

HEALTHCARE PROCUREMENT STRATEGY

VERSION 2 DATED 18th December 2009

1.0 INTRODUCTION

This Healthcare Procurement Strategy sets out the approach to be adopted by NHS Walsall to the contracting and procurement of healthcare.

This approach is based on the overall strategy, values and policy of NHS Walsall and on the national framework for contracting and procurement and seeks to demonstrate how contracting and procurement can be utilised within NHS Walsall to drive improvements in healthcare.

2.0 PURPOSE

This document aims to provide a framework to:

- Identify the role of contracting and procurement within the commissioning process
- Demonstrate the way in which these activities will be conducted
- Identify the main actions which need to be taken in order to develop this role effectively

3.0 SCOPE

Of NHS Walsall's total gross operating costs of £432m (as per 2008-09 Annual Report) over £360m is spent on the purchase of healthcare with over 1,200 providers. Within the recent Quarter 2 Provider Report an analysis of spend with the 537 healthcare providers with whom there is a spend of over £5k, demonstrated the distribution of spend by value (see Table 1), by healthcare sectors (see Fig 1) and by provider type (see Fig 2).

Table1 - Distribution of Spend

Nos of Providers	Total Spend	Proportion of Health Care Spend
1	£124,641,910	34%
3	£194,377,916	53%
8	£274,198,240	75%
15	£291,856,673	80%
33	£309,406,418	85%
65	£327,884,760	90%
100	£339,400,394	93%

This strategy embraces all of this expenditure and seeks to provide a framework against which it can be managed. It therefore impacts on all NHS Walsall staff involved in the commissioning of healthcare services including staff within the Service Transformation, Partnership, and Health Promotion Directorates. It is not just the responsibility of staff within the Contracting and Procurement and Primary Care Contracting Departments (Resources and Contracting Directorate), although the former will take a lead role in driving and implementing the strategy.

Fig 1 – Distribution of Spend by Service Category

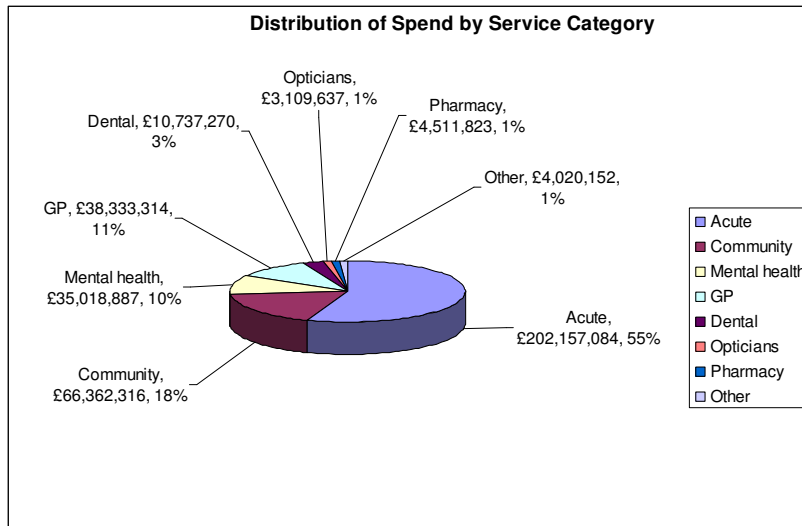
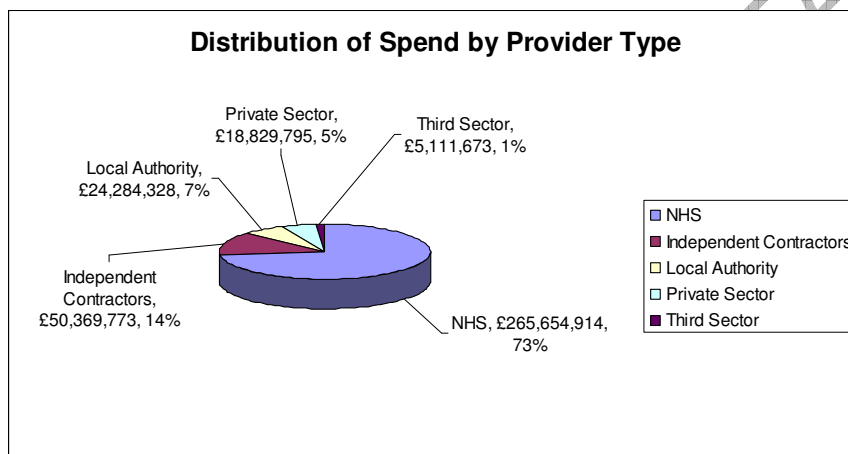


Fig 2 – Distribution of Spend by Provider Type



It should be emphasized that this strategy is exclusively concerned with contracting and procurement activity relating to healthcare commissioned by NHS Walsall. It is not concerned with the procurement of general goods and services which is subject to a separate strategy and which is managed on behalf of NHS Walsall by the Procurement Department of Walsall Hospitals NHS Trust under a Service Level Agreement (SLA).

This strategy does not stand alone but should be considered in conjunction with other relevant strategies and policies including the Commissioning Strategy and the Market Management Strategy which is in the process of being developed.

4.0 BACKGROUND

With the advent of World Class Commissioning it has been recognised nationally that far greater attention needs to be given to the commissioning of health care and its role in securing better health, better care and better value for money.

