

Agenda Item:

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Dorset Health Scrutiny Committee

Dorset County Council



Date of Meeting	10 March 2015
Officer	Director for Adult and Community Services
Subject of Report	Pathology Tendering Project: Health Scrutiny Committee Brief
Executive Summary	The purpose of this paper is to provide supplementary information on Dorset County Hospital NHS Foundation Trust's (DCHFT) pathology tendering project as requested at the Overview and Scrutiny Committee meeting on 17 th November 2014. Specifically the Committee wanted more information about contact with potential bidders prior to the tender exercise, and a summary of the lessons learned from the project.
Impact Assessment:	Equalities Impact Assessment: Not applicable.
	Use of Evidence: Report provided by Dorset County Hospital NHS Foundation Trust.
	Budget: Not applicable.
	Risk Assessment: Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as: Current Risk: HIGH /MEDIUM/LOW (Delete as appropriate)

	Residual Risk HIGH/MEDIUM /LOW (Delete as appropriate)
	Other Implications: None.
Recommendation	That the Dorset Health Scrutiny Committee consider and comment on the report.
Reason for Recommendation	The work of the Committee contributes to the County Council's aims to protect and enrich the health and wellbeing of Dorset's most vulnerable adults and children.
Appendices	None.
Background Papers	<p>Reports and briefings to Dorset Health Scrutiny Committee, 19 November 2013; 10 March 2014; 23 May 2014; 10 September 2014; 17 November 2014:</p> <p>http://www1.dorsetforyou.com/COUNCIL/commis2013.nsf/MIN/B6AA9C129AFE265380257C210033D69E?OpenDocument</p> <p>http://www1.dorsetforyou.com/COUNCIL/commis2013.nsf/BDB6E7D1E6CD881880257C8D003FBBEC/\$file/Item%2010%20-%20Briefings%20for%20Information.pdf</p> <p>http://www1.dorsetforyou.com/COUNCIL/commis2013.nsf/E8DCEA6BF2220C0D80257CE800346D26/\$file/Item%2012%20-%20Briefings%20for%20Information.pdf</p> <p>http://www1.dorsetforyou.com/COUNCIL/commis2013.nsf/A19D893E441F1F1C80257D470039638A/\$file/10.%20DCH%20Pathology%20Services%20Report.pdf</p> <p>http://www1.dorsetforyou.com/COUNCIL/commis2013.nsf/4771931BF51D67AC80257D8C004338EA/\$file/06.Pathology%20services.pdf</p>
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Pathology Tendering Project: Health Scrutiny Committee Brief

1 Purpose

- 1.1 The purpose of this paper is to provide supplementary information on Dorset County Hospital NHS Foundation Trust's (DCHFT) pathology tendering project as requested at the Dorset Health Scrutiny Committee meeting on 17th November 2014. Specifically the Committee wanted more information about contact with potential bidders prior to the tender exercise, and wanted a summary of the lessons learned from the project.

2 Context

- 2.1 The Tender and benchmarking exercise began in October 2013, and concluded in October 2014. The timeline for the tender was as follows:

Task	Finish date
Prior Info Notice published	23-Oct-13
Advert published	11-Dec-13
PQQ published	31-Jan-14
PQQ end	28-Feb-14
Short list	21-Mar-14
ITT published	23-May-14
ITT end	27-Jun-14
ITT evaluations end	16-Jul-14
Pathology Benchmarking	17-Sep-14
Tender recommendation	17-Sep-14
Project Recommendation	30-Sep-14
Trust Board decision	08-Oct-14

- 2.2 In October 2014 the Dorset Health Scrutiny Committee established a Task and Finish Group to investigate a number of concerns about the tender process. At the Task and Finish Group meeting on 3rd October 2014, these concerns were largely assuaged, but the group requested more information about contact with potential bidders prior to the launch of the tender exercise dating back to 2011. To put this into context, the Trust Chief Operating Officer (COO) told the Task and Finish Group meeting on 3rd October 2014 that representatives of the Trust had several meetings and discussions about the future provision of Pathology services at DCHFT with a number of organisations dating back to 2011, and in the process, information was shared with these organisations about DCHFT pathology services. The COO said information is often shared between parties to get an understanding and indication of potential savings, efficiencies or quality improvements that could be made. The COO confirmed that the Trust actively encouraged such discussions on

benchmarking the costs and quality of its services, and regarded these interactions as routine in the drive to reduce costs and improve quality. Further, the COO confirmed it is not unusual or inappropriate for a procurement exercise to be considered and launched following such expression of interest within the market. Further information on these discussions is included below.

3 Discussions with potential bidders for DCHFT pathology services prior to tender

3.1 Trust Officers held discussions with the following on the future of DCHFT Pathology services between 2011 and 2014.

- Poole Hospital
- Bournemouth Hospital
- Southwest Pathology Services (a partnership between Taunton and Somerset Hospital, Yeovil Hospital and IPP an independent pathology service provider)
- Synlab (an independent pathology service provider)
- Salisbury Hospital

3.2 There was a Dorset and South Wiltshire Pathology Partnership between 2010 and 2012 that aimed to maintain or improve Pathology services and reduce costs by 20%. The group included Poole, Bournemouth and Salisbury NHS Trusts. Comprehensive financial information was shared amongst the NHS Trusts in this partnership. A plan was developed, but was abandoned in 2012 due to disagreement about the location of services.

