



19 November 2010

CCP finds specialist commissioning group's use of exclusive framework agreements is inconsistent with the Principles and Rules for Cooperation and Competition

Following a conduct complaint submitted by Hanover – a provider of mental health services - the Cooperation and Competition Panel (CCP) has found that the North West Specialised Commissioning Group's (NWSCG) use of four-year exclusive framework agreements for secure mental health services breached the Principles and Rules for Cooperation and Competition (Principles and Rules).

In concluding its investigation the CCP found that the procurement processes in question were consistent with the Principles and Rules but that the NWSCG's conduct in using exclusive framework agreements for secure mental health services was likely to result in material costs to patients and taxpayers and is therefore inconsistent with the Principles and Rules.

CCP Director Andrew Taylor commented:

“The exclusive nature of these framework agreements clearly limited NWSCG's choice of provider to only those providers admitted onto the frameworks. The Panel found that the use of such an agreement by NWSCG detrimentally affects the commissioner's ability to react appropriately to changes in the market - for example, changes in the quality of services, new entry or innovation - and also deters entry by new providers in the future.”

Mr Taylor added:

“The Panel considers that the cost to patients and taxpayers is not outweighed by any of the benefits that the NWSCG suggests are associated with four year exclusive framework agreements. Most notably, we found that, given NWSCG's powerful position as a buyer of the relevant services in the North West, long term exclusivity does not materially enhance NWSCG's bargaining position in order to secure higher quality services or lower prices.”

Before recommending a remedy to the Secretary of State for Health, the CCP is seeking views from interested parties on how the breach of the Principles and Rules it has identified may best be remedied. This reflects the CCP's aim to recommend remedies that are both effective in dealing with the harm identified and proportionate to the breach in terms of the costs imposed on the taxpayer and on private organisations. A statement of suggested remedies is available on the CCP's website at www.ccp-panel.gsi.gov.uk. Interested parties are invited to submit written observations on suitable remedies by close of business on Monday, 29 November, 2010 to consultation@ccpanel.gsi.gov.uk.

ENDS



Notes to Editors:

1. The Cooperation and Competition Panel's (CCP) report on this case and further information on the CCP's approach to conduct cases is available on the CCP's website at www.ccp-panel.org.uk.
2. The CCP will provide its findings to the Secretary of State for Health in relation to this case. The CCP's advice and recommendations will include an appropriate remedy for the breach of the Principles and Rules. The Secretary of Health will decide whether to accept the CCP's findings and what action, if any, is required as a result.
3. The Principles and Rules for Cooperation and Competition form the basis of the Department of Health's policy of managing cooperation and competition in the NHS in a fair, consistent and transparent manner. The Principles and Rules aim to ensure the NHS comprises providers and commissioners who deliver the needs of their patients and populations, and that both providers and commissioners co-operate to foster patient choice and offer patients an experience of a seamless health service, regardless of organisational boundaries, whilst maintaining service continuity and sustainability. The role of the CCP is to advise on the application of the Principles and Rules.
4. For inquiries about the Co-operation and Competition Panel contact Tom Frusher, Policy and Communications Director, on 0207 270 5442/07825 256 530 or visit www.ccp-panel.org.uk