



Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board



Meeting Date	10 December 2020	Agenda Item	2.3
Report Title	<b>Provision of a Managed Service Agreement for the Supply of Allied Health Professionals and Medical Locums</b>		
Report Author	Christine Thorne, Interim Head of Procurement		
Report Sponsor	Kathryn Jones, Director of Workforce & OD (Interim)		
Presented by	Sharon Vickery, Assistant Director of Workforce & OD		
Freedom of Information	Open		
Purpose of the Report	<p>For the Workforce &amp; OD Committee to note the due diligence that has been applied to the extension of the Medacs contract. Also to set out the rationale for this action as accepted by the Executive Team.</p> <p>To set out the action taken by Procurement to achieve this in a safe and prudent manner.</p>		
Key Issues	<p><u>Matter 1</u> The Health Board's Scheme of Delegation requires prior approval from the Board to award contracts in excess of £500,000.</p> <p><b>Section 2.1</b> of the Health Board's Standing Orders allows for Chairman's action when matters arise between scheduled meetings, for which urgent approval is required.</p> <p>In these circumstances, the Chair and the Chief Executive, supported by the Board Secretary as appropriate, may deal with the matter on behalf of the Board.</p> <p>Further to the Chairman's action approved 13<sup>th</sup> August 2020 and the paper submitted to the Audit Committee in September 2020, it was agreed the Board should be appropriately briefed and retrospective approval sought to execute the further 2 months extension (01/09/20 – 31/10/20) with the supplier. The cost of these additional months totals £541,845.</p> <p>The need to put in place the two months extension was necessary, whilst further discussions were held at an all Wales level regarding the overall workforce strategy.</p>		

	<p>The outcome of these discussions recognised a longer term agreement would be required i.e. an award for 1 year, with the option to extend for a further 12 months is required, whilst the ‘all Wales Medical Workforce Efficiency Group’ agree the formation and execution of the longer term overall workforce strategy.</p> <p><u>Matter 2</u> In accordance with the standard procedure for awarding new contracts, this paper also seeks approval in advance from the Board, in proceeding to award a new agreement for the continued provision of Allied Health Professionals (AHP’s) and Medical Locums for the period 01/11/20 – 31/10/21, plus an option to extend for a further 12 months.</p> <p>Any risk of market challenge is mitigated by the execution of a direct award under a Crown Commercial Service Framework.</p> <p>The operational service assesses the risk of not having an agreement in place, capable of supporting the provision of staffing to deliver patient care, to be greater than the recommended actions described in this paper.</p> <p>The Board is therefore invited to provide retrospective approval of the 2 month arrangement and approval to award a new 1 year agreement (plus 12 month provision to extend).</p>			
<p><b>Specific Action Required</b> <i>(please choose one only)</i></p>	<p><b>Information</b></p>	<p><b>Discussion</b></p>	<p><b>Assurance</b></p>	<p><b>Approval</b></p>
	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p><b>Recommendations</b></p>	<p>The Workforce and OD committee are asked to note the matters approved by the Executive Team in relation to this matter :</p> <ul style="list-style-type: none"> <li>• RETROSPECTIVELY APPROVE MATTER 1 – CHAIRMAN’S ACTION IN APPROVING THE 2 MONTHS EXTENSION</li> <li>• APPROVE MATTER 2 – RECOMMENDATION TO AWARD A NEW 1 YEAR AGREEMENT PLUS OPTION TO EXTEND FOR UP TO 12 MONTHS</li> </ul>			

# **PROVISION OF A MANAGED SERVICE AGREEMENT FOR THE SUPPLY OF ALLIED HEALTH PROFESSIONALS AND MEDICAL LOCUMS**

## **1. INTRODUCTION**

The purpose of this report is for the Workforce and OD Committee to note the due diligence that has been applied to the extension of the Medacs contract. Also to set out the rationale for this action as accepted by the Executive Team and the action taken by Procurement to achieve this in a safe and prudent manner.

