OUTSOURCING CATERING, LAUNDRY AND CLEANING SERVICES IN REGIONAL HOSPITALS

(Project No.4154)

MINISTRY OF HEALTH

ALBANIA

SITUATIONAL ANALYSIS AND APPROACH

DRAFT REPORT (Version 1.0)

PREPARED BY

INTERNATIONAL HOSPITALS GROUP
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1. INTRODUCTION

1.1 SUBJECT OF THE PROJECT

1.1.1 The subject of the project is the Outsourcing of Ancillary Services at Tirana University Hospital Centre (TUHC) as well as other regional hospitals in Albania.

1.2 PURPOSE OF THE PROJECT

1.2.1 The purpose of the project will be to review the existing model of outsourcing catering and hotel services at TUHC including an assessment of current structure of the existing contract for catering and hotel services.

1.2.2 The project will also include the analysis and development of a cost model relating to implementation of outsourcing hospital ancillary services throughout the regional hospitals in Albania as well as producing detailed analysis of the current structure of outsourcing food services, laundry and cleaning services at Tirana University Hospital Center (TUHC) including:

- A review of the contract(s).
- A review of the specified contract monitoring procedures.
- An assessment of the actual contract monitoring experience
- The costs of the outsourcing process to date.
- The perceived benefits of outsourcing.

1.2.3 Using relevant international best practice, it is anticipated that an overall approach is developed to guide the expansion of outsourcing to other hospitals in Albania. This approach should define:

- The conditions when outsourcing should be used.
- Contracting, contract management and evaluation approaches.
- A framework for an outsourcing quality plan, including:
  - The service standards to be achieved.
  - How those service standards will be monitored.

1.2.4 Using this approach, a national framework will be developed for estimating the costs and benefits which are likely to be obtained from outsourcing the cleaning, laundry and catering services in regional and University hospitals (15 hospitals). The framework will need to build upon the experience at Tirana University Hospital Centre (TUHC).
1.2.5 A further purpose of the project will be to provide guidance and advice on the generation of the tender documentation and on the overall tendering process as well as technical assistance on an ongoing basis (for 6 months) to an initial set of hospitals who are implementing outsourcing models.

1.3 SCOPE AND METHODOLOGY

1.3.1 The scope of this project is to fully review the existing model of outsourcing catering and hotel services at Tirana University Hospital Centre (TUHC) including an assessment of current structure of the existing contract for catering and hotel services.

1.3.2 The methodology that will be adopted by International Hospitals Group (IHG) for this project is based on a seven stage process, some of which will be undertaken on site at the Tirana University Hospital Centre as well as other selected regional hospitals in Albania, as shown in the table below:

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<td>7</td>
<td>STAGE 7</td>
<td>ON-GOING TECHNICAL ASSISTANCE</td>
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Source: International Hospitals Group (2009)

1.4 CURRENT CONTRACT STATUS

1.4.1 The Commencement Date for the project was the 27th November 2008. The Inception Report was submitted on the 2nd December 2008 and it was approved by the Ministry of Health on the 8th December 2008.

1.5 CURRENT PROJECT STATUS

1.5.1 IHG’s Consultancy Team assigned to the project undertook the initial site visit to the Ministry of Health and Tirana University Hospital Centre (TUHC) from the 19 January to 23 January 2009. The purpose of the visit was to meet the Ministry of Health Team as well as members of the Tirana University Hospital Centre (TUHC) management team in order to undertake familiarisation and initial analysis of the services that were recently outsourced as well as the procedures used.
1.5.2 During this visit, the IHG Consultancy Team managed to obtain contract documentation and specifications relating to the laundry and catering services as well as an internally prepared report relating to the current in-house cleaning service.

1.5.3 A subsequent visit was undertaken from 23 March to 28 March 2009. The purpose of the visit was to meet representatives from the Public Procurement Agency as well as members of the Tirana University Hospital Centre (TUHC) management team in order to review the documents and discuss the detailed approach used during the recent outsourcing process.

1.6 REPORT STRUCTURE

1.6.1 Section two provides an overview of procurement law and regulations related to public procurement in Albania as well as a review of the guidelines for conducting public procurement procedures issued by the Public Procurement Agency (PPA). It contains information that has been directly extracted, and in some cases summarised from documents including the PPA’s Public Procurement Manual.

1.6.2 Section three provides detailed analysis of the current structure of outsourcing of patient catering services, laundry services, internal cleaning services and ground cleaning services at TUHC. The section includes a review of the overall process used for outsourcing each service, contract documents and service specifications, contract monitoring procedures and experience to date, as well as the costs and benefits of the outsourcing process.

1.6.3 Section four details an approach to guide the expansion of outsourcing to other hospitals in Albania which defines when outsourcing should be used as well as appropriate contracting, contract management and evaluation approaches.

1.6.4 Section five details a framework for an outsourcing quality plan which clearly sets out definitions for service standards to be achieved and how service standards will be monitored.
2. PUBLIC PROCUREMENT IN ALBANIA

2.1 INTRODUCTION

2.1.1 The new and updated law relating to public procurement in Albania (No. 9643) was approved on the 20th November 2006.

2.1.2 The Public Procurement Agency (PPA) in Albania states that the new law is based on international best practice and is compliant within relevant European Regulations and provides for a more transparent public procurement environment.

2.1.3 The law applies to all awarding procedures for the provision of public goods, works and services, which are also applicable to Contracting Authorities (CA) and Economic Operators (EO), which are subject to the monitoring procedures of the Public Procurement Agency (PPA) and Supreme Auditing Office.

2.1.4 The new Public Procurement Law (PPL) establishes the rights, obligations and responsibilities of all parties in the procurement procedures. It sets out procedures for the control of the public procurement in order to:

- Ensure a better use of public funds and reduce procedural cost;
- Encourage Economic Operators to participate in public procurement procedures;
- Promote competition among Economic Operators;
- Guarantee an equal and non-discriminatory treatment for all Economic Operators participating in public procurement procedures;
- Guarantee integrity, public trust and transparency in public procurement procedures.

2.2 GENERAL PRINCIPLES OF PUBLIC PROCUREMENT

2.2.1 Overview

2.2.1.1 The Public Procurement Manual states that the award of public contracts in Albania is governed by the following general principles:

- Non-discrimination and equality of treatment.
- Transparency.
- Confidentiality.
2.2.1.2 It is our understanding that the principle of “non-discrimination” is a cornerstone of public procurement in Albania and prohibits any discrimination on grounds of nationality, meaning that all participants shall be treated in the same manner, unless the difference is objectively justified. Both direct and indirect discrimination is prohibited, and no national preferences are allowed and Contracting Authorities must remain non-biased and impartial toward all participants.

2.2.1.3 It is also stated that attracting a sufficient number of Economic Operators to participate in public procurement through processes that are open and fair is a key concern in Albania.

2.2.1.4 It is stated that at the beginning of the procurement procedure, the CA estimates the value of the proposed contract or contracts. This value or limit fund has publication purposes and in some circumstances may determine the procurement procedure to be used, however, as a general rule, it is suggested that an open procedure should be pursued by the CA.

2.2.1.5 It is mandatory that the CA establish an Evaluation Commission for all procurement procedures and it is stated that documents relevant to the procurement procedure shall be in the official language of Albania, and high value tenders and documentation will also be in the English language.

2.3 MAIN ELEMENTS OF THE PROCUREMENT CYCLE

2.3.1 Introduction

2.3.1.1 The Public Procurement Manual states that the Contracting Authority is a structured administrative entity with a managerial system depending on the tasks assumed in the procurement process. The following section is taken from the Public Procurement Manual and explains the role and responsibilities of personnel involved in the procurement cycle.

2.3.1.2 It is stated that transparency in the context of public procurement refers to the ability of all interested parties to know and understand the actual methods and processes by which contracts are awarded and managed and it represents a key pre-condition to promote wide participation in procurement.

2.3.1.3 The Public Procurement Manual advises that all tender and tender related documentation should be kept in a secure environment to ensure confidentiality. It also specifies that the Contracting Authority are not permitted to examine the content of tender documentation before the deadline for their submission has expired.
2.3.2 **The Authorising Official**

2.3.2.1 It is stated that every Contracting Authority needs to have a senior executive position which heads the decision making process and the term “Head” is used equally and is interchangeable with the notion of an Authorising Official.

2.3.2.2 The Head of the Contracting Authority is responsible for the organisation of the procurement procedures and this power can be delegated. The Public Procurement Manual states that this official must be selected from amongst the main managers of the Contracting Authority.

2.3.2.3 The ‘Head’ of the Contracting Authority has to ensure that there is a clear separation of duty and involvement between personnel involved in the preparation of tender documents and those involved in the evaluation and award process.

2.3.2.4 It is also stated that the legal requirements for preventing conflict of interest issues must be strictly observed when appointing staff to be involved in the procurement process. It is our understanding that all employees that participate in the procurement process have to sign a declaration stating that their involvement does not create a conflict of interest.

2.3.2.5 The Public Procurement Manual states that the Authorising Official of the Contracting Authority is not allowed to chair or take part in any commission, during the awarding phase, except when exercising the tasks specifically detailed in the PPL and PPR.

2.3.3 **The Procurement Unit**

2.3.3.1 The Procurement Unit is a specialised department within every Contracting Authority which deals with the procurement process. According to the Public Procurement Manual, the Unit must have as a minimum, members who have a high degree of education and one member must have a background in law.

2.3.3.2 The Public Procurement Manual states that staff development and training is an essential element and members of the Procurement Unit must receive relevant training at least once a year in issues related to public procurement.

2.3.3.3 The Public Procurement Manual also states that when multiple CA’s have a limited number of personnel or limited tender procedures, they can, by mutual agreement, form a joint Procurement Unit. It is our understanding that the Procurement Unit is solely responsible for undertaking the procurement process in line with PPA guidelines.
2.3.4 Preparation of Tender Documents

2.3.4.1 The Public Procurement Manual states that the Procurement Unit is responsible for the preparation of tender documents and must only use the official standard documents as approved by the PPA and in accordance with the relevant procurement legislation.

2.3.4.2 The Procurement Unit is also responsible for the preparation of qualification requirements and evaluation criteria whereas it is stated that the technical specifications shall be prepared by the relevant department inside the Contracting Authority or external to the CA when there is a lack of expertise.

2.3.4.3 The Procurement Unit will ensure that minutes of meetings are taken during the drafting of the tender documents and other related documents and shall be signed by all members of the Unit. There is provision to allow outside experts or contractors to be appointed by the Contracting Authority in order to assist the Procurement Unit in drafting the tender documents but this mainly relates to complex and specific contracts.

2.3.4.4 It is stated that as soon as the tender documents have been prepared, the Head of the Contracting Authority shall authorise the publication of the Contract Notice, in accordance with the relevant articles of the PPL. It is stated that the Contract Notice must clearly indicate the time, date and place for the submission and for the opening of tenders.

2.3.5 Establishment of Tender Evaluation Commissions

2.3.5.1 The Public Procurement Manual states that the names of the members of the Commission responsible for evaluating tenders shall be determined by special order, following the Contract Notice, but no later than 5 days before the end of the time limit for the submission of offers or requests. The Commission will be formed after the publication of the Contract Notice and the tender documentation in order to avoid any undue influence during the preparation of the relevant documentation.

2.3.5.2 An Evaluation Commission will consist of a minimum of three members, all of whom should have knowledge of procurement or the contract subject to award, and will carry voting rights and the number of shall be always an odd number. One of the members of the Contracting Authority will be appointed as chairperson of the TEC.

2.3.5.3 In special cases where a specialist or specific technical knowledge is not available within the Contracting Authority, outside experts may be employed in addition to the Contracting Authority members, but these experts normally do not have voting rights.
2.3.5.4 It is clearly stated that Tender Evaluation Commissions must have the highest of professional standards and integrity and as a result, potential members of the commission who have been convicted of fraud, bribery or other corrupt practices by a competent court of Albania or those who have been determined to have engaged in serious professional misconduct, will not be eligible for appointment.

2.3.5.5 All members and experts appointed are subject to the law, and every member of a Commission must sign a declaration of impartiality and confidentiality. It is further stated that all meetings of the Commission shall be recorded in minutes, and the minutes will be attached to their report on the contract award procedure carried out.

2.3.6 **Audit**

2.3.6.1 It is stated in the Public Procurement Manual that all aspects of the procurement activity are subject to examination by internal audit, the PPA and Supreme Audit Office. Therefore, all procurement decisions must be supported by a properly documented audit trail, detailing the procurement process and the reasons for selecting the successful tenderer.