This focus has been recognised within NHS Walsall through the organisational separation of the Commissioning and Provider arms and by the adoption of the World Class Commissioning Strategy and the Organisational Development Plan.

The important contribution that contracting, procurement and market management can make to effective commissioning is recognised within the Word Class

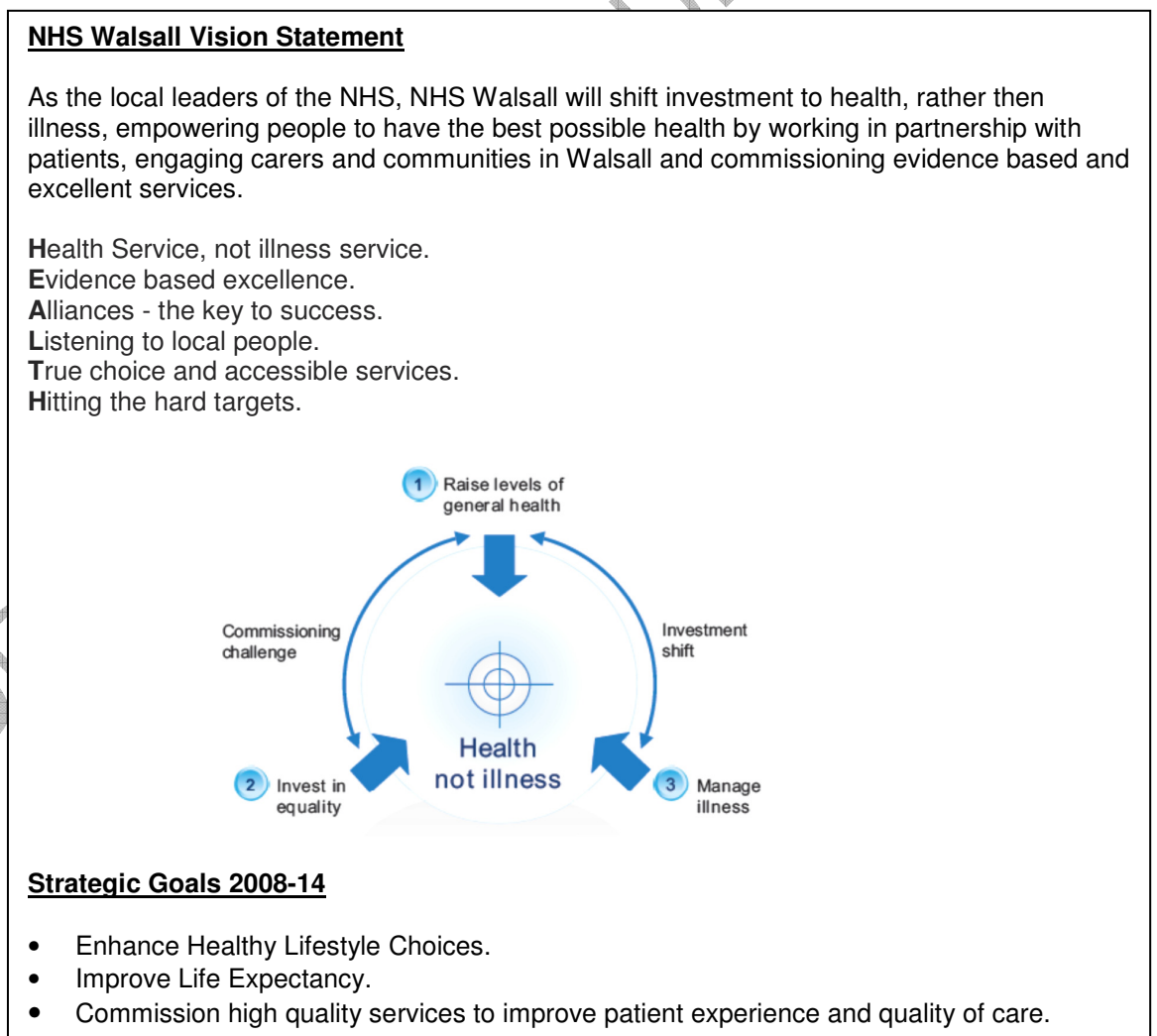
Commissioning (WCC) Framework with several of the competences specifically relating to these activities.

Although Walsall Teaching Primary Care Trust Board approved a Procurement Strategy in August 2007 this was primarily concerned with the purchase of goods and non-healthcare services. However, this document recognised that in the future there would be an increased role for procurement to play in commissioning and accordingly within the new organisational structure of NHS Walsall for the first time a specific Contracting and Procurement team has been created within the Resources and Performance Directorate. Additionally this Directorate includes the Primary Care Contracting team that leads the management of primary care contracts.

The Procurement of Patient Services Policy adopted by NHS Walsall Board in June 2009 gave an overview of the procurement mechanisms that would be used and followed the issue of the national PCT Procurement Guide for Health Services in May 2008. This strategy builds on this by outlining the contribution of contracting and procurement to healthcare commissioning within NHS Walsall in the context of the latest national policy and local strategy.

5.0 **LOCAL STRATEGIC CONTEXT**

Fig 3 – Summary of NHS Walsall’s Vision Statement and Strategic Goals



Source: NHS Walsall World Class Commissioning Strategy

The NHS Walsall Vision Statement of “Health not Illness” and strategic goals as illustrated in **Fig 3** provides a framework for the commissioning and procurement of health services.

