

PART 2 – CONFIDENTIAL FACTS AND ADVICE

MD Number	MD1329
MD Title	London Health Commission

Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult the Information Governance team for advice.

This information is not for publication until the stated date because:

The report contains information the disclosure of which would be likely to prejudice the commercial interests of the GLA, being details of the tender proposals submitted for services in connection with the London Health Commission. Disclosure of this information would be prejudicial to the commercial interests of the tenderers and the GLA.

Information will cease to be confidential or the confidentiality should be reviewed: To be reviewed on N/A

Once this form is fully authorised, this should be circulated with the Part 1 form

Legal recommendation on the grounds of keeping the information confidential

Section 1 of the Freedom of Information Act 2000 (the “Act”) creates the general right of access, which provides that any person making a request for information to a public authority is entitled:

- to be informed in writing by the public authority whether it holds information of the description specified in the request; and
- if that be the case, to have that information communicated to him/her.

Part II of the Act contains a number of exemptions from disclosure for certain classes of information. In particular, section 43 allows the exemption from publication of information, the disclosure of which would be likely to prejudice the commercial interests of any person (including the public authority holding it).

The section 43 exemption is a qualified exemption and its valid use is therefore subject to a public interest assessment.

Public Interest Assessment

On balance it is considered that the public interest is best served if the information in this Part 2 not be disclosed at this point. Disclosure by the GLA could have a detrimental effect on the procurement of services for the London Health Commission. Scrutiny of information related to the value of the contracts may impact the GLA’s opportunity to secure best value.

For the reasons given above, the public interest in not publishing the information in Part 2 of this MD may be viewed as outweighing the public interest in publishing the information.

Legal Advisor - I make the above recommendations that this information should be considered confidential at this time

Name: Stephen Fernandes-Owen

Date: 14 March 2014

Confidential Decision and/or Advice:

Executive Summary

The London Health Commission is an independent inquiry established in September 2013 by the Mayor of London. An important part of the Commission's work is to gather information from patients and the public, stakeholders and interested parties from London and beyond to inform the Commission's analysis and recommendations. This MD seeks approval for the award of contracts for services up to the value of £0.995m to support the four themes of the Commission.

Decision

On the basis of submitting the most economically advantageous tender, the Mayor approves the:

1. Entry into a contract for services with Mckinsey up to the value of £0.845m required for the provision of Population Segmentation and Economic Modelling to support the London Health Commission
2. Entry into a contract for services with Deloitte up to the value of £0.150m required for the provision of International Comparisons to support the London Health Commission

Introduction and Background

A managing agent (North & East London Customer service unit (NELCSU) was appointed to advise the London Health Commission where to procure the Health information and analysis required by the Commission to support their activity. The services of NELCSU were procured in accordance with DD1157, which approved expenditure of up to £150k for the procurement of managing agent services to provide project management and health commissioning expertise to the London Health Commission for the period January to October 2014. The estimated cost was determined from initial conversations with potential suppliers, the NHS Commissioning Support Units and the procurement team, who have previously commissioned contract management support. Four London Commissioning Support Units were invited to bid for the work.

Through discussion with the Commission team, it was agreed to procure two contracts to provide support with international benchmarking and economic modelling.

NELCSU developed a statement of requirements setting out the Commission's requirements for the Services. The work streams to be procured were as follows:

- a) International Comparisons to support the London Health Commission; and
- b) Population Segmentation and Economic Modelling

All procurement was undertaken in line with the requirements of the GLA's Contracts and Funding Code (see below).

International Comparisons to support the London Health Commission

The procurement rules that the GLA operates within require a minimum of 3 quotes to be sought for contracts to be awarded for less than £0.15m. This approach was adopted for the first work stream, with a total of 6 suppliers approached to bid for the contract. The tender evaluation meeting was chaired by the Director of the London Health commission and the panel comprised of NELCSU procurement officer, independent consultant Julie McQueen and GLA Assistant Director – Health & Communities. Deloitte were proposed to be awarded the contract up to the value of £0.150m.

Bids received were:

Cost (30% weighting)

		Price	VFM Score
Bidder 1	Deloitte	£150,000	81%
Bidder 2	FTI Consulting LLP	£142,072	62%
Bidder 3	McKinsey	£147,900	69%
Bidder 4	PWC	£149,385	67%

Population Segmentation and Economic Modelling

As this work stream was estimated as being procured at a cost greater than £0.15m, the procurement approach adopted was to commission the contract from an appropriate OJEU-compliant framework; lot 4.1 of the Government Procurement Service ConsultancyONE framework agreement (Corporate finance & financial strategy). All Suppliers accredited on the framework agreement have already been evaluated on the basis of offering value for money. This was determined based on two key elements:

- Non-financial criteria – The Supplier's capability, consisting of expertise and management capability, and;
- Financial criteria – An assessment of the fee rates charged by the Suppliers

Evaluation Criteria

An evaluation methodology was produced, setting out how the tenders would be assessed. This was reviewed and approved by TfL Procurement, acting as the procurement agent for the tender. The pre-determined award criteria (as below) were included with the Invitation To Tender (ITT), to ensure transparency of approach.

	Relative Weighting
Quality	70%
Price	30%
Value For Money	Quality Score + Price Score

Evaluation Approach

Tenders were invited from the three suppliers (KPMG, Deloitte and Mckinsey) of the lot 4.1 services under the framework in order to conduct a further competition to determine the most appropriate supplier to meet the requirements of the contract.

The evaluation of tender responses followed the approach set out in the evaluation methodology. Each tender submission was checked for compliance, and assessed against quality and price. The tender evaluation meeting was chaired by the Director of the London Health commission and the panel comprised of the CEO of NELCSU, London director of the NHS Commissioning board and the GLA Assistant Director – Health & Communities. As part of the evaluation, all of the bids were reviewed in their entirety, to ensure the panel had a full understanding of the proposals.

Evaluation Results

A detailed analysis of the evaluation results is provided within confidential Appendix A, with a summary of the scores as follows;

		Quality (%)	Price (%)	VFM (%)	Price
Bidder 1	KPMG	26.25	14.51	40.76	£392,900
Bidder 2	Deloitte	29.75	30.00	59.75	£190,000
Bidder 3	McKinsey & Co	61.25	6.74	67.99	£845,280

Mckinsey & Co scored the highest overall and, as the bidder offering the most economically advantageous tender, is recommended as the preferred bidder for the provision of Population Segmentation and Economic Modelling support. That is, the bidder that achieved the highest overall score, combining technical, delivery and financial elements.

It is noted that the cost of the successful tender for the provision of Population Segmentation and Economic Modelling support is the highest of the tenders submitted. However, following a competitive procurement exercise, officers have provided assurance and demonstrated that the recommended bidder scored the highest overall and therefore offers the most economically advantageous tender.

Attachments: Confidential Appendix A