2.3.6.2 It is also required that in all meetings, especially during the preparation of the tender documents and the awarding process, minutes of meetings shall be taken which reflect all the sequences and rationales behind any decision or decisions that are made.

2.3.6.3 The Public Procurement Advocate (PA) is the administrative body reporting to the Albanian Parliament. The PA based on a complaint, or on its own initiative, may start an investigation procedure, if it is observed or suspected that there has been an infringement of the PPL. It is stated that once the investigation is completed, the PA may take one the following decisions:

(a) Close the investigation as the actions, or failure to act, of the Contracting Authority under investigation did not infringe the PPL or any other provision. In this case, when there is a complainant, the PA explains in writing to the complainant the reasons for ending the investigation, and when appropriate, sends information to the PPA;

(b) Send immediately relevant information to the PPA, for any case of law infringement, in order to support the latter in decision-taking and complaints’ examination or in taking administrative measures against responsible persons;
(c) Report the offence to the competent authority where satisfied that an officer of the Contracting Authority has committed a deliberate and intentional breach of law or criminal offence.

### 2.4 PREPARATION STAGE OF THE PROCUREMENT PROCESS

#### 2.4.1 Introduction

2.4.1.1 The Public Procurement Manual states that procurement of goods, works and services is a combination of the three following issues:

- Quality.
- Time.
- Price.

2.4.1.2 As previously stated, competition is essential in public procurement and the number of companies that are asked to participate in the procurement process is therefore of critical importance. The Public Procurement Manual details that the number of tenderers that are involved should be directly related to the value and importance of procurement process.

2.4.1.3 It is also stated that the standard rules of public procurement apply to all types of procurement in the public sector and the tendering processes are essentially very similar.

#### 2.4.2 Procurement Planning

2.4.2.1 The rules regulating public procurement in Albania all require the advertisement of information about procurement plans, tenders and contract awards. The purpose of the ‘Preliminary Notice’ is to provide potentially interested Economic Operators with:

- Information about a Contracting Authority’s procurement plans.
- Notification that procedures for procurement have been released;
- Details and other information on the award of contracts.

#### 2.4.3 Procurement Order

2.4.3.1 When funds become available, the Head of the Contracting Authority or the Authorised Official must issue the Procurement Order (PO) which contains the following:

- The object of procurement;
- The available estimated fund;
2.4.3.2 The Public Procurement manual states that an important part of the order is the justification for selecting anything other than the Open Procedure and it needs to be well explained.

2.4.3.3 Although the Procurement Order should also follow the indicative Preliminary Notice which is published in the Public Announcement Bulletin, the Public Procurement Manual state that the Contracting Authority can plan unforeseen purchases as long as they have the funds available.

2.4.4 **Contract Notice**

2.4.4.1 The Public Procurement Agency state that all public procurements must be published simultaneously in the Public Announcement Bulletin and on the Public Procurement website. The only exception is where public procurement is subject to a negotiated procedure, without prior publication of a Contract Notice.

2.4.4.2 It is our understanding that if the total value of procurement exceeds the relevant thresholds, it must also be published in international journals and newspapers. The Public Procurement Manual states that the principles behind the publication of Contract Notices ensure:

- Equity, non-discrimination and transparency in respect of suppliers.
- Competition is encouraged.
- No information about, or distribution of, tender documents is permitted before the Contract Notice has been published in the PAB and on the PPA website.

2.4.4.3 However the Public Procurement Agency allows provision for a Contract Notice, which has already been published, to be amended prior to the closing date for the submission of tenders. However, the new Contract Notice must be published in the same form as the original and, if required, the time scale can be extended.

2.4.5 **Different Contract Approaches**

2.4.5.1 The Public Procurement Agency state that an important element in the procurement procedure is for the Contracting Authority to determine the following in order to determine the type of procedure to be used:

- Subject matter of the contract
- Total value of the contract
- Duration of the contract
2.4.5.2 The Public Procurement Manual states that the estimation of the value of proposed contracts excluding Value Added Tax (VAT) is a key element in the transparency and accountability in the use of public funds. They also advise that the estimated value of the contract needs to be approved before starting the overall procurement process is started and the financial threshold included in the Contract Notice.

2.4.5.3 It is stated that a key challenge for the Contracting Authority is developing a budget for the procurement process that is accurate and represents value for money. The Public Procurement Manual suggests the following alternatives:

- For multi-year contracts or contracts with renewal option, the Contracting Authority must provide clauses for the revision of prices in accordance with published official inflation.

- The Contracting Authority is responsible for using relevant market data in order to prepare an outline cost breakdown related to the technical specification.

- If estimates of cost are above the high value threshold, the Contracting Authority may use an equivalent contract denomination in the currency of its choice, provided that the currency exchange rate is based on those provided by the Bank of Albania at the date the contract notice is sent for publication.

- Where contracts are made up of multiple elements and where the combined value would only be of interest to a few Economic Operators, the contract should be divided into lots and will encourage the participation of the small and medium businesses.

- Provide adequate guidance to procurement officials and adequate training.

2.4.5.4 When calculating the estimated value of the procurement of services, the Contracting Authority must include all the costs for the services rendered by the tenderer.

2.4.5.5 The Public Procurement Manual states that all awarded contracts must be for a limited period and advises that the tendering procedure must be repeated at regular intervals. However there is provision for multi-annual operations but it states that there must be a clause allowing them to be renewed for one further year, subject to certain conditions and usually at the end of the first year.
2.5 ETHICS IN PUBLIC PROCUREMENT

2.5.1 Overall Approach

2.5.1.1 The Public Procurement Manual states that the Code of Ethics in public procurement is based on confidence in the public procurement process, professionalism of employees and quality of execution.

2.5.1.2 It also states that the fundamental basic principles of impartiality, independence and integrity apply and should be followed at all times meaning that:

- No suspicion of conflict of interest should exist.
- Corrupt practice should be immediately reported.
- No impression should be given that actions can be influenced.
- Dealings with tenderers must be honest, fair and even-handed.

2.5.1.3 The Public Procurement Manual is also very clear in that all employees involved directly or indirectly in the procurement process are subject to:

- They shall not engage in personal, business or professional activity nor hold a financial interest that conflict with the duties and responsibilities of their position.
- They shall not solicit, accept or agree to accept any gratuity for themselves, their families or others, which results in personal gain, and which may affect their impartiality in making decisions on the job.
- They shall not directly or indirectly use, take, dispose of, nor allow the use, taking or disposing of any property or resources belonging to any Contracting Authority.

2.5.2 Conflict of Interest

2.5.2.1 Contracting authorities shall reject a tender, or a request to participate, if the tenderer or candidate gives directly or indirectly, to any current officer a gratuity in any form, an employment or any other good or service of value, as an inducement with respect to an act or decision of, or procedure followed by, the Contracting Authority in connection with the awarding procedure or the tenderer or candidate is in circumstances of conflict of interest.

2.5.2.2 The Public Procurement Manual states that any rejection and the actual reasons for rejection are recorded in procurement proceedings and communicated officially to the candidate or tenderer concerned as soon as possible. However it also states that the decision may be subject to judicial review.
2.6 VALUE FOR MONEY

2.6.1 General Approach

2.6.1.1 The Public Procurement Manual defines Value for Money (VFM) as the optimal combination of whole life costs, service delivery and quality necessary to meet the end user’s requirements.

2.6.1.2 It also states that to ensure best VFM in public procurement, whole life costs need to be taken into account which includes capital, maintenance, management and operational costs. It also states that Contracting Authorities should also use their commercial influence to assist in improving the competitiveness of suppliers and it reinforces the fact that all procurement officials are responsible for ensuring that the best VFM is achieved throughout the procurement process.

2.6.1.3 The Public Procurement Manual also states that all goods and services procured by public authorities should, unless there are obvious and convincing reasons not to, be acquired using competitive practices as detailed in the previous section.

2.6.1.4 It also highlights that competition is dependant on the value and complexity of the goods or services but should be undertaken through open competition and Contracting Authorities are responsible for identifying suppliers most likely to offer best VFM and for encouraging them to submit a tender.

2.6.1.5 The Public Procurement manual states that Contracting Authorities also need to take into account the whole life costs when reviewing VFM as previously referred to.

2.7 PUBLIC PROCUREMENT METHODS

2.7.1 Introduction

2.7.1.1 The Public Procurement Agency states that the main types of procedures established in the Law and available to Contracting Agencies for public procurement in Albania are:

- Open procedure.
- Restricted procedure.
- Negotiated procedure with prior publication of a Contract Notice.
- Negotiated procedure without prior publication of a Contract Notice.
- Request for proposals procedure.
- Small value purchase procedure.
- Consultancy service procedure.
- Design contest procedure.
2.7.1.2 The Public Procurement Agency state that the ‘Open Procedure’ can always be used for public procurement. As shown below, a contract notice describing the main characteristics of the contract is prepared and published in the PAB and on PPA website and it is the tender documents that define in detail the content of the contract, its terms and conditions, and the award criteria.

- Prepare Contract Notice (CN) and Tender Documents (TD).
- Publish CN in Public Announcement Bulletin (PAB).
- Publish CN on the PPA website.
- Receive responses from interested companies.
- Provide TD to those companies that responded.
- Submission of tenders by relevant companies.
- Establishment of an Evaluation Commission.
- Undertake tender evaluation.
- Award contract.
- Contract Award Notice sent to PAB.
- The successful Tenderer is informed in writing.

2.7.1.3 It is stated that the minimum time period between the publication of the Contract Notice and submission of tenders should be 30 calendar days.

2.7.1.4 The Public Procurement Agency state that when a ‘Restricted Procedure’ is used, companies need to initially participate in a pre-qualification procedure and if successful, will be provided with the Tender Documents in order to submit a full and detailed tender.

2.7.1.5 The Public Procurement Agency recommends that there should be a minimum of five companies that are requested to submit tenders, provided that all of the companies satisfy the appropriate selection criteria. The Public Procurement Agency also states that the Contracting Authority may decide to cancel the procedure if the minimum number of companies is not achieved.

2.7.1.6 The Public Procurement Agency clearly states that negotiated procedures can only be used in exceptional and clearly defined circumstances and it is also stated that rules regarding transparency and confidentiality must be strictly applied, for example:

- All negotiations should be held separately with each tenderer.
- All information should be treated as confidential.
- Information about the process should not be revealed to third parties.
- Every tenderer must be subject to the same requirements, and be given the same information.
2.8 STANDARD TENDER DOCUMENTATION

2.8.1 Introduction

2.8.1.1 The Public Procurement Agency provide details of standard tender documentation and template documents to be used throughout the process and state that bidding documents form the basis of any subsequent contract and comprise the following:

- Instructions to Tenderers.
- Technical Specifications.
- Tender Form.
- Price Schedule Form.
- General Conditions of Contract.
- Contract Award.

2.8.1.2 The Public Procurement Agency states that a Specification is a statement of requirement and is also sometimes referred to as a Scope of Work. The PPA also state that the preparation of accurate specifications is a key element in any successful procurement. The PPA suggest that performance based specifications will include:

- A description of the work to be done;
- The output required, in amount and quantity;
- Quality and performance standards to be achieved;
- Measurement of performance of the product;
- Ancillary services required;
- Delivery schedule.

2.8.1.3 It is stated that specifications for services should wherever possible be output based and clearly detail the desired outcome including quality, performance and reliability levels, so that potential suppliers have the opportunity to suggest the best ways to achieve the requirements.

2.8.1.4 The PPA suggest that over prescription within a specification can greatly reduce the scope for suppliers to provide innovative responses and can increase the degree of risk carried by Contracting Authorities by excluding some suppliers who would be capable of the performance levels required.

2.8.1.5 The Public Procurement Agency state that Conditions of Contract are mandatory, and need to be used in all tendering exercises. The PPA state that Contracting Authorities will also need to decided whether any additional Special Conditions are applicable and state that individual Contracting Authorities must consult the Public Procurement Agency before making any amendment or qualification to Conditions of Contract.
2.9 CONTRACT AWARD

2.9.1 Introduction

2.9.1.1 The PPA state that on completion of Evaluation of Tenders, the Tender Evaluation Commission should produce an evaluation report and contract award recommendation.

2.9.1.2 The PPA also state that on receipt of the Evaluation Report, the Contracts Officer must ensure that the award recommendation is fully supported and that all aspects, including any clarification, conditioning, or Post Tender Negotiations are highlighted in the report.

2.9.1.3 The PPA suggest that an unqualified acceptance of the tenderer's offer will secure a contract and it is therefore essential to ensure that the contract is valid and correct before issuing the acceptance.

