



**PWYLLGOR CYLLID A PHERFFORMIAD
FINANCE AND PERFORMANCE COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	26 August 2025
TEITL YR ADRODDIAD: TITLE OF REPORT:	Procurement Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Gemma Deverill, Deputy Head of Procurement

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Penderfyniad/For Decision

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

The purpose of this report is to inform Members of the:

1. Procurement Plan for Financial Year 2025/26
2. Outcome of the procurement exercises which have been undertaken on behalf of Hywel Dda University Health Board (HDdUHB). In line with Welsh Government approval procedures, the Health Board is required to approve the following new contracts, as they have each have a cumulative contract value in excess of £1m over the term of the contract for HDdUHB.

Cefndir / Background

1. Procurement Plan for Financial Year 2025/26

Savings Target	Q1 Target	Q1 Actual	Q2 Target
£2,000,000	£156,637	£200,994	£272,346

2. Approve Award of Histopathology Managed Service Contract (MSC) Renewal

Proposed outcome

Duration of Contract	Proposed Supplier (s)	Current Annual Local Contract Value	Proposed Annual Value of New Contract	Proposed Total Value of New Contract
01/12/2025–30/11/2029 with no option to extend	Leica Microsystems UK Ltd	£300,919.10 ex VAT	£586,129.95 ex VAT	£2,344,519.81 ex VAT

3. Outsourcing of Ophthalmology Services – Mobile Theatres (Stage 4 - Cataracts)

Proposed outcome

Duration of Contract	Proposed Supplier (s)	Current Annual Local Contract Value	Proposed Annual Value of New Contract	Proposed Total Value of New Contract (including extension option)
1 November 2025 – 31 March 2026 with an option to extend for a further 12 months to 31 March 2027.	SpaMedica	N/A	£2,500,00.00 ex VAT	£6,000,000.00 ex VAT.

4. Renewal of the National Care Homes Framework Agreement

Proposed outcome

Duration of Contract	Proposed Supplier (s)	Current Annual Local Contract Value	Proposed Annual Value of New Contract	Proposed Total Value of New Contract (including extension option)
1 April 2026 – 31 March 2034.	To Be Confirmed upon Award of Framework Agreement	£8,806,220.59	To Be Confirmed upon Award of Framework Agreement	To Be Confirmed upon Award of Framework Agreement

Asesiad / Assessment

1. PROCUREMENT PLAN

This paper outlines the Health Board's Procurement Plan for FY25/26, detailing key strategic projects, regulatory changes, governance developments, and operational priorities.

The plan aligns with the Health Board's wider objectives on transformation, compliance and foundational economy. Committee members are asked to note the priorities, risks, and planned mitigations outlined herein.

Strategic Procurement Priorities

A number of critical procurement projects are scheduled for FY25/26, supporting transformation, service sustainability, and statutory compliance:

- Substance Misuse Services
- Glangwili General Hospital (GGH) Fire Safety Scheme
- Managed Print Services Re-procurement

- Video Consultation
- Construction Framework (SBU/HDD collaboration)
- Pest Control Service (SBU/HDD collaboration)
- In-sourcing and Out-sourcing Initiatives

These projects are being delivered in collaboration with clinical, estates, and operational leads to ensure alignment with the Health Board's overarching strategic aims.

Standardisation and Efficiency Initiatives

Work continues to drive savings and operational efficiencies through product and service standardisation:

- Advanced Energy – Value Voucher Deployment
- Diathermy Equipment Rationalisation
- Braun Infusion Route Switch

These initiatives support clinical effectiveness, reduce unwarranted variation, and contribute to financial sustainability.