In adopting this approach, contracting and procurement activity will need to be conducted in such a way that it promotes the shift of investment from health to illness, it increases patient choice, and delivers high quality services.

In addition, the values adopted by NHS Walsall can be translated into the conduct of procurement activity as demonstrated in Section 7.0.

6.0 NATIONAL POLICY AND GOVERNANCE FRAMEWORK

6.1 National Procurement Guidance

As well as embracing the visions, objectives and values of NHS Walsall, it is essential that contracting and procurement activity is compliant with the national agenda.

In recent years, procurement activity relating to the commissioning of health care has increasingly been the subject of attention in national policy hence recognising its strategic importance.

Although **The PCT Procurement Guide for Health Services** published by the Department of Health in May 2008 states that “there is no general policy requirement for NHS services to be subject to a formal procurement process”, it reiterates the **Principles and Rules for Competition and Co-operation (PRCC)** which were published as part of the 2008-09 NHS Operating Framework.

In line with this guidance, NHS Walsall has already adopted a **Competition Dispute Resolution Policy** and **Procurement of Patient Services Policy** (approved by the tPCT Board in January 2009 and June 2009 respectively).

In summary this national guidance requires commissioners to “commission services from providers who are best placed to deliver the needs of their patients and populations”; to promote “the principles of free choice of provider for patients” for routine elective services, and to adopt the principles detailed in **Table 2** when conducting procurement activity.

Table 2 - Key Principles of Good Procurement and Procurement Strategy

Transparency	Including the use of sufficient and appropriate advertising tenders, transparency in making decisions not to tender, and the declaration and separation of conflicts of interest.
Proportionality	Making procurement processes proportionate to the value complexity and risk of the services contracted, and critically not excluding providers through overly bureaucratic or burdensome procedures.
Non-discrimination	Ensuring consistency of procurement rules, transparency on timescale and criteria for shortlist and award
Equality of Opportunity	Ensuring that all providers and sectors have equal opportunity to complete where appropriate ; that financial and due diligence checks apply equally and are proportionate; and that pricing and payment regimes are transparent and fair

Source: PCT Procurement Guide for Health Services, Department of Health, May 2008

It should be noted that **The PCT Procurement Guide for Health Services** is in the process of being reviewed and it is understood that the revised version will take account of the recent statement by the Secretary of State for Health that “the NHS is our preferred provider” and will give greater clarity on the circumstances when services should be subject to formal tendering procedures. It will also provide more

detailed guidance on the circumstances in which the various procurement routes, such as Any Willing Provider, should be used. Any subsequent formal Guidance will therefore need to be taken into account when developing and implementing this Healthcare Procurement Strategy.

The strategic importance of the application of commercial skills to commissioning was further recognised in **Necessity not Nicety – A New Commercial Operating Model for the NHS and Department of Health** published in May 2009 which recommended changes to the organisational structure of procurement activities within the NHS. Recommendations included the establishment of Regional Commercial Support Units (CSU's) which will “provide commercial support to commissioners to ‘stimulate the market’ where this works in the interests of patients, manage contracts effectively and work in harmony with NHS Supply Chain to secure better value for money for goods and services procured.” Discussions are ongoing regarding the format and role of the CSU within the West Midlands.

Following the Darzi Review and the increased emphasis on the provision of quality services together with the current economic climate, the commissioning challenge has recently been summed up by the adoption of the QIPPP agenda (Quality, Innovation, Productivity, Partnership and Prevention).

Although the majority of healthcare contracts are not directly covered by the detailed procedures of the EU Public Procurement Regulations as they are classed as Part B services, it should be emphasized that the principles of these Regulations should be applied to all procurements. Application of the principles set out in Sections 6 and 7 will go a long way to meeting this requirement, but it should be noted that with increased scrutiny of adherence to these regulations including the application of the new Remedies Directive into English Law from December 2009, there will be increasing pressure to ensure that healthcare contracts are awarded in a scrupulous manner.

6.2 World Class Commissioning

Table 3 – Summary of WCC Competences impacting on Contracting and Procurement

No	Main Competency	Sub-competences
7	Effectively Stimulate the Market to meet demand and secure required clinical and health and well-being outcomes	A. Knowledge of current and future provider capacity and capability B. Alignment of provider capacity with health needs projections. C. Creation of Effective Choices for patients.
9	Secure Procurement Skills that ensure robust and visible contracts	A. Understanding of provider economics. B. Negotiations of Contracts around defined variables C. Creation of robust contracts based on outcomes
10	Effectively manage systems and work in partnership with providers to ensure contract compliance and continuous improvement in equality and outcomes and value for money.	A. Use of performance information B. Implementation of regular provider performance discussions. C. Resolution of ongoing contractual issues

Source: *World Class Commissioning Assurance Handbook, Department of Health, Sept 2009*

Given this policy context, it is not surprising that market management, procurement and contract management competences feature highly within the World Class Commissioning Framework as summarised in **Table 3**. This strategy is therefore

designed to ensure that these competences are embedded within NHS Walsall and that the forthcoming WCC assessment will reflect improvements in these areas

7.0 **KEY PRINCIPLES**

Given the above context, it is possible to devise a set of principles against which healthcare contracting and procurement will be conducted within NHS Walsall based on the overall NHS Walsall values as indicated in **Table 4**.

