

Delivering HITF Output 3: Procurement Processes

A Procurement Model for Collaborative Procurement Organisations

26th February 2007

Reminder of HITF Outcome 3



- Embed modern approaches to procurement in the NHS to deliver better value for the service of patients through :
 - nationally agreed/accepted best practice models, including early communication with industry on workplans, to provide clarity on levels of market access and to ensure capture of innovative solutions
 - A focus for regional procurement with significant clinician involvement to provide the platform for an informed approach to procurement decision-making
 - Ensuring that the role of procurement in supporting the timely uptake of new technologies identified as providing benefit to patients is embraced
- The above to be incorporated into the redesign of PASA, the CPH model, and continuing SMCs
- Regular dialogue between NHS and industry to encourage input into policymaking

The journey....



- Steering group involving PASA, DH, NICE, NPSA, CPHs, NHS clinicians and industry created an understanding and defined projects to deliver Output 3
- Strong spirit of co-operation and collaboration as SCEP was rolled out
- SCEP oversaw roll-out of CPHs – a key aspect of Outcome 3 – now 8 Hubs either beginning mobilisation or working towards maturity
- As hubs were maturing, PASA encouraged them to share their experiences through a stakeholder forum and a series of sub-groups
- One sub-group focused on ensuring Hubs were fully integrated into their local health economy (governance) and were developing the right networks with clinicians (processes), to embed modern approaches to procurement and create the ‘intelligent customer’

The journey....



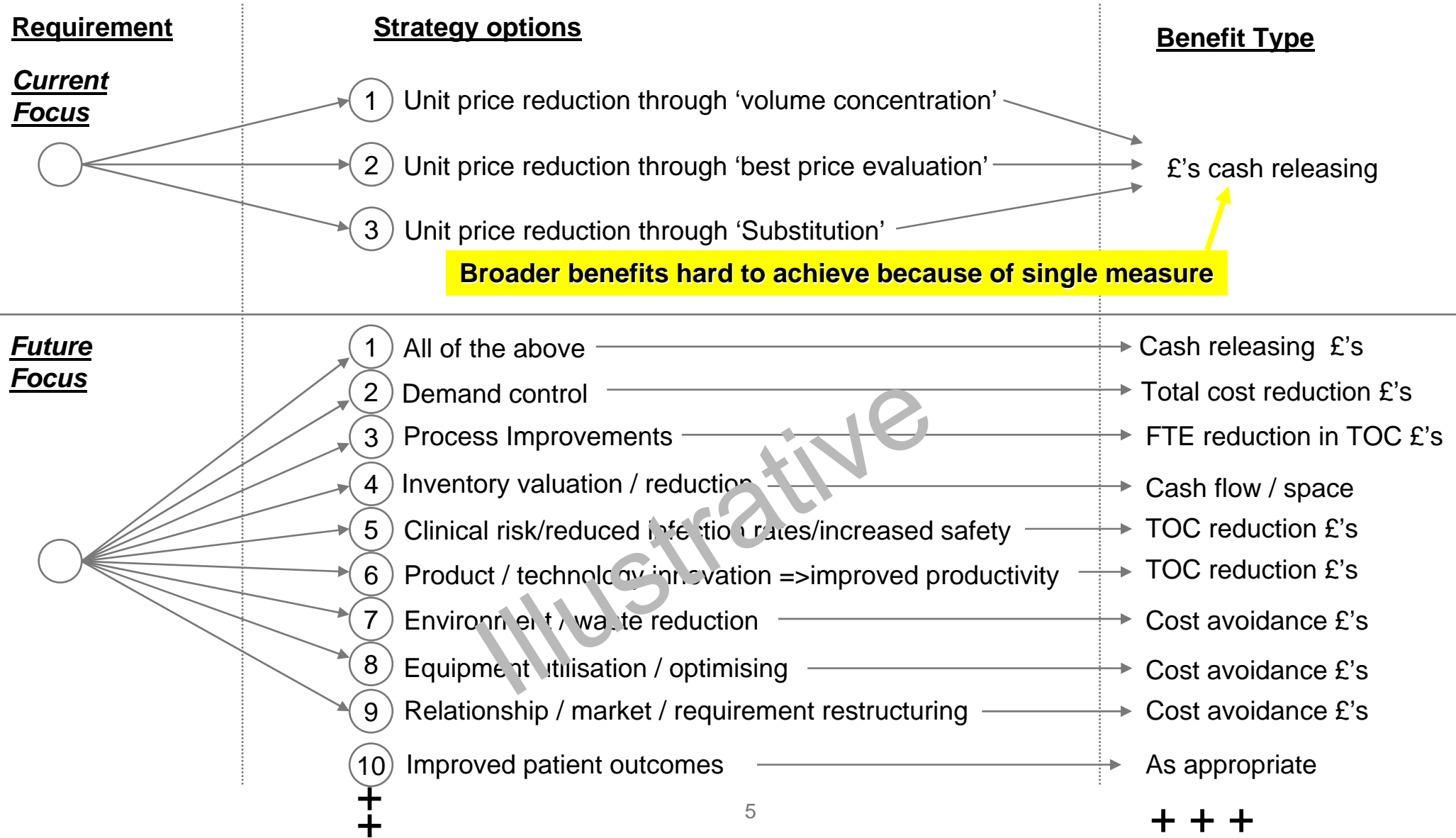
- All of this activity has culminated in the creation of a *Procurement Model for Collaborative Procurement Organisations*
- The model has drawn on the experiences of CPHs over the last 2 years, and has selected the best practices to create a PROCESS that can be developed into a best practice model for the NHS
- The model was discussed at a meeting of the Outcome 3 steering group on 15th February