Legislative and Governance Changes

The Procurement Act 2023 came into force during February 2025, with key implications:

- Greater flexibility and transparency in procedures
- Emphasis on early planning and robust route-to-market justifications

Procurement activity occurring outside the local Procurement team must now meet governance standards, including:

- Adherence to procurement regulations and policy (e.g., standstill periods, publication of notices)
- Central annual reporting within the Health Board

Engagement is underway with Estates and Commissioning; staff-wide guidance will follow. This initiative ensures consistent compliance and reporting across all directorates. For example:

Revised capital procurement requirements include:

- Mandatory outcome reporting post-implementation
- Public Contract Award Notices
- Strengthened internal governance to ensure compliance

Provider Selection Regime (PSR Wales) applies to all clinical and commissioning procurements, regardless of framework origin. Key elements to consider include:

- Defined evaluation criteria
- Mandatory standstill periods
- Application to framework call-offs and direct awards

Compliance and Risk Management

There has been a notable increase in urgent and unplanned procurement requests, which is undermining governance and contributing to:

- Delays in contract delivery
- Rising instances of Standing Financial Instructions (SFI) breaches
- Missed opportunities for strategic procurement input

Mitigation: Earlier service engagement and clearer accountability for procurement planning is being highlighted to all service users.

Contract Management Improvement Programme

Following internal audit recommendations, a joint Finance and Procurement programme is underway to strengthen contract management, key actions are as follows:

- Ensure the existing Procurement workplan, Finance Service Level Agreement and Long-Term Agreement register are adopted to provide assurance of a formal and comprehensive list of all Health Board contracts, including contract manager details
- Contract Management toolkits are shared to service users upon contract award
- Training and support will be provided to contract owners

All activity is aligned with NWSSP's All-Wales Contract Management Framework.

Foundational Economy Commitment

In line with Welsh Government priorities, the Health Board remains committed to supporting the local economy via procurement policy:

- Promotion of local contractors, SMEs, and third-sector partners
- Encouraging subcontracting to Wales-based organisations
- 43% of non-pay expenditure in 2023–24 was with Welsh-headquartered businesses

A new dashboard developed by NWSSP Sustainability Team enables better visibility of local spend by category and supplier. This will strengthen reporting capability, provide more detailed insight on current supply chains, encourage regional and All Wales alignment and a strategic overview on our local supply network.

Decarbonisation and Carbon Reduction Planning

In support of Welsh Government Net Zero ambitions and in line with Procurement Policy Note (PPN) 06/21 and Welsh Procurement Policy Note (WPPN) 06/21, NWSSP has introduced strengthened requirements around carbon reporting and reduction planning.

Emissions calculation methodologies are categorised into three tiers, based on data quality:

- Tier 1: Least accurate – based on general spend data
- Tier 2: Moderate accuracy – based on specific supplier-provided data
- Tier 3: Most accurate – based on primary activity and emission data

To align with Tier 2 methodologies and improve carbon visibility across public sector contracts:

- Carbon Reduction Plans (CRPs) are now mandatory for all procurements over £5 million (ex VAT) / £6 million (inc VAT) over the contract lifetime.
- CRPs are assessed on a pass/fail basis as part of the procurement process.
- While not compulsory, CRPs will also be requested for all contracts over £25,000, to support improved emissions reporting and supplier engagement.

This approach supports NWSSP and the Health Board's ability to measure, report, and reduce embedded carbon emissions in line with Net Zero public sector targets.

Performance and Financial Impact, Year to Date:

Quarter 1 Procurement Metrics:

- Cash-Releasing Savings: £200,994
- Cost Avoidance: £43,088
- Income Generation: £65,281

2. APPROVE AWARD OF HISTOPATHOLOGY MANAGED SERVICE CONTRACT RENEWAL

HDdUHB Cellular Pathology department are seeking to award a contract to appoint Leica Microsystems UK Ltd to deliver their managed service contract (MSC) including equipment, consumables, middleware, training and maintenance at their consolidated laboratory in Glangwili Hospital (GGH).

The MSC supports the diagnosis and study of diseases by examining tissue samples/biopsies under a microscope to identify abnormalities. The MSC will facilitate the upgrade of existing aged equipment to more modern equipment, along with the implementation of an advanced specimen tracking system which will provide additional safety measures and mitigate any risk of specimens going missing. The following equipment will be replaced under the MSC:

- 2x cassette printers
- 7x fully automated microtomes
- 1x state of the art immunohistochemistry staining platform – Bond Prime
- Patient specimen tracking system - Cerebro

The equipment allows for virtual histological images to be reviewed remotely by consultant pathologists, shortening the reporting period, which supports the Health Board's digital transformation strategy and reducing patient waiting times. The approach fosters integration and resilience of pathology services across the health board, region and nationally, therefore eliminating the need for time-consuming and costly physical slide transport.

