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WALES

Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board



<b>Meeting Date</b>	<b>15 September 2022</b>	<b>Agenda Item</b>	<b>4.3</b>																											
<b>Report Title</b>	NWSSP Procurement: single tender actions and quotations																													
<b>Report Author</b>	Keir Warner, Head of Procurement																													
<b>Report Sponsor</b>	Darren Griffiths, Director of Finance and Performance																													
<b>Presented by</b>	Keir Warner, Head of Procurement																													
<b>Freedom of Information</b>	Open																													
<b>Purpose of the Report</b>	<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 STA, SQA and RA's approved in the period <b>17/06/2022 to the 12/08/2022</b>.</p>																													
<b>Key Issues</b>	<p>The activity the Health Board is required to report is categorised as follows:</p> <ul style="list-style-type: none"> <li>• Single Quotation Action (SQA)</li> <li>• Single Tender Action (STA)</li> <li>• Extensions of contract within the agreement term</li> <li>• 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</li> </ul> <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="background-color: #d3d3d3;">Standard Reporting in Accordance with SFIs</th> </tr> </thead> <tbody> <tr> <td>SQA</td> <td style="text-align: center;">5</td> <td style="text-align: right;">£52,730.00</td> </tr> <tr> <td>STA</td> <td style="text-align: center;">12</td> <td style="text-align: right;">£1,978,774.48</td> </tr> <tr> <td>CCN</td> <td style="text-align: center;">0</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Contract Extensions</td> <td style="text-align: center;">0</td> <td style="text-align: right;">0</td> </tr> <tr> <th colspan="3" style="background-color: #d3d3d3;">Further Matters to Bring to the Attention of the Audit Committee (Retrospective Action)</th> </tr> <tr> <td>File Notes £5k-&lt;£25k</td> <td style="text-align: center;">1</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td>File Notes &gt;£25k-&lt;£0JEU</td> <td style="text-align: center;">1</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td>File Notes &gt;£0JEU</td> <td style="text-align: center;">0</td> <td></td> </tr> </tbody> </table>			Standard Reporting in Accordance with SFIs			SQA	5	£52,730.00	STA	12	£1,978,774.48	CCN	0	0	Contract Extensions	0	0	Further Matters to Bring to the Attention of the Audit Committee (Retrospective Action)			File Notes £5k-<£25k	1	n/a	File Notes >£25k-<£0JEU	1	n/a	File Notes >£0JEU	0	
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	<ul style="list-style-type: none"> <li>• The volumes, and values are lower for SQA/STAs approved in the previous two-month reporting period.</li> <li>• The number of Retrospective Action requests remains similar to the previous reporting period. Values have increased however. There has been a significant breach in relation to the sourcing of locum medical staff. Several meetings have taken place with Medicine and Workforce and OD in order to address this issue. A new process has been agreed to ensure that this situation does not reoccur.</li> </ul>			
<b>Specific Action Required</b> <i>(please choose one only)</i>	<b>Information</b>	<b>Discussion</b>	<b>Assurance</b>	<b>Approval</b>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Recommendations</b>	<p>The Committee is asked to: -</p> <ul style="list-style-type: none"> <li>• <b>NOTE</b> the information provided in this report</li> <li>• <b>NOTE</b> 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.</li> <li>• <b>NOTE</b> the actions taken to benchmark activity, to ensure value for money has been achieved.</li> </ul>			

## NWSSP PROCUREMENT: SINGLE TENDER ACTIONS AND QUOTATIONS

### 1. INTRODUCTION

- 1.1. This report provides the Audit Committee with details of the Single Tender Actions (STAs), Single Quotation Actions (SQAs), 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 **17/06/2022 to the 12/08/2022**. **Appendix 1** to this report sets out all such actions for the period.

### 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 **17/06/2022 to the 12/08/2022** there were **5 SQAs** approved, with a total value of **£52,730.00** (excl. VAT) and **12 STAs**, with a total value of **£1,978,774.48** (excl. VAT). **2 Retrospective action file notes** were sent to the Head of Procurement for approval.
- 2.4. The volume of STA and SQA are lower than the previous reporting period.