2.9.1.4 The PPA state that once the ‘approved for acceptance’ has been given, the successful tenderer should be notified in writing of the acceptance of the tender and award of contract.

2.9.1.5 The PPA states that the Contract Award letter is the final document which creates a legally binding contract between the organisation and the contractor. It also states that the Procurement Officer responsible should satisfy him/herself that all negotiations and outstanding issues are fully resolved, before the letter is issued.

2.10 OTHER ISSUES

2.10.1 The PPA state that other tenderers should be informed in writing that they were unsuccessful at the same time as the successful tenderer is notified of the award of contract.

2.10.2 The PPA guidance states that unsuccessful tenderers may want feedback on their bid, and although the amount of information that can be released will be dependant on the particular contract, an indication of the reasons and cost and the ranking should be provided but nothing that is commercial in confidence should be provided. A press notice should also be considered.

2.10.3 The PPA state that it is mandatory to immediately advise the PPA of all contracts issued and copies of all correspondence must be placed in the Contract File.
3. THE CURRENT STRUCTURE OF OUTSOURCING AT TUHC

3.1 OVERVIEW

3.1.1 Analysis of outsourcing at Tirana University Hospital Centre (TUHC) revealed that the hospital support services that are currently contracted to the private sector include the following:

- Patient catering services.
- Laundry services.
- Grounds cleaning services.

3.1.2 The Support Services Department and the Hotel Services Department at the hospital have recently undertaken a comprehensive review of the current domestic and cleaning service at the hospital. The review also includes an assessment of the budget for the tender as required by the Public Procurement Agency and it is this review that will form the basis of the service specification that will be included within the contract documentation.

3.1.3 Although it was initially planned that the hospital’s domestic and cleaning services were to be tendered in April 2009, it is our understanding that the overall programme has now been delayed due to recent changes that have taken place in regard to obtaining approval to issue tender documents.

3.2 PATIENT CATERING SERVICES

3.2.1 Background

3.2.1.1 Although the patient catering service at TUHC has been outsourced since 1995/1996, it was stated that the duration of the early contracts were much shorter than the current 7 year contract term recently awarded in August 2007 to a company named KPL ltd (AVANCA - 1).

3.2.1.2 It is our understanding that the service model has changed significantly since the original contract, when the private contractor was only responsible for the centralised production and preparation of meals. In the early contract, the distribution of the prepared meals and functioning of the ward based kitchens remained the responsibility of the hospital and hospital staff.

3.2.1.3 The original 1995/1996 service specifications were developed by TUHC and various work groups containing multi-disciplinary staff, including dieticians. The specific responsibilities of the work groups were to establish and prepare a schedule of special diets that were to be included within the original specifications.
3.2.1.4 In 1998 a schedule of general diets was developed by the Ministry of Health for use in all public hospitals in Albania. Although this schedule of diets was included in the 2007 tender documentation, provision was also included within the specification which allowed dieticians based at the hospital freedom to develop special diets as required by patients.

3.2.2 The Overall Process

3.2.2.1 The overall process used by TUHC for contracting out the patient catering service has been reviewed and compared to the guidance produced by the Public Procurement Agency (PPA) to ensure that the correct procedure has been followed.

3.2.2.2 Although the staff involved in the 2007 process are no longer at the hospital, IHG were given access to the confidential files and records and detailed examination revealed that the main elements of the process as specified by The Public Procurement Agency seem to have been followed including:

- The Initial estimation of contract value and budget.
- The establishment of an evaluation commission.
- Audit trail of documents and minutes of relevant meetings.
- Separation of staff involved in different parts of the process.
- Declaration forms for involved staff.
- Appropriate representation with a background in Law.
- Contract Notice publications and Postponement Notices.

3.2.2.3 There is concern over the number of companies that were involved in the overall tendering procedure. Although the prequalification procedure documents were not available, the records seem to indicate that only three companies were initially involved and one of these (Helios Catering) withdrew during the pre-qualification exercise that was used. The Public Procurement Agency (PPA) suggests that a minimum of five companies should be selected to encourage competition.

3.2.2.4 A further concern relates to the Notice Contract Form that was published in the United Kingdom based Financial Times on the 31 May 2007. The notice seems to incorrectly detail the duration of the contract and the deadline for submission of documents is not in line with recommendations from the PPA which suggest a minimum of 30 days.

3.2.2.5 Although the PPA guidance states that an Evaluation Report needs to be prepared as well as a contract award recommendation, IHG were not provided with an evaluation report or evidence that a report had been prepared by the TUHC evaluation commission and it is therefore assumed that the contract award seemed to be on the basis of the lowest price tender.
3.2.3 Contract Documentation and Service Specifications

3.2.3.1 The contract documentation consists of the actual contract between the supplier and TUHC as well as the detailed service specifications. IHG has undertaken a general review of these documents, where available, to ensure the content is consistent with PPA guidelines and best practice.

3.2.3.2 The contract for “cooking services, delivery and food serving to patients in yards of TUHC” dated 17th August 2008 consists of the following 39 articles and was dated 17 August 2008. It must be noted that the actual planned number of meals and price per portion is included within Article 2:

- Article 1 - Scope of Contract.
- Article 2 - Contract Price.
- Article 3 - Terms of Contract.
- Article 4 - Completion of the Contract.
- Article 5 - Definitions.
- Article 6 - Award of the Contract.
- Article 7 - The Contractor Obligations.
- Article 8 - Water and Electricity Power Supply.
- Article 9 - Permissions and Licenses.
- Article 10 - Personnel.
- Article 11 - Cooking Requirements.
- Article 12 - Food Program.
- Article 13 - Daily Portions of Food.
- Article 14 - Timetable.
- Article 15 - Hygiene (Sanitation Requirements).
- Article 16 - Food Serving.
- Article 17 - Food Delivering.
- Article 18 - Location.
- Article 19 - Professional Responsibility Insurance.
- Article 20 - Contract Price.
- Article 21 - Payment.
- Article 22 - Change in Laws and Regulations.
- Article 23 - Force Majeure.
- Article 24 - Delay and Extension of Time.
- Article 25 - Liquidated Damages Due to Delay.
- Article 26 - Negotiations and Amendments.
- Article 27 - Change of Orders.
- Article 28 - Termination for Failure in the Performance.
- Article 29 - Termination from Bankruptcy.
- Article 30 - Sanctions.
- Article 31 - Transfer of Rights.
- Article 32 - Performance Security.
• Article 33 - Law Governing Contract.
• Article 34 - Settlement of Disputes.
• Article 35 - Authority of Member In-Charge.
• Article 36 - Notices.
• Article 37 - Taxes.
• Article 38 - Inspection.
• Article 39 - Terms.

3.2.3.3 The general review of contract documentation has been based on a comparison against United Kingdom contracts for provision of services within a healthcare environment or hospital and as such does not represent a legal opinion of suitability or validity within the context of Albanian or other European law.

3.2.3.4 It is recommended that a number of ‘Conditions Precedent’ are outlined within future contract documentation in order to protect the Contracting Authority during the early stages of the contract implementation. It is suggested that the selected contractor should provide proof of the following in order for the contract to be validated:

• Funds related to refurbishment.
• Permissions and licenses for execution of services.
• Professional responsibility insurance.

3.2.3.5 The current contract documentation that has been provided could, in our opinion, be improved with the addition of a number of sections, as shown below:

• **Defined Terms and Interpretation** - A more comprehensive explanation of the terms included within the contract.
• **Performance Management** - A section detailing the ability of the Contracting Authority to submit a ‘Performance Notice’ relating to the dissatisfaction with performance against contract.
• **Employees** - A section highlighting responsibility of the Contractor in relation to staff used to provide the service and detailing that the Contracting Authority has, if required, the authority to refuse or remove staff that are deemed unsuitable.
• **Staff Hygiene and Health** - A more comprehensive and detailed explanation of the Contractor’s responsibilities in regard to staff hygiene and health.
• **Due Diligence** - A section detailing the requirement that the Contractor must ensure that they have an appropriate due diligence and risk management arrangements in place especially in regard to their suppliers.
Control and Supervision of Staff - A section detailing that the Contracting Authority has authority over the selection of the Contractor’s Contract Manager.

Health and Safety - A more comprehensive explanation of the responsibilities in regard the potential hazards in delivering the service.

Limitation of Liability - A section detailing the limitation of liability as a result of any breach of the terms of the Contract.

Variation - A more comprehensive explanation of the opportunity for the Contracting Authority to increase the locations where the service needs to be provided.

Assignment - A section detailing that the Contractor may not assign any part of the Contract without permission of the Contracting Authority.

Sub-Contracting - A section detailing that the Contractor may not sub-contract any part of the Contract without permission of the Contracting Authority.

Review - A section detailing that the Contractor must attend formal review meetings as requested by the Contracting Authority.

Penalties - A section detailing the financial penalties that could be levied against the Contractor for poor performance.

Environmental Considerations - A section detailing that the Contractor must comply with all environmental laws and regulations.

Re-Tendering and Handover - A section detailing that the Contractor must comply with all requests in relation to re-tendering and handover.

Transfer of Staff - A section detailing the Contractor’s responsibilities in relation to existing staff.

Confidentiality - A section detailing the Contractor’s responsibilities in relation to confidentiality.

Data Protection - A section detailing the Contractor’s responsibilities in relation to data protection legislation.

Inducements to Purchase - A section detailing the Contractor’s responsibilities in relation to anti-corruption legislation.

3.2.3.6 Although IHG have suggested additions to the current contract format, review of the contract against PPA guidance reveals that the following mandatory elements need to be included, some of which may have already been identified:

- Corruption practices.
- Confidential information.
- Intellectual property.
- Drawings, specifications.
- Packaging.
- Warranty.
- Quality.
• Rejection.
• Sub-contracting.
• Meetings and Reports
• Retention of Documentation.

3.2.3.7 IHG were also provided with an annex to the original contract which clarifies the cost to the Contractor of renting the kitchen space from TUHC as well as details relating to the economic inventory. A further contractual document dated 31\textsuperscript{st} December 2008 also detailed a price reassessment related to Article 20 and an inflationary adjustment for the period 17\textsuperscript{th} August 2008 to 16\textsuperscript{th} August 2009 of 2.5%.

3.2.3.8 The documents that have been provided and reviewed by IHG in relation to the detailed specification for the catering service at TUHC include the following:

- Terms of Reference:
  - Object and Scope of Services.
  - Tasks.
  - Distribution.
  - Location and Delivery of Service.

- Requirements for Main Staff.
- Technical Specification:
  - Kitchen Equipment.
  - Itemised Inventory.
  - Cleaning Materials.
  - Mini-Kitchen Equipment
  - List of Diets.

3.2.3.9 The description of the task, distribution, locations within the hospital as well as the overall delivery of services and the required equipment seems to be clear and unambiguous, as does the requirements for main staff.

3.2.3.10 The technical specification details the standard types of individual diets required by different categories of patients as well as the actual anticipated number of meals by diet that are required. The documentation does not detail the procedure for variations in delivered service against these very specific requirements.

3.2.3.11 Again, the documentation related to the specification of service has been based on a comparison against United Kingdom specifications for provision of services and the following omissions have been identified:
• Definitions.
• Compliance with Food Safety Regulations.
• Procurement, Storage and Preparation.
• Menu Development and Rotation.
• Food waste and Special Dietary Requirements.
• Service and Quality Standards
• Performance Parameters and Audit.

3.2.4 Contract Monitoring Procedures

3.2.4.1 The only reference to contract monitoring within the existing contract documentation is within ‘Article 12 - Food Program’ and ‘Article 13 - Daily Portions of Food’, as shown in the sub-articles below:

12.1 Quantity and quality of the food shall be in conformity with approved diets confirmed by the dietician doctor.

12.2 The food program will be approved from the Contractor as well. The Contractor shall apply the menu plan according to the diets which are part of the bidding documents

12.4 The food program shall ensure quantity, quality and appropriate calories. Quantity and quality of food will be according to Albanian laws.

13.1 Daily portions of food will be based on approved diets in the bidding documents.

13.2 Hotelier Department shall prepare and submit to the Contractor, before 12:00, a signed summary of daily portions.

13.3 Hotelier Department will prepare a monthly summary of food portions which will be signed by both parties.

3.2.4.2 The above sub-articles demonstrate that there are extremely limited monitoring procedures related to the quantity of the catering service provided at TUHC, and the only reference to the required quality standards or monitoring of service quality are contained within sub-article 12.4 shown above and ‘Article 38 - Inspection’, as shown below:

38.1 The authorised representative of the CA shall be entitled to perform food and cleaning quality controls with attendance of the authorised representative of the Contractor.