A direct award process was initiated via the NHS Supply Chain Framework Agreement for Laboratory Diagnostics, Point of Care Testing and Pathology Managed Services (2023/S 000-028831). This route maximises the lifecycle of current equipment within the laboratory and avoid the cost associated with replacing equipment halfway through their lifecycle.

Whilst the long-term strategy in the region is to merge similar pathology requirements between HDdUHB and Swansea Bay University Health Board (SBUHB) under the ARCH project, current

diverging equipping requirements and lack of aligned specification has resulted in HDdUHB and SBdUHB direct awarding their requirements separately. However, the aim during the contract period is to develop a common specification to enable a joint regional contract.

Whilst there are alternative managed service providers in the market, there is a six-month implementation period to account for, during which a revalidation exercise will be required to verify new equipment and antibodies. The risk of higher costs due to equipment replacement and/or refresh has also been considered, which the Finance Business Partner has advised is not within the Service's budget at this time.

The Service has also identified further areas within cellular pathology, including maintenance, which could be incorporated into the contract, which would benefit from the VAT recovery that is available for MSCs. This would result in further savings across the contract period.

The contract term will be from the 1 December 2025 and will run for a four year period to the 30 November 2029 with no option to extend.

3. OUTSOURCING OF OPHTHALMOLOGY SERVICES – MOBILE THEATRES (STAGE 4 - CATARACTS)

HDdUHB Scheduled Care Directorate is seeking to award a contract to appoint SpaMedica to deliver an Outsourced Mobile Theatre Ophthalmology solution for cataracts procedures.

The Health Board has been allocated funding this year to deliver the upon Welsh Government targets with regards to referral to treatment times (RTT) and reducing waiting list initiatives (WLI).

Welsh Government are committed to reducing RTT; RTT is the time taken from referral by a GP to hospital for treatment, and includes time spent waiting for any hospital appointments, tests, scans, and other procedures that may be needed. Welsh Government RTT targets include that 95% of patients referred for planned care should be seen within 26 weeks, and 100% seen within 36 weeks.

To support with the Health Board's aim to treat patients closer to home, this contract will allow for a mobile theatre solution to facilitate treatment from a site in Carmarthen, rather than from SpaMedica's site in Swansea.

Following an Expression of Interest (EOI) exercise whereby SpaMedica was the only response received, a procurement has been undertaken utilising the Countess of Chester Hospital (COCH) Off-Site Surgical & Medical Capacity Solution's Multi Supplier National Dynamic Purchasing System (DPS), reference DPS01/OSMCS/18/IB.

The contract term is expected to be from the 1st of November 2025 and will run for an initial five month period to the 31 March 2026 with an option to extend for a further one year to the 31 March 2027 with a total contract budget (including extensions) of £6,000,000.00.

Please note this is a zero-commitment contract, service levels and Key Performance Indicators (KPIs) will be established within the mini competition documents and agreed with the successful provider to be reported on monthly.

4. RENEWAL OF THE NATIONAL CARE HOMES FRAMEWORK AGREEMENT

The All-Wales Commissioning (AW Commissioning) Team seek the Health Board's approval to proceed with the renewal of the National Care Homes Framework Agreement.

In October 2016, NHS Wales Local Health Boards, in collaboration with Welsh Local Authorities successfully concluded the procurement for a Framework Agreement for the provision of Services by independent providers to younger adults (18+) in mental health and learning disabilities care homes and care homes with nursing. The framework agreement is due to expire on the 31 March 2026.

