

## A Frequently Asked Questions guide to procurement for primary care cluster leads

### This is public money I want to invest so are there any rules I need to follow?

Yes.

*Managing Welsh public money*<sup>1</sup> <http://gov.wales/funding/managing-welsh-public-money/?lang=en> sets out the framework and principles which must be applied by the Welsh Government, and its sponsored bodies which includes the NHS.

To ensure the appropriate use of public funding and value for money in accordance with *Managing Welsh Public Money*, the Welsh Government issues Standing Financial Instructions to local health boards and NHS Trusts in Wales. The NHS Standing Financial Instructions can be found at: <http://www.wales.nhs.uk/sitesplus/862/page/74298>

### What are the main procurement thresholds?

If the likely cost is:

- Less than £5,000 you can procure on the basis of one written quote from one supplier;
- Between £5,000 and £24999, you must seek at least written quotes from at least 3 suppliers;
- Between £25,000 and £106,047 contracts are subject to a formal tendering process;
- Services contracts with a minimum value of £106,047 are subject to European Union Procurement Regulations.

### Procurement Thresholds

The following table summarises the minimum thresholds for quotes and competitive tendering arrangements. The total value of the contract over its entire period is the qualifying sum that should be applied (except in specific circumstances relating to aggregation and contracts of an indeterminate duration) as set out in EU Directives and UK Regulations.

Contract value (excl. VAT)	Minimum competition <sup>1</sup>
<£5,000	At discretion of Directors of Finance
£5,000 - £25,000	3 written quotations
£25,000 – OJEU threshold	4 tenders
Above OJEU threshold	5 tenders

<sup>1</sup> subject to the existence of suitable suppliers

This is the extract from the Standing Financial Instructions, however, please note that the values and thresholds contained within this document are currently being

reviewed and may well alter. The value of the OJEU threshold is normally amended every 2 years. Communication of changes will be advised if they arise.

### **Will Brexit change anything?**

Under the Great Repeal Bill provisions the UK will have the opportunity to consider which European Union Legislation in relation to Procurement to retain in UK legislation, and where amendment is required. It is too early to assess presently what changes will be made to procurement as a consequence.

### **What am I responsible for and what will the health board do to support me?**

A guide on the roles and responsibilities of clusters, health board primary care teams and procurement expertise from Shared Services partnership is at Annex A.

### **Will procurement requirements slow down the pace at which I can implement my cluster plan?**

Procurement processes required for Health Boards to be compliant with their SFI's should not cause unreasonable delay where the process is well planned and implemented.

### **What is key to fast procurement?**

The following will avoid unnecessary delays:

- Clear identification of what is needed, concise and clear scoping of goods or service sought. This will require wider coordination to ensure that there are not multiple/duplicated requirements as this will not be supported.
- Clear communication of key deadlines and interdependencies
- Clear leads in place for the procuring cluster, primary care and NHS Procurement to ensure a chain of communication
- shared understanding of roles and responsibilities

### **Does the procurement process have to wait until all clusters in my health board have finalised their plans?**

Not necessarily.

Procurement professionals are required to bring together similar procurement requirements wherever possible to maximise the benefits of framework procurement and economies of scale. Co-ordination of procurement requirements if multiple clusters require the same goods or services achieves better value for money and avoids duplication of effort.

However if such an approach could cause unreasonable delay for an individual cluster, procurement leads should work with health board cluster support and cluster leads to reach an appropriate solution.

## **Under what circumstances would procurement not have to follow the Standing Financial Instructions?**

Where a Health Board is leading the procurement, there are no circumstances in which they cannot follow SFIs, Health Boards must follow SFIs in all procurement.

If an individual primary care contractor is undertaking procurement on behalf of the cluster, although they are not bound by the LHB SFIs, as recipients of public money, procurement must be conducted in line with *Managing Welsh Public Money*. If any procurement conditions have been placed on the funding for the procurement by the health board – which may follow their SFIs, these must also be followed.

## **If I do not spend all of my cluster's funding in any given financial year, can I carry it forward to the following year?**

If the health board is responsible for accounting for the goods and services you invest your share of the £10 million, the cluster's spending plan must be planned and implemented to incur spend in the financial year. To avoid underspending and losing any of this funding you should finalise the cluster's spending plan well in advance of the start of the financial year.

Where there is an unforeseen underspend against the cluster's spending plan, the cluster should identify an alternative use on one off activity which offers value for money. Where this is not an option, you can ask the health board to consider re-providing the underspend for one off activity the following financial year. The health board will consider this in the context of its broader financial position.

In exceptional circumstances it may be appropriate for cluster funding to be transferred by way of a grant to a primary care contractor, rather than held by a health board. If local circumstances indicate this may be appropriate, advice should be sought from local health board finance teams, in conjunction with the cluster lead and governance colleagues as appropriate.

**Primary care cluster leads should:**

- Plan their activity.
- Timetable their stages.
- Identify and scope procurement needs.
- Build appropriate procurement lead time into their plans.
- Engage with their Procurement Leads at the earliest opportunity in order to obtain appropriate advice before progressing with any project or procurement.
- Seek wherever possible to enshrine the Welsh Government principle of “Once for Wales” in considering any procurement activity.

**Health board directors of primary, community and mental health should:**

- Oversee planning and timetabling.
- Engage with procurement lead at the earliest opportunity once a requirement is established.
- Act as a link between procurement and the clusters to advise how procurement will be taken forward and the rationale for this.
- Act as a link to respond to issues and concerns between the clusters and procurement leads.

**Shared Services Partnership procurement service leads in health boards should:**

- Be clear on what information is required to scope procurement activity – (this will feature as output from the IMTP process). Also to review the requirements and identify any associated costs to support.
- Be clear on what procurement rules apply.
- Be clear on expectations for how long a procurement approach will take and agree key target dates with primary care directors.
- Respond to queries from clusters / primary care directors.
- Ensure procurement is undertaken to achieve value for money and complies with NHS Standing Financial Instructions and procurement regulations.