Keys to success



- Business plans need to align with strategic/operational objectives of the Health Economy
- Consistent use of decision making tools to drive adoption of 'innovation' and 'sustainability'
- A 'Procurement Process Framework' that sustains Clinician / Stakeholder engagement
- 'Benefits framework' encompassing a broader range of benefit types to increase delivery scope
- Development of an approach that broadens the strategy options considered
- Staff development to meet the increasing demands and complexity of delivery
- Availability of Best Practice intervention delivery tool kits
- A common understanding and standard

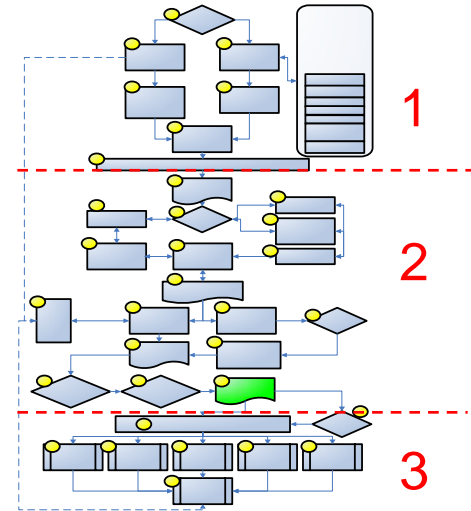
Key Enabler – Benefits Framework



The framework



- 3 key areas of activity:
 1. Horizon scanning and alignment with health economy objectives
 2. Innovation and sustainability checks and selection of appropriate strategies
 3. Selection of appropriate delivery mechanisms
- Key point: Sections 1 and 2 take place before tenders are issued



Examples of tools



- Scientific categorisation of products and services to recognise complexity and strategic importance to delivery of healthcare outcomes
- Selection of appropriate procurement strategies to reflect strategic importance of categories (e.g. supply chain process re-engineering versus volume leveraging)
- Selection of appropriate delivery mechanisms to unlock value (e.g. procurement plans, physical supply chains, outsourcing, supplier management)

Success is dependent on CPH governance structures



- CPH boards include Chief and Senior Executives from Trusts
- Strategic Category Management Groups chaired by Senior Executives from Trusts and involving key decision-makers in the category, including key clinicians
- Sourcing Groups involving key category experts and clinicians to implement strategies
- Engagement and alignment of individual Trusts at appropriate levels to ensure compliance

But there are still concerns/issues....



- Hubs need to drive this but how will NHS Supply Chain be integrated/involved? How will it dovetail with their proposed Product Councils?
- Principle is understood but unless it can be driven there will be problems
- How will this be implemented?
- Will it ensure clinical engagement?
- Can the NHS cope with the complexity? Concerns about the capacity and capability to deliver this consistently although acknowledged some good work is already underway
- Scale of change required should not be underestimated

So we are recommending....



1 Procurement of technology and innovation within the NHS

The HITF purpose was to embed modern approaches to procurement in the NHS through best practice, supplier involvement and clarity on levels of market access. Taken together, these would ensure that procurement takes proper account of the deployment of innovation in promoting value for money. This has been further supported both by the Cooksey Review and by Transforming government procurement^[1]. Joint work between Government and industry has produced a clear agenda which has resulted in the development of A Procurement Framework for NHS Collaborative Procurement Organisations. SIG recommends that this model should be implemented across the NHS (including the NHS Supply Chain) in a way which involves key stakeholders, including patients and industry, and helps ensure a level playing field for SMEs in the local economy. Collaborative Procurement Hubs should take the lead on accountability for delivery of the range of benefits identified in the Procurement Framework.