Department of Health Call for Evidence on World Class Procurement in the NHS

1. I write with regard to the Department of Health Call for Evidence on World Class Procurement in the NHS.

2. The Royal College of General Practitioners is the largest membership organisation in the United Kingdom solely for GPs. Founded in 1952, it has over 44,000 members who are committed to improving patient care, developing their own skills and promoting general practice as a discipline. We are an independent professional body with enormous expertise in patient-centred generalist clinical care. Through our General Practice Foundation, established by the RCGP in 2009, we maintain close links with other professionals working in General Practice, such as practice managers, nurses and physician assistants.

3. The College welcomes the opportunity to respond to this consultation. We note that the consultation is mainly focussed on the NHS as provider organisations. There are a number of reasons why clinical commissioners should also take a view.

4. While approximately 70% of costs are staff costs, 30% are non-staff and this is significant in its own right; poor equipment leads to poor care and inefficient use of clinical and non-clinical staff time.
There is a cost to commissioners if providers do not operate at a high degree of efficiency, either in terms of inflated activity or ultimately having to deal with a failing organisation.

Implementation of “best practice” tariff for episodic care such as cataract or hip surgery will be difficult if Foundation Trusts cannot procure efficiently or effectively.

Poor procurement of certain consumables could lead to some work (e.g. hip replacements) having to be redone with impacts for patients and the health system alike.

Efficient providers will have to demonstrate efficient internal operational processes, stock control and utilisation as well as good procurement practice, if they are to deliver within best practice tariffs.

Health care consumes 8-9% of the Gross National Product so there is a macro economic argument in favour of efficient utilisation of resources.

Provider Organisations

5. For the above reasons we feel that while these matters are mainly for the boards of provider organisations to take an oversight view there are certain essential principles that clinical commissioners will require assurance of, recognising their wider responsibility to their local population and the NHS as a whole.

- Procurement and logistics in the NHS must be managed by those with professional expertise comparable to other industries.
- At all levels those responsible for procurement must understand the wider supply chain implications and take into account the end user requirements.
- There must be a tiered approach to procurement processes to reflect its importance as well as financial risk within the standard operating rules i.e. £10,000, £100,000 and £1 million. This would allow systems and processes to be tailored to the overall impact.
- The board must provide direct access to members of staff who are concerned about procurement decisions, especially where clinical services could be compromised.
- The board will need to hold a senior executive (e.g. chief operating officer) to account for inefficient use of stock including high levels of “buffer” stock as well as delays due to insufficient stock.
- While Foundation Trusts are independent, they are part of the wider NHS. There is no case to be made for Foundation Trusts being permitted to conceal best
practice in order to maintain competitive advantage, and so transparency with open data and information sharing should be the norm.

- Foundation Trusts may be the largest providers and therefore the key priority for improvements in procurement – but GP practices and other primary care providers also have a role to play. The RCGP-backed model of practice federations encourages delivery of primary care services at a scale where efficiencies in procurement might have a significant impact – therefore much of the advice in ‘Raising our game’, and in this our response would be equally applicable to practice federations.

**Local and National Commissioners and DH**

6. At a national, or regional level we would argue for some key points of principle:-

- Procurement and logistics in the NHS must be professionalised, with those responsible having undergone appropriate training and achieving a required standard comparable to other industries. We support therefore the recommendation for an academy and professional association for procurement, or alternatively for links to be made with an established organisation that can provide this expertise.
- The development of a small number of regional procurement hubs to support NHS providers (and others such as third sector and/or GP federations by request).
- These should be funded centrally for a defined period of time before they become independent and self-funding, similar to Commissioning Support Units.
- Procurement hubs would facilitate the creation of a more open and transparent supply system than at present, and would incorporate procurement standards from other industries, including procurement portals for effective communication across the NHS. This would also help stimulate British manufacturers especially at the higher end of the market.
- Best practice tariffs should incrementally be introduced in order to create the right financial framework and so that boards take this issue seriously.
- Principles of open data and information sharing would be included in the NHS standard contract but we have some concerns about the concept of publishing “lost opportunities for savings” (p25) in that it could lead to perverse incentives to procure the cheapest rather than the most clinically appropriate and effective items. The principle must be to procure for value and efficiency and not just for cost savings.
Other considerations

7. This document considers procurement of consumables and commodities mainly in hospital trusts - not procuring health services to deliver outcomes.

8. Experience in the past has demonstrated that procurement hubs have struggled to demonstrate any real competence in procuring health services, let alone commissioning for outcomes.

9. For this reason we feel there should be as much or more support in developing similar new modern, professional approaches to procuring health services.

10. We should look to examples in other industries such as car manufacture or aircraft production to understand the degree of professionalism required to develop effective supply chains that deliver value to patients and the local population.

EU Procurement Law

11. There is still considerable misunderstanding with respect to EU law and how it applies to the NHS and we would suggest some legal clarification would be helpful:-

- How does EU law apply to procurement of consumables and commodities by NHS Foundation Trusts?
- How does it apply to an independent organisation providing NHS services?
- How does it apply to the procurement of NHS health services by NHS commissioners?
- How does it apply to the procurement of Commissioning Support Services by a CCG where the value may be above what we understand to be a threshold of 500,000 Euros (total value)?

Sustainability

12. The suggestions made in ‘Raising our Game’, and here in our response, need also to be considered in a sustainability context – an NHS that procures more efficiently should also be more environmentally sustainable. We have defined sustainable healthcare as ‘care delivered in a way that does not adversely affect the health of the population and does not use resources in a way that may compromise the ability of those in the future to provide high quality care to their population or increase their
burden of illness\(^1\). Attention to sustainability should add another case for acceptance of the principles in ‘Raising our Game’ and the need for greater efficiency in procurement.

**In summary**

13. Even though the responsibility for procurement sits mainly with providers this is an issue for commissioners to take seriously.

14. We welcome attempts to professionalise procurement but also feel there should be certain actions undertaken within the rules based system including best practice tariffs and open sharing of data, information and best practice. No Foundation Trust should be permitted to conceal best practice in order to maintain competitive advantage.

15. We feel that procurement of consumables and commodities is very different from procuring health services and that the latter requires a comparable amount of thought and investment to the former.

16. There is a need to clarify some aspects of EU procurement law in relation to the NHS.

17. We gratefully acknowledge the contributions of members of our Centre for Commissioning in formulating this response.

Yours sincerely

Professor Amanda Howe MA Med MD FRCGP

Honorary Secretary of Council

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