3.3 After 2012, Dorset County Hospital undertook discussions with a range of pathology providers about potential collaborations, including the above named. These interactions were largely informal discussions (see below regarding SPS), but the officers involved recall wide-ranging discussions on potential collaborations with neighbouring NHS Trusts, some of whom had outsourced their Pathology services to the private sector, including Synlab, an independent pathology service provider and SPS. Discussions covered the potential economies of scale, potential for shared and pooled staffing, and information exchange on activity and staffing levels. There were discussions about outsourcing of pathology services and the merits and demerits of public-private partnerships on pathology provision.

3.4 These discussions continued until the summer of 2013, when a decision was reached by the Board at DCH to run a market testing and tendering exercise.

3.5 The organisations that expressed an interest in the tender are listed below:

Expressions of Interest	Providers Day
Abbott Diagnostics	√
Alere	
Beckman Coulter Ltd	
CellPath	

Coventry and Warwickshire Pathology Services	√
Diasorin I.N.UK Ltd	
Frimley Park Hospital NHSF Trust	√
GSTS Pathology LLP	√
Helena	
IBG Immucor Ltd	
Instrumentation Laboratory	
Launch Diagnostics	
North Bristol NHS Trust	√
Nuffield Health HSSU	√
Plymouth Hospitals NHS Trust	
Poole Hospital NHS Trust	√
Queen Alexandra Hospital	
Radiometer	
Roche	√
Royal Bournemouth & Christchurch NHS Trust	√
Royal Devon & Exeter NHS FT	√
Salisbury NHS Foundation Trust	√
Source BioScience	√
Southwest Pathology Services IPP	√
SureScreen Diagnostics	
Synlab UK Lab	√
System UK Ltd	
The Doctors Laboratory	√
University Hospital Southampton NHS Foundation Trust	
University Hospitals Bristol NHS Foundation Trust	√

3.6 The companies that submitted Pre Qualifying Questionnaires were:

North Bristol NHS Trust
Poole Hospital NHS Trust
Royal Bournemouth & Christchurch NHS Trust
Salisbury NHS Foundation Trust
Southwest Pathology Services IPP
Synlab UK Lab
The Doctors Laboratory
University Hospitals Bristol NHS Foundation Trust

3.7 The shortlisted providers, following detailed financial and qualitative evaluation were:

Salisbury NHS Foundation Trust
Southwest Pathology Services IPP
Synlab UK Lab
The Doctors Laboratory

3.8 These four providers were invited to tender, and two providers were not taken forward. The Doctors Laboratory declined from submitting a tender, and indicated they could not compete with a Regional approach to our service model and therefore declined to tender at this time. Salisbury were excluded as they did not submit a bid that complied with the tender process requirement, and there was no challenge to this decision. The remaining suppliers that submitted fully complaint tender submissions were:

- SPS
- Synlab

4 Allegation of unfair advantage to Southwest Pathology Services (SPS)

4.1 There was a specific concern at the Task and Finish Group on 3rd October 2014 that SPS had gained an unfair advantage, as the Trust had shared some activity information with SPS a year before the tender exercise was launched. Representatives of SPS had several discussions with members of the Trust Executive Team from 2012 onwards, and in February 2013, there was agreement that the Trust would complete an activity and workforce proforma and forward this to a member of the IPP team. The purpose of this was to enable SPS to provide an outline of the costs to DCHFT of a potential collaboration on pathology across Taunton, Somerset, Yeovil and Dorchester hospitals. As part of these discussions SPS offered indicative savings if the Trust considered tendering its Pathology Services to another provider. This is not an unusual or inappropriate approach from suppliers outside of a formal tender process. The meeting in February 2013 with SPS was an informal discussion with no notes, and was prior to any decision made by the Trust on the formal tender or benchmarking of pathology services.

4.2 Subsequently, the information shared with SPS was shared in more detail with the tenderers, as part of the formal process, therefore ensuring transparency and equality to all providers tendering for the service. The Trust received 240 clarification questions in the tender exercise and granted two extensions to the original timeline to allow bidders to prepare their submissions.

4.3 Following a detailed financial and qualitative evaluation by our expert panel, SPS came second and were discounted from the process. Synlab were the top scoring supplier following the tender process, however following the internal benchmarking evaluation the evaluation team board recommended we remain with our own in house provision. This was voted unanimously by The Trust Board.

5 Lessons learned

5.1 The lessons learned from the tendering and benchmarking exercise were presented at the DCH Trust Board meeting on 10th December 2014. These were as follows:

5.2 The procurement process

- We took the wrong route – restricted bid rather than competitive dialogue. This meant that we were less open with stakeholders than we would have preferred because of a concern about competition rules.
- Limited our communications.

5.3 Stakeholders

- Scrutiny committee – we failed to convince them on the process. Their feedback: We should have done benchmarking first, our external communications were poor, they required reassurance that some bidders were not given an unfair advantage.
- Staff – good engagement and clinical leadership.
- Media and the public – could have been more proactive on positive coverage.
- Staff side – regional level relationships soured.

5.4 Project

- Robust project management and procurement support.
- Limited internal resources for a major tender exercise.

5.5 Learning from the exercise has been fed into the development of a 5 year strategy for Pathology Services at DCH. The COO at DCH has also had a significant input to the emerging discussions on a Pathology partnership between Poole, Bournemouth and Salisbury Hospitals, and has fed the learning from the tender exercise into that process.

Dr Rab McEwan
Chief Operating Officer
Dorset County Hospital
February 2015