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Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board



Meeting Date	Audit Committee 21st March 2019		Agenda Item	5c
Report Title	NWSSP Procurement : Single Tender Actions & Quotations			
Report Author	Helen James, Head of Procurement /Richard Clayfield, Senior Procurement Business Manager			
Report Sponsor	Lynne Hamilton, Director of Finance			
Presented by	Helen James, 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 19th January 2019 to 6th March 2019, and to provide Audit Committee with advice and assurance on segregation of duties and Executive Director sign-off.			
Key Issues	During the period 19 th January 2019 to 6 th March 2019 there were 8 x SQA's and 10 x STA's approved where competition was not sought.			
Specific Action Required (please ✓ one only)	Information	Discussion	Assurance	Approval
	✓			
Recommendations	<p>Members are asked to:</p> <p>Note</p> <p>i. The SQA's and STA's approved in the period 19th January 2019 to 6th March 2019 and the comparison analysis for the same period in 2017/18 to date.</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 19th January 2019 to 6th March 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 19th January 2019 to 6th March 2019 there were 8 x SQA's approved, with a total value of £87,275.72 (exclusive of VAT) and 10 x STA's, with a total value of £910,379.61 (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 to 6th March which shows an overall increase in the numbers when compared to the same period in 2017/18 financial year.

	2017/18 – 1st Apr – 6th March Vol.	2017/18 - 1st Apr – 6th March Value (£)	2018/19 – 1st Apr – 6th March Vol.	2018/19 – 1st Apr – 6th March Value (£)
STA	14	£1,300,073.72	32	£2,864,623.84
SQA	55	£611,460.13	59	£619,559.23
Total	69	£1,911,533.85	91	£3,484,183.07

- 2.4. The main reason for the increase in requests is as a consequence of the Purchase Order Compliance (No PO/No Pay Policy), whereby purchase orders are required to enable invoices to be paid. There is now greater visibility of purchases that are being made without Procurement involvement and this will drive improved compliance. Furthermore, 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

Macmillan Cancer Support InfoPod - (ABM-SQA-28804-058-NC-18) – The supplier, Space Oasis, have been contracted directly by Macmillan Cancer Charity to supply, deliver and assemble an InfoPod on Health Board premises at a cost of £21,127.63 exc. VAT.

As agreed with the Health Board's Chief Operating Officer, the Health Board is obliged to place an official order in the first instance, but will subsequently be reimbursed by Macmillan for the full cost of purchase resulting in a cost neutral position for the Health Board.

Linear Actuator Replacement Part - (ABM-SQA-28804-059-SP-18) – This is an essential replacement part for the Radiotherapy Linear Accelerator. For safety reasons, this part has to be replaced every 5 years. Failure to replace the part would have a detrimental impact on patient care and Radiotherapy waiting times. This part can only be purchased from the original equipment manufacturer, Elekta Ltd at a cost of £6,811.91 exc. VAT. The cost of parts for this machine have remained static since 2015.

Upgrade of Nervecentre Software - (ABM-SQA-28804-060-PJ-18) – Nervecentre Tannoy Module is used throughout the Health Board for providing emergency announcements for critical care services, including cardiac arrest and Fire incidents. This critical upgrade of existing infrastructure was essential to ensure bug fixes and enhancements could be made to enable the system to operate effectively and address any cybersecurity issues that might ensue. Nervecentre are the software owners and therefore, the only supplier who has the technical knowledge to undertake the work. The cost of the upgrade was £10,000.00 exc. VAT. The Service has made a significant saving of circa £70K per annum, as a consequence of changing from the Bleep System to the Nervecentre digital solution.

Upgrade to Clinisys System - (ABM-SQA-28804-061-SP-18) – This upgrade to the Pathology Clinisys System was a technical requirement to move from an unsupported Microsoft operating System, which represents a cybersecurity risk, to a compliant supported environment, on which the Pathology System operates on 24/7 basis. Failure to upgrade could also lead to a loss of patient data. The System is only supplied and supported by Clinisys. The cost of the upgrade was £8,800.00 exc. VAT. Other health boards in Wales which have Telepath provided by DXC, have had to pay a higher rate per site for similar upgrades, therefore, this cost does represent value for money.