Table 4 - NHS Walsall Values and Key Procurement Principles

NHS Walsall Value	Application of NHS Walsall Value	Key Principles of Procurement
Respect and Value People	Personalisation of service and choice are at the core of the delivery agenda	<ul style="list-style-type: none"> To award and proactively manage contracts which provide high quality services, personalisation of care and deliver healthy outcomes.
Listening to and engaging with local people	We are committed to involving patients, carers, clinicians and communities in the design and improvement of their services.	<ul style="list-style-type: none"> To ensure that there is appropriate public and patient engagement in the award and management of contracts.
Clear Accountability and transparency	We value feedback and a clear sense of accountability and responsibility for our decisions.	<ul style="list-style-type: none"> To work ethically and with transparency, non-discrimination, equity and proportionality and in accordance with the Department of Health's "Principles and Rules for Cooperation and Competition". To work efficiently and productively using electronic systems wherever possible. To award and proactively manage contracts which deliver best value
Clinical Leadership	We recognise the need for and will support clinical leadership in service planning and re-design to ensure highest growth levels of quality and efficiency.	<ul style="list-style-type: none"> To ensure that there is appropriate clinical and stakeholder engagement in the award and management of contracts.
Innovation	We will make the best use of all new technology, particularly to be at the forefront of innovation and exploitation of information technology to assist patients, in their own homes.	<ul style="list-style-type: none"> To promote the use of innovation and technology amongst providers and to use innovative methods in awarding and managing contracts.
Prevention	We will work to prevent poor health starting early, before birth and working through the whole life cycle.	<ul style="list-style-type: none"> To award and proactively manage contracts which help prevent poor health and promote healthy lifestyles. To award and proactively manage contracts which promote sustainability and corporate social responsibility and which support the economic regeneration agenda within Walsall.
Partnership	We will work closely with our partners in the health, local authority, and voluntary sectors to ensure a holistic approach to promoting health and equality in the community.	<ul style="list-style-type: none"> To work positively in partnership within and outside NHS Walsall including with other NHS Walsall colleagues, with other commissioners such as the local authority, with current and potential providers, with other PCT's and with other health care procurement organisations.
Fairness and Equality	We will maintain a focus on disadvantage in communities ensuring that they have genuine opportunities to access health services. We intend to promote a sense of a right of entitlement within our communities.	<ul style="list-style-type: none"> To award and proactively manage contracts which promote health equality, and which provide services which are accessible to the community and which offer choice. To comply with the PCT Procurement Guide for Health Services and other appropriate public procurement legislation and regulations. To promote the development of a diverse provider base consistent with the principles of equality and diversity.

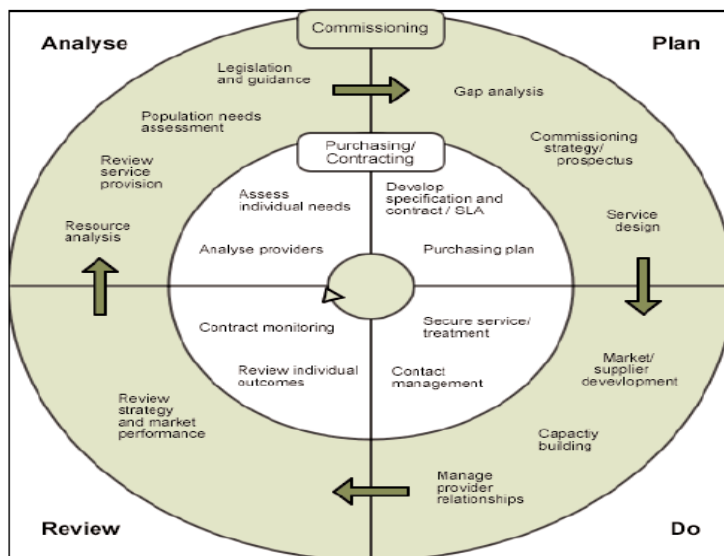
The above principles will be applied to all contracting and procurement activity and it is expected that all NHS Walsall staff or those of other agencies working on behalf of NHS Walsall will adhere to these at all times.

8.0 **PROCUREMENT AND THE COMMISSIONING CYCLE**

8.1 **Contracting and Procurement Activity**

As illustrated in **Fig 4** below, market management, contracting and procurement form an essential part of the overall commissioning cycle.

Fig 4 - Contracting and Procurement and the Commissioning Cycle



Some of the key elements of this involvement may be summarised as follows:

Programme planning and management – Although the Service Transformation team will lead the establishment and management of individual commissioning initiatives as part of Programme Management, an understanding of current supply arrangements and provider performance will make a key contribution here. A key issue here will be the determination of priorities for commissioning and contracting which will largely be determined by the Joint Strategic Needs Assessment (JSNA) and the Commissioning Strategy which is currently being refreshed.

Specification Development – It is essential that the service to be provided including the objectives and key performance indicators are clearly specified as this will form the foundation for robust contract management. Although the development of the specification will be lead by the designated commissioner, the Contracting and Procurement team can make a valuable contribution by advising on content, undertaking a reality check and accessing models used elsewhere.

Sourcing Strategy – This process will determine the most appropriate approach to acquire the service including the decision as to whether a formal competitive sourcing exercise will be required. This process will be lead by the Contracting and Procurement team in conjunction with the commissioner and will take account of the key principles set out in Section 7.0 of this Strategy together with the outcome of the market management analysis.

