

Trust Board paper U

<b>To:</b>	Trust Board		
<b>From:</b>	ACTING DIRECTOR OF FINANCE		
<b>Date:</b>	31 July 2014		
<b>CQC regulation:</b>	N/A		
<b>Title:</b>	Orthopaedic Trauma CMF Implants and Associated Products Framework		
<b>Author/Responsible Director:</b> INTERIM DIRECTOR OF FINANCIAL STRATEGY			
<b>Purpose of the Report:</b> To seek approval of the Orthopaedic Trauma CMF Implants and Associated Products Framework			
<b>The Report is provided to the Committee for:</b>			
Decision		<input checked="" type="checkbox"/>	
Discussion			
Assurance			
Endorsement			
<b>Summary / Key Points:</b> This decision will allow for the award of a Orthopaedic Trauma CMF Implants and Associated Products Framework covering UHL's entire network. This framework will allow UHL to call-off future contracts in an agile manner in the future, including subsequent to mini-competitions.			
<b>Recommendations:</b>			
<ol style="list-style-type: none"> <li>To approve the Orthopaedic Trauma CMF Implants and Associated Products Framework Contract</li> <li>To delegate the authority to an Executive Director to award contracts within the framework following a mini-competition without the requirement for this to be approved by Trust Board.</li> </ol>			
<b>Previously considered at another corporate UHL Committee?</b>			
<b>Strategic Risk Register:</b> N/A		<b>Performance KPIs year to date:</b> N/A All KPI's will be specified within the mini-competitions under the framework.	
<b>Resource Implications (e.g. Financial, HR):</b> None			
<b>Assurance Implications:</b> N/A			
<b>Patient and Public Involvement (PPI) Implications:</b> N/A			
<b>Stakeholder Engagement Implications:</b> N/A			
<b>Equality Impact:</b> N/A - Goods			
<b>Information exempt from Disclosure:</b> N/A			
<b>Requirement for further review?</b> None – Delegated responsibility to the Executive Directors.			

## 1. Project Outline

The Musculoskeletal theatres total spend for the supply of Orthopaedic, Trauma, Craniomaxillofacial (CMF) and Associated products is £4.34million. Due to this significant spend in this area and compliance with EU procurement requirements the CMG initiated a formal tender process to ensure the most cost and clinically effective products were available.

Elective orthopaedics during 2013/14 delivered joint replacements as shown below generating a total income of £25 million.

The cost of prostheses in undertaking these procedures was £2.78 million.

Procedure			Activity 13/14
Primary Replacement	Total	Hip	913
Revision Replacement	Total	Hip	112
Primary Replacement	Total	Knee	1090
Revision Replacement	Total	Knee	65
Arthroscopy			716

Trauma treated 3257 patients in 2013/14 and is forecast to treat 3445 patients in 2014/15 and generates a total income of c. £12.7million.

It was the intention of this exercise to let a framework agreement to a range of suppliers in order to ensure that the best products are available for patient use and to ensure on-going competition.

A framework agreement does not commit the Trust to purchase product, each individual order creates a contract. Therefore use of a Framework provides maximum flexibility in product selection and market share to generate competition amongst suppliers. This will enable cost control throughout the lifetime of the contract using a number of purchasing techniques catered for in the framework such as bulk purchase and use of market share to achieve best price banding. Other contracting solutions would not provide such flexibility.

The framework agreement will be awarded for three years, with prices fixed for two years, and an option to extend for a further one year.

The contract was advertised in the European journal in January 2014 as an open procedure, for two lots; Lot 1 Orthopaedic Trauma CMF Implants; Lot 2 Tools and Consumables received 57 expressions of interest were received, from which 35 tenders were returned (15 for Lots 1 & 2; 12 For Lot 1 only; 8 for Lot 2 only)

This recommendation concerns Lot 1 only.

**2. Scoring & Award**

The evaluation criteria used for the evaluation were as follows:

<b>Quality (60%)</b>
<b>Capabilities (39%)</b>
<b>Clinical (21%)</b>
<b>Commercial (40%)</b>
<b>Cost (30%)</b>
<b>Added Value (10%)</b>

An evaluation team was put together comprising Orthopaedic and Musculoskeletal Surgeons, Theatre Staff, CMG Management, Procurement and Finance. Each of the submissions was scored, by section, according to the above criteria by members of the evaluation team.

