

Dear Colleague

## KEY PROCUREMENT PRINCIPLES

### Purpose

1. The purpose of this CEL is to:
  - a) Refresh the guidance issued within HDL(2006)39 in order to clearly mandate the use of national, regional and local contracts where such contracts exist; and
  - b) Provide a series of supporting principles which should be adopted by all Health and Special Boards in Scotland in order to support the aim of achieving best value from procurement activity.

### Background

2. The Accelerated Procurement initiative was established by the NHS Chief Executive Officers' Group in August 2010. The group recognised the essential nature of the engagement between procurement professionals and the wider Health Board teams to maximise the delivery of benefits for NHSScotland, and to ensure that appropriate professional input from across the service is provided to assist in Best Value outcomes for procurement activity.
3. This work was developed further and is now controlled within the NHSScotland Procurement Steering Group. This CEL sets out the key principles of this engagement to be adopted by all Health Boards and Special Boards in Scotland with regards to procurement activity.

CEL 05 (2012)

1 March 2012

### Addresses

#### For action

Chief Executives and  
Directors of Finance, NHS  
Boards

#### For information

Director, NHS National  
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NHSScotland National  
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Group

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## Key Principles

**a) National, regional & local contracts:** Where national, regional or local contracts exist (including framework arrangements) the overriding principle is that use of these contracts is mandatory. Only in exceptional circumstances and only with the authority of the Board's lead Procurement Manager or the Director of Finance, based on existing schemes of delegation, shall goods or services be ordered out-with such contracts. Procurement leads will work with National Procurement and other national contracting organisations to ensure best value decisions are made, and that a record of exceptions is maintained for review.

**b) Engagement:** Technical User Groups (TUGs) should be established by each Health Board for key projects with decision making powers from their Executive Board through a scheme of delegation. Each TUG will be responsible for supplier award and product selection decision making within their Board for local contracts and will provide representation to national CAP (Clinical/Commodity Advisory Group) panels for national contract activity. The decision of the TUG will be mandatory across the Board and will be made prior to development of national contract tendering activities.

**c) CAP Panel Membership:** CAP panels will have a membership consistent with the principle of decision making based on the consensus of the majority of informed users. Boards should ensure that appropriate representation, based upon the clinical or commodity area concerned is released to and provided with the appropriate authority to input on behalf of a Board and/or clinical specialism.

**d) Commitment Contracts:** The CAP and TUG groups will work to the principle of seeking to award Commitment based contracts. This means where possible a supplier(s) will be selected for an agreed volume of business by each Board and such volumes aggregated to provide a national commitment level. Where commitment cannot be provided, CAP and TUG groups will support the principles of reduced variation and increased consistency, commensurate with clinical and operational requirements.

**e) eCommerce Systems:** In support of governance and transparency each Board should adopt the Scottish Government national eCommerce solutions and associated business processes for all procurement activity. These solutions will include Public Contracts Scotland, Public Tenders Scotland, Collaborative Content Management and Pecos. Use of alternative or local systems for procurement activity must be approved by the Board's lead Procurement Manager or the Director of Finance, based on existing schemes of delegation. Procurement leads will work with National Procurement and any other relevant bodies to ensure appropriate decisions are made.

**f) Transparency:** All awards whether from existing framework contracts or local tender processes will be established following the principles of openness and transparency. This requires clear specifications of need and award criteria against which competing offers can be assessed. All members of evaluation panels must confirm that they have no conflict of interest in relation to the specific procurement activity. Any individual wishing to challenge an award decision must also confirm likewise. Any member of staff who confirms a conflict of interest will not be able to be involved in such panels or challenges.

**g) No Purchase Order / No Payment:** Each Board must implement a policy where no payment shall be made to any supplier where there is no pre-let purchase order. Only if a separately agreed payment mechanism has been pre-arranged should direct payments be made. Each supplier should be formally notified of this and the limit of the Board's liability if they proceed with supply without such order cover.

## Action

4. NHS Board and Special Health Board Chief Executives should ensure that:
  - a) Staff work with National Procurement and the NHSScotland Procurement Steering Group to ensure full adoption of and compliance with these principles, by means of evidence presented as part of the Procurement Capability Assessment (PCA) cycle; and
  - b) The Standing Financial Instructions of each Health Board and Special Board are amended to include the principles set out in this paper.

Yours sincerely



**JOHN MATHESON**  
Director for Health Finance and Information