Tendering and Contracting - This is the process of negotiating and securing the contract and where applicable conducting a competitive tendering or other

appropriate sourcing exercise (see Section 8.2 below). This will be lead by the Contracting and Procurement team in conjunction with the lead commissioner.

Contract and Performance Management – Once a contract is in place it is essential that there is robust contract monitoring arrangements are operated and that the key performance measures and outcomes specified within the contract are measured. This will be a multi-disciplinary exercise including input from commissioners, public health, governance and performance with this activity co-ordinated by the designated Contracts Manager.

Market Management –This process involves the proactive management of current and potential providers to ensure that they have the appropriate capacity and capability to meet service requirements so as to secure the appropriate level of competition within the market. This activity will be lead by the Planning and Market Management team within the Service Transformation Directorate. This process is described in more detail in Section 9 below.

8.2 **Procurement Routes**

The decision to award a new contract may be triggered by a number of events with the most likely being the following:

- The commissioning of a new service for which there is no existing provider.
- The expiry of a current contractual arrangement.
- The early termination of an existing arrangement due to concerns regarding it's quality, effectiveness, or value for money.

Once this decision has been made, there are various options available and these are summarised in **Table 5**.

Table 5 – Summary of Procurement Routes

Process	Overview of Process	Indicative Value of Contract	Indicative timescale
Negotiation with single provider	Negotiation of appropriate terms of the contract with the designated provider, which will often be the existing provider. Where this option is used with a new provider, this would need to be justified possibly on the grounds of low value/proportionality	Below £10k	3-6 months
Full EU advertised competitive tender exercise	Advertisement placed within the EU Journal and compliance with the formal specified processes. The typical timescales for this process are at least 6 months and this is likely to be used for contracts of high value.	£91k +	9 months +
Local competitive tender exercise	Formal competitive tender exercise advertised within Supply2Health but with the application of the principles set out in sections 6.0 and 7.0 above.	£50k +	3-6 months
Local competitive quotation exercise	Formal competitive quotation exercise advertised within Supply2Health but with the application of the principles set out in sections 6.0 and 7.0 above.	£10k to £50k	1-3 months
Any Willing Provider (AWP)	Formal accreditation exercise advertised within Supply2Health but against pre-determined tariff. Normally all providers who meet standards will be accredited provider status and added to the choices menu.	Not specified	3-6 months
Locally Enhanced Service (LES)	Award of additional services to Walsall based primary care providers against pre-determined tariff. Normally all practices that express an interest and meet required standards will be accredited provider status.	Not specified	3-6 months

Note - Values stated are in accordance with current NHS Walsall Standing Financial Instructions and are subject to change. Where the processes indicated against these values are not followed appropriate authorisation as indicated in SFI's should be obtained.

The above processes may result in a variety of contractual formats including firm contracts with one provider or a Framework Agreement offering a choice of

providers. The appropriate format will be determined as part of the procurement planning process.

The above table is a summary only of the main procurement routes available and should not be taken as a definitive guide. However, as indicated in the above-mentioned Procurement Guide and NHS Walsall's Procurement of Patient Services Policy, several factors need to be considered when determining the optimum route including whether or not competitive tendering is applicable. These include:

- Period and Value of contract
- Level of market interest and capability and capacity of providers
- Market conditions and impact on continuity of services
- Proposed pricing policy including whether there is existence of or preference for a tariff based pricing structure.
- Government policy on protected services
- Compliance with principles of competition and co-operation including proportionality.
- Compliance with NHS Walsall's Standing Financial Instructions.

It should be noted that in the interests of openness and transparency and in accordance with Department of Health Guidance, all competitive exercises are advertised on the Supply2Health website and NHS Walsall internet site.

8.3 Practice Based Commissioning

The above processes apply equally to the conduct of Practice Based Commissioning (PbC) which in NHS Walsall is delegated to four clusters.

To date some LES and AWP contracts, such as minor surgery, ENT and gynaecology outpatients, have been initiated through PbC and have been overseen by the Accreditation Group (see Section 8.4 below).

It is acknowledged that as PbC activity increases strong relationships will need to be developed between the PbC clusters and the Contracting and Procurement team. This will include working together to determine appropriate services to be commissioned under PbC, issuing more detailed guidance regarding the use of the Any Willing Provider process and organising training events about procurement processes.

8.4 Clinical and Stakeholder Engagement

It can be seen from the Values of NHS Walsall (see Section 7.0 above) that there is a commitment for clinical leadership and full clinical engagement in the commissioning process.

This equally applies to contracting and procurement as it is essential that clinical services are appropriately specified. This will include expert input to specifying clinical standards, setting key performance measures and determining the level of clinical staffing, skills, qualifications, and experience.

The appropriate level of input will also be required in the tender evaluation process and the monitoring of contracts.

To some extent a model for this clinical engagement is already in place through the operation of the Accreditation Group which has overseen Any Willing Provider procurements initiated by PbC Clusters. It is chaired by the Chair of PEC and includes GP representatives from each cluster.

The development of the clinical contribution to future contracting, procurement and market management will be agreed and directed by PEC. A key issue that will need to be addressed is the potential for conflicts of interest where clinicians are serving as both commissioners and providers/potential providers and appropriate clinical governance arrangements will need to be put in place.

