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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	12th November 2020	Agenda Item	5.5																								
Report Title	NWSSP Procurement Report In Accordance with Standing Financial Instructions																										
Report Author	Christine Thorne, Interim Head of Procurement																										
Report Sponsor	Darren Griffiths, Director of Finance (interim)																										
Presented by	Christine Thorne, Interim Head of Procurement																										
Freedom of Information	Closed																										
Purpose of the Report	<p>In accordance with Health Board Standing Financial Instructions (SFIs), this report provides details of activity the Health Board has approved and that which it is required to report to Audit Committee.</p> <p>This report covers the period 26/08/20 to the 30/10/20.</p>																										
Key Issues	<p>The activity the Health Board is required to report is categorised as follows:</p> <ul style="list-style-type: none"> • Single Quotation Action (SQA) • Single Tender Action (STA) • Extensions of contract within the agreement term • Award of additional business within the scope of an existing agreement, but that which could not be foreseen at the time of the original competition <p>The table below summarises the activity reported for the period as falls into the above list:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Actions Taken in Direct Response to Supporting the Covid-19 Pandemic</th> </tr> <tr> <th style="text-align: left;">Activity</th> <th style="text-align: center;">No.</th> <th style="text-align: right;">Value £ (excl. VAT)</th> </tr> </thead> <tbody> <tr> <td>SQA</td> <td style="text-align: center;">27</td> <td style="text-align: right;">307,175</td> </tr> <tr> <td>STA</td> <td style="text-align: center;">6</td> <td style="text-align: right;">563,368</td> </tr> <tr> <th colspan="3" style="text-align: center;">Actions Taken as a Consequence of Redirecting Procurement and Operational Service Resources to Supporting the first wave of the Covid-19 Pandemic</th> </tr> <tr> <td colspan="3">None in this reporting period.</td> </tr> <tr> <th colspan="3" style="text-align: center;">Standard Reporting in Accordance with SFIs</th> </tr> <tr> <td>SQA</td> <td style="text-align: center;">1</td> <td style="text-align: right;">15,000</td> </tr> </tbody> </table>			Actions Taken in Direct Response to Supporting the Covid-19 Pandemic			Activity	No.	Value £ (excl. VAT)	SQA	27	307,175	STA	6	563,368	Actions Taken as a Consequence of Redirecting Procurement and Operational Service Resources to Supporting the first wave of the Covid-19 Pandemic			None in this reporting period.			Standard Reporting in Accordance with SFIs			SQA	1	15,000
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	STA	2	89,311
	CCN	0	0
	Contract Extensions	0	0
	Further Matters to Bring to the Attention of the Audit Committee		
	File Notes £5k-<£25k	2	13,993
	File Notes >£25k-<£0JEU	0	0
	File Notes >£0JEU	0	0
	<ul style="list-style-type: none"> It is anticipated further activity may need to be reported in January, in relation to the Health Board response to the second wave of the Covid-19 pandemic. 		
	Information	Discussion	Assurance
	√		√
Recommendations	<p>The Committee is asked to note the information provided in this report and specifically NOTE:</p> <ul style="list-style-type: none"> The activity presented has been approved by the Health Board, in accordance with the Scheme of Delegation, for the period reported and as presented in Appendix 1 of this report. The actions taken to benchmark activity, to ensure value for money has been achieved. The action taken/planned by Procurement Services, in partnership with Health Board colleagues to provide advice and training where the need has been identified, leading to operational colleagues and budget holders achieving a wider understanding of the need for compliance and overall ability for Procurement Services to provide an enhanced level of assurance. 		

NWSSP PROCUREMENT REPORT IN ACCORDANCE WITH STANDING FINANCIAL INSTRUCTIONS

1. INTRODUCTION

- 1.1. This report provides the Audit Committee with details of the Single Tender Actions (STA), Single Quotation Actions (SQA), additional activity associated with contract extensions, awards of further business and/or further matters as may have been approved by the Health Board for the period **26/08/2020** to the **30/10/2020**. **Appendix 1** to this report sets out all such actions for the period.
- 1.2. Due to the exceptional circumstances of responding to the Covid-19 pandemic, as committed to in the September 2020 submission, this report concludes any residual reporting concerning the HB response to the first wave of the pandemic.

