

CO Response

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Irrelevant & Sensitive

7. Alex Chisholm asked, that PHE and DHSC agree to convert the plan below into a firm commitment to do so -
DHSC are exhausting the market to reach the required capacity targets in line with the National Testing Strategy. PHE and DHSC are planning to replace the current PHE Microbiology Framework with a revised, broader scope Framework by the end of September, which will include a Lot for Laboratory Capacity, providing a compliant and competed route to market.

Dept Response

All contracts currently are planned to run to the **end of December 2020**. The Prior Information Notice (PIN) was issued 5 June 2020. This is a key priority for PHE and DHSC as it will provide a competitive and compliant route for most lab testing requirements. This process is being led by **NR** Head of Scientific Supply Chain & Procurement, PHE.

CO Response

CO was not aware of the PIN being issued on the 5 June 2020 and became aware on the

8. Gareth Rhys Williams asked, direct Award - why - what's wrong with a competition? Why didn't we start this earlier?

Dept Response

None of the current PCR providers on the existing PHE framework are able or willing to provide the further volume needed. For the largest contracts, the current Lighthouse labs are kitted out with Thermofisher equipment hence the requirement for Thermofisher tests. To switch to alternative kit and tests would take a considerable amount of time for install and validation. Perkin Elmer is one of our current lower volume PCR kit suppliers and therefore unlike the others had the capacity to increase volume allocation to HMG.

There is not a suitable framework for lab capacity that could have been used for a mini competition. For partner labs we have had to use most providers available in the market hence the inclusion of some of the more expensive options as there is limited availability. Based on the timeframes needed to set up the labs and ramp up capacity there is no time to run a competitive process especially when test compatibility and validation are taken into account.

The quickest route to a competition is via a suitable Framework agreement further competition which itself would have a cycle of 6 to 10 weeks from statement of requirements and specification to contract. This will be our preferred approach once the new PHE framework is in place.

CO Response.

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9. Gareth Rhys Williams asked, pricing - why is 'cost per test' the right approach?

- a. What is the cost breakdown- as in what % on each of the below?
- b. These labs need setting up - fine.. there's a fixed cost for the building and the fancy kit. That needs depreciating, but after a while that will be paid off. How much over how many tests before that should drop out?

Dept Response

Cost per test is the right approach for established labs where facilities are shared. For turnkey dedicated operations this is not appropriate.

For both however because of the scale of testing capacity increase required there is likely to be capital investment for fitout and processing kit and working capital for reagent and consumable stocks. Due to the circumstances and timeframes we have had limited time and opportunity to optimise negotiations. We have had to use benchmark costs for what we pay for similar kits in the existing structure as a comparator for vfm.

CO Response.

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10. Gareth Rhys Williams asked, consumables - fine - that's per test, sort of, but I bet they get a discount for bulk... where's that coming back to us?

Dept Response

There is room for negotiation, but currently we are only able to negotiate a contract of less than a year with no guarantee of further business when the new PHE Framework is established. Once the Framework is established, a further competition will be run for known packages of work and price negotiated or bids evaluated. Where partner labs are using