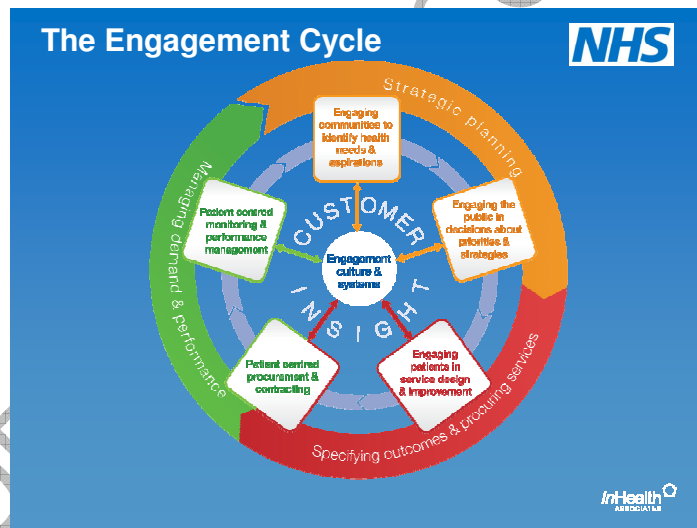
The same principles apply to other stakeholders, such as clinical governance and Public Health, who need to be engaged in contracting and procurement processes and a key role of Contracts Managers will be to facilitate and co-ordinate the appropriate level of involvement.

8.5 Public And Patient Engagement

The engagement of the public and patients in determining commissioning priorities and shaping services is a centrepiece of world class commissioning. This is reflected in NHS Walsall’s initiation of My NHS Walsall and Parliament and its commitment to using these forum to provide “a greater level of public accountability and patient involvement than has ever been seen in the NHS and an ability to rapidly discover patient and public views on a wide variety of decision-critical issues, for vastly less cost than before, and with a much greater degree of representation” (*source – 2009 Annual Report*).

As illustrated in **Figure 5**, this involvement extends to the whole of the procurement cycle: “Patients and the public can be actively involved in developing tenders, helping to scan for innovation, identify potential providers, participating in tender processes and panels and making decisions on resources.”

Fig 5 – The Engagement Cycle



Source: The Engagement Cycle; A new way of thinking about Patient and Public Engagement (PPE) in World Class Commissioning, May 2009 (Department of Health Website)

Some recent procurements, such as the location of a new dental practice, have had significant input from the public as part of formal public consultation, but in future there will be direct patient involvement in procurement activity in the way outlined above.

Utilising representation from My NHS Walsall and Parliament will be crucial to this process and discussions are underway with the Patient Engagement Team to pilot this approach.

8.5 Contracting for QIPP (Quality, Innovation, Productivity, and Prevention)

Given the current economic climate it has been recognised that there must be greater emphasis in commissioning and contracting services on delivering quality health outcomes but at the same time promote increased productivity and efficiency.

Using the appropriate contracting and procurement processes can make a major contribution to driving this agenda. Mechanisms include:

- Encouraging innovative solutions within specifications and tender invitations.
- Utilising the Contracting for Quality and Innovation (CQUIN) framework.
- Ensuring that contracts include appropriate Vital Signs and challenging KPI's and metrics.
- Maximising the use of the QOF framework in General Practice contracts.
- Reinforcing compliance with Care Quality Standards
- Utilising Quality Accounts and Quality Observatories.

Many of these mechanisms form part of the standard NHS contracts (including those for Acute Community, Mental Health services and the standard contracts for Primary Care such as APMS, and PDS) and these form of contracts will be used wherever appropriate.

8.5 Contract Management

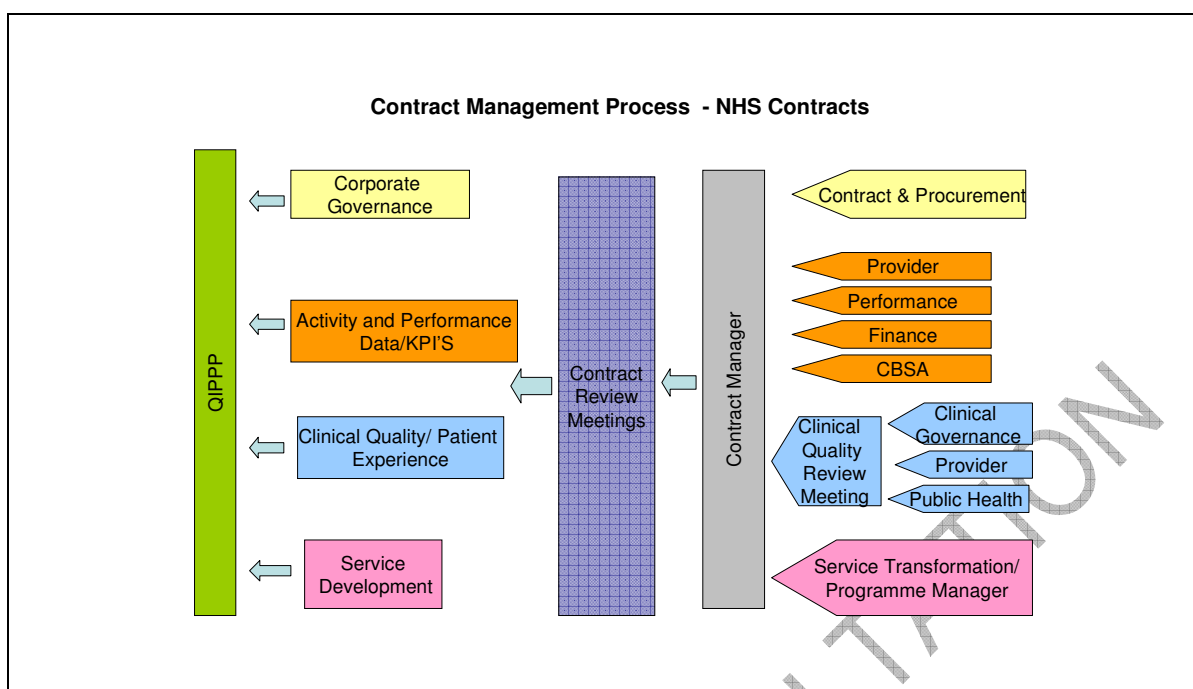
An essential element in the delivery of effective high quality patient care is a robust contract management process and this forms a key part of NHS Walsall's procurement strategy.