Standard Reporting in Accordance with SFIs 01/04/22 to 16/06/22			Previous reporting period 01/01/22 to 18/02/22	
SQA	5	<b>£52,730.00</b>	8	£105,116.51
STA	12	<b>£1,978,774.48</b>	22	£2,041,225.56
CCN	0	0	0	0
Contract Extensions	0	0	0	0
<b>Further Matters to Bring to the Attention of the Audit Committee (Retrospective Action)</b>				
File Notes £5k-<£25k	1	n/a	1	n/a
File Notes >£25k-<£OJEU	1	n/a	1	n/a
File Notes >£OJEU	0	0	0	0

- 2.5. The commitment made by Procurement Services to raise the level of transparency to the Audit Committee progresses. Through data analysis focusing on recurring and aggregated spend, activity has been identified of purchases made without Procurement Services involvement. To address such issues, the introduction in **Appendix 1** of 'further matters' to be reported to the Audit Committee has been introduced.
- 2.6. 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. The number of and value relating to Retrospective Action taken by the Health Board introduces an element of increased risk. Any expenditure committed must be in accordance with the Standing Financial Instructions and competition must be sought for all expenditure over £5k, where an existing compliant contract is not already in place. This will be addressed by increasing awareness of procurement compliance requirements and training of budget holders.
- 3.2. A wider programme of online procurement training, available to all Health Board staff, has been arranged to be delivered on the 22<sup>nd</sup> September 2022. This programme of training will be supplemented by Procurement 'Drop in clinics' at Morriston, Singleton, Neath Port Talbot Hospital, Cefn Coed and Corporate HQ.
- 3.3. At the request of the Audit committee, all consultancy services procured by the Health Board for the period covered have been included in **Appendix 1**. 1 agreement has been put in place. It was procured under a framework agreement.
- 3.4. The Procurement team have reviewed their SharePoint page to include enhanced procurement guidance and supporting documentation.
- 3.5. Following the January 2022 Audit committee meeting it has been agreed with the Acting Head of Corporate governance that Appendix one will be categories in expenditure bands. This is to protect the commercial confidentiality and sensitivity of individual contracts. Full detail of any SQA/STA/RA is available from the Procurement department upon request.
- 3.6. 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.
- 3.7. Certain matters reported (**Appendix 1**) are covered by the publication of 'Procurement Policy Note 01/20: Responding to Covid-19'.
- 3.8. 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:

- 3.8.1. Procurement Policy Note 07/20 – Taking account of a bidder’s approach to payment in the procurement of major government contracts
- 3.8.2. Procurement Policy Note 06/20 – taking account of social value in the award of central government contracts
- 3.9. 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.
- 3.10. In terms of internal Health Board governance, procurement activity is reported in the attached appendices accordingly.
- 3.11. 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 Health Board, 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.
- 3.12. The Head of Procurement has updated the Health Board’s Financial Control Procedure (FCP) for Procurement and Tendering to reflect legislative and accounting changes relating to the Procurement of goods and services. These include changes to the Public Procurement thresholds, including the need to consider VAT in assessing total contract/expenditure when considering the threshold.

#### **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. No financial assurance is given by the Procurement team however in relation to Retrospective Action requests.
- 4.2. A more proactive approach to managing SQA/STA agreements will continue and it is anticipated further opportunities will continue to be added to the work plan.
- 4.3. The Procurement team is working to ensure that all SQA/STA requests that are recurrent in nature become part of the work plan and quotations are received through the Multiquote online quotation system or tendered via the EtenderWales online tendering platform.

## **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, which has recently been updated and is currently with the Interim DoF for consideration.
- 5.2. 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.
- 5.3. Any additional expenditure relating to the Health Board response to the Covid 19 pandemic will be reported using the same format as this document.

## **6. RECOMMENDATIONS**

The Committee is asked to: -

- **NOTE** the information provided in this report
- **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.
- **NOTE** the actions taken to benchmark activity, to ensure value for money has been achieved.

<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 checked="" 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 type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
Outstanding Research, Innovation, Education and Learning	<input checked="" 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 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"/>
<b>Quality, Safety and Patient Experience</b>		
<p>The approach allows for a quality focused approach to the way in which the Health Board manages its governance process in relation to SQAs/STAs and such activity. This ensures increased opportunities for planning future activity, including closer monitoring of compliance against Health Board standing orders and supplier performance.</p>		
<b>Financial Implications</b>		
As detailed in section 4 above.		
<b>Legal Implications (including equality and diversity assessment)</b>		
As detailed in section 3 above.		
<b>Staffing Implications</b>		
The Procurement team is now at full staffing compliment. This will allow for an enhanced procurement service.		
<b>Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)</b>		
<ul style="list-style-type: none"> <li>○ <b>Long Term</b> – 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.</li> <li>○ <b>Prevention</b> – Situations whereby ineffective contracts or ‘evergreen’ contracts are in place continue to be reduced as a result of this approach.</li> <li>○ <b>Integration</b> – 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.</li> </ul>		

<ul style="list-style-type: none"> <li>○ <b>Collaboration</b> – 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.</li> <li>○ <b>Involvement</b> – 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.</li> </ul>	
<b>Report History</b>	Procurement matters are a standing agenda item. The last paper was presented at the Audit Committee meeting that took place in July 2022.
<b>Appendices</b>	Details of Expenditure Committed (Appendix 1).