## **2. BACKGROUND**

### **Matters 1 and 2 Combined**

The current Managed Service Agreement awarded to Medacs Health Care, for the provision of Allied Health Professionals and Medical Locums has been essential in assisting the Health Board in ensuring continuity of patient care, in the event of peak pressures on the Health Board, covering vacancies etc.

Since the introduction of the Welsh Government (WG) agency caps in November 2017, the supplier has worked closely with the Health Board to reduce agency costs and improve workforce data reporting to Welsh Government. It should be noted the supplier produces the monthly agency report to the Workforce Directorate for forwarding to WG.

The managed service is fully embedded in the Health Board's processes and careful consideration needs to be given to the contractual exit strategy, should a change of supplier be required following the running of a formal competition. This would also need to be managed in parallel to the implementation of a new supplier, thus ensuring continuity of service and patient care.

The All Wales Medical Workforce Efficiency Group was created to adopt an all Wales approach to locums, bank staff and to implement capped rates nationally and is supported by Procurement Services.

Due to resource restrictions and the delay of an all Wales Strategy coming to fruition, this arrangement has previously been reported to Board and most recently with Chairman's action being necessary in August 2020 to ensure continuity of patient care. This was followed by inclusion in the September 2020 Audit Committee Report, under the section for 'actions taken as a consequence' of the Covid-19 pandemic.

Since the production of the aforementioned reports, further discussions have been held within the all Wales Medical Workforce Efficiency Group and between Procurement Service colleagues. Through these discussions it became evident the prior proposal for local agreements across Wales to be extended, to achieve a co-terminus date of 31<sup>st</sup> August 2021, was insufficient to deliver an all Wales agreement with a live service date of 1<sup>st</sup> September 2021.

## **3. GOVERNANCE AND RISK ISSUES**

### **Matter 1**

Given the relatively short period of 2 months for which the agreement has been extended, it is not believed the award of the extension as approved by Chairman's action carries any significant risk to the Health Board. As described in the 'Financial Implications' of section 4 below, a further negotiation has taken place with the supplier to improve upon current terms.

## **Matter 2**

Theoretically, it would be possible within a 12 month period to scope, compete and implement a local agreement. However given a combination of factors, including but not limited to:

- The current diversion of staff resource, to support the Health Board response to the Covid-19 pandemic;
- Brexit on the 31<sup>st</sup> December, with no current confirmation of reaching a mutually acceptable exit deal and subsequent labour market impact and
- WG led vision to deliver an all Wales strategy

The risk and internal costs of changing the supplier within a relatively short period, would most likely undermine any initial value for money efficiencies or cashable savings identified and potentially destabilise the workforce at what is already a very challenging time.

The outcome of an all Wales competition could result in a further change of supplier. This would place the Workforce Team as the enabling service under severe pressure, as the timing of the implementation of a local agreement would be in parallel to the all Wales competition process and potentially cause a conflict of interest for the Workforce Team.

There is greater risk of market challenge to the direct award of this new agreement, given the period the Health Board has been with the incumbent provider. It is reasonably believed this risk is fully mitigated by the following key points:

- The execution of the direct call off being under the Crown Commercial Service Framework for Multidisciplinary Temporary Healthcare Personnel (RM3711).
- The award period of 1 year, with an option to extend up to a further 12 months is also a relatively short period for such an award of contract, further reducing the risk of potential supplier action.
- The internal stakeholder engagement and market engagement for the all Wales solution will need to be undertaken during the first year of the Health Board's own new agreement. Hence the market will be alerted to a greater opportunity to compete for.

If it becomes evident by the end of the first year of the Health Board's new agreement that the all Wales solution will not be agreed upon, this still leaves the Health Board sufficient time to reassess its position in relation to participating in an all Wales competition. If this situation arises, the Health Board will either need to run its own competition, or run a mini competition under a new framework, as the current framework referred to above will have expired.

#### 4. FINANCIAL IMPLICATIONS

The financial resource for the provision of this service is supported by the existing revenue budget.

Further cashable savings have resulted following negotiation by the Procurement Team. Benchmarking to other Health Board's has also confirmed these are also the most competitive rates across Wales. For both matters included in this report, the managed service fees have been reduced from 4.5% to 2.5% for AHP's and from 3% to 2.5% for Medical Locums.

