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Abertawe Bro Morgannwg
University Health Board



Meeting Date	Audit Committee 21 November 2019	Agenda Item	6.4
Report Title	NWSSP Procurement : Single Tender Actions, Single Tender Quotations & Contract extensions		
Report Author	Keir Warner, Head of Procurement		
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), Single Quotation Actions (SQA) and contract extensions approved by the Health Board for the period 17 th August 2019 to the 31 st October 2019, and to provide Audit Committee with advice and assurance on segregation of duties and Executive Director sign-off.		
Key Issues	During the period 17 th August 2019 to 31 st October 2019 there were 12 SQAs and 5 STAs approved where competition was not sought. During the same period, three contracts were extended.		
	Information	Discussion	Assurance
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Recommendations	<p>Members are asked to:</p> <p>Note</p> <ul style="list-style-type: none"> i. The SQAs and STAs approved in the period 17th August 2019 to 31st October 2019 and the comparison analysis for the same period in 2018/19. ii. The extensions that the Health Board has entered in to for the same period. 		

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 17th August 2019 to 31st October 2019. The report also provides trend information on the number and value of STAs and SQAs.

2. BACKGROUND

- 2.1. Standing Financial Instructions require three 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. SQAs and STAs 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 17th August 2019 to 31st October 2019, there were 12 x SQAs approved, with a total value of £149,174 (exclusive of VAT) and 5 x STAs, with a total value of £253,690 (exclusive of VAT).
- 2.3. Including the SQAs & STAs approved above, the table below identifies the number of STAs and SQAs received for the financial year 2018/19 and the current financial year 2019/20. Together, this shows a slight decrease in the number of SQAs approved and is equivalent with reference to STAs approved. However, a number of STA/SQA requests received during this period have highlighted transactions which have come to light as a consequence of the No PO/No Pay Policy. The difference in monetary value can be explained as Procurement are seeking to place longer term arrangements, in order to reduce the quantity of SQAs/STAs being processed and look to negotiate preferential costs for longer term commitments i.e. fewer SQA/STAs have been approved but the overall value has increased by £126,037. Procurement Services are in the process of developing a business case in which funding for additional resource to assist in improving governance and compliance with SFIs is a key aspect and this will also assist the Health Board in addressing non-compliant expenditure that is identified.

	2018/19 – 1st April – 31st October Vol.	2018/19 – 1st April - 31st October Value (£)	2019/20 – 1st April – 31st October Vol.	2019/20 – 1st April – 16 th 31 st October Value (£)
STA	22	£1,900,117	23	£2,010,181
SQA	41	£413,041	29	£429,014
Total	63	£2,313,158	51	£2,439,195

- 2.4. 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 SQAs/STAs given over to clinical service requirements, which can all be classed as business critical or essential to patient welfare.
- 2.5. Further to the Health Board's Standing Financial Instructions, Schedule one, clause 10.7, Chief Executive Approval is required to extend contracts. The number of contract extensions entered in to by the Health Board for the period 17th August 2019 to 31st October 2019 was three.
- 2.6 For the period concerned, the following were approved:

SQAs

3rd Payment of March funding for 'Dance to Health' fall prevention project – Aesop Arts society LTD (SBU-SQA-28804-019-AM-19)

The 3 year agreement was set up and agreed prior to the No PO no pay policy coming in to force. The approval is for a final payment for 3 year Dance to Health Falls Prevention Programme that was agreed in 2016. Procurement have validated additional information supplied by end user regarding the approval of this activity and have received confirmation of the process followed in relation to the charitable funds bid & Falls prevention Pilot Documents that were approved.

The value of the agreement is £10k per annum and Procurement has notified the department that a competitive process must be followed if the activity is to continue in 2019/20.

Licence fee for Neonatal Singleton for period July 2019 - June 2020 – V Create (SBU-SQA-28804-020-19-AT-19)

The Neonatal unit at Singleton has entered in to a 12 month trial period for a secure video messaging service that is designed to minimise separation anxiety in parents with children in neonatal and paediatric units. The trial has been paid using endowment funds to enable the unit to validate the benefits of the system. V Create are the sole providers of this system and the cost of the trial period is £6k per annum. Should the trial be extended Procurement will seek to negotiate a lower cost, multi-year deal with the supplier.