Specialist Postural Management Equipment - (ABM-SQA-28804-062-DS-18) – This equipment will form part of a 24-hour postural management programme to meet the specific needs of the patient. The patient's symptoms are complex and this equipment, which is modular in nature will reduce pain and discomfort, reduce the risk of pressure areas developing, maintain lung function and prevent further deterioration which would otherwise result in future hospital admission and the associated costs incurred. Symmetrikit are the only

supplier of this specialist equipment to meet the needs of the patient's condition, supplied at a cost of £5,245.00 exc. VAT. From a financial perspective, this represents value for money when compared with costs associated with inevitable hospital admission and treatment that would otherwise be required.

Upgrade to Renal Patient Record System - (ABM-SQA-28804-063-SP-18) –

The Vital Data System is an electronic Renal Patient Record. It is used to electronically prescribe and record the administration of drugs and treatments for people with kidney disease. The essential upgrade is to improve the efficiency, functionality and safety of clinical and prescribing decisions and is part of the Innovation in Kidney Care efficiency program for digitising Renal Services. This System is a bespoke All Wales System and as Vitalpulse are the software owners, only they can support an upgrade the software. Failure to upgrade would have a significant adverse impact on the program for Innovation in Kidney Care and reduce the efficiency of the services to thousands of patients

This System is recognised as enabling prudent and value based healthcare and was recently identified as an exemplar by the Bevan Commission. The cost of the upgrade was £15,000.00 exc. VAT, which was in line with the tariff of charges from an All Wales perspective.

Renewal of Cardiobase Licence & Support Arrangements - (ABM-SQA-28804-064-SP-18) –

The Cardiobase System provides the necessary clinical reporting functionality for myocardial perfusion tests/paediatric echo. This represents a 12-month renewal of the licence and support service at a cost of £9,653.68 exc. VAT. The price has been held at 2017/18. The System is only supplied and supported by Cardiobase Ltd. The Service is currently investigating options with a view to sourcing/ purchasing a new System in the new financial year, which will be subject to a formal procurement process.

ISO 14001 Accreditation Renewal - (ABM-SQA-28804-065-PJ-18) –

This accreditation relates to the Health Board's Environmental Management System (EMS). Welsh Government requires all Health Boards in Wales have this mandatory accreditation. SGS UK Ltd are the nominated All Wales Agency to undertake the necessary audit and accreditation process. The cost of this service at £10,637.50 exc. VAT, has been negotiated at an All Wales level and the rates are the same for all Health Boards.

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 19th January 2019 to 6th March 2019, as a consequence of the use of the "Multiquote" System is as follows:

No.of Potential SQA's Rejected	Value ex. VAT
8	£65,666.29

STA's

Maintenance support of Washer Disinfectors - (ABM-STA-28892-052-18-RC) – This fully comprehensive extended warranty contract for 3 x Endoscope Washer Disinfectors has been negotiated for a four-year period with payments made on an annual basis at a total cost of £142,058.13 exc. VAT. As Getinge is the original equipment manufacturer, no other supplier can provide the service/software upgrades. The agreed extended warranty incorporates guaranteed response times at no additional cost to the Service, and a reduction in the standard contract charges which would have been incurred had this extension arrangement not been agreed.

Implementation of the SUNSET System - (ABM-STA-28892-053-18-RC) – The SUNSET System is legacy data support software, which will allow users to access all Pathology MasterLAB data, when the Blood Transfusion Service migrates to the All Wales LIMS (WLIMS) System in the future. It is a legislative requirement that all legacy data is maintained and accessible. Clinisys are the only supplier who can provide the SUNSET System. The cost of £57,240.00 exc. VAT is being funded in its entirety by NWIS and is therefore, cost neutral to the Health Board.

Upgrade of Pathology LIMS System - (ABM-STA-28892-054-18-RC) – This was to facilitate an upgrade to the Pathology LIMS System Server, as the supplier, Clinisys, were unable to continue to provide support to the existing Server beyond the end of March 2019. This was as a result of end of life issues with IBM. Clinisys are the current supplier and developer of the LIMS System. In accordance with the contract with them for the provision of hardware, the Server is supplied via Clinisys, but the associated cost is determined by IBM's Global Hardware Catalogue and therefore, falls in line with standard industry costs. The cost of the upgrade was £76,719.46 exc. VAT.