2. BACKGROUND

- 2.1. Standing Financial Instructions (SFIs) 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 only necessary when a single firm or contractor or a proprietary item or service of a special characteristic is required.
- 2.2. Such applications must be formally authorised by the Director of Finance/Director of Strategy/Chief Operating Officer and reported to the Audit Committee.
- 2.3. During the period **26/08/20** to the **30/10/20** there were **28 SQAs** approved, with a total value of **£322,175** (excl. VAT) and **8 STAs**, with a total value of **£652,679** (excl. VAT).

Actions Taken in Direct Response to Supporting the Covid-19 Pandemic		
Activity	No.	Value £ (excl. VAT)
SQA	27	307,175
STA	6	563,368
Actions Taken as a Consequence of Redirecting Procurement and Operational Service Resources to Supporting the Covid-19 Pandemic		
None in this reporting period.		
Standard Reporting in Accordance with SFI's		
SQA	1	15,000
STA	2	89,311
CCN	0	0
Contract Extensions	0	0

Further Matters to Bring to the Attention of the Audit Committee		
File Notes £5k-<£25k	2	13,993
File Notes >£25k-<£OJEU	0	0
File Notes >£OJEU	0	0

- 2.4. The commitment made by Procurement Services to raise the level of transparency to the Audit Committee progresses. Through data analysis focussing on recurring and aggregated spend, activity has been identified of purchases made without Procurement Services involvement. To address such issues, the introduction of a new section in Appendix 1 ‘further matters’ to be reported to the Audit Committee was introduced in the September report and are included within this report.
- 2.5. As agreed by the Executive Board, the contract register is now readily available and issued to Finance colleagues on a monthly basis. Any gaps in the allocation to a Senior Responsible Owner will be addressed as part of ongoing performance agendas.

3. GOVERNANCE AND RISK ISSUES

- 3.1. Procurement Policy Notes (PPNs) are issued by the Cabinet Office and provide specific guidance on matters relating to the Public Contract Regulations (2015) and as such are cascaded via the policy division within the Welsh Government hosted National Procurement Service for Wales.
- 3.2. Certain matters reported (Appendix 1) are covered by the publication of ‘Procurement Policy Note 01/20: Responding to Covid-19’.
- 3.3. Two further notices have been published for which best practice across the Health Board and Procurement Service will need to be updated in due course:
- 3.3.1. Procurement Policy Note 07/20 – Taking account of a bidder’s approach to payment in the procurement of major government contracts
- 3.3.2. Procurement Policy Note 06/20 – taking account of social value in the award of central government contracts
- 3.4. At this time, it is not envisaged by the Procurement Service that any of the necessary activity could be assessed as high risk in terms of market challenge.
- 3.5. In terms of internal Health Board governance, procurement activity is reported in the attached appendices accordingly.
- 3.6. Due to the Procurement Service e-Contract Management System operating independently of the Financial Management Systems (FMS), as previously reported it is challenging to confirm the Health Board’s true position in relation to compliance with the SFIs. With the support of the HB, procurement resource is in the process of being redirected within the Local Procurement Team from administrative activity, to that which adds value and increases the transparency of buying activity across the Health Board. The training on the new data tool

(Advise Inc.) has now been delivered, the benefits of which combines the data from the two systems and allows for greater interrogation at a budget and category level and across the groups within the Health Board and wider across Wales.

4. FINANCIAL IMPLICATIONS

- 4.1. Where possible requests reported in this submission are reviewed by NWSSP Procurement Services, to ensure best value for money is obtained and particularly in relation to the Health Board response to the Covid-19 pandemic. This ensures that the financial implications of each request are considered prior to expenditure being committed.
- 4.2. A more proactive approach to managing SQA/STA agreements continue and it is anticipated further opportunities will continue to be added to the work plan.