3.2.5 Actual Contract Monitoring Experience

3.2.5.1 IHG have investigated the actual contract monitoring process used by TUHC, which primarily involves staff within the Hotel Services Department at the hospital reconciling daily meal orders from wards and communicating the summarised requirements to the Contractor, as specified in the contract documentation.
3.2.5.2 Although the Head Dietician at TUHC has the authority to perform quality based controls on prepared food to standards specified within Albanian law (Article 38.1), it is our understanding that it is not undertaken, as analytical testing facilities, capable of testing calorific and other food content are currently unavailable within the hospital or the country.

3.2.5.3 It was stated that the Food Hygiene Director undertakes a number of random visits to the kitchen at TUHC each year to ensure good standards of food preparation and storage are being maintained, but there is no mention of this requirement within the contract documentation and we were not provided with any evidence of the results of any visits or inspections.

3.2.5.4 The majority of the routine contract monitoring of the catering service would seem to be undertaken at ward level by the individual ward managers. Although the ward managers do not have defined criteria or official guidelines on monitoring the quality of the service, it is our understanding that they will address the vast majority of minor patient complaints at ward level with Contractor’s staff.

3.2.5.5 The Hotel Services Department confirmed that more serious complaints and non-compliance by the Contractor that are identified at ward level are reported as soon as they occur. Although there is no reference to this procedure within the contract documentation or specification, the locally developed procedures seem to identify most cases of poor performance by the Contractor.

3.2.5.6 Although the Dietician from the Hotel Services Department does work closely with the Contractor in regard to recipes and the requirements of special diets, reference to this within the contract documentation and specification is very limited.

3.2.6 Costs and Benefits

3.2.6.1 There is no official satisfaction information available relating to the historical performance of the catering service at TUHC, but anecdotal evidence suggests that the quality of food produced by the in-house hospital team prior to the first tendering exercise in 1995/1996 was extremely poor and it is believed that this had influenced the initial decision to outsource the service.

3.2.6.2 Satisfaction information relating to the current catering service is not collected and therefore it is not possible to fully assess the benefits of the outsourcing process. However, ward based managers consulted during the process confirmed that there has been a significant improvement in the quality of the food as well as the overall service, including the operation of the ward based kitchens, since the service had been outsourced.
3.2.6.3 There is no doubt that the recent investment made by the Contractor in new catering equipment and the refurbishment of departmental buildings has significantly improved the catering facilities available and has contributed to an increase in the perceived quality of patient meals.

3.2.6.4 Although costs relating to the in-house service were not available, the internal TUHC report dated 18th April 2007 detailed that the limit fund (maximum contract value) for the proposed catering contract excluding Value Added Tax (VAT) was L178,266,670 approximately 1,365,704 Euros.

3.2.6.5 Although the actual contract value in the contract documentation was L178,264,197 or 99.9% of the limit fund, the inflationary adjustment for the period 17th August 2008 to 16th August 2009 was L182,720,902 excluding VAT.

3.2.6.6 Although costing information related to the input of management time to the outsourcing process and management of the contract is not available, TUHC provided financial information relating to the actual costs in 2008, excluding inflationary payments as shown below:

Table 2: Actual Catering Contract Costs including VAT (2008)

<table>
<thead>
<tr>
<th>MONTH</th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>15,542,678</td>
</tr>
<tr>
<td>February</td>
<td>16,363,063</td>
</tr>
<tr>
<td>March</td>
<td>17,089,905</td>
</tr>
<tr>
<td>April</td>
<td>16,413,547</td>
</tr>
<tr>
<td>May</td>
<td>17,011,125</td>
</tr>
<tr>
<td>June</td>
<td>16,152,242</td>
</tr>
<tr>
<td>July</td>
<td>14,948,117</td>
</tr>
<tr>
<td>August</td>
<td>13,711,328</td>
</tr>
<tr>
<td>September</td>
<td>15,051,749</td>
</tr>
<tr>
<td>October</td>
<td>16,369,833</td>
</tr>
<tr>
<td>November</td>
<td>16,261,907</td>
</tr>
<tr>
<td>December</td>
<td>15,400,860</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>190,316,334</strong></td>
</tr>
</tbody>
</table>

Source: TUHC (2009)

3.2.7 Summary

3.2.7.1 Although the review of the outsourcing process and contract documentation related to the catering service at TUHC has revealed that the process undertaken was generally in line with PPA guidelines, it has highlighted that the contract and the service specification need to be more comprehensive, especially in relation to the required quality, monitoring of actual quality, penalties and the non-financial evaluation process needs to be improved.
3.2.7.2 It is generally accepted that the quality of service has improved significantly since outsourcing has been introduced, but there is a concern related to whether the outsourcing process has actually delivered a better value for money service. IHG were unable to compare the cost of the previous in-house service against the outsourced process as financial information was not available, but it is probable that the recent significant investment in buildings and equipment has led to a more costly overall service.

3.2.7.3 Although the agreed contract price was within the specified limit fund, it is felt that the lack of companies that were pre-qualified potentially reduced the scope for achieving the best value for money. It is felt that the lack of participation was directly related to a combination of an overly prescriptive specification as well as the key requirement to initially invest a significant amount of funds in the refurbishment of facilities.

3.3 LAUNDRY SERVICES

3.3.1 Background

3.3.1.1 The laundry service at TUHC was outsourced to a company named Avanca/Sori-Al in October 2007. It is our understanding that this is the first time that the laundry services at the hospital have been contracted to a private company and allowance was therefore made for an implementation period up to the end of March 2008.

3.3.1.2 During this implementation period, refurbishment works and installation of new laundry equipment was undertaken by the chosen contractor, 'Avaanca - 1 Ltd in association with Sori-Al Ltd' as well as the transfer of many of the in-house staff.

3.3.2 The Overall Process

3.3.2.1 The overall process used by TUHC for contracting out the laundry service has been reviewed and compared to the guidance produced by the PPA to ensure that the correct procedure was followed.

3.3.2.2 As previously mentioned, staff involved in the 2007 process are no longer at the hospital, but IHG were again given access to the confidential files and records. Although prequalification documents were not available, it would seem that there were internal and external concerns regarding some elements of the process, as the Internal Audit Department at TUHC was asked to conduct an audit into the approach used.

3.3.2.3 The conclusion of the TUHC internal audit report dated 2nd October 2007 was that procedures were generally followed but it highlighted that the Procurement Unit had failed to correctly advertise the announcement in a European newspaper and the Chief of the Contracting Authority had not issued an ‘Approval to Proceed’ following the evaluation of tenders.
3.3.2.4 Although the Internal Audit report stated that no advertisement was placed in a European newspaper, IHG were provided with a Notice Contract Form that was published in the United Kingdom based Financial Times on the 31 May 2007. However, as previously mentioned, the notice seems to incorrectly detail the duration of the contract and the deadline for submission of documents is not in line with recommendations from the PPA which suggest a minimum of 30 days.

3.3.2.5 It would also seem that the Public Procurement Agency (PPA) also received a complaint from one of the companies involved in the tendering procedure concerning an unreasonable disqualification from the prequalification procedure.

3.3.2.6 The Administrative and Anticorruption Internal Control Department issued a report on the 15th February 2007 concerning the pre-qualification procedure which concluded that there were some irregularities on procurement procedures resulting in the incorrect qualification of two temporary joint ventures. The conclusion of the PPA investigation was that the tendering procedure should be cancelled.

3.3.2.7 Again, as highlighted in the previous section, IHG were not provided with an evaluation report concerning the laundry tenders or evidence that a report had been prepared by the TUHC evaluation commission. As with the catering contract, it is therefore assumed that the laundry contract was awarded to the lowest price tenderer.

3.3.2.8 As detailed in the review of the catering process, there is concern over the number of companies that were involved in the overall tendering procedure. The records seem to indicate that only three companies were initially involved. The Public Procurement Agency (PPA) suggests that a minimum of five companies should be selected to encourage competition.

3.3.3 Contract Documentation and Service Specifications

3.3.3.1 The contract documentation consists of the actual contract between the supplier and TUHC as well as the detailed service specifications. IHG has undertaken a general review of these documents, where available, to ensure the content is consistent with PPA guidelines and best practice.

3.3.3.2 The contract for “Laundry and Hotelier Services, into yards of TUHC” dated 10th October 2007 consists of the following 30 articles. It must be noted that the actual planned quantity of laundry is included within Article 2:

- Article 1 - Scope of Contract.
- Article 2 - Contract Price.
• Article 3 - Terms of Contract.
• Article 4 - Completion of the Contract.
• Article 5 - Definitions.
• Article 6 - Award of the Contract.
• Article 7 - The Contractor Obligations.
• Article 8 - Water and Electricity Power Supply.
• Article 9 - Permissions and Licenses.
• Article 10 - Personnel.
• Article 11 - Location.
• Article 12 - Professional Responsibility Insurance.
• Article 13 - Contract Price.
• Article 14 - Payment.
• Article 15 - Change in Laws and Regulations.
• Article 16 - Force Majeure.
• Article 17 - Delay and Extension of Time.
• Article 18 - Liquidated Damages Due to Delay.
• Article 19 - Negotiations and Amendments.
• Article 20 - Change of Orders.
• Article 21 - Termination for Failure in the Performance.
• Article 22 - Termination for Bankruptcy
• Article 23 - Sanctions
• Article 24 - Transfer of Rights.
• Article 25 - Performance Security.
• Article 26 - Law Governing Contract.
• Article 27 - Settlement of Disputes.
• Article 28 - Authority of Member In-Charge.
• Article 29 - Notices.
• Article 30 - Terms.

3.3.3.3 The general review of contract documentation has been based on a comparison against United Kingdom contracts for provision of services within a healthcare environment or hospital and as such does not represent a legal opinion of suitability or validity within the context of Albanian or other European law.

3.3.3.4 It is recommended that a number of ‘Conditions Precedent’ are outlined within future contract documentation in order to protect the Contracting Authority during the early stages of the contract implementation. It is suggested that the selected contractor should provide proof of the following in order for the contract to be validated:

• Funds related to refurbishment.
• Permissions and licenses for execution of services.
• Professional responsibility insurance.
3.3.3.5 The current contract documentation that has been provided could, in our opinion, be improved with the addition of a number of sections, as shown below:

- **Defined Terms and Interpretation** - A more comprehensive explanation of the terms included within the contract.
- **Performance Management** - A section detailing the ability of the Contracting Authority to submit a ‘Performance Notice’ relating to the dissatisfaction with performance against contract.
- **Employees** - A section highlighting responsibility of the Contractor in relation to staff used to provide the service and detailing that the Contracting Authority has, if required, the authority to refuse or remove staff that are deemed unsuitable.
- **Control and Supervision of Staff** - A section detailing that the Contracting Authority has authority over the selection of the Contractor’s Contract Manager.
- **Health and Safety** - A more comprehensive explanation of the responsibilities in regard to the potential hazards in delivering the service.
- **Limitation of Liability** - A section detailing the limitation of liability as a result of any breach of the terms of the Contract.
- **Variation** - A more comprehensive explanation of the opportunity for the Contracting Authority to increase the locations where the service needs to be provided.
- **Assignment** - A section detailing that the Contractor may not assign any part of the Contract without permission of the Contracting Authority.
- **Sub-Contracting** - A section detailing that the Contractor may not subcontract any part of the Contract without permission of the Contracting Authority.
- **Review** - A section detailing that the Contractor must attend formal review meetings as requested by the Contracting Authority.
- **Environmental Considerations** - A section detailing that the Contractor must comply with all environmental laws and regulations.
- **Re-Tendering and Handover** - A section detailing that the Contractor must comply with all requests in relation to re-tendering and handover.
- **Transfer of Staff** - A section detailing the Contractor’s responsibilities in relation to existing staff.
- **Confidentiality** - A section detailing the Contractor’s responsibilities in relation to confidentiality.
- **Data Protection** - A section detailing the Contractor’s responsibilities in relation to data protection legislation.
- **Inducements to Purchase** - A section detailing the Contractor’s responsibilities in relation to anti-corruption legislation.
3.3.3.6 Although IHG have suggested additions to the current contract format, review of the contract against PPA guidance reveals that the following mandatory elements need to be included, some of which may have already been identified:

- Corruption practices.
- Confidential information.
- Intellectual property.
- Drawings, specifications.
- Packaging.
- Warranty.
- Quality.
- Rejection.
- Sub-contracting.
- Meetings and Reports
- Retention of Documentation.

3.3.3.7 The documents that have been provided and reviewed by IHG in relation to the detailed specification for the laundry service at TUHC include the following:

- Services and Performance Period.
- Terms of Reference.
  - Subject and Objectives.
  - Obligations.
  - Delivery.
  - Place and Delivery of the Services.
- Requirements for Main Staff.
- Technical Specification:
  - Introduction.
  - Specific Requirements to the Contractor

3.3.3.8 The description of the task, distribution, locations within the hospital as well as the overall delivery of services and the required equipment seems to be clear and unambiguous, as does the requirements for main staff.

3.3.3.9 The technical specification details the exact requirements of the weight of laundry that needs to be processed, as well as the number and exact dimensions of the soft inventory that needs to be maintained by the chosen Contractor.

3.3.3.10 Again, the documentation related to the specification of service has been based on a comparison against United Kingdom specifications for provision of services and the following omissions have been identified:
• Definitions.
• Compliance with TUHC Infection Policy.
• Procedures in Relation to Infected Linen.
• Compliance with Fire Safety Regulations.
• Service and Quality Standards
• Performance Parameters.
• Audit.

3.3.4 Contract Monitoring Procedures

3.3.4.1 The only reference to contract monitoring within the existing contract documentation is within ‘Article 7 - The Contractor Obligations’, as shown in the sub-articles below:

7.1 The Contractor shall perform all services according to technical specifications set forth in bidding documents.

7.6 The Contractor shall perform the respective services according the modalities and deadlines set forth in technical specifications.

3.3.4.2 The above sub-articles demonstrate that there are extremely limited monitoring procedures related to the quantity of the catering service provided at TUHC, and there does not seem to be any reference to the required quality standards or monitoring of service quality within the contract documentation.

3.3.4.3 Within the specification documents, there is also limited reference to contract monitoring and penalties for non-performance, as shown by some of the clauses below:

‘The process of delivery of the inventory in the pavilions shall be accompanied by a formal document signed by the authorised personnel of the pavilion and the authorised personnel of the contractor.’

‘The delivery form shall be signed by the representatives of the parties to the contract and a copy of it shall be delivered everyday at the Hotel Department, which compiles a comprehensive report for the entire UHC. The comprehensive data are reconciled at the end of every month with the Contractor and they serve as a basis for the payments to the contractor for the work completed based on the cost of 1KG of dry inventory.’

‘When the Contractor does not perform the replacement of beds’ inventory as scheduled, the TUHC representative upon a complaint submitted by the pavilion, presents a written report which confirms non-completion of the services.’
'The written reports on amounts to be withdrawn or penalties shall have effect on the next monthly payment. The reports can be appealed by the Contractor at the TUHC Directorate within the coming month. If this deadline expires the reports shall be considered as accepted by the parties and no further appeal can be made either at the TUHC Directorate or court.'

3.3.4.4 The specified contract monitoring procedures again would seem to directly involve the ward managers reconciling their individual orders of laundry on a quantity and weight basis.

3.3.5 **Actual Contract Monitoring Experience**

3.3.5.1 IHG have investigated the actual contract monitoring process used by TUHC, and as specified in contractual documentation involves ward based staff reconciling their twice weekly orders of linen within the Laundry Department in advance of the actual delivery.

3.3.5.2 Although there are no specified quality based controls, defined criteria or official guidelines on monitoring the quality on the laundry that is provided to the wards, as found within the catering service, ward managers report any non-compliance or quality issues to the Hotel Services Department.

3.3.5.3 The Hotel Services Department confirmed that more serious complaints and non-compliance by the Contractor that are identified at ward level are reported as soon as they occur. Although there is no reference to this procedure within the contract documentation or specification, the locally developed procedures again seem to identify most cases of poor performance by the Contractor.

3.3.6 **Costs and Benefits**

3.3.6.1 There is no official satisfaction information available relating to the historical performance of the laundry service at TUHC, but anecdotal evidence suggests that the quality of laundry service provided by the in-house hospital team prior to the tendering exercise was extremely poor and it is believed that this had influenced the initial decision to outsource the service.

3.3.6.2 It was reported that the quality of the previous in-house service was so poor that it led some departments to purchase their own equipment in order to provide a ward based laundry service.

3.3.6.3 Satisfaction information relating to the laundry service is not collected but ward based managers that were consulted confirmed that there has been a significant improvement in, not only the quality of the laundry service, but also the general availability of linen as significant amounts of new stock were purchased by Avanca/Sori-Al as an initial part of the contract.
3.3.6.4 However, as with the catering service, the recent investment made by the Contractor in new laundry equipment and the refurbishment of departmental buildings has significantly improved the facilities available and has in effect contributed to an increase in the perceived quality of the service.

3.3.6.5 Although the internal TUHC audit report dated 2nd October 2007 confirmed that the limit fund for the proposed laundry contract including Value Added Tax (VAT) was L166,686,000 approximately 1,294,849 Euros, it would seem that many adjustments were made to the original limit fund of L171,991,200 dated 16th March 2009.

3.3.6.6 The actual contract value in the contract documentation dated 10 October 2007 was L165,814,279 or 99.5% of the limit fund.

3.3.6.7 Although costing information related to the input of management time to the outsourcing process and management of the contract is not available, TUHC provided financial information relating to the actual costs in 2008, excluding inflationary payments as shown below:

**Table 3: Actual Laundry Contract Costs including VAT (2008)**

<table>
<thead>
<tr>
<th>MONTH</th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>2,993,592</td>
</tr>
<tr>
<td>February</td>
<td>3,076,987</td>
</tr>
<tr>
<td>March</td>
<td>2,806,420</td>
</tr>
<tr>
<td>April</td>
<td>5,370,272</td>
</tr>
<tr>
<td>May</td>
<td>10,182,865</td>
</tr>
<tr>
<td>June</td>
<td>15,724,260</td>
</tr>
<tr>
<td>July</td>
<td>18,171,073</td>
</tr>
<tr>
<td>August</td>
<td>18,843,792</td>
</tr>
<tr>
<td>September</td>
<td>18,091,832</td>
</tr>
<tr>
<td>October</td>
<td>19,689,634</td>
</tr>
<tr>
<td>November</td>
<td>17,292,900</td>
</tr>
<tr>
<td>December</td>
<td>17,782,156</td>
</tr>
<tr>
<td>TOTAL</td>
<td>150,025,783</td>
</tr>
</tbody>
</table>

*Source: TUHC (2009)*

3.3.6.8 It was reported that the workload predictions contained within the original specification were flawed and the contract, in the latter part of 2008, was running at approximately 20% over agreed levels due to a significant increase in demand. The table shown above would seem to indicate that the actual overall costs for the second half of 2008 were well above the contracted cost.
3.3.6.9 However the Contract Manager stated that in the early part of 2009, TUHC had begun to reduce demand in line with the contract and this was confirmed by ward managers who reported that service levels had reduced significantly in the first quarter of 2009.

3.3.7 Summary

3.3.7.1 Although the review of the outsourcing process and contract documentation related to the laundry service at TUHC has revealed that there were some irregularities that caused an internal and external audit to take place, the major problem was related to the pre-qualification of two companies that were temporary joint ventures and did not satisfy public procurement regulations.

3.3.7.2 The review of the contract and the service specification has highlighted that they need to be more comprehensive, especially in relation to the required quality and monitoring of actual quality.

3.3.7.3 It has also highlighted the importance of accurately predicting the required service levels and although it is generally accepted that the quality of service has improved significantly since outsourcing has been introduced, there is a concern related to whether the outsourcing process has actually delivered a better value for money service.

3.3.7.4 IHG were unable to compare the cost of the previous in-house service against the outsourced process as financial information was not available, but it is probable that the recent significant investment in buildings and equipment has led to a more costly overall service.

3.3.7.5 As with the catering contract, it is felt that the lack of companies that were pre-qualified potentially reduced the scope for achieving the best value for money and again, the key requirement to initially invest a significant amount of funds in the refurbishment of laundry facilities may have precluded a number of interested companies from bidding.

3.3.7.6 However there is no doubt that the recent investment in laundry equipment and the refurbishment of departmental buildings has significantly improved the laundry facilities available.

3.4 INTERNAL CLEANING SERVICES

3.4.1 Background

3.4.1.1 The cleaning service at TUHC is currently delivered by an in-house team, as the overall programme for outsourcing has now been delayed due to recent changes that have taken place in regard to obtaining approval to issue tender documents.
3.4.1.2 Currently the internal cleaning service is organised at service level and is generally decentralised. The existing service is managed on an operational basis by the nursing staff within the individual areas of the hospital and the Hotel Services Department are responsible for the supply of cleaning and other materials.

3.4.1.3 Although the Head Nurse is supposed to be responsible for the organisation of cleaning staff and should directly control the execution of cleaning service, it is our understanding that the service quality is generally poor because the nurses do not seem to consider the performance of the cleaning service as a core responsibility.

3.4.2 The Current Service

3.4.2.1 The cleaning services at TUHC are divided into the different specialties that are available and classified into risk categories. It is our understanding that the internal surface of hospital facilities is 71,609 m² which is separated into the following categories:

- High risk areas (32,228m²) including all surgery services, laboratories, urology, intensive care, paediatric infectious diseases, infectious diseases hospital, oncology and plastic surgery.
- Medium risk areas (35,416m²) including ENT, pathology, dermatology, X-Ray areas, paediatrics, dentistry, psychiatry, rehabilitation and pharmacies.
- Low risk areas (3,965m²) including the administration building, biomedical building and other areas.

3.4.2.2 The cleaning schedules are based on the actual categorisation, high risk areas are cleaned four times a day, medium risk areas are cleaned three to four times a day and low risk areas are cleaned twice a day.

3.4.2.3 It is not clear what the detailed quality monitoring procedures are currently used at TUHC, but it would seem that the senior nurses in each of the individual areas are responsible for ensuring that cleaning service is undertaken to an acceptable standard.

3.4.3 Anticipated Service Changes

3.4.3.1 A recent internal review of the cleaning service at TUHC, undertaken in advance of the anticipated tendering process, recommended that the cleaning service should be generally reorganised in order to improve the quality of the overall service.
3.4.3.2 The review suggested that nursing staff should not be responsible for organisation and management of cleaning services at TUHC but should be tasked with supervision of cleaning staff and quality monitoring of the service in order to concentrate on clinical duties.

3.4.3.3 The review also concluded that the outsourcing of the cleaning service would increase the overall control of the service and would therefore be more effective and result in a lower overall cost.

3.4.4 The Limit Fund

3.4.4.1 Although the review suggested that the cost of the contract would be L292,153,208 including Value Added Tax (VAT) and it was also suggested that the contract should be awarded for a 7 year term, a formal notice from the Board of Directors of the hospital dated 30 April 2007 stating that the contract limit fund would be L319,871,529.

3.4.5 Summary

3.4.5.1 Although it was the intention to outsource the internal cleaning services at TUHC, the programme has been delayed and the service continues to be delivered by the in-house team.

3.5 GROUNDS CLEANING SERVICES

3.5.1 Background

3.5.1.1 The grounds maintenance service at TUHC was outsourced to a company named JON2002 in September 2008. Although there had been a previous outsourcing exercise in 2006 and the contract had been awarded to another provider, initially on a yearly contract, the hospital extended that contract for an additional term of 1 year.

3.5.1.2 The last tendering exercise in 2008 involved 5 companies and the contract was awarded to the current provider on a 3 month basis and we believe that the contract has more recently been extended for an additional 3 month term.

3.5.2 The Overall Process

3.5.2.1 IHG were not provided with details of the process or access to confidential tendering files or the contract documentation so are unable to assess the appropriateness of the overall tendering exercise or the relevant contract documentation and specifications.
3.5.3 Internal Report

3.5.3.1 An internal study relating to the budget calculation dated 16th April 2007 was provided which reported that the previous contract was extended until the end of May 2007 and following the impending tendering process, the new contract should be for a term of 7 years.

3.5.3.2 The objective of the report was to confirm the Terms of Reference and technical specification for the tendering exercise and based on the outcome develop a limit fund for the outsourced service. The detailed scope of the study included:

- Cleaning.
- Disinfection and washing of areas within TUHC.
- Removal of waste.
- Maintenance of green areas.

3.5.3.3 The report stated that total external area of TUHC was 116,000m² and the selected company would need to cover all expenses related to tools and equipment. It would also seem that the limit fund of L27,871,918 was significantly higher than the 2007 approved Ministry of Health budget of around L9,000,000.

3.5.4 Contract Monitoring Procedures

3.5.4.1 Although it is unclear what formal contract monitoring procedures and arrangements are included in the actual contract documentation, the minutes of a contract performance meeting provided to IHG highlighted that representatives of the hospital and the contractor were present at the meeting.

3.5.4.2 The minutes seem to indicate that a review meeting takes place on a monthly basis and relates to the delivered service and the invoice issued by the contractor. There would also seem to be a daily control chart for each of the individual tasks that is also reviewed as part of the process.

3.5.5 Actual Contract Monitoring Experience

3.5.5.1 The minutes of the contract performance meeting highlight that there is some degree of contract monitoring related to monthly payment of invoices, but the actual process of quality monitoring remains unclear.

3.5.6 Costs and Benefits

3.5.6.1 Although costing information related to the input of management time to the outsourcing process and management of the contract is not available, TUHC provided financial information relating to the actual costs in 2008, excluding inflationary payments as shown below:
Table 4: Actual External Cleaning Contract Costs including VAT (2008)

<table>
<thead>
<tr>
<th>MONTH</th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>811,016</td>
</tr>
<tr>
<td>February</td>
<td>386,883</td>
</tr>
<tr>
<td>March</td>
<td>-</td>
</tr>
<tr>
<td>April</td>
<td>-</td>
</tr>
<tr>
<td>May</td>
<td>-</td>
</tr>
<tr>
<td>June</td>
<td>831,287</td>
</tr>
<tr>
<td>July</td>
<td>-</td>
</tr>
<tr>
<td>August</td>
<td>135,600</td>
</tr>
<tr>
<td>September</td>
<td>-</td>
</tr>
<tr>
<td>October</td>
<td>2,750,801</td>
</tr>
<tr>
<td>November</td>
<td>1,817,219</td>
</tr>
<tr>
<td>December</td>
<td>1,823,351</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>8,556,157</strong></td>
</tr>
</tbody>
</table>

Source: TUHC (2009)

3.5.7 Summary

3.3.7.1 Although IHG were unable to review the outsourcing process and contract documentation related to the grounds cleaning service at TUHC, it would seem that the current contract is progressing satisfactorily providing an acceptable quality of service.

3.6 CONCLUSION

3.6.1 The review of the outsourcing process at TUHC has revealed that the catering, laundry and grounds cleaning service have all been contracted to private entities and the internal cleaning service which is currently provided by the hospital, is planned to be outsourced in the near future following some procedural delays that have recently occurred.

3.6.2 It is our understanding that TUHC adopted a limited procedure for the outsourcing process and although IHG were not given access to the documents related to the pre-qualification exercise, it is clear that only a limited number of companies were short-listed from the large number of initial responses that were received.

3.6.3 Although all of the contract prices were within the specified limit fund, it is considered that the low number of companies that were pre-qualified potentially reduced the scope for achieving the best value for money. The lack of participation may also be related to a combination of an overly prescriptive specification as well as the key requirement especially within the catering and laundry contract, to initially invest a significant amount of funds in the refurbishment of facilities and equipment.
3.6.4 The estimation of the value of contracts in advance of the tendering process, otherwise known as the 'limit fund' is an extremely important element of public procurement and ensures that sufficient funding is available. However the practice of publishing the limit fund as part of the contract notice needs to be considered, as it again reduces the potential for achieving value for money, as highlighted in the review of the TUHC outsourcing process where the vast majority of bids were extremely close to the actual limit fund.

3.6.5 Apart from some minor discrepancies, the overall process used by TUHC for outsourcing the three services would seem to be generally in line with recommendations and guidance produced by the Public Procurement Agency (PPA). However it is apparent that there was a significant irregularity with the short-listing selection exercise specifically related to the laundry contract.

3.6.6 A subsequent independent audit conducted by the PPA revealed that a number of temporary joint venture companies were incorrectly shortlisted and recommended that the process should be cancelled highlighting the complicated nature and requirements of public tendering regulations.

3.6.7 A review of the contract documentation and specifications has highlighted that although the documents generally follow PPA guidelines, additional content is required in some areas, especially concerning quality control and contract monitoring, in order for them to compare well with international best practice.

3.6.8 Anecdotal evidence suggests that the catering and laundry service provided by the in-house teams were very poor, but the reasons for the poor level of service do not seem to have been fully investigated. It would seem that the opportunity of improving and investing additional resource in the in-house team was not considered by TUHC and it is therefore unclear as to whether the current contract price represents a lower cost alternative than an improved and restructured in-house team.

3.6.9 There is no doubt that the quality of the catering and laundry services has improved significantly since the services were outsourced, but again much of this assessment is based on anecdotal comments made by staff at the hospital during the research period, as there have been, and remain no formal quality measures in place to allow any realistic comparison.

3.6.10 IHG have also been unable to compare the overall cost of the services prior to the outsourcing process as historical financial information relating to the in-house services was not available. Although the costs related to all the outsourced catering, laundry and cleaning services in 2008 was £348,898,274, it is generally thought that the operational costs of the outsourced services are higher than previous in-house services, it is not possible to ascertain the actual amount or percentage.
3.6.11 This would seem to be the major issue that needs to be addressed in order to fully understand the benefits of outsourcing services at further regional hospitals in Albania. As previously mentioned, the quality of services at TUHC has probably improved significantly as a result of the outsourcing process, but at present we are unable to ascertain the financial situation and therefore unable to make a judgement regarding value for money provided by the outsourced services.

3.6.12 A further issue that needs to be addressed in regard to the expansion of outsourcing at other hospitals is the general format of the service specifications as the specifications used by TUHC were very prescriptive and as previously mentioned, the PPA suggest that over prescription within a specification can greatly reduce the scope for potential suppliers to provide innovative responses.
4. EXPANSION OF OUTSOURCING IN ALBANIAN HOSPITALS

4.1 INTRODUCTION

4.1.1 It is our understanding that the general strategy is to expand the outsourcing of certain non-clinical support services to around a further 15 major regional and university hospitals in Albania and the process by which this is undertaken needs to take account of the experiences at TUHC.

4.1.2 Historically outsourcing in public healthcare institutions has most often been a response to the need for hospitals to solve particular issues relating to quality of service or cost containment. However in some cases the process of outsourcing has been used in order to produce cost savings through changes in service patterns or through general efficiencies that can be provided by a private sector partner.

4.1.3 The following sub section summarises the results of a literature search undertaken on general outsourcing theory in order to provide some background information on the benefits and risks of outsourcing as well as the practice of outsourcing.

4.2 BACKGROUND

4.2.1 It is generally accepted that hospital organisations core competencies relate to provision of clinical services and the availability of special technical expertise in some of the non-core functions is sometimes not available and therefore should ideally be outsourced to companies whose expertise is specifically related to delivery of the services concerned.

4.2.2 The Outsourcing Institute undertook a survey in the late 1990’s in order to ascertain the reasons why a range of organisations had outsourced services as shown below:

<table>
<thead>
<tr>
<th>RANK</th>
<th>REASON</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reduce and control operating costs</td>
</tr>
<tr>
<td>2</td>
<td>Improve organisational focus</td>
</tr>
<tr>
<td>3</td>
<td>Gain access to world-class capabilities</td>
</tr>
<tr>
<td>4</td>
<td>Free internal resources for other purposes</td>
</tr>
<tr>
<td>5</td>
<td>Resources not available internally</td>
</tr>
<tr>
<td>6</td>
<td>Accelerate reengineering benefits</td>
</tr>
<tr>
<td>7</td>
<td>Function difficult to manage and control</td>
</tr>
<tr>
<td>8</td>
<td>Make capital funds available</td>
</tr>
<tr>
<td>9</td>
<td>Share risks</td>
</tr>
<tr>
<td>10</td>
<td>Cash infusion</td>
</tr>
</tbody>
</table>

Source: The Outsourcing Institute (1998)
4.2.3 Although it is believed that these drivers remain valid, it is critically important for organisations to ensure that the expected benefits of any outsourcing programme outweigh the costs of implementation of the overall process which includes management time related to the initial tendering exercise and ongoing monitoring throughout the term of the contract.

4.2.4 Research has identified that even though outsourcing in the healthcare sector can have many benefits, it has to be managed successfully and requires senior managers to have an understanding of the outsourcing strategy, the benefits and risks of outsourcing, the evaluation process as well as detailed knowledge of contract management techniques.

4.2.5 The literature suggests that while outsourcing may be a viable strategy for controlling costs and achieving competitive advantage in most industries, a report issued in 1997 highlighted that it may not be a viable strategy for service industries and suggests that there are a number of key issues that need to be addressed including:

- Will outsourcing assist in achieving strategic goals?
- What are the specific benefits and risks?
- How can success be ensured?

4.2.6 The basic principle of outsourcing is that a specialist company is capable of delivering a particular service more efficiently than an in-house operation because there is the inherent advantage in specialising in delivering these services in terms of:

- Superior technology.
- Management skills.
- Economies of scale.

4.2.7 As previously mentioned, outsourcing is usually considered in order to reduce or control costs and enhance efficiency, but this is only one of several benefits of outsourcing. Other benefits of outsourcing can be that it enables an organization to adapt quickly to a rapidly changing environment without committing internal resources and reconfiguring entire processes to generate value across the organisation.

4.2.8 Healthcare organisations outsource for the same reasons as firms in general industry and the rapid growth in expenditures around the world on external relationships indicates an increased awareness by healthcare organisations of the value of external sourcing.

4.2.9 However, in a service industry such as healthcare, outsourcing may possibly undermine the core competencies of the organisation for its future capability and future development and therefore outsourcing must be considered as offering both benefits and risks.
4.2.10 Research has also highlighted that healthcare organisations are recognising that outsourcing for short term cost reduction does not yield as much benefit as adopting outsourcing for a longer term. Long term benefits include access to greater knowledge and access to innovative service ideas and the possibility of creative solutions.

4.2.11 However healthcare organisations that require changes in service quality and overall service costs also have the option to reorganise their in-house teams or departments and there are many methods by which these changes can be achieved.

4.3 OVERVIEW

4.3.1 The primary reasons for outsourcing services at TUHC are unknown, but the review of the overall process at the hospital highlighted two key benefits that have been delivered by their private sector partners, namely a general increase in quality of services delivered as well as the significant investment of capital in new equipment and facilities.

4.3.2 It also confirmed that the contract prices for outsourced services at TUHC were within the specified limit funds, but it is not clear whether best value for money was achieved due to the low number of companies involved. The lack of participation of the in-house team in the overall tendering exercise is also inconsistent with outsourcing practice in some parts of Europe, for example, the United Kingdom.

4.3.3 Although the general format of the service specifications needs to be addressed, it has also not been possible to assess whether the outsourced services are being delivered for a lower cost that the previous in-house service as information concerning pre-outsourcing costs are not available.

4.3.4 As previously mentioned, this is the major issue that will be incorporated in the proposed approach to the expansion of outsourcing at further regional hospitals in Albania.

4.4 CONDITIONS WHEN OUTSOURCING SHOULD BE USED

4.4.1 Introduction

4.2.1.1 Although the conditions when outsourcing should be used is the key driver to the expansion of outsourced non-clinical support services at further hospitals in Albania, as previously described, the lack of comparable activity and financial information as well as benchmarking data concerning these services needs to be rectified and used to guide the overall strategy.
4.2.1.2 Therefore, in order to make an informed decision on whether further non-clinical support services should be outsourced, it is suggested that the Ministry of Health adopt the following overall process to guide the expansion of outsourcing.

4.4.2  **Stage 1 - Establish an Outsourcing Steering Group**

4.2.2.1 The initial stage of the process will be to establish an Outsourcing Steering Group (OSG) that will be primarily responsible for the deciding on the strategic objectives of increased outsourcing of non-clinical support services in hospitals in Albania and will ensure that aims remain consistent with overall government policy regarding outsourcing of certain public services as well any national Ministry of Health strategies that may exist.

4.2.2.2 It is envisaged that the OSG would consist of relevant Ministry of Health officials as well as representatives from the Public Procurement Agency (PPA) and Ministry of Finance to ensure that national guidelines and purchasing regulations are followed. It would also ensure that additional financial requirements that may be required in the expansion of outsourcing are fully understood by the Ministry of Finance and appropriate financial guidance and information is readily available.

4.2.2.3 However, it is critical that the OSG is able to draw upon particular hotel services management expertise from leading hospitals in Albania to ensure that specialist technical advice relating to certain services is available as required and it is suggested that specialist advisory groups are also established as deemed necessary.

4.2.2.4 Although it is suggested that the Outsourcing Steering Group (OSG) would meet regularly, at least once a month, during the initial stages of the process, it is expected that actual timetable would be flexible and agreed by the OSG throughout the process.

4.2.2.5 The initial task for the OSG would be to agree the range of services to be included in the overall process, but in line with international experience, and that at Tirana University Hospital Centre (TUHC), it is suggested that the following services are initially included within the process:

- Patient catering services.
- Staff catering services.
- Laundry services.
- Internal cleaning services.
- External grounds cleaning.

4.2.2.6 Although there are many other non-clinical services, based on international experience, that could be outsourced, it is suggested that the services shown above will allow the Ministry of Health to initially develop a successful approach that could be expanded in the future.
4.4.3 Stage 2 - Production of Standard Key Performance Indicators (KPI)

4.4.3.1 The previous section highlighted that the lack of financial and non-financial data at TUHC concerning the outsourced services is a key issue that needs to be addressed. It is therefore suggested that a crucial stage of the overall process is to establish a set of Key Performance Indicators (KPI) for each service covering financial performance as well as relevant non-financial performance.

4.4.3.2 Although the number and range of Key Performance Indicators (KPI) to be produced by individual departments at further hospitals in Albania will be agreed by the OSG, it is recommended that a number of KPI’s in the following areas should be routinely produced and reported every quarter:

- Cost.
- Productivity.
- Efficiency.
- Quality.

4.4.3.3 It is critical that KPI’s for the outsourced services at TUHC are produced as this will allow a comparison against the in-house services at other hospitals in Albania to be undertaken. Although the development of KPI’s will enable rapid identification of poor services and the worst performing departments, it will also identify areas of best practice within Albania.

4.4.3.4 It is also important that quality KPI’s are produced for each service and although it is suggested that some quality indicators will be produced from information that is readily available, it is also suggested that the Outsourcing Steering Group (OSG) develop a range of standardised user questionnaires that will be completed by staff and patients, to ensure that users views on service quality are fully measured and represented.

4.4.4 Stage 3 - Establishment of a National Benchmarking Database

4.4.4.1 The third stage of the process will be the development of a non-clinical support service benchmarking database containing all of the KPI’s previously described for all services included in the process. It is suggested that a quarterly report of core KPI’s is produced in order for the OSG to identify comparative performance at individual hospitals and departments.

4.4.4.2 It is also suggested that a further standardised graphical based report is produced, which uses certain prioritised indicators and translates them into separate quartiles. This report could then be partially anonymised and distributed to participating hospitals, in order for them to identify their performance and their relative position or rank amongst other hospitals in Albania.
4.4.4.3 Although it is initially suggested that these benchmarking reports include all hospitals, a further development that has proved useful in other counties, would be for the OSG to classify all participating hospitals into similar groups based on their location, size, service provision and activity profiles to ensure comparisons are valid and representative.

4.4.4.4 Experience from other health systems, especially the United Kingdom, has demonstrated that as soon as senior management and individual departmental managers become aware of their comparative performance against others, it can influence and initiate internal change in order to improve their hospitals or departments performance and thereby increasing their benchmarked position or rank in subsequent and future reports.

4.4.5 Stage 4 - Internal and External Benchmarking Exercise

4.4.5.1 Stage 4 of the process will involve an internal and external benchmarking exercise using the KPI reports described in the previous section to allow the OSG to identify the worst, as well as the best performing services or departments in terms of quality and cost.

4.4.5.2 It is at this stage that the OSG will need to ensure that overall government policy regarding outsourcing is adhered to, and whether the primary aim of the overall process, as identified, is to reduce cost or increase quality.

4.4.5.3 It is anticipated that at this point the initial financial implications of the benchmarking exercise and increased outsourcing of non-clinical support services will be much clearer. These implications will need to be carefully considered by the OSG in conjunction with the Ministry of Health and Ministry of Finance as it may be found that outsourcing poorly performing services may improve overall quality, but at the same time may also actually increase direct as well as indirect costs.

4.4.5.4 This hypothetical scenario could present an affordability issue to the Ministry of Finance and it is therefore suggested that the OSG initially concentrate and focus on hospitals and departments whose core cost and quality KPI's are in the highest and lowest quartile, but recognise that the OSG may adjust the exact criteria as strategic and financial issues become clearer.

4.4.5.5 However it is recommended that the OSG request that the following steps are followed for hospital departments that are found to be in the lowest quartile (or do not satisfy OSG criteria):

- **Phase 1: Internal Review**
  Request relevant hospitals conduct an internal review and report to the OSG on why cost or quality performance is poor and present a range of possible improvement proposals, anticipated improvements, the requirement for investment as well as indicative timescales for implementation and improvement.
- **Phase 2: Validation and Approval**
  OSG review internally prepared reports and decide whether an external review is required in order to validate the conclusions and improvement plans.

- **Phase 3: Agreed Improvement Plan**
  OSG either decide to allow the hospital to implement their improvement plan and regularly monitor progress, or decide that the service should ideally be market tested.

4.4.5.6 It is suggested that the benchmarking exercise will also provide the OSG with an opportunity to develop a set of benchmark standards for the non-clinical support service core financial and non-financial Key Performance Indicators (KPI's) within the database.

4.4.5.7 It is recommended that these benchmarks are further reviewed and developed as the benchmarking exercise develops so that they can eventually become future national standards that all hospitals and relevant departments within Albania should ideally obtain.

4.4.6 **Stage 5 - Development of an Initial Market Testing Strategy**

4.4.6.1 The completed benchmarking exercise should provide a clear indication of the relative performance of certain non-clinical services at hospitals in Albania and depending on the criteria that are used, as well as the outcome of Phase 3 shown above, will highlight the number and range of services that should be prepared for market testing.

4.4.6.2 However, in advance of the market testing or contracting process, it is recommended that an initial strategy is developed by the OSG which highlights the number of services by type to be market tested including timescales, as well as the geographical location of hospitals and the overall options including types of service provision available.

4.4.6.3 At this stage it is also recommended that the OSG conduct an initial review into the number and range of providers and private sector contractors that are available in relevant geographic regions in Albania, to ensure that there would be sufficient interest in an outsourcing process.

4.4.6.4 It is also recommended that the OSG also consider the opportunities for market testing multiple services, experience from other European countries is that there may well be economies of scale available in grouping certain services at a particular hospital into an overall hotel services contract. There also may be benefits in allowing contractors, and possibly in-house teams, to bid for provision of services to a group of hospitals that are within close proximity.
4.4.6.5 There also may be the option, especially within catering, to investigate the possibility of developing regional Central Production Units (CPU), capable of servicing a number of different hospitals within a defined geographic or catchment area.

4.4.6.6 However a critical part of the initial strategy concerns the anticipated financial implications of embarking on the market testing process. In order to inform the process, it is envisaged that appropriate costing benchmarks from the outsourced TUHC services will be available, as will other benchmarking costs from the most efficient hospitals in Albania.

4.4.6.7 It is recommended that for each of the services that are planned to be market tested, a schedule of expected costs is produced in the same way as the current limit fund is prepared. However, it is suggested that the following elements are separately identified for each service to be market tested and are used to produce an overall budget:

- Capital costs related to refurbishment or equipment purchase.
- Service provision costs.
- Costs related to the tendering exercise.
- Contract monitoring costs.

4.4.6.8 It is suggested that the Ministry of Finance and Ministry of Health fully approve and authorise the anticipated overall budget as well as individual budgets in advance of any market testing exercise. If it is found that the overall budget requirement is generally unaffordable, there will be the opportunity for the OSG to review the number and range of services to be market tested and adjust the strategy accordingly.

4.5 OVERALL APPROACH

4.5.1 Contracting

4.5.1.1 The purpose of suggesting that an overall process is adopted by the Ministry of Health to guide the expansion of outsourcing of certain non-clinical support services in Albanian hospitals rather than relying on specific conditions, is to ensure that a balanced view is established in evaluating the need to outsource, or to retain potentially reorganised, remodelled and therefore more efficient and responsive in-house services.

4.5.1.2 As demonstrated in Section 4.2, there are advantages and disadvantages of both options available and as previously mentioned, it is critical that the OSG follow national policy in this regard, but it is equally important that the OSG as well as relevant ministries also understand the financial consequences of possibly outsourcing further non-clinical services within the country.
4.5.1.3 It is suggested that rather than following the Compulsory Outsourcing approach as undertaken at Tirana University Hospital Centre (TUHC), non-clinical support services at other hospitals in Albania that are found to be performing outside agreed non-financial and financial parameters, who, based on an OCG assessment, are thought to be unable to rectify these poor performance and financial issues, should be market tested.

4.5.1.4 It is recommended that the OSG or a nominated advisory group are also responsible and involved in the development, review and approval of the first set of service specifications that are produced.

4.5.1.5 This approach would ensure that a standard set of service specifications are developed and it is suggested that these standard documents become base specifications for future market testing exercises, as they will be easily adjustable and could be altered to reflect local requirements and conditions. The use of base specifications in further exercises should significantly reduce local input required in developing initial tendering documentation and will also ensure a consistent content and format are used in Albania.

4.5.1.6 The OSG would also initially need to agree whether the format of future service specifications in Albania are input based or output based and whether the limit fund is included. The Public Procurement Agency (PPA) guidance is that specifications should be output based and clearly detail the desired outcome including quality, performance and reliability levels, so that potential suppliers have the opportunity to suggest innovative ways to achieve the requirements.

4.5.1.7 The initial tender evaluations should also be undertaken by the OSG or a nominated advisory group, with local input as required, ensuring that a core knowledge and expertise is developed by certain individuals and teams. This should hopefully contribute to a reduction in management time needed to evaluate individual tenders at a local level, and as the number of market testing exercises increases, should reduce evaluation costs in the future.

4.5.1.8 Although it is accepted that certain individual evaluation processes at some hospitals may give a higher priority to some of the non-financial aspects, the market testing approach should ensure that both the in-house team and external organisations have an equal and fair opportunity. The involvement of the in-house team should also ensure that the Ministry of Health achieves the best Value for Money (VFM) as private sector organisations will be encouraged to provide more innovative and cost effective proposals due to increased competition.

4.5.1.9 It is recommended that a limited procedure is generally used for the market testing process and due to the many different geographic locations of the hospitals where services may be tested, it is suggested that the pre-qualification exercise establishes whether there is sufficient interest and an adequate number of suitably qualified companies for the process to proceed.
4.5.1.10 It is suggested that as part of the pre-qualification exercise, the OSG also considers attracting and selecting companies, or in fact Joint Venture (JV) organisations with the ability to deliver multiple services into a range of hospitals in different parts of the country.

4.5.1.11 During the initial phase of the tendering exercise, shortlisted external companies are given the opportunity for site visits so that they can fully understand the environment in which services are to be delivered and can also discuss and clarify any outstanding issues with senior management before submitting their formal bid documents.

4.5.1.12 As part of the final evaluation phase, it is also recommended that the leading contenders, including the in-house teams if selected, should be requested to present their bid to an evaluation committee so that there is a further opportunity to probe potential providers on their ability to deliver the service quality sought.

4.5.1.13 Following the final evaluation, successful tenderers should be advised of the results ahead of the unsuccessful participants and a debriefing interview should also be offered to all unsuccessful participants. The debriefing should be limited to the tenderer’s actual offer and issues of probity and commercial interest should be avoided, the objectives of debriefing are to:

- Increase the potential for improved value for money in future tenders.
- Improve the quality of offers from tenderers.
- Increase a tenderer’s chance for success in subsequent tenders.

4.5.1.14 The successful tenderer may also benefit from knowing how they performed against the evaluation criteria and therefore they may also request a debriefing, which should assist them in continuing to enhance their performance.

4.5.2 Contract Management

4.5.2.1 Contract management is the process that enables both parties to a contract to meet their obligations in order to deliver the objectives required from the contract. It involves both parties building a good working relationship throughout the life of the contract and involves proactive management to anticipate needs and to react to situations that arise.

4.5.2.2 The central aim of contract management is to ensure that the Contracting Authority obtains the services as agreed in the contract and achieves anticipated value for money. However it must be recognised that a key foundation of successful contract management begins with robust service specifications and contract documentation allowing for a productive relationship, based on good communication and mutual trust.
4.5.2.3 Although the general length of contracts will be agreed by the OSG and will need, on a contract to contract basis, to take into account any capital investment required, as well as guidelines produced by the Public Procurement Agency (PPA), consideration should be given to a limited number of annual extensions at the completion of the normal contract term, in order to reduce the number of tendering exercises and costs.

4.5.2.4 Effective contract management is the key driver in aiming for continuous improvement in performance of outsourced contracts and requires robust contract management processes with a strong emphasis on performance monitoring to ensure contractual objectives. It is therefore recommended that the following issues are considered by the OSG:

- Consistent approach to monitoring.
- Specifications that detail clear and quantifiable performance targets.
- Continuous assessment of performance by the Contracting Authority.
- Ongoing reporting of agreed performance management targets.
- Use of clear key performance indicators.

