

Rotherham Local Medical Committee

Competing for Health Service Contracts

Alison Oliver
Associate

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Session outline >

- Overview - how did we get here?
- New NHS commissioning regime and public procurement overview
- Single provider
- Any qualified provider
- Competitive tendering
- Tips
- Getting ready and organised

Overview – how did we get here? >

- Below inflation pay increase
 - QOF changes
 - Changes in the way Enhanced Services are commissioned
- = Pressure on practice finances
- Options:
 - Cut costs
 - Accept reduced profits
 - Look for alternative/additional income streams

New NHS commissioning regime >

- NHS England
- CCGs
- CSUs
- Public Health England
- Local Authorities

New NHS commissioning regime >

APMS/GMS/PMS:

- NHS England through 27 area teams

New NHS commissioning regime >

Enhanced Services:

- NHS England will commission some enhanced services nationally
- LES funding devolved to CCGs and Local Authorities
- CCGs free to commission a range of community-based services funded from their overall budgets
- Services will usually be commissioned through the NHS Standard Contract (public health may be via local authority equivalent)

Public procurement overview >

- Public procurement is the purchase of goods, works or services by Government and other public bodies.
- EU directives aim to ensure:
 - that contracts are awarded fairly and without discrimination on grounds of nationality
 - all potential bidders are treated equally
 - suppliers can challenge unfair processes

Public procurement overview >

Public procurement regulations in England and Wales:

- Implement EU directives
- Apply to contracts for works, supplies and services over specified thresholds
- Part A and Part B services
- Health services = Part B
- Reform in the pipeline which will remove distinction

Part B procurements >

- More flexible
- Must be fair, open and transparent
- Opportunities advertised sufficiently to open the market to competition
- Short-listing should be transparent and non-discriminatory

Part B procurements (continued) >

- Only published criteria should be used to evaluate submissions
- All bidders should have access to the same information
- Contracting authorities may have their own policies and standing orders – e.g. Department of Health

NHS procurement regulations >

National Health Service (Procurement, Patient Choice and Competition) Regulations 2013

- When procuring health services, CCGs must aim to :
 - secure the needs of the people who use the services
 - improve the quality of the services
 - improve efficiency

NHS procurement regulations (cont'd) >

National Health Service (Procurement, Patient Choice and Competition) Regulations 2013

- When procuring health services, CCGs must:
 - act in a transparent and proportionate way
 - treat providers equally and in a non-discriminatory way, including by not treating a provider, or type of provider, more favourably than any other provider

NHS procurement regulations (cont'd) >

National Health Service (Procurement, Patient Choice and Competition) Regulations 2013

- CCGs must procure services from providers that:
 - are most capable of securing the needs of patients, improving quality and improving efficiency
 - provide best value for money

Types of procurement >

- Single provider
- Any qualified provider
- Competitive tendering process

Single provider >

- Regulation 5: a CCG may award a contract to a single provider without advertising where it is satisfied that the services to which the contract relates are capable of being provided only by that provider
- This may apply, for example, if:
 - only one provider has necessary infrastructure
 - services have to be co-located

Any qualified provider >

What is AQP?

- Patients choose from a range of providers, all of whom meet NHS standards
- Providers are paid a national tariff or locally agreed price
- No guarantees of volume of work – **NB!**
- Providers pass a standard qualification process

Any qualified provider >

AQP offers

- CCGs identify services to be offered through AQP route
- Likely to be suitable where circumstances of the service mean that patients would be in a position to exercise choice, i.e. planned elective services rather than emergency services
- E.g: podiatry, physiotherapy, adult hearing services
- Advertise on www.supply2health.nhs.uk

Any qualified provider >

AQP provider requirements

- Meet rigorous quality requirements
- Meet the Terms and Conditions of the NHS Standard Contract
- Accept the NHS price for the service
- Capable of delivering the agreed service requirements and complying with referral protocols

Any qualified provider >

AQP application process – broad outline

- Open an AQP account
- Search for offers/opportunities
- Complete a qualification questionnaire

Any qualified provider >

AQP assessment process

- Organisation compliance
- Regulatory compliance
- IM&T compliance
- Legal, financial and commercial compliance
- Service delivery assessment

Any qualified provider >

Compliance questions/information

- Does the organisation exist in the stated form at the stated address?
- Are the necessary legal frameworks in place e.g. partnership agreement?
- Does the organisation have relevant policies/systems?
- Is the organisation CQC registered (if required for the activity being provided)?
- Do staff have the relevant professional registrations?
- Accounts or bank reference
- Insurance and indemnity levels

Any qualified provider >

Service delivery assessment

- How the provider intends to deliver the service
- Relevant prior experience, in line with the assessment criteria and service specification
- How the provider intends to work with local health and social care services
- Details of clinical governance leads, processes and reporting arrangements
- Details of any innovative practice highlighted by the provider in their application

Any qualified provider >

What applicants say...

- “Process seemed straightforward in theory but it was really hard in practice”
- “I have a commissioning background but I still found this process really difficult”
- “There was nobody to talk to to get advice on the application process”
- “There was an open meeting about the service on offer but at that stage we didn’t know what our detailed questions would be”

Any qualified provider >

What applicants say (continued)...

- “It took me 3 weeks of spending 3 or 4 hours a day to complete the application”
- “We submitted our bid and then they changed their mind about how they wanted to commission the service and ran a competitive tender”
- “We had a lot of inappropriate referrals for which you don’t get paid but which still drain resources”

Competitive tendering >

Typical process outline

- Advertisement
- Expression of interest
- PQQ
- Invitation to tender
- Bidder information
- Tenders
- Presentations and interviews
- Assessment
- Contract award

Competitive tendering >

Features

- Time consuming
- Favours bigger organisations?
- Deadlines are absolute
- All information is made available to all bidders, including answers to questions from bidders
- Very limited scope for negotiation of terms
- Difficult/costly to challenge decisions

Tips for tendering >

- Form a bid/AQP team
- Allocate sufficient time to the process
- Be clear about your service delivery model and be prepared to explain it
- Read the contract carefully
- Check that the numbers add up – is it viable?
- Stick to deadlines
- Do not assume your skills/experience are known
- Prepare and practice for interviews
- Consider getting outside help with writing your application, at least the first time

Getting prepared for competition >

- Be clear about your practice's objectives/vision
- Carry out a SWOT analysis and develop a strategy for addressing weaknesses/building on strengths
- Build strong relationships with other organisations – CCG, local authority, other practices, etc so that you understand their priorities and are aware of opportunities
- Monitor supply2health regularly for advertisements
- Consider collaborating with others - initiate discussions with potential “partners”

Getting organised >

- Make sure you are “organisationally ready”
 - Practice level
 - Joint ventures/federations
- Organisational structures
 - Partnerships
 - Companies/LLPs
 - Unincorporated joint ventures
- Organisational policies/procedures/systems
 - E.g. complaints, incident reporting, staff training, patient management systems, etc

Contact Details – Alison Oliver >

Direct Dial: 0191 204 4240

Fax: 0191 204 4246

Mobile: 07872 062 259

Email: alison.oliver@wardhadaway.com