Software Support Services – Kronos - (ABM-STA-28892-055-18-RC) - To the renewal of the support service for the Health Board's Kronos Workforce System at a cost of £99,131.12 exc. VAT. This System provides accurate time and attendance data which is downloaded into ESR to facilitate payment of staff wages. As the supplier and original developer of the software, only Kronos can provide the required support service. The renewal charges are in line with previous support contracts which includes the cost of licences.

Cutera Excel V Vascular Laser System - (ABM-STA-28892-056-18-RC) – To the purchase of a Vascular Laser System from Cutera at a cost of £130,850.00 exc. VAT. This laser is used to provide non-invasive treatment of skin lesions. Whilst there were a number of lasers on the market, this solid state laser was the only one to provide the unique wavelength required for the patient group

concerned. Procurement Services published a Voluntary Ex Anti Transparency Notice (VEAT) in the European Journal to challenge this premise and no challenges were received. The cost of the Laser was broadly in line with market pricing and the ongoing maintenance charges were £2K less over the duration of the contract than the existing Laser System.

Upgrade to Pharmacy System– (ABM-STA-28892-057-18-RC) – This licence upgrade to the Pharmacy System at a cost of £40,660.00 exc. VAT, was to facilitate new European legislation called the Falsified Medicines Directive (FMD), which became mandatory in February 2019. The requirement was for an Initial three-year period commencing December 2018 – the annual charge was fixed for the duration. Failure to comply will result in sanctions by the MHRA and Welsh Government (particularly for licensed or wholesaler sites). The purchase was made through the existing Pharmacy System provider – JAC, which ensured a reduced cost in terms of compatibility with existing software and no additional equipment charges.

Renewal of Maintenance Contract for Pharmacy System – (ABM-STA-28892-058-18-RC) – To the renewal of the maintenance/support contract for the Health Board's JAC Pharmacy System. As JAC Computer Services Ltd are the owner & developer of the software, they are the only supplier capable of maintaining the System. Rather than the usual annual renewal process, a three-year contract was agreed on this occasion, with a fixed annual charge (no RPI increase). The total cost was £139,500.00 exc. VAT.

JAC have now aligned their current support pricing structure across the NHS, as required by NHS Procurement.

Parking Permits for Community Based Staff – (ABM-STA-28892-059-18-RC) – This relates to the annual renewal of car parking permits for Community Staff based in Central Clinic, Swansea, who require their vehicles for work. The only viable option is the NCP Car Park, situated in Orchard Street, which is adjacent to Central Clinic.

The cost of a permit represents value for money in comparison with the charges that could be incurred by staff if parking was undertaken on an ad-hoc basis and recovered through the Expenses System. Procurement explored the potential for a three-year agreement, however, as a consequence of NCP's pricing policy and discount structure, a three-year term would have been detrimental to the cost of the service. Annual renewal represented better value at a cost of £28,802.50 exc. VAT

Macmillan Cancer Support - Infopod - (ABM-STA-28892-060-RC-18) –

The supplier, Space Oasis, have been contracted directly by Macmillan Cancer Charity to supply, deliver and assemble an InfoPod on Health Board premises at a cost of £30,534.00 exc. VAT.

As agreed with the Health Board's Chief Operating Officer, the Health Board is obliged to place an official order in the first instance, but will subsequently be reimbursed by Macmillan for the full cost of purchase resulting in a cost neutral position for the Health Board. This particular agreement will operate for five years.

Replacement Part for Imaging System - (ABM-STA-28892-061-RC-18) –

Purchase of a replacement EPID Imaging panel for the Synergy Linear Accelerator at a cost of £164,884.40 exc. VAT. This is an essential part for the machine, which can only be supplied by the equipment manufacturer, Elekta Ltd. Without this part, the Linear Accelerator could not be used which would have an adverse effect on treatment and Radiotherapy waiting times.

Elekta Parts are subject to a UK wide pricing.

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 19th January 2019 to 6th March 2019.
- 5.2 The Audit Committee is asked to note the change in the process to ensure segregation of duties in the sign off of SQA/STA documentation.