27th July 2012

Dear Sir David,

With a membership of over 400,000 registered nurses, midwives, health visitors, nursing students and health care assistants, the Royal College of Nursing (RCN) is the voice of nursing across the UK and the largest professional union of nursing staff in the world. RCN members work in a variety of hospital and community settings in the NHS and the independent and voluntary sector. The RCN promotes patient and nursing interests on a wide range of issues by working closely with the government, the UK parliaments and other national, European and international political institutions, trade unions, professional bodies and voluntary organisations.

The RCN recognises the importance of achieving value from money for the NHS as the public sector has a responsibility to spend public money wisely. Procurement has always been important but has been brought into even sharper focus by the QIPP challenge and the formalised need for the NHS to achieve £20bn of cash releasing efficiency savings by 2014/15. We welcome the efforts being made to spend wisely, particularly where this can avoid cutting front line posts. The key priority facing the NHS in the immediate period ahead is the challenge first articulated by the NHS Chief Executive, Sir David Nicholson, in 2009 to achieve an efficiency gain of 4% per annum (“the Nicholson Challenge”).

To support efficient NHS purchasing we believe that there a need to develop training and resources for nurses and other health professionals involved in procurement. Nurses have first hand frontline experience of clinical need, but may sometimes need support to articulate this. We know that nurses are currently involved in all forms of
procurement, from the small to the largest items. More training and support would ensure ‘buy in’ and support implementation. It is important for nurses to understand the procurement process and how they can influence it, to improve patient care. Some trusts are already undertaking work, skilling up commissioners including nurses, for example the training work undertaken by Liverpool PCT. This Trust have effectively highlighted skills gaps in Commissioner’s knowledge and directly linked these with focused training sessions and other learning events. At present there is no minimum national procurement skill threshold in the NHS which the RCN believes should be addressed.

It is also important that some of the fundamentals of procurement are followed. The process must span a life cycle from initial identification of need, through to selection of suppliers, awarding of contracts, and performance management of delivery and potential disposal of suppliers as part of a continuous process of review. Good procurement demands effective project management arrangements, clear lines of accountability and details of key individuals who will be responsible for monitoring performance. The emphasis should be on the quality of health outcomes, rather than the quantity of provision.

Procurement processes should be proportionate to the value, complexity and risk of the services contracted, and critically not excluding potential providers through overly bureaucratic systems. We agree that there is a need for more innovative procurement processes including harnessing relationships with suppliers to stimulate new innovation to deliver quality and value.

The RCN believes that effective procurement is about looking beyond short-term costs to make more decisions based on care pathways. This offers the opportunity to encourage manufacturers, suppliers and contractors to develop goods and services through collaboration and seeking to deliver longer-term cost savings.

Benchmarking is a key part of the procurement process but there is limited data on what is purchased by individual trusts, and there are still limited opportunities of examining the variation in prices being paid by different trusts, across England, for the same items or services. This means that trusts cannot easily identify how the prices they are paying compare with those paid by their peers, and, more importantly, whether better prices might be available if they were to engage with the market more effectively.

The majority of hospital trusts are outside the Department of Health’s direct control because they have Foundation Trust status and the remainder are expected to achieve this status by 2014. There is no mechanism to secure commitment by each hospital trusts to purchase a single item or class of supplies, or for the thousands of separate consumable products which the NHS uses. Many trusts take part in collaborative purchasing arrangements to some extent, but nevertheless, trusts are often paying more than they need to, for basic supplies. These issues are often highlighted by our members through our Frontline First web site. Much hospital
purchasing is administered in multiple, small purchase orders, which sometimes results in additional administrative costs for trusts. With consultation with Nurse Directors, Matrons and other clinical staff it may be possible to seek more effective bulk buying of goods and services. However the RCN also recognises that there will also be a continuing need to balance the freedom given to individual trusts to operate as they see fit with the desire to generate value from the £20bn that the NHS collectively spends.

A significant report by the National Audit Office (NAO) in February 2011 found that many health organisations were paying twice as much as others around the country for dressings, clothing and medical equipment. In some areas, individual hospitals were purchasing 177 different types of surgical glove and putting in hundreds of small orders for A4 paper. The NAO recommended that the Department of Health make it easier for trusts to compare the prices of products they buy, and that hospitals collaborate with each other to buy in bulk and so save money. The RCN believes that the recommendations made by NAO and the progress made against these should be considered as part of the current call for evidence.

Commissioning support services (CSS) will play a key part in procurement of services as part of the changes being introduced under the Health and Social Care Act. CSS staff will need to be properly trained and resourced to support the procurement of best value services for their populations. The team will need a range of specialist procurement skills to achieve their objectives. It is essential that the knowledge and experience developed in PCT’s is transferred to commissioning support services in an organised and timely manner. Key Areas of expertise needed include contract reviews as well as procurement and contracting strategies. CSS will also need access to advice on EU rules for tenders, formal challenges etc and other matters. Many nurses working for PCTs are being transferring to CSS organisations and they will be a key part of the team that ensure clinically appropriate procurement.

In the new clinical commissioning landscape it is important to recognise that Clinical Commissioning Groups (CCGs) will have the ultimate responsibility to ensure that in managing the plurality of provision and in making sometimes complex procurement decisions in a transparent and effective manner. At the same time they must ensure that all providers are incentivised to increase efficiency, extend choice and improve access to quality of care. In the current economic climate, CCGs will face pressure to make savings and efficiencies. CCGs will as currently understood still have to comply with the principles of the Department of Health Procurement guide for commissioning NHS-funded services, with provision made in the Health & Social Care Act 2012 for the Secretary of State to introduce regulations dealing with how procurements are undertaken (as yet unused).

1 The procurement of consumables by NHS acute and Foundation trusts, National Audit Office, February 2011
We are aware that the EU is reviewing its public procurement rules at the moment. If the European Commission’s reform proposals, make it into law across the EU then procurement procedures will change dramatically. CCGs will need to develop sufficient understanding of EU procurement matters to be able to identify issues on which they need support and assess the quality of the support they are receiving. Faced with many competing priorities, investing in staff learning for the basics of procurement law will have been well spent if this helps to reduce the risk of expensive and time consuming legal challenges.

Finally early involvement of clinical staff in procurement processes will help deliver efficiency savings. The reality is that many nurses are usually only brought into the procurement process when it is often too late to add significant value. Better engagement with clinicians and closer clinical-procurement collaboration is essential to identify efficiencies. Every procurement team needs to have effective relationship in place with their clinical colleagues allowing each side to feel comfortable in challenging procurement decision making.

If you have any queries, please do contact Stuart Abrahams at Stuart.Abrahams@rcn.org.uk; or on telephone number 020 7647 3536.

Yours sincerely,

Janet Davies
Director of Nursing & Service Delivery