

HEALTHCARE SERVICES PROCUREMENT STRATEGY

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1 PCT PROFILE

Birmingham East and North PCT (BENPCT) is one of 153 Primary Care Trusts within the English National Health Service. As a PCT it is responsible for the wise investment of public money to secure health improvement, access to health services and where appropriate the provision of health services to a local population of some 438,000 people.

Geographically, the PCT covers seventeen wards along the eastern half of Birmingham City Council, Britain's second city and the single largest metropolitan authority in Europe. The registered population is diverse, with significant differences in profile at ward level; Washwood Heath is 70% black and ethnic minority (mainly of Pakistani or Bangladeshi Muslim origin) with less than 15% over 60s and some 30% under 16 year olds; in contrast, Sutton Four Oaks has only 5% ethnic minority (mainly Indian) and 25% over 60s, with only some 15% under 16s.

The diversity of demography is reflected in significant disparities in socio-economic status across the PCT area. Not surprisingly, this disparity is again reflected in significant inequalities in health status and mortality with an over 6 year difference in average life expectancy between some wards. Whilst this illustrates the most extreme differences, each local area has distinct characteristics, within a majority deprived area.

The PCT is a complex organisation. Its core role of commissioning involves some 150 managers, from both clinical and general management backgrounds responsible for some £630m of investment each year. The PCT also hosts the specialised services commissioning function for all seventeen West Midlands PCTs and this team of some forty people are responsible for £680m expenditure for which the PCT is budget holder and the accountable body.

The PCT is the lead commissioner across the city for Mental Health, Learning Disabilities, Sexual Health and Addiction Services. We employ two hundred and sixty staff in Estates, ICT, Finance and Contractor and Financial Services, who work across the city supporting the three Birmingham PCTs and in some cases also Solihull Care Trust. As a provider of Community Health Services, we deliver a range of core Community Nursing Services, Demand Management Services, Rehabilitation, End of Life Care and nurse led urgent care, employing over nine hundred clinical staff from a variety of professions and including a number of medical and non-medical consultants. Many of our staff live or have families locally.

The PCT has a well-established and close working relationship with Birmingham City Council. The Chief Executive Officer (CEO) has developed and led the Birmingham Health and Wellbeing Executive for the last three years and is a core member of both the Be Birmingham Local Strategic Partnership and Be Birmingham Executive. The PCT participates actively in employer and economic forums and is a Board member of Digital Birmingham. The PCT manages a range of integrated Intermediate Care services on behalf of the Directorate of Adults and Communities (Birmingham City Council) and have a joint estate development programme for the future delivery of this rehabilitation focused programme. The PCT has also invested significantly in our relationship with our main acute provider, the Heart of England NHS Foundation Trust, now a single organisation operating through three local

hospitals. Our collaborative programme of clinical re-design and improvement (Working Together for Health) has been the subject of academic commentary as a Kaiser Beacon site since 2003 (by Universities of Birmingham, Warwick and Toronto) and has been identified by the University of Toronto as an exemplar of system improvement alongside Jonkopping in Sweden, Veteran's Administration in the USA, Henry Ford Health System and Inter Mountain Healthcare, USA.

More recently we have brought our partnership commitment to commercial relationships. We are currently exploring appropriate legal forms to recognise our shared investment of knowledge, expertise and time with UK Pfizer Health Solutions and NHS Direct. After a competitive process, we have entered a partnership with Doctor Foster Intelligence to secure intelligence and marketing expertise and act as a vehicle for the joint development of new products. We enjoy a long standing organisational design relationship with Vista Consulting Team. This PCT is also developing its first social enterprise project with a group of social entrepreneurs.

The PCT is the local commissioner of primary care services, most of which are provided by small independent contractors. The PCT works with some eighty-two general medical practices of which thirty-three are single partner practices. These practices have been encouraged to collaborate at a local level in six locality groups to deliver practice-based commissioning each covering between 55,000 to 100,000 people. We are in the process of developing further our relationships with other key contractors (dentists, pharmacists and opticians), building on our learning with general practice. A number of local independent medical and other practitioners are employed on a sessional basis by the PCT as Clinical Directors or Clinical Leads.