The proposed framework agreement will be structured under a lotting process, to include:

Lot 1 - Care home mental health and learning disabilities with continuous staffing

Lot 2 - Care home with nursing mental health and learning disabilities with continuous staffing

There will be a number of key changes for the new framework agreement. AW Commissioning and members of the Joint Commissioning Committee (JCC) have undertaken engagement with various stakeholders, with the following key areas of change engaged upon:

- Procurement regulation
- Pricing model
- Quality assurance rating system
- Removal of the Commissioning Care Assurance and Performance System (CCAPS)

Procurement Regulations

The renewal of the framework agreement will be procured under The Health Services (Provider Selection Regime) (Wales) Regulations 2025 (PSR Wales). As a consequence of this change, only social care services that meet the PSR Wales conditions regarding a 'mixed procurement' can be called off the future framework agreement.

NHS Wales will no longer be able to have a collaborative framework agreement with Welsh Local Authorities.

Pricing Model

Providers will be required to submit core weekly pricing, as with the current framework agreement. However, where additional services are called off by Commissioners, providers will be required to submit hourly rate for staff. Pricing will be subject to a pre-determined cap in line with inflation.

Quality Assurance Rating System

From April 2025 all care home services in Wales will receive published rating from Care Inspectorate Wales (CIW). The regulatory bodies rating will allow an instant view of a providers' care home quality of care which will facilitate appropriate choice of a care service that is best for the resident.

Moving forward, instead of accessing the Commissioning Care Assurance and Performance System (CCAPS) to verify the 'Q rating' of a provider, Commissioners will instead access such information from the CIW web page.

Removal of the Commissioning Care Assurance and Performance System (CCAPS)

In light of the reduced involvement of the JCC team, in conjunction with the management of the future care home framework agreement, the CCAPS will be replaced with an alternate system that will be managed by AW Commissioning and be as accessible in terms of retrieval of pertinent detail with regards to placing a resident within an appropriate care home.

Argymhelliad / Recommendation

The Finance and Performance Committee is asked to scrutinise and recommend for Board to:

- **NOTE** and **ENDORSE** the Procurement Plan for the Financial Year 2025/26
- **APPROVE** the award of a Histopathology Managed Service Contract Renewal to Leica Microsystems UK Ltd for the period 1 December 2025 to 30 November 2029, with no option to extend. This contract will have onwards submission to Hywel Dda University Health Board Public Board and Velindre NHS Trust (as hosts of NHS Wales Shared Services Partnership).
- **APPROVE** the award of an Outsourcing of Ophthalmology Services – Mobile Theatres (Stage 4 - Cataracts) contract to SpaMedica for the period 1 November 2025 to 31 March 2025, with the option to extend for a further one year. This contract will have onwards submission to Hywel Dda University Health Board Public Board, Velindre NHS Trust (as hosts of NHS Wales Shared Services Partnership), as well as to Welsh Government for approval.
- **APPROVE** the Renewal of the National Care Homes Framework Agreement. This Procurement will be undertaken by AW Commissioning to establish a framework agreement. Award of the framework agreement will have onwards submission to Hywel Dda University Health Board Public Board, Velindre NHS Trust (as hosts of NHS Wales Shared Services Partnership), as well as to Welsh Government for approval, on completion of the procurement.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.1.9 Conduct detailed scrutiny of all aspects of financial performance, the financial implications of significant revenue expenditure (all those over £1million requiring Board approval), business cases (except those that are capital and digital in nature), projects, and proposed investment decisions on behalf of the Board. 3.1.10 Scrutinise major procurements plans and tenders, and provide assurance to the Board as part of its approval process.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	7. All apply
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	6. All Apply

Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Cynllunio Planning Objectives	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	9. All HDdUHB Well-being Objectives apply

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Not Applicable
Rhestr Termau: Glossary of Terms:	Not Applicable
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Not Applicable

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Not Applicable
Ansawdd / Gofal Claf: Quality / Patient Care:	Not Applicable
Gweithlu: Workforce:	Not Applicable
Risg: Risk:	Not Applicable

Cyfreithiol: Legal:	Not Applicable
Enw Da: Reputational:	Not Applicable
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable