

**HEALTHCARE INDUSTRIES TASKFORCE (HITF)
STRATEGIC IMPLEMENTATION GROUP (SIG)**

MINUTES OF THE FOURTH MEETING, HELD ON 14 NOVEMBER 2006

PRESENT**Government**

Andy Burnham MP	Minister of State for Delivery and Quality [Co-Chair]
Malcolm Wicks MP	Minister of State for Science and Innovation
Dr Felicity Harvey	Head of Medicines, Pharmacy and Industry Group (MPIG), Department of Health
Professor Kent Woods	Chief Executive, Medicines and Healthcare products Regulatory Agency (MHRA)
Professor Bernard Crump	Chief Executive, NHS Institute for Innovation and Improvement
Mike Seitz	Chief Operating Officer, Commercial Directorate, Department of Health (representing Ken Anderson)
Dr Louise Wood	Head of Innovation and Industry R&D Relations, Research & Development Directorate (RDD), Department of Health (representing Professor Sally Davies)
Eileen Robertson	Section Head, Payment by Results, Department of Health (representing Liz Eccles)
Robert Driver	Director, High Tech Sectors, UK Trade and Investment
Paul Cryer	Programme Manager, HITF Training & Education, Department of Health (representing Professor Sue Hill)

Industry

Sir Christopher O'Donnell	Chief Executive, Smith & Nephew [Co-Chair]
Colin Morgan	Chairman, Johnson & Johnson Medical and Managing Director, Ethicon Products UK
Richard Phillips	Public Affairs & Reimbursement Manager UK & Ireland, Medtronic Ltd (representing Geoff Morris)
John Jeans	President & General Manager EMA, Life Sciences Commercial Operations, GE Healthcare
Dr Chris Hodges	Associate Fellow, University of Oxford and Consultant, CMS Cameron McKenna
Jag Grewal	Chairman, British In Vitro Diagnostics Association (BIVDA)
Ray Hodgkinson	Director General, British Healthcare Trades Association (BHTA)
Oliver Wells	Association of British Healthcare Industries (ABHI)

Secretariat

Chris Bantock	Industry Sponsorship (Medical Devices), Department of Health
Naseem Mahtey	Industry Sponsorship (Medical Devices), Department of Health
John Wilkinson	Director General, Association of British Healthcare Industries (ABHI)
Andy Taylor	Director, Healthcare Policy, Association of British Healthcare Industries (ABHI)

In attendance

Dr Maire Smith	Director, Product Technology and Innovation, NHS Institute for Innovation and Improvement (NIII)
Ian Young	Bioscience Unit, Department of Trade and Industry
Sue Norris	Head of Centre for Evidence-based Purchasing (CEP), NHS Purchasing & Supply Agency (PASA)
John Cooper	Acting Chief Executive, NHS Purchasing and Supply Agency (PaSA)
John Warrington	Director, Policy and Innovation, NHS Purchasing and Supply Agency (PaSA)
Margaret Horton	Head of Research and Innovation, NHS Purchasing and Supply Agency (PaSA)
Keir Shillaker	Industry Sponsorship (Medical Devices), Department of Health

Apologies

Professor Sir Ara Darzi	Adviser on Surgery to the Department of Health
Professor Sally Davies	Director of Research & Development, Department of Health
Professor Sue Hill	Chief Scientific Officer, Department of Health
Liz Eccles	Deputy Director, Policy and Strategy, Department of Health
Harry Cayton	National Director for Patients and the Public, Department of Health
Richard Carter	Head of Industry Sponsorship, Department of Health
Geoff Morris	Regional Vice-President, UK & Ireland, Medtronic Ltd

Chairman's opening remarks

1. Sir Chris O'Donnell welcomed everybody to the meeting and in particular Malcolm Wicks, Minister for Science and Innovation at the DTI, who had been appointed at the end of the previous week. Sir Chris commented that innovation was a particular theme in the work of HITF. Today's meeting would look also at the way forward on training and education and provide an overview of other key areas to feed into the draft report.
2. Sir Chris noted that, subsequent to the previous meeting and following the announcement of the outsourcing of NHS Logistics, Andy Burnham and he had agreed that the timetable for closing down the SIG activities should be extended, to take account of the development of the new commercial landscape. A further meeting had therefore been scheduled for 1 February 2007 to approve a final report and launch on 1 March 2007, subject to agreement on the procurement aspects of the report.

Minutes of last meeting

3. The minutes of the meeting held on 16 August were agreed.

Industry perspective on NHS procurement; impact on decision-making in the healthcare devices industry

4. John Wilkinson introduced industry's papers (SIG 2006/6 and 2006/7) which acknowledged that the outsourcing process had gone ahead and offered the industry side's agreed strategic perspective. The first paper sought discussion on future governance arrangements for Government-industry interaction on procurement and more widely, together with 'rules of engagement' as referred to at the previous meeting. The second paper discussed effects to date of changes in the procurement environment. Time lags were to be expected and more evidence would come from the further survey which Ernst & Young was carrying out with ABHI members. Industry was looking for a response to the summary statements, especially in the first of its papers.
5. Sir Chris O'Donnell said that Government's response would be presented by Mike Seitz, Chief Operating Officer in the Commercial Directorate of the Department of Health.
6. Mike Seitz spoke to the paper which had been tabled, entitled The Commercial Landscape. As set out in that paper and his presentation, the Department's new commercial approach was driven by Gershon efficiency measures, the Arms Length Body Review, Trust financial pressures and by Payment by Results. Taken together, consistent procedures and processes were sought. Mike Seitz said that clinical engagement would form part of this landscape and that there would be clear routes to market for innovation, with many fewer points of entry to the market than the current eighty thousand.

7. Malcolm Wicks asked how NICE fitted into this picture and how it would be ensured that products were clinically as well as cost effective. John Warrington said that PaSA's Centre for Evidence-based Purchasing (CEP), which had been developed post-HITF, was intended to contribute to this.
8. The different roles of the national, regional and local parts of the procurement chain were presented. At national level, NHS PaSA retained responsibility for agency and services, pharmaceuticals, facilities, and medical decontamination and maintenance. Trusts would not be mandated to purchase from NHS Supply Chain.
9. Ray Hodgkinson commented that SMEs were geared largely to dealing at a smaller, more local scale than implied by the development of NHS Supply Chain. John Warrington said that the development of procurement hubs was intended to create local platforms which could involve SMEs, with the member trusts.
10. Bernard Crump asked about clinical engagement. John Cooper said that the contract with DHL, which involved Novation, incentivised clinical engagement. A new Medical Director had been appointed to the Commercial Directorate.
11. Mike Seitz went on to say that NHS Supply Chain was a major plank in the development of a commercial strategy and part of embedding commercial skills across the NHS at regional and local level, as the era of top-down reform was coming to an end. The Commercial Directorate was likely to merge with PaSA into a new commercial agency by April 2007, with objectives as set out in the paper and in his presentation. An appropriate mechanism was needed for constructive and continuing dialogue with industry, through which the 'HITF legacy' could be taken into account and the Department (CD and MPIG) would want to meet to this end.
12. Sir Chris O'Donnell asked what the guidelines were for purchasing different categories, to which Mike Seitz replied that 11 categories would be made available to the NHS. If they were not found to offer good value for money, Trusts would not purchase through those channels. KPIs for Trusts showed that not all Trusts bought through national contracts and this diversity would continue. In response to Sir Chris's question about whether industry was free to supply to the range of purchase points, national/regional/local, it was confirmed that this was the case. NHS Supply Chain was not the sole channel and Andy Burnham commented that the infrastructure would only be as good as the benefit it provided; this included what hubs offered. Value for money would be key to Trusts' decisions.
13. Felicity Harvey said that NHS Supply Chain would address two of the issues which HITF had struggled with: the numerous points of entry into the NHS for SMEs and the level of clinical engagement which would be dealt with also through the work of procurement hubs. In addition, the Centre for Evidence-

based Purchasing had just published the first of its guides which delivered on another aspect of HITF in respect of procurement.

14. John Wilkinson agreed that the procurement hub concept seemed to be on track, but commented that there was a difference of opinion in respect of other aspects. NHS Supply Chain had said that it would operate closely with procurement hubs and it looked as if this could make them outposts of what would effectively be a large central procurement agency, rather than promoting a competitive market in the way which had been envisaged for procurement hubs in HITF. There was a risk of going from one extreme to the other, from a highly fragmented market to one which was highly centralised. On the question of ownership of data, it was unclear whether information gathered through the clinical councils being set up by NHS Supply Chain would be proprietary or whether it could be shared with other purchasers.
15. There was discussion of how SMEs would fit in at local level with the national arrangements which were in hand. Andy Burnham said that this needed to be taken into account and it was agreed that there should be further discussion of this, together with another point raised by Ray Hodgkinson, concerning the need to ensure that after-sales service and support were built into the acquisition of products.
16. In response to a question from Andy Burnham, Mike Seitz said that NHS Supply Chain was not intended to limit product choice. There were currently fifty thousand items in the catalogue and the intention was to increase this ten-fold. Andy Burnham commented that NHS Supply Chain would not succeed unless it carried the right range at the right price, which did not mean lowest cost. John Wilkinson said that these statements seemed to be at odds with statements made by NHS Supply Chain at its briefings for suppliers, about reducing the number of suppliers, and there was concern about the risk of commoditisation.
17. Sir Chris O'Donnell said that the landscape had been described, but that industry would need to understand its governance and operations. He was concerned that DHL's business model would tend to reduce the number of suppliers, raising issues for SMEs. He agreed that further discussion as suggested by Mike Seitz would be of value, but industry also wanted to know how strategy development for the new commercial agency would work at the highest level, and how to make input to that policy as a stakeholder.
18. Andy Burnham said in response that there was no intention to be secretive about the new infrastructure which, he recognised, presented a challenge to industry. There should be further discussion, plans needed to be debated and understood, and communicated in clear terms. The offer was on the table for an ongoing dialogue, although on operational and practical points rather than on policy, and should continue as the changes went ahead. Malcolm Wicks said it would be important that the changes did not drive out innovation.

19. Sir Chris O'Donnell said that the scope of NHS Supply Chain was large and that industry would need to work up its understanding to respond to Mike Seitz's suggestion. Clarity about the policy intentions was needed, together with an understanding of how the operational details would unfold and relate to those policy intentions. Andy Burnham said that the offer was there for a dialogue at the appropriate level and acknowledged the need to keep in touch on ensuring that innovation was kept in view; he believed that this was achievable. Sir Chris said that industry would need to look carefully at the scope of what had been presented today.

Training and education – way forward

20. Paul Cryer on behalf of Sue Hill presented a strategic view for taking forward the training and education output in the form of a 'route map' which described and connected the diverse activities which were involved in the training and education landscape. It was a complex picture and one that would need to be tackled over a period of time as resources could be acquired. The delivery programme needed to be focused especially on demonstrating unequivocal stakeholder support and to align work plans with national targets - such as the 18 week target and care-at-home strategies. The presentation outlined the first steps, which would include:
- a. ensuring that the 'focal point' for the work was within an appropriate setting and linked to the newly launched Training Hub in Operative Health Technologies (THOTH)
 - b. strongly linking the work to the wider NHS e-learning agenda
 - c. developing partner relations with the frontline NHS workforce leads/agenda; and
 - d. aligning the agenda with the existing national priorities, several of which were directly relevant, in patient safety for example.
21. Convincing stakeholders of the continuing central support of this agenda would be important.
22. Colin Morgan endorsed the importance of these issues for patient safety in particular. He noted that maintaining Strategic Health Authorities' commitment to the agenda would be vital, as it would be to ensure that the procurement agenda took training and education issues fully into account. In summarising, Sir Chris O'Donnell acknowledged plans to establish a focal point to take forward the training and education output initially within Skills for Health with links to other stakeholder organisations – especially the NHS Institute and the Training Hub.

HITF implementation – key developments

23. Sir Chris O'Donnell said that this item was intended to give the group an overview of the range of work underway and to put the various elements in context.

24. Chris Bantock gave a presentation summarising key developments since the last meeting. Sir Chris O'Donnell commented that the innovation event held in September to launch the National Innovation Centre (NIC) had been very successful and the new NIC website was proving very useful.
25. There was discussion of the Healthcare Technology Co-operatives element of the work and Andy Burnham commented on the high quality of what had been achieved. Oliver Wells noted the number of achievements accomplished in a short space of time. In particular, thinking about medical devices was being embedded in the UKCRC and National Institute for Health Research programmes. Colin Morgan commented that the agreement on clinical investigation would reduce the cost of engagement with the NHS, as industry had sought. Louise Wood said that there was a need to provide industry with a complete overview of the new picture, as there had been so many developments recently, and plans were in hand to do this. In addition, the DH R&D Directorate would be establishing a new working group to complement the activities of the UKCRC Industry Road Map Group. It would focus exclusively on the needs of the healthcare industry sector and involve a broader range of stakeholders (eg NIC, Innovation Hubs) and aim to support a more joined-up articulation and delivery of the NHS research service proposition to industry.
26. There was discussion of progress with the Centre for Evidence-based Purchasing Malcolm Wicks asked, in the light of the Wanless report conclusions about the NHS' relatively low rate of adoption of innovation, what success would look like and what were the overall indicators for success. He was interested to know how far the conclusions would be binding. Bernard Crump commented on the role of NICE in this context and noted that it was impractical for NICE to trap all the issues which arose, because of their breadth.
27. In response, John Warrington said that tracking of benefits in the NHS was intended, using economic evidence of the number of bed-days saved, for example, and Bernard Crump said that the Institute's metrics could identify use of particular technologies. Andy Burnham wanted to know whether this kind of information would be made explicit in due course. Sir Chris O'Donnell said that we needed to get all the metrics linked together to do this, which had not yet been achieved, though the draft report would demonstrate some new measures which had not been available previously. The presentation included the latest version of the metrics. There was discussion of the fall in R&D investment, on the basis of figures taken from the recent issue of the International R&D Scoreboard. Both Sir Chris O'Donnell and Malcolm Wicks felt that this needed to be investigated further.

Draft report

28. Sir Chris O'Donnell noted that the draft report had been circulated and needed to be worked up substantially for the next and final meeting. Felicity Harvey asked for comments in particular on the draft recommendations. These represented the

possible direction of future work. It was therefore important for SIG members to consider these carefully before the next meeting and finalisation of the report.

Date of next meeting

29. 1 February 2007

Joint Secretariat