



PR2N. Review of supplier panel and negotiate fixed / capped fee with agencies for nurses

Policy Review				Benefits		PRIORITISATION
Initiative Name	Lead	Estimated Savings ¹ (per annum)	Estimated Investment ²	Financial	Non-financial	
Review of supplier panel and negotiate fixed / capped fee with agencies for nurses	Procurement	~\$10.8M	\$ \$ \$	Cost Reduction; Improved Performance	Quick Wins	

Initiative Summary		Execution Guidance	
Overview	Review supplier performance, determine optimal commercial arrangements and prioritise review of panel arrangements with contracts that are expiring in Jan 2024 Establish state-wide panel arrangement for nurse agencies with a fixed / capped fee arrangement that considers factors like LHD location, supply, demand.	Key activities	<ul style="list-style-type: none"> Review existing panel arrangements and assess supplier performance on location, demand, and supply factors. Establish clear objectives for the panel and value outcomes Evaluate possible extension of existing panel arrangement for short-period and use the state-wide panel arrangement post expiry³. Evaluate risks related to industrial relations, workforce security and others Engage market through competitive tender process and establish panel Determine optimal fee structure for contingent workforce agencies based Establish crisis pricing framework
Outcome	<ul style="list-style-type: none"> Consistent approach to engage suppliers of agency nurses and state-wide rate card to reduce risk of LHD competition Autonomy for NSW Health LHDs, agencies and pillars to choose supply agencies with existing agreed terms 	Risks	<ul style="list-style-type: none"> Framework may not consider required nuance, such as location or availability of required role, or macroeconomic factors outside the supplier's control Impact on supplier relationships ability to secure quality workforce from supply agencies of new commercial model
Duration	1-2 year	Dependencies	<ul style="list-style-type: none"> Expiration of existing contracts with suppliers (some contracts expiring in January 2024 from the panel arrangement including Hunter New England and other LHDs) Internal travel arrangements

Resource Estimates	
Project sponsor	Executive Director, Supply Chain & Procurement, HealthShare
Project team	<ul style="list-style-type: none"> Strategic Procurement, HealthShare NSW (2 FTE) Workforce Planning, Talent & Development, MoH (1.5 FTE) Workplace Relations, MoH (0.5 FTE)

1 - Savings are identified are calculated in isolation of other initiatives and subject to vary depending on sequence of implementation and efficiencies gained from dependent initiatives.

2 - Key for investment: \$ - Less than \$100k, \$\$ - Between \$100k and \$1M, \$\$\$ - More than \$1M

Start date: July 2023

3 – Expiry dates for short term extension will need to match with launch of state-wide panel arrangements, ensuring Hunter New England and other LHDs can utilise the panel arrangement once live.

Whole of Health Nursing Agency Panel



Current Status

- There is no state-wide contract available for the supply of nurses to NSW Health
- System-wide feedback has indicated a desire for a standardised approach to solve this problem
- (PR2N) State-wide Nursing Agency Panel initiative was approved as the first activity out of the Savings Leadership Program



Key Issues / Complications

- Expiring contracts:
 - NSLHD – 31 Jan 2024 (extension beyond term)
 - Multiagency Panel – 31 Jan 2024 (1x12 months extension available executed)
- Significant number of agencies with varying commercial models in use on existing panels
- Lack of consistency in cost control across agency fees
- LHDs compete among themselves to ensure security of contingent workforce



Risks

- Losing staff to QLD Health
- LHDs continuing to engage in external agreements
- Short term interruption to supply
- Losing staff to private sector
- Governance and implementation



Project Objectives

- **Procurement Strategy:**
- Establish a **state-wide panel** arrangement through **open market approach** for nurse agencies with a **fixed / capped fee** arrangement that considers factors like LHD location, supply, demand.
- **Contract term 2+1+1+1**
- Design and introduce **performance management framework**, improved data reporting and SLAs
- Develop and **standardise specification** to address WofH requirements
- **Consistent approach** to engage suppliers of agency nurses and state-wide rate card to **reduce risk of LHD competition**
- Contract implementation is system-wide upon award and **immediate**
- Ensure compatibility with any future proposed **Vendor Management System**
- Deliver **projected savings** of \$1.95m p.a.