Ethical Procurement for General Practitioners and Clinical Commissioning Groups

Ensuring the protection of labour rights in medical supply chains
This factory in Mexico City makes gauze swabs, bandages and orthopaedic supports for several global suppliers. Workers are paid at least the minimum legal wage, have open dialogue with management, and receive regular training in health and safety.

Front cover: Children employed in a workshop manufacturing surgical instruments for export. Sialkot, Pakistan. © International Labour Organization/Crozet M.
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Background

In the UK the National Health Service spends in excess of £40 billion per annum on the procurement of goods and services. The supply chains that provide these commodities are global and employ millions of people worldwide. However there is a growing body of evidence that, in some cases, the basic employment rights of people in these supply chains are being infringed. In many cases the erosion of rights can directly affect the health of employees, for example as a result of unsafe working conditions or remuneration that falls below the living wage.

The BMA has campaigned for fair and ethical trade in medical supplies since 2007 and encourages its members to engage on this issue in their own NHS organisations and provides advice and advocacy materials to support this. For further information please see the campaign website: www.bma.org.uk/fairmedtrade

The BMA is engaging with NHS England, together with the Royal College of General Practitioners to explore opportunities for the organisation to adopt ethical procurement policies in their commissioning of services and support Clinical Commissioning Groups (CCGs) who choose to include sustainability criteria in their own constitution and commissioning process. NHS Scotland and NHS Wales have also shown support and commitment to ethical procurement.

Teenage boys welding disposable laryngoscope blades. Sialkot, Pakistan
What is ethical procurement?
Ethical procurement is about the overall sourcing practices of purchasing organisations, such as NHS providers, and the steps they take to ensure that employment conditions and workers rights, in the supply chains of the products and services they procure, are maintained in line with internationally recognised conventions and local laws, (as a minimum).

This includes working with supplier companies throughout the supply chain to help their workers to access fundamental rights such as the right to safe and decent working conditions, to be paid at least the legal minimum wage, and to join and form unions so they can bargain collectively for their rights. It also includes working with suppliers to eliminate child labour.

Why are GPs being asked to support ethical procurement?
There is significant support for ethical procurement from the medical profession – a recent BMA survey of doctors showed that 88% are supportive of the NHS pursuing an ethical procurement strategy. The voice of healthcare professionals can be very powerful in integrating consideration of labour standards into purchasing decisions in the NHS. Under reforms of the Government’s Health and Social Care Act 2012, CCGs are responsible for commissioning the majority of NHS services in England. The introduction of clinician-led commissioning structures provides a new and unique opportunity for doctors to influence the procurement process and expedite change. GPs can now consider the wider impact of their commissioning decisions, and exert their influence to bring a clinical and patient-focussed perspective to these decisions.

There is an opportunity for GPs involved in commissioning to use a ‘whole systems approach’, when making commissioning decisions to ensure that these decisions are beneficial to the wider determinants of health. GPs can influence the procurement process by considering the impact of procurement decisions beyond their immediate population, and putting sustainability principles at the core of their approach. CCGs have an opportunity to leverage their significant purchasing power to foster improvements in the working conditions for workers in the UK and around the world.
What can Clinical Commissioning Groups do to support ethical procurement in the NHS?
Currently CCGs have to show commitment to sustainability as part of the authorisation process.


The ethical procurement agenda fits well with this responsibility. There are a range of opportunities for CCGs to support ethical procurement. You may wish to consider the following:

- Begin by discussing the issue at board level and achieving formal consensus to support ethical procurement.
- Give a member of the CCG responsibility for ethical procurement (this could be the CCG Sustainability Lead who is responsible for ensuring that the CCG’s legal obligations for both environmental and social sustainability are maintained).
- Include reference to sustainable procurement within the CCG constitution or commissioning strategy, e.g. a declaration that the CCG is committed to the principles of ethical procurement and expect their suppliers to work towards constantly improving working conditions in their supply chains. The CCG could develop a Board-approved sustainable development management plan which includes reference to ethical procurement, e.g. *“We will ensure environmental and social sustainability principles are embedded across our commissioned services thus preserving resources for future generations and ensuring public money is spent in the most effective and sustainable way possible.”*
Include a summary in your Annual Report of what action the CCG is taking to uphold ethical principles when commissioning services and to ensure providers are operating ethically and sustainably.

CCGs can use contractual levers throughout the commissioning process to influence ethical procurement. During the tendering process commissioners can ask providers to evidence what they are doing to address labour standards in their supply chains for goods and services, e.g. by demonstrating awareness of sustainability issues and submitting evidence of their sustainable development plan, including information about their activities to support ethical procurement.

A self-assessment tool for providers is available in the online Ethical Procurement for Health: workbook. Data from this self-assessment may enable commissioners to assess the level of commitment and engagement of NHS providers in the ethical procurement agenda, and could be used by commissioners to differentiate between providers if this is congruent with the stated policies and obligations of the CCG. When selecting providers, a commitment to the process of ethical procurement is as important as maturity in that process.

If potential providers are increasingly asked for evidence of ethical procurement standards as part of the commissioning process, this will raise awareness and create an expectation for these providers to adopt and assure ethical procurement processes.