This has resulted in the following projected expenditure and cashable savings:

<b>Agreement</b>	<b>Projected Combined Expenditure</b>	<b>Projected Saving</b>
Matter 1 2 months extension	£541,845	£5,210
Matter 2* 1 year agreement (option to extend for up to 12 months)	£3,251,070	£31,260

\*Matter 2 – if the use of the agreement continues at current projected rates, these sums will double accordingly. However it is not yet known if the 12 month's extension will need to be executed at all, in part or in full. For the clarity of reporting only the first year saving is noted.

#### 5. RECOMMENDATION

This report requests the Workforce and OD Committee note the actions agreed by the Executive Team in relation to these matters:

- Retrospectively approve Matter 1 – Chairman's Action in approving the 2 months extension
- Approve matter 2 – recommendation to award a new 1 year agreement plus option to extend for up to 12 months

<b>Governance and Assurance</b>		
<b>Link to Enabling Objectives</b> <i>(please choose)</i>	<b>Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities</b>	
	Partnerships for Improving Health and Wellbeing	<input type="checkbox"/>
	Co-Production and Health Literacy	<input type="checkbox"/>
	Digitally Enabled Health and Wellbeing	<input type="checkbox"/>
	<b>Deliver better care through excellent health and care services achieving the outcomes that matter most to people</b>	
	Best Value Outcomes and High Quality Care	<input checked="" type="checkbox"/>
	Partnerships for Care	<input type="checkbox"/>
	Excellent Staff	<input checked="" type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
	Outstanding Research, Innovation, Education and Learning	<input type="checkbox"/>
<b>Health and Care Standards</b>		
<i>(please choose)</i>	Staying Healthy	<input type="checkbox"/>
	Safe Care	<input checked="" type="checkbox"/>
	Effective Care	<input type="checkbox"/>
	Dignified Care	<input type="checkbox"/>
	Timely Care	<input checked="" type="checkbox"/>
	Individual Care	<input type="checkbox"/>
	Staff and Resources	<input checked="" type="checkbox"/>
<b>Quality, Safety and Patient Experience</b>		
Having this contract in place will ensure supply of key staff to support service delivery.		
<b>Financial Implications</b>		
There are no adverse financial implications and funding is from extant revenue budgets.		
<b>Legal Implications (including equality and diversity assessment)</b>		
Risk of formal legal challenge from the market in the execution of the direct call off of a new agreement under the Crown Commercial Services Framework (Matter 2) is a possibility. For the reasons explained in section 3 above, mitigating activity is in place and the risk is assessed as very low.		
<b>Staffing Implications</b>		
<p>Staffing supply through the appointed agency will support service delivery. Activity already underway to permanently recruit staff to build the substantive workforce continues with the anticipation the reliance on agency provision will reduce respectively.</p> <p>The body of the report also considers the impact on the staffing of the enabling service and how this can be minimised through the acceptance of these recommendations.</p>		
<b>Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)</b>		
It is anticipated the activity reflected in this report will have an impact of the “The Well-being of Future Generations (Wales) Act 2015, 5 ways of working as follows:		

- **Long Term** – The use of agency provision to support the substantive workforce is essential whilst the longer term permanent recruitment strategies are delivered.
- **Prevention** – Ensuring access to additional resource is essential for the Health Board to ensure safe provision of care.
- **Integration** – By engaging temporary workforce to support substantive workforce may aid to prevent additional undue pressures on the well-being of the permanent staff in terms of daily pressures and overall hours worked.
- **Collaboration** – working with a third party provider in a compliant manner helps to ensure the Health Board is able to continue to meet its well-being objectives.
- **Involvement** - The Workforce Team are fully engaged in this process and ensure the arrangement is managed in accordance with the well-being goals and prevailing legislation to ensure the diversity of the Health Board needs are delivered.

**Report History**

A prior report requesting approval for Chair’s Action was presented to the Board in August in relation to Matter 1. At the time of reporting, a commitment was made to the Board to provide this follow up report in relation to Matter 2.

**Appendices**

None required.