4.5.2.5 The production of timely key performance indicators is an important part of any performance management system and the use of such KPI’s, as previously described, will ensure that information on performance is readily available to the Contracting Authority and the OSG and will also allow trend analysis to be undertaken on certain longer term issues.

4.5.2.6 However experience shows that successful contract management involves more than ensuring that the agreed terms of the contract are being met. Although this is obviously a vital element, there will always be tensions between the different perspectives of the parties involved and resolving or easing such tensions is also an important part of contract management.

4.5.2.7 Agreements, models and processes are a useful starting point for assessing whether the contract is underperforming, but communication, trust, flexibility and diplomacy are the key means through which it can be brought back into line, adversarial approaches will only increase the distance between the parties and it is therefore suggested that formal as well as informal communication is maximised throughout the term of the contract.

4.5.2.8 It is suggested that successful contract management consists of a range of activities that are carried out together to keep the arrangement between parties progressing smoothly and it is recommended that the OSG adopt the following three main areas:

- Service delivery management.
- Relationship management.
- Contract administration including authorisation of payments.
4.5.2.9 Although they possibly may be managed by different departments within the Contracting Authority, best practice suggests an integrated approach to managing all elements. In addition, the arrangement must be flexible enough to accommodate change, and the process of change must be prepared for and managed.

4.5.2.10 The OSG must ensure that local staff to be involved in contract management are equipped with appropriate interpersonal and management skills to manage these relationships and clear roles and responsibilities should be defined. If this is not locally available, it is recommended that consideration should be given to secondments from other healthcare, and even other public organisations, in Albania.

4.5.2.11 It is recommended that continuity of key staff is ensured as far as possible and a Contract Manager or a dedicated contract management team within the Contracting Authority should be designated early on in the process and ideally, should involve some of the staff involved in the initial tendering process.

4.5.3 Evaluation

4.5.3.1 It is recommended that evaluation of the contractor against the requirements of the contract is undertaken regularly throughout the term of the contract, as is an assessment of whether the contract is achieving the anticipated overall objectives.

4.5.3.2 It is suggested that the responsibility for routine evaluation should be the responsibility of the local contract management team with additional expertise provided by the OSG, as required. It is recommended that details of performance monitoring and evaluation are fully specified in the contract documentation and include the following:

- Formal progress meetings.
- Informal meetings.
- Regular performance reports including agreed KPI’s.
- Inspection.

4.5.3.3 Effective evaluation will ensure that programmed milestones are met and poor performance can be addressed as soon as possible with the contractor. Although the regular evaluation of contractor performance should be continued throughout the contract, it is suggested that a formal bi-annual performance summary be submitted to the OSG, highlighting financial and non-financial performance of the contract and indicating areas of non-compliance and poor performance.
4.5.3.4 The evaluation activity will determine the degree of success of the contract by comparing actual outputs with the originally desired outcomes. However, it must be recognised that changes in expectations, policies or requirements during the contract period could affect certain aspects of the evaluation, but it is not the contractor’s responsibility for achieving outputs that are not specified in the contract.

4.5.3.5 It is recommended that the contract management team keep adequate, written records of all dealings with the contractor and of the general administration of the contract, such as records of meetings and documented invoice processing. It is also suggested that regular inspections are undertaken to ensure compliance with any applicable legislation; contract conditions, and quality requirements.

4.5.3.6 The contractor should also be fully debriefed on the evaluation results and where contracts are approaching completion, advised of any renewal process and any potential variations in the scope of the contract. Where appropriate, results of the evaluation should be incorporated in any subsequent contractual arrangements.

4.6 SUMMARY

4.6.1 The key issue that will determine the expansion of outsourcing in Albanian hospitals will be affordability. Although it is suggested that a market testing approach is adopted by the Ministry of Health, which includes the participation of the relevant in-house teams, the financial consequences of outsourcing services need to be fully understood before a further tendering exercise is undertaken.

4.6.2 There are no current Key Performance Indicators (KPI’s) for non-clinical support services in Albania. Although the review of the outsourced services at Tirana University Hospital Centre (TUHC) revealed anecdotal evidence of a significant increase in quality of service and tenders seemed to be within the specified limit funds, it is unclear whether the current services are more costly than those previously provided by the in-house teams.

4.6.3 Due to the lack of financial as well as non-financial performance data that is available in Albania, it is suggested that the Ministry of Health implement a basic process consisting of a series of stages that will allow an objective appraisal of the requirements to expand the outsourcing that will also take account of national policy.

4.6.4 It is recommended that an Outsourcing Steering Group (OSG) is established in order to oversee and coordinate what could well be a significant task in establishing the production of Key Performance Indicators (KPI’s) and a national benchmarking database in order to identify poorly performing services that may be appropriate for market testing.
4.6.5 It is also suggested that a limited procedure is used for tendering that features a robust pre-qualification exercise to ensure that there are a sufficient number of suitably qualified companies in order that an appropriate level of competition can be maintained.

4.6.6 Although the use of Key Performance Indicators (KPI's) will be an important element of contract management and contract evaluation, it is suggested that formal and informal communication is maximised as is staff continuity throughout the process.
5. FRAMEWORK FOR AN OUTSOURCING QUALITY PLAN

5.1 INTRODUCTION

5.1.1 Quality can be defined as meeting and exceeding the customer’s expectations by way of deliverables and activities performed to produce those deliverables and a Quality Plan can be defined as a set of activities planned at the beginning of a project that contributes to the achievement of quality in the project being executed.

5.1.2 The purpose of a Quality Plan is to define activities and tasks that will deliver services at the required quality levels and are defined by the quality standards set by the relevant Contracting Authority. The Quality Plan should also identify which quality standards are relevant and determine how they can be satisfied including the implementation of quality events such as peer reviews and checklist execution which should be fully included in relevant service specifications and contract documentation.

5.1.3 The following list identifies the various elements that should be included in a detailed Quality Plan:

- Management responsibility describing the quality responsibilities of all stakeholders.
- Specific quality targets including core financial and non-financial Key Performance Indicators (KPI’s).
- Any documented Quality Management System or quality procedures that have been standardized and used within the Contracting Authority.
- Procedures for contract reviews, sign-off and contract changes.
- Control of project documents.
- Quality management including details of evaluation methods.
- Procedures to address non-conformance against the contract as well as procedures for corrective actions.
- Procedures for maintaining the quality records and reports during project execution as well as after the project completion.
- Details of quality audits and training requirements throughout the contract.
5.1.4 As detailed above, the Quality Plan should be sufficient to ensure that all parties are aware of the required quality standards, and in this regard must not only be specific in listing all quality requirements and standards, but should also include all the steps to ensure that those requirements and standards are met.

5.2 SERVICE STANDARDS TO BE ACHIEVED

5.2.1 Although a Quality Plan should be written with the objective of providing the contractor, Contracting Authority and local contract management team with easy access to quality requirements of a specific contract, general information on quality within the Albanian health system, especially relating to hospital non-clinical support services is currently unavailable.

5.2.2 It is therefore suggested that the service standards to be achieved are informed by the results of Stage 2, Stage 3 and Stage 4 described in the previous section. The use of Key Performance Indicators (KPI’s) as one of the measures to determine service standards required by the contract will ensure that they are easily understood by all parties, measurable and therefore, easily assessed and monitored and could include:

Catering Services:

- Menu cycle.
- Patient choice.
- Delivery of meals.
- Nutritional content.
- Out of hours services.
- Patient and staff satisfaction.
- Complaints.
- Food wastage.

Laundry Services:

- Delivery of Laundry
- Damage.
- Stains.
- Patient and staff satisfaction.
- Complaints.

Internal Cleaning Services:

- Patient and staff satisfaction.
- Complaints.
- Hospital Acquired Infection (HAI) Rates.
External Grounds Cleaning Services:

- Patient and staff satisfaction.
- Complaints.

5.2.3 As shown above, it is suggested that the KPIs based on the results of patient and staff satisfaction questionnaires are included in the assessment of quality standards to be achieved to ensure that qualitative measures as well as quantitative measures are included.

5.2.4 The main service standard that will need to be achieved will be related to the outputs detailed and required by the individual output service specifications, but the use of KPI’s related to service provision and quality should ensure that all relevant non-clinical support services at hospitals in Albania, including those operated by in-house teams, are fully aware of the service standards to be achieved.

5.3 MONITORING OF SERVICE STANDARDS

5.3.1 As specified in the last section, it is suggested that the responsibility for routine evaluation of the overall contract, including relevant monitoring of service standards highlighted in this section, should be the responsibility of the local contract management team with additional expertise provided by the OSG, as required.

5.3.2 It is again suggested that the monitoring of appropriate service standards are included as part of overall performance and evaluation process, highlighted in the previous section and include the following:

- Formal progress meetings.
- Informal meetings.
- Regular performance reports including agreed KPI’s.
- Inspection.

5.3.3 It will be critically important to address any quality failures to ensure that poor standards are remedied as soon as possible. It is therefore recommended that failure reports are submitted to the contractor or service provider as soon as possible detailing the extent of the failure.

5.4 SUMMARY

5.4.1 The requirements of a quality plan and specifically the service standards that need to be achieved are critical to any expansion of outsourcing in Albanian hospitals.

5.4.2 Although the production of an overall quality plan would highlight general quality requirements, the actual quality standards contained within the plan, as well as the techniques for monitoring and evaluation, must be included within relevant service specifications and contract documentation.
6. CONCLUSION

6.1 This Report has highlighted that there is a specific Albanian law (no. 9643), relating to public procurement in Albania, which is based on international best practice and is compliant with relevant European Regulations and subject to the monitoring procedures of the Public Procurement Agency (PPA) and Supreme Auditing Office.

6.2 The Public Procurement Manual states that the award of public contracts in Albania is governed by the general principles of non-discrimination and equality of treatment, transparency and confidentiality and applies to all awarding procedures for the provision of public goods, works and services and should produce the best Value for Money (VFM).

6.3 The review of the outsourcing process at TUHC has revealed that the catering, laundry and grounds cleaning service have all been contracted to private entities and the internal cleaning service which is currently provided by the in-house team at the hospital, is planned to be outsourced in the near future, following some procedural delays that have recently occurred.

6.4 Although all of the contract prices were within the specified limit fund, it is considered that the low number of companies that were pre-qualified potentially reduced the scope for achieving the best value for money as did the requirement, especially within the catering and laundry contract, to initially invest a significant amount of funds in the refurbishment of facilities and equipment.

6.5 Apart from some minor discrepancies, the overall process used by TUHC for outsourcing the three services would seem to be generally in line with recommendations and guidance produced by the Public Procurement Agency (PPA). However it is apparent that there was a significant irregularity with the short-listing selection exercise specifically related to the laundry contract.

6.6 Anecdotal evidence suggests that the previous catering and laundry services provided by the in-house teams were very poor. Anecdotal evidence suggests that the quality of the catering and laundry services has improved significantly since the services were outsourced, but there are no formal quality measures in place to allow any realistic comparison.

6.7 The key issue that will determine the expansion of outsourcing in Albanian hospitals will be affordability and the financial consequences of outsourcing services need to be fully understood before a further tendering exercise is undertaken.
6.8 Currently, there are no current Key Performance Indicators (KPI’s) for non-clinical support services in Albania and therefore it is unclear whether the current services are more costly than those previously provided by the in-house teams.

6.9 Due to the lack of financial as well as non-financial performance data that is available in Albania, it is suggested that the Ministry of Health implement a basic process consisting of a series of stages that will allow an objective appraisal of the requirements to expand the outsourcing that will also take account of national policy.

6.10 Therefore, it is recommended that an Outsourcing Steering Group (OSG) is established in order to oversee and coordinate what may potentially be a significant task in establishing the production of numerous Key Performance Indicators (KPI’s) and a national benchmarking database in order to identify poorly performing services that may be appropriate for market testing and possible outsourcing.

6.11 It is also suggested that a limited procedure is used for all future tendering exercises that features a robust pre-qualification exercise to ensure that there are a sufficient number of suitably qualified companies, including the in-house teams, in order that an appropriate level of competition can be maintained.

6.12 Although the use of Key Performance Indicators (KPI’s) will be an important element of contract management and contract evaluation, it is suggested that formal and informal communication is maximised with future contractors, as is staff continuity throughout the process.

6.13 The next stage of the contract requires IHG to develop a national framework for estimating the costs and benefits which are likely to be obtained from the expansion of outsourcing in Albania. This framework will be based on the costs of the outsourced services at Tirana University Hospital Centre (TUHC) and will facilitate the development of an initial set of financial Key Performance Indicators (KPI’s) referred to in this Report.