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Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board



Meeting Date	Audit Committee June 2019		Agenda Item	5c
Report Title	NWSSP Procurement : Single Tender Actions & Quotations			
Report Author	Keir Warner, Head of Procurement /Richard Clayfield, Senior Procurement Business Manager			
Report Sponsor	Lynne Hamilton, Director of Finance			
Presented by	Keir Warner, Head of Procurement			
Freedom of Information	Closed			
Purpose of the Report	To provide details of the Single Tender Actions (STA) and Single Quotation Actions (SQA) approved by the Health Board for the period 3 rd May 2019 to 24 th June 2019, and to provide Audit Committee with advice and assurance on segregation of duties and Executive Director sign-off.			
Key Issues	During the period 3 rd May 2019 to 24 th June 2019 there were 6 x SQA's and 2 x STA's approved where competition was not sought.			
	Information	Discussion	Assurance	Approval
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Recommendations	<p>Members are asked to:</p> <p>Note</p> <p>i. The SQA's and STA's approved in the period 3rd May 2019 to 24th June 2019 and the comparison analysis for the same period in 2018/19.</p>			

1. INTRODUCTION

- 1.1. This report provides the Audit Committee with details of the Single Tender Actions (STA) and Single Quotation Actions (SQA) approved by the Health Board for the period 3rd May 2019 to 24th June 2019. The report also provides trend information on the number and value of STA's and SQA's.

2. BACKGROUND

- 2.1. Standing Financial Instructions require 3 competitive quotations to be obtained for the purchase of goods and services between the value of £5,000 and £25,000 exclusive of VAT. Where the sum exceeds £25,000 competitive tendering is required for the purchase of goods and services. SQA's and STA's should be an exception and should only be called for when a single firm or contractor or a proprietary item or service of a special character is required and must be formally authorised by the Director of Finance/Director of Strategy/Chief Operating Officer and reported to the Audit Committee.
- 2.2. During the period 3rd May 2019 to 24th June 2019, there were 6 x SQA's approved, with a total value of £87,028.61 (exclusive of VAT) and 2 x STA's, with a total value of £342,215.77 (exclusive of VAT).
- 2.3. Including the SQA's & STA's approved above, the table below identifies the number of STA's and SQA's received for the financial year 2018/19 and the current financial year 2019/20. Together, this shows equivalence in the numbers when compared to the same period in 2018/19 respectively.

	2018/19 – 1st April – 24th June Vol.	2018/19 – 1st April - 24th June Value (£)	2019/20 – 1st Apr – 24th June Vol.	2019/20 – 1st April – 24th June Value (£)
STA	5	£521,896.60	6	£447,615.77
SQA	10	£88,471.66	9	£124,834.81
Total	15	£610,368.26	15	£572,450.58

- 2.4. For the period concerned, there are no STA/SQA requests in relation to the No PO/No Pay Policy, however, this continues to be an issue. There is now greater visibility of purchases that are being made without Procurement involvement and Procurement continues to drive improved compliance. However, the analysis shows that there are a number of SQA's/STA's given over to clinical service requirements, which can all be classed as business critical or essential to patient welfare.

2.5 For the period concerned, the following were approved:

SQA's

Replacement of X-Ray Tube - Elekta Ltd - (SBU-SQA-28804-004-RC-19)

This was an essential purchase of a replacement X-ray Tube for use with the Linear Accelerator which is in situ. The Linear Accelerator Imaging System is used to determine the correct treatment site of the patient during Radiotherapy, to produce diagnostic X-rays for CBCT imaging. As Elekta Ltd are the original equipment manufacturer, no other supplier can provide the part concerned. The cost of the part was £24,921.01 exc. VAT, in line with Elekta's UK wide pricing policy.

Provision of Accreditation for HSDU Service – SGS United Kingdom- (SBU-SQA-28804-005-RC-19)

As the HSDU Service is a manufacturer of medical devices, the Service is required to conform to the regulatory and legislative requirements of ISO 13845:2016 & MDD 93/42/EEC & the MHRA. SGS United Kingdom is the HSDU Services notified body, in line with other Sterile Service Units throughout Wales. The Service across Wales is establishing a working group to investigate the potential for having one all-encompassing Quality Management System to ensure best practice. This accreditation is essential to enable HSDU to undertake their work. The cost of the accreditation was £16,800.00 exc. VAT, which is in line with the All Wales tariff of charges.

Fees relating to an MSc in Pharmacy Technical Quality Assurance (3rd Year) – University of Manchester - (SBU-SQA-28804-006-RC-19)

To enable a member of the Pharmacy staff to complete the third year for an MSc in Pharmacy Technical Quality Assurance at the University of Manchester. This is essential qualification for the Service. Manchester University is the only one able to provide this qualification at a cost of £5,305.00 (no VAT). The monies are to be reclaimed from Welsh Government WICS funding.