Implementation of a Medical Locum management system – Allocate Software (SBU-SQA-28804-021-SP-19)

The purchase of this module allows the Health Board to utilise additional functionality of the organisations existing nurse bank software system. By utilising the functionality available on our existing system a separate system is not required. This benefits the Health Board through reduced costs to purchase,

reduce training costs and will allow us to achieve a consistent approach to reporting. The value of the purchase is £18,900.

2 year Renewal of GP OOH rota management system – Rotamaster (SBU-SQA-28804-022-SP-19)

To purchase the support and licence renewal for the existing GP out of hours rota management system. There would be a cost implication to the Health Board in sourcing a new system but Primary care services have now been notified that this requirement will have to be exposed to competition before the end of this renewal period. Procurement has also noted that the cost of change can be factored in to the procurement process.

A reduced cost of 7% has been achieved for 2 year commitment, with annual fees totalling £11,306.

Bulk purchase of HSV straws used for storage of human Embryos – Cryolab Ltd. (SBU-SQA-28804-023-SP-19)

Cryolab Ltd are the sole supplier of HSV stores that are compatible with the clinical practice of the unit, with the product being the only heat sealed embryo device currently on the market. The bulk purchase of these products has reduced the unit cost of the straws, and ensured that the Health Board incurs fewer charges for carriage. The value of this purchase was £13,383. **

** Requisition raised for 400 straws but SQA completed for 300 straws: order reduced to 300 by the Procurement buying team to ensure compliance.

UK Renal Registry - The Renal Association – January to December 2019 (SBU-SQA-28804-025-AT-19)

The Health Board is legally required to maintain its registration with the UK renal registry every year. This is a standard fee and there is no possibility of price negotiation. The annual cost is £21,307.50.

Annual Service contract for MUSE System - GE Medical Systems Ltd (SBU-SQA-28804-026-AM-19)

The MUSE system is linked to the ECG & exercise testing machines across the Health Board. The requirement to service existing equipment is critical to maintaining the effectiveness and validation of the respective equipment and due to the closed nature of the hardware other service providers cannot service the equipment. No price reduction has been achieved but inflationary increases of 1.78% have been negotiated away meaning costs of £7,380 remain the same as last year.

Vario ultrasound hand piece – Boston Scientific (SBU-SQA-28804-028-DS-19)

This purchase is for a probe to be used with existing equipment. The requirement to use the OEM is linked to the capital purchase of equipment and so no competition is available due to reasons of compatibility.

A price in line with that paid in December 2015 has been negotiated for this purchase, totalling £6,510.

Various instruments used on 3 CJD cases – Corin UK (SBU-SQA-28804-029-DS-19)

This purchase is for the replacement of condemned instruments which were on loan to the Health Board. Due to the nature of the use of the instruments in these cases, Instruments cannot be cleaned and reused.

The instruments have been replaced on a like for like basis at the same cost as previously paid by the Health Board, totalling £5,900.

Proof of Value - Innovate to Save Project – Human+ (SBU-SQA-28804-030-SP-19)

This purchase is for a one off proof of value exercise which is part of the Innovate to Save Project. A quotation exercise was published by the Procurement team on Multiquote for this requirement which resulted in no bidders coming forward. The Health Board approached Swansea & Cardiff Universities and Innovate to Save for suggested bidders, with Human+ being the only one identified. The value of the purchase is £15,000 and is being paid for by fixed grant monies.

Annual subscription to National Joint Registry - National Joint Registry (NJR) (SBU-SQA-28804-031-SP-19)

The Health Board is required by Welsh Government to ensure membership of and compliance with the NJR. There are no other such bodies in the UK and no multiyear discount is available. The annual cost is £15,361.67.

Flights, trains and accommodation for speaker from USA - CTM Travel (SBU-SQA-28804-034-DS-19)

The Procurement team received an urgent requirement to source travel arrangements for a Cardiology Specialist speaker from the US. The Health Board has an account with CTM Travel and although this type of booking is not covered under the contract they were approached to assist with the requirement. An initial search by the department for the requirement showed a price of \$15,000. By engaging with CTM a total price of £7,819.34 was secured representing a significant cost saving. All costs are to be reimbursed to the Health Board by Abbott Ltd.

STAs

Purchase of donor sperm for clinical treatment – Wales Fertility Institute – Xytex sperm bank - (SBU-STA-28892-022-SP-19)

To purchase donor sperm which supports activity under the WHSSC contract. Non availability of sperm would result in the non-performance of IVF treatment by the WFI.