As described in more detail in the recent Provider Report, structured contract management arrangements are in place for the major NHS contracts (Acute Contract with Walsall Hospitals NHS Trust, Community Contract with NHS Walsall Community Health Services, and Mental Health contract with Dudley and Walsall Mental Health Partnership Trust) and the inputs to this process, the role of Contract Managers in co-ordinating it and the areas of activity covered are summarised in **Fig 6**.

This multi-disciplinary approach to contract management co-ordinated by the Contracting and Procurement team will continue to be refined and will increasingly be applied to other contracts so that it maximises the contribution that contracting and procurement can play in delivering QIPP.

For primary care contracts, the Assistant Director of Primary Care is currently implementing a Primary Care Contract Sanctions and Improvement Policy and conducting a formal review of GP PMS Contracts and he is being supported in this activity by the Contracting and Procurement team.

Fig 6 – Contract Management Process NHS Contracts



Source - Quarter 2 Provider Report, NHS Walsall, Nov 2009

9.0 **MARKET MANAGEMENT**

The recent analysis of current providers referred to in Section 3.0 above demonstrated that there is considerable potential to manage the market place both in terms of understanding the distribution of current business by more specific market segments and to stimulate both current and potential providers and to use choice and contestability to leverage quality and value improvements.

Accordingly a separate market management strategy is in the process of being developed within the Service Transformation Directorate and this will seek to deliver the following vision:

- To ensure that market management is embedded within the management structure of NHS Walsall and incorporated into all aspects of organisational planning and strategy
- To promote internal and external communication of NHS Walsall's Operating Plan and WCC Strategy.
- To identify barriers to participation in market management and to develop strategies with providers to overcome these barriers and increase communication and co-operation with NHS Walsall.
- To develop a standard engagement approach to providers with fair and transparent objectives.
- To promote the engagement of key stakeholders in the design and implementation of market management.

The delivery of this vision will require close integration with Programme Managers and Contracts Managers to ensure that programmes and contracts are appropriately evaluated so that market management is embedded into the commissioning cycle as illustrated in **Fig 4** above. In doing so, market management can actively contribute to an improvement in patient care for the people of Walsall.

10.0 **PARTNERSHIPS AND INTEGRATION**

In conducting contracting, procurement and market management activity, NHS Walsall is committed to working in partnership with clinicians, commissioners, the public and patients as illustrated above.

Additionally as Walsall moves towards a more integrated model of care with other agencies there will be scope for increased partnership across this range of activity. Recently, a Section 75 Agreement has been finalised between NHS Walsall and Walsall Council to facilitate joint commissioning initially for services for vulnerable adults but has been designed so it can be extended to additional services in future.

In keeping with the integration agenda, NHS Walsall will explore and implement collaborative contracting and procurement initiatives with other organisations within the health economy. For example, various joint contracting arrangements are already in place with Walsall Council and this has laid sound foundations to work more closely together in future.

In addition, where applicable joint procurement arrangements with other organisations will be developed and NHS Walsall will work in co-operation with the West Midlands Commercial Services Unit (CSU), which is currently under development.

Similarly NHS Walsall will develop open and transparent partnership working with its key providers in order to maximise the benefits to patients and will seek to develop the capability and capacity of potential providers. Mechanisms which will be used to do this include:

- Appropriate advertising of all contract opportunities.
- Develop a prospectus of forthcoming contracts.
- Participate in Meet the Buyer or similar events.
- Hold Bidder Days for specific procurements.
- Provide general guidance, training and workshops for current and potential providers.
- Offer feedback to all participants following all procurement exercises.
- Develop external Procurement internet site, help desk and e-mail address.

11.0 SUSTAINABILITY

NHS Walsall has a responsibility to ensure that its contractual arrangements with providers of healthcare services contribute to sustainable communities. In itself promoting healthy lifestyles will make a considerable contribution but through its contracting and procurement activity NHS Walsall will also encourage carbon reduction and other environmentally friendly practices, promote corporate social responsibility, support the economic regeneration of Walsall, and promote equality and diversity.

The impact of this can be summarised as follows:

“We can increase physical activity; promote a better diet; improve mental health; reduce obesity; promote safe travel, improve air quality; and help regenerate local communities and economies through carbon reduction, which in turn leads to safer, healthier, and more fulfilled communities.”

