

**PWYLLGOR ADNODDAU CYNALIADWY
SUSTAINABLE RESOURCES COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	25 February 2025
TEITL YR ADRODDIAD: TITLE OF REPORT:	Procurement Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Katharine Fletcher, 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 outcome of the procurement exercises which have been undertaken on behalf of Hywel Dda University Health Board (HDdUHB):

1. All-Wales Pulp Medical Products
2. New Maintenance Contracts for the Combined Heat and Power units at Prince Philip Hospital (PPH) and Withybush Hospital (WGH)

In line with Welsh Government approval procedures, the Health Board is required to approve the following new Maintenance 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. All-Wales Pulp Medical Products

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 – 4-year term.
1 March 2025 – 28 February 2029, with an option to extend for a further twelve months	Vernacare International Ltd.	£269,921.20	£278,328.78	£1,113,315.12 (or £1,391,643.90, if extended)

2. New Maintenance Contracts for the Combined Heat and Power units at PPH and WGH

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 – 8-year term.
1 April 2025 – 31 March 2033	Edina UK Ltd	£179,500.00*	£190,810.00	£1,526,480.00

* The current cost was set at 2014 and has had no inflationary increases during the life of the contract.

Asesiad / Assessment

Tender Process

1. All-Wales Pulp Medical Products

The current all-Wales contract for pulp medical products expires on 28 February 2025. The All-Wales Sourcing Team are seeing approval to award the re-procurement of contract following completing of an open tender. Two lots were included within the tender, as outlined below.

- Lot 1: Core Pulp Products
- Lot 2: Pulp Accessory Products

All but one item awarded (kidney dish pulp, available via Stores) will be available to order direct from Vernacare International Ltd through the Oracle Catalogue. To provide resilience in deliveries, and to contribute towards sustainability and environmental targets, AW Sourcing will investigate opportunities to increase stock items.

While there is a cost pressure associated with this contract, Vernacare International Ltd., offered a maximum 2% rebate for all invoices paid within ten days as part of the Priority Supplier Programme (PSP). This rebate mitigates part of the cost pressure, as outlined in the table below, based on the past twelve months of available data.

Current Annual Value	Proposed Annual Value	Estimated Annual PSP Rebate	Cost Pressure
£269,921.20	£278,328.77	£5,566.58	£2,841.00

Following the receipt of two bid responses, and an evaluation of technical criteria, a benchtop evaluation of the products, and relevant Surgical Materials Testing Laboratory (SMTL) testing for Lot 1, the recommendation is to award both lots to Vernacare International Ltd., for a four-year period, commencing 1 March 2025, with an option to extend for a further twelve months.

2. New Maintenance Contracts for the Combined Heat and Power units at PPH and WGH

HDdUHB have a new requirement to award an external Maintenance Contract for two Combined Heat and Power Units (CHP), one located at PPH, Llanelli and one located at WGH, Haverfordwest. There is a requirement for this contract to commence from 1 April 2025.

These two hospitals have gas-fired CHPs in their energy centres, both are 600kWe, 673kWth MWM TCG2016 V12 units commissioned in 2014. They are electrically led, which work alongside other boilers, and are Combined Heat and Power Quality Accredited (CHPQA).

To date, these CHP Units has been maintained since installation by Centrica Business Solutions and subcontractors as part of a 10-year Energy Performance Managed Service Contract between Centrica and HDdUHB. This arrangement expires on 31 March 2025 but Centrica Business Solutions are no longer able to provide further support, as their business model has changed and can neither offer an Energy Performance Managed Service Contract nor a standalone Maintenance contract for these CHPs.

These CHP units are manufactured by MWM who are based in Germany, and we have established that Edina UK Ltd is the official Distributor and the only authorised sales and service provider for MWM Gas Engines and Parts in the UK and Ireland. For almost 20 years, they have provided unmatched industry expertise and product support for the MWM gas engine range. Edina UK Ltd.'s collaboration with MWM has given them in-depth knowledge of these MWM gas engines, facilitating optimal performance and reliability.

Thus, a direct award to Edina UK Ltd is the only route available. However, to ensure this is an accurate position, we will publish a VEAT Notice (Voluntary Ex-Ante Transparency Notice) of our intentions to award the business to Edina UK Ltd once the costings have been received. Therefore, Edina UK Ltd were subsequently approached to establish the Maintenance options available to HDdUHB.

The current policy of Welsh Government (WG) decarbonisation strategy is that CHP units will not be replaced at end of life. At the end of the 8-year maintenance contract these units will be at end of life, during this period the UHB will need to develop plans to transition away from CHPs and introduce low carbon and electrification solutions at our Acute sites.

Argymhelliad / Recommendation

Sustainable Resources Committee is asked to scrutinise and recommend for Board to:

- **APPROVE** the award of the All-Wales Pulp Medical Products contract to Vernacare International Ltd., for the period 1 March 2025 to 28 February 2029, with an option to extend for a further twelve months. This contract will have onwards submission to Velindre NHS Trust (as hosts of NHS Wales Shared Services Partnership) and Welsh Government for approval.
- **APPROVE** the award of the external Maintenance Contract for 2 x Combined Heat & Power Units (CHP), one located at PPH, Llanelli and one located at WGH, Haverfordwest, for the period 1 April 2025 to 31 March 2033, with an option to extend for a further twelve months. This contract will have onwards submission to Velindre NHS Trust (as hosts of NHS Wales Shared Services Partnership) and Welsh Government for approval.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.5 Review major procurements and tenders, such as outsourcing, in relation to achieving Referral to Treatment targets.
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 Termiau: Glossary of Terms:	Contained within the body of the report.
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