

## PWYLLGOR CYLLID FINANCE COMMITTEE

<b>DATE OF MEETING:</b>	26 January 2021
<b>TITLE OF REPORT:</b>	Procurement of Haematology and Coagulation Managed Service Agreement
<b>LEAD DIRECTOR:</b>	Andrew Carruthers, Director of Operations
<b>REPORTING OFFICER:</b>	Dylan Jones, Blood Sciences Manager

### Purpose of the Report (select as appropriate)

Ar Gyfer Trafodaeth/For Discussion

### SBAR REPORT

#### **Situation**

The purpose of this paper is to seek Finance Committee's support to proceed with the procurement of Haematology and Coagulation equipment, reagent and consumables via a Managed Service Agreement, with the benefits of VAT recovery. Further sign-off will be required at Welsh Government level (following Board approval) due to the total contract value being greater than the £1,000,000 threshold.

Pathology Services have followed the procurement process, utilising the NHS Shared Business Services Clinical Managed Services Framework agreement. The process involved pre-procurement market engagement with potential bidders to construct a comprehensive Invitation to Submit Final Tender (ISFT) Document for bidders to respond.

#### **Background**

Pathology have implemented an integrated Blood Sciences strategy, delivered as a network across the four laboratory sites within the Health Board's (HB) Acute Hospitals. This Managed Service Contract (MSC) procurement is a central requirement to support this strategy and it is essential that the equipment and service requirements are specified to meet service delivery needs. The procurement tender will require the successful supplier to provide a managed service that will deliver the quantity and range of Haematology and Coagulation testing required by the HB.

The geography and demographics of the HB, together with the current configuration of acute services, dictate that 24/7 cover for Blood Science will continue on all 4 sites.

Pathology have successfully delivered a Managed Service Solution for both Clinical Biochemistry and Blood Transfusion, achieving HB-wide integrated solutions, providing increased standardisation of services, improved efficiency and benefits in terms of economies of scale.

To date, the Haematology equipment modernisation project has not progressed. As a consequence, a two-year extension to existing contracts has been implemented together with an

equipment refresh programme. Currently the contracts have approximately six months remaining, as at December 2020.

The aim of the current tender is to standardise Haematology and Coagulation provision to meet clinical requirement across the network, within a cost benefit framework. An integrated equipment and IT solution across the four sites will be required, allowing free flow of work within and between departments where needed. The solution will require analytical automated equipment to be available on all sites, appropriate for workload and will need to comply with UK Accreditation Service standards and demonstrate appropriate assay performance to ensure accurate and precise results. Pathology wish to ensure that the solution is innovative and permits the evolution of technology to allow optimisation of service and cost benefit achievement.

### **Assessment**

Currently laboratory Haematology and Coagulation service provision is provided by many different service providers on short term contracts across the HB. This is not a desirable solution from both a quality and financial point of view. Possessing different equipment platforms in each laboratory produces result comparability challenges across sites, and holding multiple short term contracts is not financially competitive.

Costs incurred during 2019/2020 amount to approximately £650,000 per annum.

The contract on offer is for a 7-year period, to run from 1st May 2021 until 30th April 2028 with the possibility of one extension of up to 2 years. The service is aware that requirements may change within these timescales due to the future strategic direction of the HB. The service has therefore incorporated the potential changes in service provision into its ISFT user-specific requirements, ensuring that the successful bidder is contractually obliged to support any changes in service provision, including the addition/ reduction and relocation of equipment. Bidders are required to include any associated costs as part of the tender, which will only be released if a change occurs.

As part of the financial evaluation an upper threshold of £650,000 per annum has been set, which is comparable to 19/2020 spend. The contract also stipulates no inflationary price increase, providing greater budgetary controls. The aim of the tender is that the costs will be managed within the existing budget threshold and therefore no additional funds should be required.

To ensure an innovative solution, supporting the underpinning transformation strategy and permitting the evaluation of technology, a digital morphology solution has been added to the scope, which allows the distribution of virtual blood films for remote Consultant Haematologist review and supports integration and resilience of services across the HB without the need for time-consuming and costly slide transport. The opportunity to screen films more quickly with the aid of artificial intelligence and the ability to retain films electronically to review if required and to support staff training will also benefit the service and its users by reducing biomedical scientist and consultant time to review and improving timeliness in providing results to users. This element is to be costed separately to allow a cost benefit evaluation.