Source: Saving Carbon, Improving Health – The NHS Carbon Reduction Strategy for England, Department of Health January 2009

More detailed policies with specific actions will be developed in due course in accordance with National and Regional Guidance including the Good Corporate Citizen Framework and the NHS Carbon Reduction Strategy.

Some of the potential actions which could be driven through contracting and procurement activities include:

- Encourage providers to adopt environmentally friendly practices and to reduce their carbon footprint.
- Encourage providers to use environmentally friendly buildings and equipment.
- Encourage providers to promote the use of walking/cycling/public transport
- Promote the location of services nearer to the communities they service.
- Support the capacity and capability of local businesses, the third sector and social enterprise and to guide them through procurement processes.
- Encourage the promotion of equality and diversity including the use of Equality Impact Assessments
- Encourage providers and their suppliers to use socially responsible and ethical practices.

It is likely that some of the above will be best approached on a partnership basis with the whole health economy and not necessarily by NHS Walsall acting alone.

12.0 EFFICIENCY AND PRODUCTIVITY

In undertaking the market management, contracting and procurement activities covered within this strategy, efficient systems and processes will be utilised wherever possible. This will include maximising the use of technology and paperless systems and using the latest analysis tools.

Part of this approach is the adoption of the Bravo electronic tendering system which is in the process of being implemented which will eliminate the use of paper-based tenders.

13.0 SKILLS AND COMPETENCES

In order to deliver this strategy it is essential that the appropriate skills and competences are available within NHS Walsall both within the Contracting and Procurement team and for all other staff involved in the activities covered by this strategy. Such skills will include negotiation and influencing skills, procurement skills including knowledge and application of applicable procurement rules, sourcing and market management skills and contract management expertise.

To ensure this, appropriate procurement competences should be included within KSF profiles and skill gaps identified and personal development plans put in place to address them. Where applicable, internal training will be organised and lead by Contracting and Procurement.

Contracting and Procurement staff will undertake applicable specialist training and Contract Managers will normally expect to hold, as a minimum, the Graduate Diploma in Purchasing and Supply and be members of the Chartered Institute of Purchasing and Supply.

14.0 IMPLEMENTATION

14.1 Progress to Date

This document provides a framework to demonstrate how contracting and procurement activities will be conducted in NHS Walsall and how this will contribute to the delivery of the overall commissioning strategy for the people of Walsall.

Given that the Contracting and Procurement team that will lead the strategy is relatively new having been in place for less than six months, there is still considerable progress to be made in implementing this vision.

However it should be recognised that, in line with the Organisational Development Plan, to date some significant progress has already been made including:

Infrastructure and Policy

- Appointment of staff to all posts within the Contracting and Procurement team (although following recent resignations further appointments will now need to be made).
- Publication of the Procurement of Patient Services Policy.
- Publication of a Profile of the Contracting and Procurement Team and the launch of the Contracting and Procurement intranet site.
- Production of a Development Plan for Contracting and Procurement including a detailed Action Plan (see Section 14.2).

Contract Management

- Implementation of formal contract management processes for the main NHS contracts (Acute, community and Mental Health) using the model contract formats.
- Development of close working relations with commissioners including the review of several categories such as sexual health and telemedicine and the provision of ad hoc contracting and procurement advice.
- Production of the Quarter 2 Provider Report including an analysis of the current provider landscape, the review of current contract management processes, and a summary of performance at Quarter 2. This is to be submitted as a key document for the forthcoming world class commissioning assessment.

Procurement

- Completion of the procurement process and implementation of both the EAPC contract for additional GP practices and the contract for an additional dental practice in Aldridge.
- Negotiation of a Section 75 Agreement with Walsall Council which will establish a legal framework for joint commissioning activities including initially the Joint commissioning Unit for Vulnerable Adults.
- Award of several AWP contracts initiated by PbC clusters.

14.2 Next Steps

As mentioned above, a Development Plan which has been designed to implement the issues raised in this strategy has already been put in place. The associated Action Plan identifies the following broad areas to be addressed:

- Completion of the Contracting and Procurement infrastructure including the implementation of the Bravo electronic tendering system, and the development of a Procedure Manual and template documentation, and a database of contracts.
- Development of Contracting and Procurement Policies and Guidance and their dissemination within the organisation including the provision of appropriate training. Such guidance will include such areas as developing service specifications, contracts management, the use of the Any Willing Provider model, and public and patient engagement in procurement.

- Working closely with PEC and the PbC clusters to develop clinical engagement and PbC-initiated contracts.
- Development and approval of this Healthcare Procurement Strategy.
- Supporting the development and implementation of the Market Management Strategy being lead by the Assistant Director of Planning and building on the analysis of current providers which was included in the Quarter 2 Provider Report.
- Developing guidance and support for providers and potential providers including the third sector.
- Continued refinement of contract management processes and their extension to a broader base of strategic contracts. This will include development of the co-ordinating commissioner role for Mental Health and supporting the implementation of the Primary Care Contract Sanctions and Improvement Policy lead by the Assistant Director of Primary Care.

14.3 Management and Monitoring

The implementation of this Strategy will be lead by the Assistant Director of Contracting and Procurement under the guidance of the Director of Resources and Procurement and will be overseen by the Finance and Contracting Committee which will receive regular reports on progress at a frequency agreed by the Committee.

The Strategy will initially be reviewed after the first 12 months.