There had been quality and regulatory issues with 2 large EU based sperm banks that made Xytex the primary available supplier in the market. There was also concern relating to the UK's exit from the EU in that licencing changes to the import of sperm from the US is already governed under a 'third country supplier' licence. Following the expected exit from the UK, WFI will be required to reapply for a new licence to import from EU countries as they would become 'third country suppliers'. This arrangement therefore also allows for a more secure transition for the service and patients during this time.

The value of the product is \$110,000 which at the exchange rate on the date in which the order was placed equates to £81,576. This pricing is in line with the prices that have previously been paid to Xytex and other suppliers that are licenced to export product to the UK although this area is particularly sensitive to currency fluctuations.

Supply of Mectron Plus Piezoelectric Surgical Unit – Morriston DU - General Medical - (SBU-STA-28892-023-SP-19)

This surgical equipment allows for precise bone surgery to be carried out whilst causing minimal damage to surrounding soft tissue. These benefits result in better patient outcomes and lower costs to the Health Board as a result of reduced bleeding, swelling, nerve damage and instances of bone necrosis. The product had previously been on trial within the Health Board and there was direct evidence available to support the improved outcomes.

Procurement have investigated the availability of this product from other suppliers and confirmed that General Medical are the sole UK distributor for this equipment. Following a pre purchase benchmarking exercise, pricing was confirmed to be in line with prices paid by NHS bodies across the UK. The cost of the equipment is £34,950

Maintenance Charge for Qlikview – Finance - CACI - (SBU-STA-28892-024-RP-19)

This purchase relates to the renewal of licences for the ongoing use of Qlikview software in the Health Board. This product was chosen in 2012/13 as the standard platform for business intelligence solutions across the Health Board and supports a range of dashboards including unscheduled care, theatres, E-discharge and the Patient cost benchmarking tool.

The cost of purchase is £47,048.66 exc. VAT which represents a 4% increase on the costs for 2018/19. These are however significantly lower (c. 17%) than purchasing new licences from an alternative supplier.

Procurement has asked that the requesting department gives consideration to the length of time that Qlikview is expected to be used by the Health Board as moving to a multi-year licencing arrangement will create greater opportunity for cost savings.

Terminations for women over 18 weeks – Sexual Health – British Pregnancy Advisory Service (BPAS) - (SBU-STA-28892-028-RP -19)

The Health Board are unable to provide terminations to women over 18 week's gestation and a longstanding agreement has been in place with BPAS to provide these services. The Health Board does conduct these procedures in house where the term is below 18 weeks. There are other providers of this service nationally but the only local provider is BPAS and it is not deemed appropriate for clinical or support reasons to send patients further afield.

The value of the agreement is £40,000 and is in line with BPAS' national pricing tariff.

CONTRACT EXTENSIONS

Provision of a managed Immunohistochemistry and in situ hybridisation services – Roche (OJEU REFERENCE 2011/S 118-195150)

This contract has been in place since August 2012 and the first 1 year extension (of an available 2 years in total) was taken by the Health Board. As part of this process price benchmarking was undertaken and demonstrated that the Health Board is receiving value for money. The Procurement team will meet with service users in January 2020 to discuss an approach for the re-procurement of this contract. It is anticipated that approval will be sought for a portion of the remaining 12 months contract extension to be taken also. The value of the 1 year extension is £160,540 and is line with the costs for the preceding year.

Provision of public Wi-Fi internet access – The Cloud Networks Limited (T/ABM/008/13/HJ/SM)

The Health Board has had a contract in place for the provision of public Wi-Fi since 2013. The original term was 5 years with extension options for a further 2 years available. In light of the relatively high cost of change for this service due to infrastructure costs the Health Board has decided to take its remaining 2 year extension, with costs being fixed at £9,240 per annum.

Managed service contract for Medical Locums and AHP's – Medacs Ltd (CCS/RM3711)

This extension was required for 12 months to the 31st August 2020 as a precursor to a new All Wales contract, scheduled to come to fruition in July 2020.

The Health Board is however planning its own procurement process as a contingency due to previous slippage in the All Wales approach so that a compliant position is maintained. The anticipated cost for the managed service element of the 12 month extension is c. £108K.

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.
- 3.3. The Procurement department has developed a covering note, to be sent to all parties involved in the STA/SQA signoff and approval process which outlines the key considerations when considering the appropriateness of the request.

This note references the Health Board's own Standing Financial Instructions and the Wales Audit Office's guidance on Ensuring value for money in the use of single tender actions. A draft version is attached for reference (Appendix 1).

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 17th August 2019 to the 31st October 2019.