Have any CCGs started this process?
We are aware that a number of CCGs have already expressed a strong commitment to sustainability. So far activities have included commissioning benchmarking work from their providers on sustainability and adopting sustainable procurement and commissioning policies.
An example of commitment to ethical procurement by a CCG

City and Hackney Clinical Commissioning Group have included the following commitments in their CCG Constitution:

4.1.12. We will ensure sustainability principles are embedded across our commissioned services thus preserving resources for future generations and ensuring public money is spent in the most effective and sustainable way possible.

4.2.4. By only commissioning services from providers who can demonstrate a commitment to their social responsibilities and to sustainability principles.

The CCG has also included sustainability requirements in their tender specification for the Out of Hours service. Suppliers are asked to adhere to the CCG’s sustainable commissioning and procurement policy.

How will I be able to assess the information on ethical standards provided to the CCG by organisations responding to invitations to tender?

There will be a reliance on self-assessment, with providers answering questions openly and honestly at every stage about their supply chains. CCGs are not expected to carry out audits themselves. It is important that the providers themselves take on responsibility for ethical practice in their organisation.

What resources are available to support Clinical Commissioning Groups?

There are a number of awareness raising and training resources available for individuals involved in commissioning.

- There is a short campaign film, The Human Cost of Healthcare, at www.fairmedtrade.org.uk which provides an introduction to the issues and signposts to useful resources. The film can be shown at meetings and events to initiate discussion.
• There are three online eLearning modules developed by the BMA on labour standards and responsible procurement. The first of these, ‘Introduction to Labour standards’, is relevant to anyone with an interest. These are accessible to all (and for free) on the Loreus training website. There are a further two 20 minute eLearning modules within this resource, which are geared towards procurement staff.

• There is a detailed workbook, Ethical Procurement for Health, which provides resources for NHS procurement staff to develop an ethical procurement strategy and build in consideration of labour standards throughout the procurement process. It provides guidance, templates, tools and case examples to support the development of robust management processes to address labour standards.

• The BMA has also produced a FAQ document covering the most common questions raised when we discuss labour standards issues in medical product supply chains and ethical procurement in the public sector.

More information about the BMA campaign, evidence and case studies can be found on the Fair Medical Trade website: www.bma.org.uk/fairmedtrade

My CCG wants to consider sustainability more broadly, not just ethical procurement. Is there any advice on sustainable commissioning?

The NHS Sustainable Development Unit (SDU) has produced two guidance documents: Commissioning for Sustainability which includes consideration of both environmental and social issues, and A Guide to Sustainable Development for Clinical Commissioning Groups. Produced by the Royal College of General Practitioners and the NHS Sustainable Development Unit, this document is designed to help CCGs establish commissioning structures and processes that will deliver business profitability, longevity and resilience.

The Centre for Sustainable Healthcare has produced guidance on Sustainable System-Wide Commissioning.
What are the benefits of ethical procurement to the NHS?

**Stakeholder expectations:** There is a risk to the reputation of NHS organisations if labour standards abuses are exposed. Maintaining the trust and confidence of members of the community served by a health and social care organisation, and of their staff, is paramount. While many factors contribute to patient, public and staff perceptions, it is important that health and social care organisations strive to maintain standards in line with the expectations and values of their communities and staff.

**Security of supply:** Ethical procurement helps to maintain a robust supply chain by developing closer working relationships down that supply chain. This can reduce disruption in supply and inefficiency in the procurement process. Risks of procurement not explicitly based on ethical principles include having to identify alternative suppliers at short notice, and contract severance and retendering.

**Quality:** There is commonly a link between poor labour standards and poor quality of goods and services, for example because of the relationship between poor conditions of employment and the ability or motivation of an employee to maintain required quality standards.

**Does ethical procurement cost more?**
We are often asked how the NHS can afford to purchase more ethically at a time when there is an increasing drive for efficiency savings in the provision of healthcare. Ethical trade does not have to be more expensive or compromise on quality. In fact there is a large body of evidence that providing decent working conditions leads to increased productivity and improvements in the quality of products because of a boost in workforce morale and better worker retention.

Closer links between buyers and suppliers also helps to improve efficiency and bring down costs. These factors mean that although there may be some initial set-up costs in a change of practices, in the longer term ethical trade practices are usually cost neutral or even more economical. Costs of increasing wages to a living wage or of improving working conditions doesn’t necessarily mean increased prices.
What can GPs who are not actively involved in their CCG do to support the medical fair and ethical trade campaign?

You can:

1. Influence your CCG by calling on them to consider ethical standards when commissioning. You could write a joint letter from members of your practice raising the issue and asking what the CCG plans to do.

2. Discuss with colleagues at your practice how you could incorporate ethical standards at a practice level, for example by purchasing Fairtrade products for the practice.

3. Write to your suppliers or collaborative procurement hub to ask what their ethical procurement policy is and where their medical goods are produced. This will influence suppliers to improve transparency in their supply chains.

4. Raise awareness amongst colleagues by arranging an event to discuss ethical trade and labour standards issues in the medical sector. You could screen the campaign film *The Human Cost of Healthcare*\(^{11}\) to initiate discussion.

5. Write to the Chief Executive of your local Trust using the BMA’s model letter\(^{12}\) and ask them to implement the *Ethical Procurement for Health* workbook in their organisation. Increase your influence by asking your colleagues to sign the letter too.

6. Show your support and stay informed by joining the Facebook Group or following the campaign on Twitter @fairmedtrade. See [www.bma.org.uk/fairmedtrade](http://www.bma.org.uk/fairmedtrade)
References

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