BENPCT has a clearly stated core purpose of 'Working in partnership to tackle inequalities and improve the health and well being of local people' and the PCT has four audacious goals which provide the core framework for investment and development:

- To be so responsive to the population we serve that no one waits for the quality care they need
- That the health and well being of the population will have improved so much that people will enjoy 10 more years of healthy life
- That people regard us as the first choice organisation to work with and for
- Our communities will be the most involved, informed and empowered in the country

These strategic goals are underpinned by a set of principles which guide how the PCT works. These are that the PCT is collectively and personally committed to:-

- The best interests of the whole and caring about the (perspective of the) individual
- Investing wisely to do the right thing
- Purposeful partnerships
- Being inspired by Innovation and committed to maintaining and improving core activities.

To deliver the PCT's core purpose and goals BEN PCT has recently revised its key strategies which drive delivery of its objectives and sustained improvement. In effect these strategies have been designed for sustained high performance, the strategies are:-

- Quality Safe Services
- Promoting health and empowering people
- Extending Working Together for Health
- BRISK Processes (Bold, Redesign, Investment, Sustainability, Knowledge)
- Consistently fit for purpose – Buildings, People, IT

The PCT's Strategic Plan provides a local framework for the PCT's investment and a commissioning approach for the next 5 years to tackle long-standing health inequalities, secure access to effective services and deliver significant improvements in health outcomes for local people.

To support this we are making significant investment in innovative models of care and often with new players in our local system. We shall need to ensure value for money not least through a robust approach to procurement. The PCT will take a measured approach to assessing where we shall best achieve positive improvement through working in collaboration with existing local providers and where there will be a benefit to patients in terms of access, choice and patient experience by bringing new providers into the local market.

2 LEGAL CONTEXT

The PCT is, like other NHS Trusts and Foundations Trusts, a “contracting authority” within the meaning of the Public Contracts Regulations 2006 (as amended) (SI/2006/5).

Accordingly, whenever it proposes to award a public contract (whether it be a public contract for services, supplies, or works as defined) the procurement will need to be conducted in accordance with the Regulations and in accordance with the wider legal principles of transparency, equal treatment, proportionality, non-discrimination and mutual recognition contained in the EC Treaty and procurement Directive which lie behind the UK Regulations..

The Regulations divide ‘services’ into two parts.

“Part A Services” are subject to the full procurement regime including the mandated contract award procedures and minimum timescales between the various procurement stages set out in the Regulations.

“Part B Services” which include “health and social services” (as more particularly described in the CPV codes identified in Schedule 3 to the Regulations) are subject to a much lighter regime requiring only compliance with the EC Treaty principles; the technical specification obligations and the various obligations relating to notices, reports and audits following contract award. There is no statutory obligation to commence a Part B services procurement with the publication of a formal contract notice in the Official Journal of the

European union (OJEU), nor does the contracting authority have to follow one of the statutory award procedures set out in the Regulations. Instead it can follow an award procedure of its own design, subject to what is said above.

Although careful checks should always be made before deciding on the procurement approach in relation to a particular service, when the PCT is commissioning primary, secondary or tertiary healthcare services it is almost certain to be procuring Part B Services and so will be subject to the lighter touch regime.

In addition, any contracts which are below the applicable financial thresholds will also be subject to a lighter touch regime again subject to the EC Treaty principles and relevant case law.

As a public body and a “contracting authority” within the meaning of the Regulations the PCT takes its legal obligations seriously and intends that all its procurements and commissioning activity will be compliant with the relevant law.

It is important to note that even Part B Services, although not subject to the full regime, must by law still be given a sufficient degree of advertising necessary in order to alert likely potential suppliers of the opportunity to bid. It is also NHS policy that all Part B services contracts to be awarded by PCTs must as a minimum be advertised on the Supply2Health website. Additional advertising may be necessary on a case by case basis depending on the level of provider interest nationally and across the EU there is likely to be.

It should also be remembered by all those undertaking procurement on behalf of the PCT or working with it on procurement that competition is the main mechanism by which the PCT can ensure both legal compliance; a likely improvement in quality and innovation of service provision and value for money.

3 NATIONAL POLICY CONTEXT

There is no general policy requirement for NHS clinical services to be subject to formal procurement processes.

The Commissioning Framework sets out a requirement for commissioners to initiate a systematic programme of service reviews, focussing initially on services where there is concern about quality. An outcome of such a review might be a decision to tender the service that fails to meet standards and fails to improve although the PCT may wish to use other procurement routes where appropriate.

Principles and Rules for Cooperation and Competition (PRCC) published with the NHS Operating Framework 2008/09 provides guidance to PCTs on the expected behaviours and rules governing cooperation and competition in the provision of NHS services. The PRCC makes it clear that PCTs need to understand the markets that they operate in and be able to make the system operate effectively in the interests of patients. PCTs must understand when this requires them to inject more competition by introducing new providers and when this is better achieved by enforcing cooperation between providers. The PRCC includes Principle 3: “Commissioning and procurement should be transparent and non-discriminatory”. Adherence to this principle is necessary in order to provide the best value for money, encourage innovation and to protect the reputation of

the NHS. The PRCC makes it clear that it is for PCTs as commissioners who purchase Part B services to decide transparently which services require to be tendered. In doing so, Principle 1 lays on PCTs the requirement to commission services from the providers who are best placed to deliver the needs of their patients and populations.

The PCT has established a Competition & Promotion Dispute Resolution Process that complainants can pursue if they feel that the PCT has contravened any of the 10 principles.

The World Class Commissioning approach, launched by the Department of Health in December 2007 requires PCTs to demonstrate 11 key competencies which include:

- Stimulating the market to meet demand and secure required clinical, health & well being outcomes;
- Securing procurement skills that ensure robust and viable contracts

In May 2008 the Department of Health published "PCT Procurement Guide for Health Services" to support NHS Commissioners in deciding whether and how to procure health services through formal tendering and market-testing systems. In addition ALE requires there is a procurement policy which lays down the procedures to be followed, and is published internally. Staff should be aware of this and there should be evidence that it is being followed.

The PCT's Procurement Strategy is written to ensure compliance with national NHS policy and to ensure that as far as practicable that there is no conflict between the two. BEN PCT is well aware of the potential legal issues arising from the procurement of public services having recently carried out a number of large procurement exercises for both Part A and Part B services. We understand that in an increasingly sophisticated and global market, we need to expand our traditional approach to procurement ensuring we comply with the EU principles of equality of treatment, transparency and non-discrimination whilst exercising our local responsibilities as an investor in health to enhance economic growth, social capital and local skills.

4 LOCAL CONTEXT

Wise investment for health improvement and to secure access to services to meet the needs of 430,000 people requires the PCT to operate in a sophisticated market of provision. Historically this market has been dominated in secondary care by two large NHS providers, now both Foundation Trusts, and in primary care by small independent contractors. Tertiary care is provided from a range of regional and national centres, with local people benefitting from the range of specialist provision delivered through major local teaching centres including University Hospital Birmingham FT, Birmingham Children's Hospital FT and University Hospital Coventry and Warwickshire. There is considerable third sector provision in relation to elements of mental health and learning disabilities, sexual health and end of life care.

BEN PCT is host to a local major employee of over 6,000 people, the Heart of England Foundation Trust which accounts for 75% of our Acute portfolio. Local people have demonstrated a relatively high awareness of the choice opportunity for elective care but overwhelmingly choose to go to their local provider, which also has a strong national

reputation as an innovative and high performing Trust. As a PCT, we have worked closely with clinical colleagues in HEFT to develop integrated clinical pathways which offer effective and efficient responses to local people. Our own direct provision of some £46 million of Community Services through over 1,000 staff has supported this approach through our strategy of 'Working Together for Health' and has garnered national and international recognition as an example of effective and responsive integrated care in action.

In addition, our community services staff have a strong grounding in health improvement, care co-ordination and demand management, supporting a focus on tackling health inequalities and reaching out to the most disadvantaged groups, enabling us to make progress with our colleagues in the City Council on key targets within our Local Area Agreement. We have recently worked with Partnerships UK to review the quality, productivity and cost of our services and to understand the markets in which they operate.

The PCT is also lead commissioner in Birmingham for the Birmingham and Solihull Mental Health Trust. This is a large mental health organisation, employing 4,000 local people, and being the major provider of the full range of mental health services to a population of around 1.2 million people. The Trust has recently achieved Foundation Trust status and has invested significant management and clinical energy in the last 5 years to establish a sound financial footing and enhancing the standards of clinical care to a particularly vulnerable and challenging patient population.

We are the only PCT in Birmingham to be signatories to the **Birmingham Sustainable Procurement Compact**. This sets out the commitment of a number of public sector agencies in Birmingham with combined budgets of around £6 billion to ensure that our purchasing and procurement decisions support the economic, social and environmental development of Birmingham.

The PCT's Strategic Plan sets out aspirations and priorities for investment and improvement over the next five years. It is supported by an annual Commissioning Plan which gives clarity to providers in our approach to service development and redesign as well as signalling potential development opportunities for providers.

When procuring services the PCT will take into account 5 local principles when deciding on the appropriate procurement route to follow:

1. **Sustainable Development** – the PCT will ensure that our procurement decisions play a full part in the economic, social and environmental development of Birmingham, and are likely to be resilient over time.
2. **Provider Development** –the PCT will identify sectors which would benefit from market stimulation and will seek to stimulate vibrant markets and enable new providers including the third sector to enter the local healthcare market, creating new choices for local people.
3. **A Stable System** – the PCT will pay attention to local provider economics; we do not wish to destabilise an effective and efficient system by increasing competition where the additional risks of failure, service degradation and poor relationships may undermine the perceived benefits of increased choice. The PCT will focus on stimulating additional competition in areas prioritised for quality improvement or where patients have historically been offered only limited choices, potentially

maintaining mediocrity in provision. Where increased competition is required the PCT will work with all providers to minimise institutional risk.

4. **Transparent and Defendable** – whatever procurement route the PCT follows we will ensure that it is transparent and that the decision making process is open and defendable.
5. **Developing Provider Networks** – the PCT will encourage providers to come together in confederations to put forward proposals which cover the whole pathway of the service, enhancing care co-ordination and effectiveness for the patient.

When procuring services the PCT will also be mindful of the need to avoid discriminating against potential providers from further a field and in particular from other member states since to do so would be unlawful under the EU Procurement Rules

5 COMPETITION CONSIDERATIONS

The EU Treaty and Public Procurement Directives require competition as the mechanism by which contracting authorities ensure that the EU principles of equality of treatment, transparency and non-discrimination are met. The PCT is also bound by our own Audit requirements and Standing Financial Instructions which require us to demonstrate Value for Money whatever procurement route we follow.

The PCT needs to decide whether a formal tender is required for healthcare services, **the first question that we need to answer is whether greater competition is required to deliver better quality care**. In the absence of a competitive tender process, we still need to demonstrate that quality and value for money has been obtained.

There are no hard and fast rules when considering whether to competitively tender however the PCT Procurement Guide for Health Services published in December 2008 provides a list of criteria that should be considered

Assessment	Consideration
Estimated Value of the Contract	The greater the value of the contract, the stronger the case for advertising the tender – the procurement process should be proportionate to the value, complexity and risk of the services to be contracted for
Level of market interest and capability	The larger the number of potential providers for the services are, the stronger the case for advertising the tender. This could override considerations based on the value of the contract.
Government policy on protected services	For services that must be provided by a particular provider to protect essential public services, an advertising tender is unlikely to be necessary.
Is there a reason that competition is not appropriate in this circumstance?	Do urgency considerations, due to factors beyond the PCT's control,

	<p>preclude an advertised tender? Are the services protected by monopoly rights in accordance with a legal or administrative instrument? Is there only one supplier capable of providing services due to technical reasons or special or exclusive rights?</p>
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The PCT is aware of the potential issues arising from the EU legislation and the closer interest which the European Union is taking in competition and procurement in the English health care sector. We need to be able to demonstrate that we understand the markets we operate in and be clear about whether we work with existing providers or new providers to secure the outcomes.

The PCT should agree a procurement strategy for large or high profile tenders. The following table provides some considerations when developing a procurement strategy.

Considerations	
Range of Providers	<p>Are there a range of providers that currently operate or may be interested in operating in that market? If there is a monopoly provider then the PCT may want to consider stimulating the market by encouraging new entrants, particularly if the current levels of performance are not at the required level</p>
Competition	<p>Will increased competition between providers improve patient choice, quality and accessibility of services If the answer to these questions is yes then the PCT may want to carry out a formal tendering process.</p>
Current Performance	<p>Are current providers meeting the required quality standards and seeking to improve quality further? Is demand being managed effectively? Are services being delivered efficiently? Are current contracts fit for purpose in the light of future need and requirements? If the current provider's performance is not at the required level then the PCT will still need to consider whether a tendering exercise will have a positive impact on the user of the service</p>
Procurement Options	<p>Review outcomes from previous procurements. How attractive is the opportunity to existing</p>

	<p>and potential providers? Are the needs of the population best served by single or multiple contracts? Would a single supplier or multiply supplier deliver better patient care?</p>
Procurement Routes	<p>Seek legal advice or guidance from Procurement Team Mirror Part A procurement routes, open procedure; restricted procedure, competitive dialogue (where justified). Negotiated procedure should only be used un very exceptional circumstances. Consider other procurement routes that are proportionate for the scale, complexity and risk associated with the services to be purchased and the market to be managed.</p>

6 MARKET ANALYSIS

The following section draws on a more detailed consideration of key local markets in our strategic plan and seeks to highlight emerging priorities for both market stability and market stimulation.

6.1 ADULT ACUTE CARE

As highlighted in Section 5, the local market in adult acute care is stable and characterised by large, high performing NHS institutions.

BEN PCT is the coordinating commissioner for HoEFT, primarily on behalf of Solihull Care Trust, South Staffordshire PCT, Heart of Birmingham tPCT and South Birmingham PCT with marginal activity with other West Midlands PCTs. In providing £170 million of Acute Care for BEN PCT, Heart of England is the dominant provider of choice within a densely-populated, deprived urban conurbation. The PCT views HoEFT as a preferred supplier of Acute Care for the PCT for a number of other reasons including:-

- It's traditional high level of performance as a Foundation Trust in delivering services to the PCT population
- Its status as an active partner in the re-design of care pathways and service improvement.
- It's ready accessibility to the majority of BEN PCT's population, including those dependent on local buses
- It's importance as a large employer which invests in training within a community characterised by low skills and high levels of worklessness.

In this context, the PCT has pursued a twin strategy of building long-term relationships for clinical engagement in collaborative re-design through our Working Together for Health programme, alongside tactical market interventions to provide leverage for improvement. Our Strategic plan identifies a significant range of specialties where we expect improvement and a shift in the nature of provision over the next 5 years, and we expect

much of this to be done in collaboration with HoEFT through the working together for health programme. Priorities for improvement where we may consider seeking alternative providers for all or some elements of provision, in the absence of significant improvement include:

- Community midwifery and delivery wards
- Diagnostics
- Care closer to home

6.2 PRIMARY CARE

Approximately 80 % of health contacts with the population take place in Primary Care, with the majority of this activity undertaken by small local businesses in sole contract with the PCT. BEN PCT currently commissions Primary Care through:

- 82 General Practices
- 56 Dental Practices
- 55 Opticians
- 98 Pharmacies

The PCT has developed specific strategies for Primary Care and General Practice and will be developing strategies for Dentists, Pharmacists and Optometrists.

The PCT's analysis of the primary care market is that there will be increasing competition as we seek to improve access and responsiveness. We are likely to stimulate mergers as practices seek to build capacity, capability and resilience, and we are actively using our capital investment programme to leverage practice integration for resilience and enhanced capability. The equitable access procurement may attract new commercial players into the general practice market. We have already procured Lloyds Pharmacy to deliver screening as part of our male life expectancy programme, and this has been a positive experiment in exploring how to make best use of the range of primary care provision, beyond historic models of intervention.

