schedule Two template for completion of pricing proposals and return to the Authority.

### **2.      Schedule of Payments**

- 2.1      The Authority requires Tenderers to competitively tender against the requirements of the Specification. Payments to the Contractor for service delivery will be in accordance with the terms and conditions.

## Schedule Three: Contract Monitoring

This schedule includes specific details on how the Authority will manage and monitor the contract

### 1. Management Information

1.1 Contract monitoring is critical in order to ensure the successful delivery and performance of the contract. Once the contract has been awarded it must be monitored to see whether the service is being delivered to its specification. This activity will be monitoring the fundamental aspects of the contract by making sure that:

- 1.1.1 The service does what it was required to, and is being delivered to the agreed standard and price,
- 1.1.2 The cost of the service is no higher than expected,
- 1.1.3 There is the ability to measure the performance of the supplier through KPI's,
- 1.1.4 To provide feedback that is critical to successful contract management and supplier development,

1.2 Management information reports should capture the required reporting information containing a twelve month rolling summary view. The Authority shall be entitled to raise any additional questions and/or request any further information regarding any Service Failure.

1.3 Management information reports should be submitted by the 5<sup>th</sup> working day monthly for data relating to the previous month as an executive summary showing the key information. Finance reports will also be required accompanied by an appropriate level of commentary to support the information submitted. This information should be supported by an online platform where either the Department or the contract manager has the opportunity to access real time data and download an excel file to export the data in an unedited format.

1.4 The parties shall attend Performance Review Meetings on a monthly basis (unless otherwise agreed). The Performance Review Meetings will be the forum for the review by the Authority and the Contractor of the Performance Monitoring Reports. The Performance Review Meetings shall (unless otherwise agreed):

- 1.4.1 take place within one (1) week of the Management information Reports being issued by the Contractor;

- 1.4.2 take place at such location and time (within normal business hours) as the Authority shall reasonably require unless otherwise agreed in advance;
- 1.4.3 be attended by the Contractor's Representative and the Authority's Representative; and
- 1.4.4 be fully minuted by the Authority. The prepared minutes will be circulated by the Authority to all attendees at the relevant meeting and also to the Contractor's Representative and any other recipients agreed at the relevant meeting. The minutes of the preceding month's Performance Review Meeting will be agreed and signed by both the Contractor's Representative and the Authority's Representative at each meeting.
- 1.4.5 The Authority shall be entitled to raise any additional questions and/or request any further information regarding any Service Failure.
- 1.4.6 The Contractor shall provide to the Authority such supporting documentation as the Authority may reasonably require in order to verify the performance levels achieved by the Contractor.
- 1.5 Bespoke reports should be made available on an ad-hoc basis with custom date ranges or with other filters when required. Suppliers will have to comply with MI requirements, reporting at monthly intervals, and being able to supply reasonable ad hoc reports at the request of the client or their agent at no additional cost.
- 1.6 Real time data and MI reports should be accessible to DH nominated staff via an online portal. The portal should be user friendly and easy to navigate. Files should be capable of being exported either by using selective report filters or in full in excel format.
- 1.7 In order to assess the level of performance of the Contractor, the Contractor must undertake satisfaction surveys in respect of End users or various groups of End users. This will ensure a streamlined process for reporting, recording and dealing with complaints.
- 1.8 The Authority shall be notified by the Contractor of any aspects of their performance of the Services which the responses to the Satisfaction Surveys reasonably suggest are not meeting the Service Requirement.
- 1.9 The Contractor shall keep appropriate documents and records in relation to the Services being delivered and the other requirements to be satisfied. The records and documents of the Contractor shall be available for inspection by the Authority and/or its nominee at any time and the Authority and/or its nominee may make copies of any such records and documents.
- 1.10 SMEs contained within the supply chain of winning bidders will need to be captured so the MI will have to cater for this.

## **1. General Instructions**

- 1.1. Tenderers will be required to complete all the information requested in the following section once the contract is awarded. Any supporting documents (e.g. implementation plans etc.) will need to be clearly referenced back to the appropriate section.

## **2. Representatives**

- 2.1. Name of Authority's Contract Representative(s): [Authority to complete]
- 2.2. Name of Contractor's Representative(s): [Tenderer to complete]

## **3. DELIVERABLES**

- 3.1. Deliverables List of deliverables, outputs and reports Contractor is to supply:  
Monthly and adhoc reports as stipulated in section XX
- 3.2. Period(s) over which each deliverable, output and report is to be supplied:  
See section 2.10 (Performance targets) and section 2.11
- 3.3. Information requirements: See section 2.11

## **4. Meetings**

- 4.1. Monthly contract performance review meetings will be held chaired by the NHSBSA.
- 4.2. Monthly contract performance review meetings will be held in London, Mansfield, Contractor's offices or by video conference.
- 4.3. Monthly contract management meetings will evaluate performance against contract deliverables, KPI's and plans.

## **5. Remedies**

- 5.1. Poor and unacceptable performance issues will be discussed at monthly contract management meetings and improvements will be sought. Persistent poor performance may lead to a default notice being issued and termination of contract proceedings will follow. (See terms and conditions)



## **Schedule Four: Confidential & Commercially Sensitive Information**

See accompanying template for (identification of the confidential & commercially sensitive information) completion and return to the Authority.

## **Schedule Five: Administrative Instructions**

See accompanying template for (Administrative Instructions) completion and return to the Authority.

## **Schedule Six: Form of Tender**

See accompanying template for (Form of Tender) completion and return to the Authority.

## **Appendix A Sub-Contractors**

See accompanying template for (Sub-Contractor information) completion and return to the Authority.

## **Appendix B Parent Company Guarantee**

See accompanying template for (Parent Company Guarantee information) completion and return to the Authority.