Car Parking Fees for Community Staff – NCP Ltd - (SBU-SQA-28804-008-RC-19)

To facilitate the purchase of 13 x annual car parking permits to enable Nursing staff working in the CDAT Service to use the National Car Park (NCP) on the Kingsway, Swansea. These staff are based at the Barod Building, Mansel Street, Swansea and this is the closest NCP facility. The total cost of the permits was £9,750.00 exc. VAT, (£750.00 per permit). The nature of the CDAT Service means that community staff often have to work offsite and return to the office several times during the day. Without this facility, car parking would be problematic and costly. NCP are the only viable car park service available in the area and the tariff of charges represent a UK wide pricing policy.

There are a number of disparate arrangements operating with NCP for Community based staff within the Health Board and Procurement are examining the potential to consolidate these arrangements, which may bring further savings.

Aviation Software Licences – Airbox Systems Ltd - (SBU-SQA-28804-009-SP-19)

This purchase was for the renewal of Aviation software licences on behalf of EMRTS/Wales air ambulance crews. This software is specific to the aviation industry and is designed to interface with aircraft systems to provide tracking of duty crews for safety and situational awareness. Furthermore, the software is used to facilitate inter-agency working e.g. with MCA Coastguard.

Airbox Systems are the only provider of the software and therefore competitive quotations cannot be sought. The annual charge is usually £6K per annum however, Procurement have negotiated a 3 year renewal deal, with the annual charge discounted, which amounts to saving of £4,749.00 over the 3 year period.

Patient Feedback System - SNAP System - (SBU-SQA-28804-011-SP-19)

This purchase was for the annual renewal of the support licences for the SNAP system. This system allows for the capture of “real time” patient feedback, providing literal evidence, to help support improvements and changes within the Health Board’s services. The system is also used to capture staff survey feedback and the Chairman’s awards and has been in-situ since 2014, following a competitive process. The software is specific to SNAP and no other supplier can provide the support. The annual charge is £17,000.00 per annum, there has been no increase from 2018/19 prices. There is currently an All Wales initiative looking at single solution for Wales and alternative systems are currently being explored by the Once for Wales Procurement Services Project.

The introduction of the “Multiquote” System has enabled Procurement Services to better “test” the validity of SQA requests and as a consequence, a number of SQA’s continue to be rejected and competitive bids obtained. Procurement Services continue to seek longer term arrangements to reduce the volume of SQA’s processed on an annual basis. In addition, this may bring further savings through a longer term commitment however, this is not always possible. The volume/value of SQA rejections for the period 3rd May 2019 to 24th June 2019, as a consequence of the use of the “Multiquote” System is as follows:

No. of Potential SQA’s Rejected	Value ex. VAT
2	£15,479.80

STA's

Remedial Building Work following the fire at Singleton – John Weaver - (SBU-STA-28892-002-19-RC) –

Following the recent fire in Ward 12, Singleton Hospital, Capital Planning colleagues engaged a building contractor, John Weaver (Contractors) Ltd, to undertake remedial work to address the substantial fire damage to the room and smoke damage throughout ward 12. The cost of works was £310,786.67 exc. VAT. The imperative was to return the area to operational status at the earliest possible date. The completed STA form was received by the Procurement department on the 3rd May 2019 in retrospect of works commencing on the 8th April 2019.

The agreed pricing for the works mirrored those agreed as part of a recently conducted competitive process and so assurances re: value for money are satisfied.

The STA process however would not normally be used for this type of process and the Head of Procurement, the Executive director of Strategy and the Assistant Director of Strategy (Capital) have met and agreed that any such issues must be flagged to the Procurement team in advance of any action being taken going forward so that this issue does not occur again.

Please see attached SBAR Addendum for further information – Schedule A.

Review of Patient Medical Records – Royal College of Physicians (SBU-STA-28892-003-19-RC)

This purchase relates to a service commissioned for the Royal College of Physicians to review a patient's medical records, in respect of an urgent critical concern. The Royal College of Physicians is the only accredited body able to undertake the required review at a cost of £31,429.10 exc. VAT. This charge is in line with the college's UK wide NHS pricing policy.

3. GOVERNANCE AND RISK ISSUES

- 3.1. The SQA and STA process is administered by NWSSP Procurement who continually review SQA and STA requests to determine if such requests are appropriate. The approval process and reporting of approvals to the Audit Committee ensures that Standing Financial Instructions are complied with.
- 3.2 The Executive approval process is ensuring that SQA's/STA's are approved by other than the requestor's responsible Executive, to maintain segregation of duties.