It had been agreed that tenderers with an acceptable clinical score and an overall score in excess of 50% would be admitted to the framework agreement. The proposed suppliers to be admitted to the framework Agreement are:

Section	Hips	Knees	Trauma lower limb	Trauma upper limb	Spine	Hands	Shoulders	External Fixation	Arthroscopy	CMF
Supplier										
Acumed Ltd				✓		✓				
Arthrex		✓								
ArthroCare UK									✓	
B Braun Medical Ltd	✓	✓	✓							
Biomet UK Ltd	✓	✓	✓	✓	✓	✓	✓			✓
Conmed Linvatec										✓
DePuy International Ltd	✓	✓	✓	✓	✓	✓	✓		✓	✓
DP Medical Systems Ltd					✓					
Exactech (UK) Ltd		✓		✓			✓			
Joint Replacement Instrumentation Ltd	✓	✓	✓							
Karl Storz Endoscopy (UK) Ltd		✓								
Medartis Ltd				✓		✓				
MicroPort Orthopaedics Ltd		✓	✓							
Smith and Nephew Orthopaedics	✓	✓	✓	✓				✓	✓	
Stryker UK Ltd	✓	✓	✓	✓	✓	✓	✓			✓
Xpert Lima Orthopaedics	✓									
Zimmer Ltd	✓	✓	✓	✓			✓	✓		

**3. Financials**

This framework will cover UHL's entire Orthopaedic Trauma CMF Implants, covering an annual spend of c. £4m.

	<p>Award of this framework will have a saving of £142,226, as part year effect for 2014/15 and netting the fee payable to Accenture of £197,621. The full year effect savings to be realised for 2015/16 are £718,624 for FY15/16 – any future call-offs from this framework will be made with consideration to improving UHL’s financial contribution.</p>
<p><b>4. Recommendation &amp; Benefits of Decision</b></p>	<p><b>4.1: Recommendations:</b>  Based on the above, on behalf of the project steering group, I make the following recommendations to the board:</p> <p>Award all 17 eligible suppliers  Acumed Ltd  Arthrex  ArthroCare UK  B Braun Medical Ltd  Biomet UK Ltd  Conmed Linvatec  DePuy International Ltd  DP Medical Systems Ltd  Exactech (UK) Ltd  Joint Replacement Instrumentation Ltd  Karl Storz Endoscopy (UK) Ltd  Medartis Ltd  MicroPort Orthopaedics Ltd  Smith and Nephew Orthopaedics  Stryker UK Ltd  Xpert Lima Orthopaedics  Zimmer Ltd</p> <p>to UHL’s new procurement Framework.</p> <p>To delegate the authority to an Executive Director to award contracts within the framework following any mini-competition without the requirement for this to be approved by Trust Board.</p> <p><b>4.2: Benefits of Decision:</b>  Award of this framework will have the following benefits to UHL:</p> <p><b>Responsive Award of Prosthesis Call-Offs:</b></p> <ul style="list-style-type: none"> <li>• A framework agreement does not commit the Trust to purchase product, each individual order creates a contract. Therefore use of a Framework provides maximum flexibility in product selection and market share to generate competition amongst suppliers. This will enable cost control throughout the lifetime of the contract using a number of purchasing techniques catered for in the framework such as bulk purchase and use of market share to achieve best price banding. Other contracting solutions would not provide such flexibility</li> </ul> <p><b>Added Value Schemes</b></p> <ul style="list-style-type: none"> <li>• Each of the companies have offered additional schemes, such as Theatre efficiency programmes, HRG coding guides, enhanced recovery programmes and pathway performance programmes which will allow UHL to reduce costs.</li> </ul>

**Consignment Stock:**

- The main suppliers all offer consignment stocks, (stock wholly owned and managed by the supplier and paid for as used) which will allow UHL to reduce stock costs.

Financial savings are expected to begin to impact after the framework is fully implemented which will take up to eight weeks. This period is required for any new suppliers to place instrumentation and stocks of implants with the Trust.