5. Next Steps

- 5.1. In agreement with the Finance Team, action has been taken to facilitate a closer working relationship between the NWSSP Procurement Service and Finance Team and will commence. All such matters reported in this paper will form part of the standing agenda in appropriate performance related meetings. A proposal to address operational engagement is included in the draft Procurement Business Plan, currently with the Interim DoF for consideration.
- 5.2. The initial data analysis of current expenditure was planned for completion by November 2020 Audit Committee, however this has been delayed due to a shortage in resource across the local Procurement Team and will be completed by the end of this calendar year. This has been addressed to a limited degree as reported in 3.4 above.
- 5.3. The outputs from 5.1 and 5.2 above will contribute to the current Procurement Services work plan and it is still anticipated the Health Board will need to agree prioritisation of activity. These actions will also be addressed in the same forum as indicated in 5.1.
- 5.4. The activity undertaken by the Procurement Service to seek assurance of budget availability in association with matters reported, remains an ongoing activity. Any concerns arising are addressed with the operational service lead, budget owner and Finance Business Partner at the time of identification.
- 5.5. The development of the new all Wales Procurement Manual is near final and launch of the pilot anticipated Mid November 2020.

6. RECOMMENDATIONS

- 6.1. The Committee is asked to note the information provided in this report and specifically **NOTE:**

- The activity presented has been approved by the Health Board, in accordance with the Scheme of Delegation, for the period reported and as presented in Appendix 1 of this report.
- The actions taken to benchmark activity, to ensure value for money has been achieved.
- The action taken/planned by Procurement Services, in partnership with Health Board colleagues to provide advice and training where the need has been identified, leading to operational colleagues and budget holders achieving a wider understanding of the need for compliance and overall ability for Procurement Services to provide an enhanced level of assurance

Governance and Assurance		
Link to Enabling Objectives <i>(please choose)</i>	Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities	
	Partnerships for Improving Health and Wellbeing	<input checked="" type="checkbox"/>
	Co-Production and Health Literacy	<input type="checkbox"/>
	Digitally Enabled Health and Wellbeing	<input type="checkbox"/>
	Deliver better care through excellent health and care services achieving the outcomes that matter most to people	
	Best Value Outcomes and High Quality Care	<input checked="" type="checkbox"/>
	Partnerships for Care	<input type="checkbox"/>
	Excellent Staff	<input type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
	Outstanding Research, Innovation, Education and Learning	<input checked="" type="checkbox"/>
Health and Care Standards		
<i>(please choose)</i>	Staying Healthy	<input type="checkbox"/>
	Safe Care	<input checked="" type="checkbox"/>
	Effective Care	<input checked="" type="checkbox"/>
	Dignified Care	<input type="checkbox"/>
	Timely Care	<input type="checkbox"/>
	Individual Care	<input type="checkbox"/>
	Staff and Resources	<input checked="" type="checkbox"/>
Quality, Safety and Patient Experience		
The approach allows for a quality focused approach to the way in which the Health Board manages its governance process in relation to SQA's/STA's and such activity. This ensures increased opportunities for planning future activity, including closer monitoring of compliance against HEALTH BOARD standing orders and supplier performance.		
Financial Implications		
As detailed in section 4 above.		
Legal Implications (including equality and diversity assessment)		
As detailed in section 3 above.		
Staffing Implications		

The resource within the Local Procurement Team continues to be a challenge, as noted in the body of this report, the Health Board has been supportive in releasing a limited amount of resource which will ease the position but not that which will fully support the required engagement model.

Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)

- **Long Term** – The increased engagement with Procurement Services raises visibility of the Procurement Service and supports the Health Board to improve planning. This will result in short and long term financial benefits.
- **Prevention** – Situations whereby ineffective contracts or ‘evergreen’ contracts are in place continue to be reduced as a result of this approach.
- **Integration** – This activity will allow for better integration within the Health Board and with partner organisations. An Increased understanding of which contracts are in place will allow for significantly improved planning between public bodies.
- **Collaboration** – Data analysis underway will highlight opportunities to improve the visibility of HEALTH BOARD wide activity, ensuring like needs are aggregated to maximize commercial return and remove unwarranted variation.
- **Involvement** – The nature of the activity requires the involvement of all parts of the organisation and through the presentation of a Procurement Business Plan the endorsement of the Executive Team.

Report History

Procurement matters are a standing agenda item. The last paper was presented at the Audit Committee meeting that took place in September 2020.

Appendices

Details of Expenditure Committed (Appendix 1).