4. FINANCIAL IMPLICATIONS

- 4.1. All SQA and STA requests are reviewed by NWSSP Procurement to ensure that value for money is being obtained in all cases. This ensures that the financial implications of each request are considered prior to the approval of all SQA's and STA's.

5 RECOMMENDATIONS

- 5.1 The Audit Committee is asked to note the SQA's and STA's approved in the period 3rdth May 2019 to 24th June 2019.

SBAR – Ward 12, Singleton refurbishment STA

1	<p>Situation / purpose of report:</p> <p>To address a non-compliance issue with Health Board SFI's & EU Public Contract Regulations 2015</p>
2	<p>Background:</p> <p>Following the recent fire in Ward 12, Singleton Hospital, Capital Planning colleagues engaged a building contractor, John Weaver (Contractors) Ltd, to undertake remedial work to address the substantial fire damage to the room and smoke damage throughout ward 12. The cost of works was £310,786.67 exc. VAT. The imperative was to return the area to operational status at the earliest possible date. The completed STA form was received by the Procurement department on the 3rd May 2019 in retrospect of works commencing on the 8th April 2019.</p>
3	<p>Assessment:</p> <p>Following discussions with the HB's Chief Operating Officer, the appointment of John Weaver was deemed the most logical and expedient means of addressing the issue. There were a number of other factors which Capital Planning colleagues had to consider, which also contributed to the decision to proceed with John Weaver. As a consequence, the work commenced immediately and STA approval was sought retrospectively, based upon the following rationale:</p> <ul style="list-style-type: none"> • TIME / SPEED - Due to time constraints, getting the Ward back operational as soon as possible, • MOBILISATION / SIMILAR NATURE - John Weaver was currently working on Ward Refurbishment for Swansea University in Ward 10 below, via previous framework, • COST / VALUE FOR MONEY – John Weaver agreed to hold their rates as per Ward 10, giving assurance of value for money, confirmed by independent tender evaluation report, associated with the Framework, which was not subsequently awarded due to a challenge from the Market. • QUALITY / EXPERIENCE – John Weaver has previous knowledge of working in Singleton Hospital and all the associated asbestos issues/risks, and • RESCOURCES / INFRASTRUCTURE – John Weaver were already on site, Singleton is heavily congested with limited room to bring additional contractors/cabins/vehicles into the grounds. <p>Whilst it is understood that the need for these works to start as soon as was practicable to ensure service continuity, the course of action that was taken does not meet the requirements of either the Public contract regulations (2015) or the Health Board's own SFI's which state in Schedule 6 of the Standing Financial Instructions, Clause 4 – Competitive Tendering, that:</p> <p><i>4.2 Single tender action shall only be permitted when a single firm or contractor or a proprietary item or service of a special character is required and as set out in law. Single tender action shall only be employed following a formal submission and with the express written authority of the Chief Executive, or designated deputy having taken into consideration due regard of procurement requirements. Any requests sent directly to the Chief Executive or designated deputy without the</i></p>

	<p><i>involvement of NWSSP Procurement Services shall be returned unapproved. Only requests made via the NWSSP Head of Procurement will be considered for approval.</i></p> <p>The main justification from strategy on proposing an STA for this expenditure are the need for the works to start immediately; again, this is understandable, but it does not justify the use of this procedure and the Wales Audit Office's own guidance notes that time constraints are not normally a justifiable reason for an STA.</p> <p>An option to publish a Voluntary Ex Ante Transparency ("VEAT") notice was available to the Health Board, and can be used where a contracting authority determines that a full procurement process is not required. This requires that a VEAT notice is published in the Official Journal of the European Union ("OJEU") and, provided no challenge is received within 10 days, it can then directly award the contract and will be protected from the risk of a declaration of ineffectiveness being ordered against it in the event a Court later determines that the award of the contract breaches the procurement rules. Because of the timescale in which Procurement received this completed STA form i.e. retrospective of the award of business to the supplier this is no longer an option.</p>
4	<p>Recommendations:</p> <p>Due to the retrospective nature of the request, no remedial action can be taken on this occasion. Procurement recommend that the only viable course of action is to sign the STA. A further recommendation is that the following considerations are made going forward;</p> <p>The Health Board is currently at risk of challenge from the market, for not undertaking a competitive process. However, the risk of any challenge becoming apparent are deemed minimal.</p> <p>Early/timely engagement with Procurement is undertaken in future, to consider a viable, compliant strategy and to avoid this scenario happening again.</p>

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