BEN PCT seeks to stimulate the development and use of technology in the primary care market to add value to face to face contacts. This will increasingly attract new providers, as has been the case for NHS Direct in the delivery of Birmingham OwnHealth, or existing providers delivering new activities as in the case of our Physiotherapy service developing Orthopaedic Triage as an alternative to hospital outpatient attendance. The significant scaling up of these and other services will increase access to and efficiency of services and is an important tool in reducing inequalities as we have designed interventions to reach out to groups which have historically avoided using traditional services, or present late in disease progression.

The Primary Care market is also key in controlling demand for acute services. The PCT believes that an increasing number of patients could be managed by their own GPs in Primary Care as part of core contractual arrangements, and also wishes to address long-standing unacceptable variations in clinical practice and subsequent outcomes. We shall be seeking to develop a number of our contracts for primary care to include a wider range of activity and clearer reporting and would expect over time to invest in a smaller number of practices more closely aligned to delivering the PCT's vision of health improvement through innovation and partnership.

6.3 VULNERABLE PEOPLE

6.3.1 Mental Health

Approximately 78% of Mental Health care is provided by Birmingham and Solihull Mental Health Foundation Trust (BSMHFT) across a range of acute and community settings. There is at present limited competition from other statutory, third sector and private sector providers but integrated commissioning with BCC Adults and Communities Directorate from April 2009 will stimulate new entrants and new networks of care. For the moment, BSMHFT has a dominant position.

BEN PCT as lead commissioner for Mental Health on behalf of the three Birmingham PCTs has taken a proactive stance when working with BSMHFT and has agreed a set of principles that provide a framework for the relationship and the way commissioners and providers will act. This framework underpins the contract and facilitates dialogue and redesign in an environment where healthy tensions exist. As with Heart of England Foundation Trust the PCT takes a twin track approach. This has included designating BSMHFT as a preferred supplier of Acute and Specialist Mental Health Services.

The current process of re-design and re-specification will stimulate the market through the development of a provider forum which will support new entrants into the market, with a focus on provision of Primary Care Mental Health Services, building capacity in drug and alcohol services, and addressing co-morbidity with physical disease. In addition, the PCT is hosting a major procurement of medium secure services across the Region, which will re-define our relationship with independent providers and potentially stimulate further change in local NHS provision.

6.3.2 Learning Disabilities

BEN PCT commissions Learning Disability services on behalf of the three PCTs in Birmingham. The predominant historic provider of these services is South Birmingham PCT's provider arm. BENPCT has signalled that Learning Disabilities provision should not be part of the portfolio of services provided by the new Community Foundation Trust. As lead NHS commissioner in Birmingham, the PCT is working closely with Birmingham City Council Adults and Communities Directorate to commission a range of new providers to ensure a service model which fits with the commissioner specification, within a new integrated approach, which should enhance market diversity and efficiency in the interests of people with learning disabilities.

6.4 LONG TERM CONDITIONS

Over 25% of the population within BENPCT have one or more long-term conditions. The present market for the provision of services for people with long-term conditions is diverse, although dominated by NHS provision, with the notable exception of our telephone based care management approach.

BEN PCT's approach to the commissioning of services for Long Term Conditions (LTC) has driven significant re-design across the boundaries of existing providers, particularly within PCT provision and the interface with each of HoEFT and adults and communities in the City Council. We have also sought to stimulate market interest in providing different

types of services that move away from the traditional face to face contact to a system of care (for example telephone based care/use of assistive technology) which increases the responsibility of the individual to understand more about their condition and undertake self-care/self management. Significant shifts in activity and resource are planned through Birmingham OwnHealth and an increasing number of services in this area will be provided by Public, Private and Third sector organisations in partnership with the PCT as commissioners.

Our experiments with developing individual patient budgets will also change the market structure and the provider landscape as the potential range of services that a patient can commission with an individual budget will start to move outside of traditional provision (e.g. weight watchers), or may shift significant health spend into care and support activity. This creates a challenge to ensure that the providers can not only deliver their service but continue to have a relationship with traditional provision for their medical care.