There are multiple benefits and limited risks to the HB if this procurement process is progressed. These benefits are both financial and operational, improving the effectiveness and

efficiency of the service provided by the HB. The table below summarises the potential benefits and risks associated with this contract:

<b>Benefit No.</b>	<b>Benefit Title</b>	<b>Benefit Description</b>	<b>Benefits Realised</b>
1	Contract Consolidation	Opportunity to consolidate multiple short term rolling contract from numerous suppliers into one MSC.	Financial benefit: MSC contract is VAT recoverable
			Operational Benefit: Simpler to manage, dealing with one provider.
2	Competitive Procurement	Bidders compete for the contract.	Financial benefit: more competitively priced contract than current.
3	Improved Contract in place	The new MSC contract will measure supplier performance (Key Performance Indicators)	Operational Benefit: should result in improved supplier service to HB; improved analytical performance, reassurances around reagent delivery and less analytical downtime.
4	Standardised Equipment across sites	Opportunity to standardise the analytic platform and IT software on all sites with the same analytical methodology and performance.	Operational benefit: The same analytical platforms will provide result consistency across the HB sites. Providing confidence to service users that a result in site A is comparable to a result in site B.
			Operational benefit: The same analytical platforms will provide increased resilience in terms of reagent supply via mutual aid and staffing ability to support multiple sites.
			Operational benefit: Standardised IT software with remote access will allow greater flexibility to manage workload across the HB with the ability to review and validate work from a different site.
5	Modernisation of Equipment	New instrumentation and IT solutions with improved technology.	Operational benefit: Modern instrumentation will be easier to use, allowing review of staff skill mix to operate, less likely to have issues, innovative features (AI etc), increased performance (TAT)
			Operational benefit: Modern instrumentation will be less likely to have issues with greater uptime.

			Operational benefit: Modern instrumentation will improve timeliness of analytical performance, improving turnaround times for users.
6	Digital Morphology	Introduction to innovative digital solution for cell morphology analysis.	Operational benefit: Digital Morphology will help reduce Consultant and Scientist time to review films due to the assistance from artificial intelligence software.
			Operational benefit: Digital Morphology will help improve the timeliness of provision of results to users due to the ability to transport films electronically without the need for physical transportation across sites.
			Operational benefit: Digital Morphology will allow image to be stored electronically, making it easily accessible for review.
7	Environmental benefits	New instrumentation will provide improved analytical performance with reduced reagent volume and within a smaller footprint.	Financial Benefit: Decreased reagent volume will lead to reduced transportation cost.
			Operational benefit: Reduction in analytical platform footprint will equate to less lab space requirement to undertake equivalent workload.

Risk No.	Risk Title	Risk Description	Risk Mitigation
1	One contract, one point of failure	The consolidation of multiple contracts into one could have an impact on service resilience if there is failure to the service such as reagent supply chain, instrumentation and IT software.	New contract has strong KPIs; contract failure could result in financial compensation.
			New contract will have quarterly review meetings for contract monitoring to ensure supplier is held to account if there are any issues.

### **Recommendation**

Finance Committee is requested to support the recommendation to proceed with the procurement tender for a MSC covering Haematology and Coagulation laboratory equipment and services, prior to seeking Board approval.

The paper recommends that the procurement process is undertaken under the NHS SBS Clinical Managed Services framework agreement (reference SBS/18/OA/FBY/9308).

<b>Objectives: (must be completed)</b>	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor	4.1 To scrutinise and provide oversight of financial and revenue consequences of investment planning (both short term and in relation to longer term sustainability).
Datix Risk Register Reference Score:	Not Applicable
Health and Care Standard(s):	2.9 Medical Devices, Equipment and Diagnostic Systems 3.3 Quality Improvement, Research and Innovation
UHB Strategic Objectives:	4. Improve the productivity and quality of our services using the principles of prudent health care and the opportunities to innovate and work with partners.
UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Statement</a>	Improve efficiency and quality of services through collaboration with people, communities and partners

<b>Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Evidence contained within the report.
Rhestr Termau: Glossary of Terms:	Explanation of terms is included within the main body of the report.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Cyllid: Parties / Committees consulted prior to Finance Committee:	

<b>Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian:</b> <b>Financial / Service:</b>	Included within the report
<b>Ansawdd / Gofal Claf:</b> <b>Quality / Patient Care:</b>	As described in risks/ benefits analysis in main report
<b>Gweithlu:</b> <b>Workforce:</b>	Not Applicable
<b>Risg:</b> <b>Risk:</b>	As described in risks/ benefits analysis in main report
<b>Cyfreithiol:</b> <b>Legal:</b>	Included within the report
<b>Enw Da:</b> <b>Reputational:</b>	Not Applicable
<b>Gyfrinachedd:</b> <b>Privacy:</b>	Not Applicable
<b>Cydraddoldeb:</b> <b>Equality:</b>	Not Applicable