

EXECUTIVE COUNCIL

CONFIDENTIAL

Title of Report: Contract for Surgical and Anaesthetic Services

Paper No: 211/10

Date: 21 October 10

Report of: Director of Health and Education

1.0 Purpose

- 1.1 To seek approval from members to extend the current contract with Island Health Services for surgical and anaesthetic services for one year in order for an effective procurement process to be carried out for a new contract.

2.0 Recommendation

That Executive Council approve a year extension to the current contract for Surgical and Anaesthetic services to 30 June 2012.

3.0 Summary of Financial Implication

- 3.1 No additional costs identified.

4.0 Background

- 4.1 The current provision of Surgical and Anaesthetic services to the Falkland Islands is undertaken by Island Health Services. Their 5 year contract expired in June 2010 and, due to the lack of a formal contract tender being undertaken in enough time to secure any potential bids, their contract was extended, with ExCo approval (47/10), until the end of June 2011.

- 4.2 Prior to any further contract tender it is essential that the requirements for Surgical and Anaesthetic services be clarified. This involves careful consideration of a range of issues including:

- Identifying which services are required for local access on an emergency and diagnostic basis;
- Which services it would be preferable to provide locally for convenience or on a value for money basis;
- Which services are best provided overseas;
- How trends in technology and practice may affect the balance of service provision during the lifetime of the proposed contract;

- What facilities are required to support the proposed local provision;
- How the market will regard the stated requirements and the scope for competition and value for money;
- Affordability of the proposed arrangements;

4.3 Thinking through the above will be a challenging process but an essential one to ensure an appropriate and value for money service.

5.0 New Contract Tender Process and Risks

5.1 It is envisaged that the new contract will be via a competitive tender. The competitive tender will be undertaken as a means of ensuring best value for money in the provision of community services to the Falkland Islands.

5.2 The new contract tender is being developed by a Project Team to ensure timeliness and that appropriate legal and financial issues are address appropriately. The Project Team members will therefore include the Chief Executive as Senior Responsible Officer, the Director for Health and Education and the Project Director, the Hospital Manager as the Project Manager, the Chief Medical Officer and representation from the Attorney Generals' Department, Treasury, Director of Procurement & Efficiency and some secretarial support.

5.3 The steps required for this contract are:

- 21 October 2010 – request extension of tender process and provide brief overview of intentions to October Exco.
- October / December 2010 – complete discussions of initial requirements.
- 3rd December 2010 – Expressions of interest details to Exco.
- December 2010 – invite expressions of interest.
- 28th February 2011 – deadline to receive expressions of interest.
- 30th July 2011 – invite Best And Final Offers (BAFOs).
- 30th September 2011 – deadline to receive BAFOs.
- December 2011 – contract awarded to successful tender.
- 1 July 2012 – cut over to new contract.

5.4 These steps are essential to ensure a robust contract is achieved, which strikes the best balance of local and overseas care, is future proof for the duration of the contract and provides value for money. Integral to this is achieving real competition for the contract which will involve hard and careful work given the unusual nature of our requirements and the amount of general change amongst the providers, which will discourage them from pursuing this contract.

5.5 At the first meeting of the Project Team (23 Sept 10) the issue of trying to get a potential contractor to meet the future contract tender requirements, and deliver a new service by June 11, **were identified as being substantial risks**. It was agreed therefore that, as a risk mitigation activity, more time would be required to develop a comprehensive and robust tendering process. Exco approval therefore needs to be sought for a further one year extension to the current contract.

5.6 The current contractor, Island Health Services, have indicated that they are prepared to extend the contract for a further year under existing terms, save that any FIG general salary increase be mirrored in the contract price.

6.0 Legal Implications

None.

7.0 Human Resources Implications

None.