6.5 BENPCT PROVIDER ARM

BENPCT regards the decision about relative autonomy of the provider arm as a key commissioning decision. Our own provider arm has historically played a key role in

- Demand management – supporting us in reducing costs in secondary care
- Research and innovation – we have been able to take ideas from elsewhere and build on local innovation to test and prototype services, making many live changes as we have learnt how they deliver in practice;
- Direct relationship with our public – we have a privileged relationship with local people as we not only ensure their access to a range of health services, we are also a local direct provider of much of their care. This gives us privileged intelligence of their preferences, lifestyles and their experience of other local service providers. This relationship is key when we are also making difficult investment choices and at times limiting access to treatments of limited value and high cost.
- Market leverage – our major local acute providers have a market interest in generating and sustaining demand for a range of services, which may be more safely, appropriately and sustainably delivered closer to home. Where they have not been interested in re-design to deliver this, we have been able to develop alternatives to stimulate change through our own direct market interventions.
- Retaining some direct provision also provides resilience in the context of potential market failure (e.g. of nursing homes); those Local Authorities which contracted out all public provision a decade ago are now largely trying to re-gain some foothold in the market.

In this context, we are taking a thoughtful approach to reviewing the current contestability of BENPCT clinical services and will explore a range of options for future organisational 'homes', as the same solution may not be equally appropriate for all services and we shall wish to ensure best fit on a service by service basis.

Working with Partnerships UK (PUK), the PCT has now established a clear baseline understanding of contestability and performance in our provider arm. On the whole this demonstrates strong performance and action has been taken to address areas of immediate weakness. Phase 2 of this work will see implementation of a range of actions arising from this analysis through the Operations Sub committee of the Board and the Director of Operations.

Appendix II identifies some of the areas where the PCT will be carrying out procurements over the next 3-5 years.

Appendix 1

Principles and rules for Cooperation and Competition

The principles and rules set out in the Operating Framework for 2008/09, and amplified in Annex D to that document, to which further reference may be made as appropriate.

Principle 1 –Commissioners should commission services from the providers who are best placed to deliver the needs of their patients and populations

Principle 2 -Providers and commissioners must cooperate to ensure that the patient experience is of a seamless health service, regardless of organisational boundaries, and to ensure service continuity and sustainability

Principle 3 –Commissioning and procurement should be transparent and non-discriminatory

Principle 4 -Commissioners and providers should foster patient choice and ensure that patients have accurate and reliable information to exercise more choice and control over their healthcare

Principle 5 -Appropriate promotional activity is encouraged as long as it remains consistent with patients' best interests and the brand and reputation of the NHS

Principle 6 -Providers must not discriminate against patients and must promote equality

Principle 7 -Payment regimes must be transparent and fair

Principle 8 -Financial intervention in the system must be transparent and fair

Principle 9 -Mergers, acquisitions, de-mergers and joint ventures are acceptable and permissible when demonstrated to be in patient and taxpayers' best interests and there remains sufficient choice and competition to ensure high quality standards of care and value for money

Principle 10 -Vertical integration is permissible when demonstrated to be in patient and taxpayers' best interests and protects the primacy of the GP gatekeeper function; and there remains sufficient choice and competition to ensure high quality standards of care and value for money

Appendix II

Investment Area	Procurement Approach	Timescale
Birmingham OwnHealth	Market testing whole service	Commence April 2010
End of Life Care	Market testing subject to outcomes of test and learn phase	Commence mid 2009
Stroke Care	Market testing	Commence late 2009
COPD	Market testing	Commence July 2009
Redesign of acute services	Procure through existing providers	Pilots implemented
Wound Care Services	Market Testing	During 2009
Acute Services Development	Any willing provider although there will specific partnership developments to introduce single point of access for all muscular skeletal work	During 2009
Mental Health	Market Testing for IAPT provider	Commence April 2009
Anti-coagulation services	Competitive Dialogue on outcome of pilots	Commence 2010
Community Services	12 services being re-specified to ensure the services are fit for purpose. Outcome of specification work will require varying methods of procurement including preferred supplier status, limited market testing	Ongoing 2009 to 2011
Complex Care	Market stimulation events	2009
Primary Care	A new GP Practice and GP Led Health Centre through open procurement process	2009