**Collective Purchasing**

The Collective Procurement Policy outlines the requirements for Casterton Memorial Hospital to comply with the collective purchasing arrangements set by HealthShare Victoria (HSV). Collective Procurement is a mechanism to leverage demand and drive a better value for money outcomes. The policy is mandated for all Schedule 1 and 5 public hospitals and health services (as listed in the Health Services Act 1988 (Vic)).

HSV may choose to enter into collective agreements or arrangements, including joint ventures (e.g. with health services or Department of Treasury and Finance), on its own behalf, or on behalf of one or more health or related services. Casterton Memorial Hospital must purchase from any collective agreement or arrangement entered into by HSV on their behalf.

**Obligations**

It is mandated that Casterton Memorial Hospital is required to:

* Abide by the results of the sourcing outcome, which HSV (or its appointed agent) institutes in accordance with Collective Procurement Policy and the terms of any resulting agreements entered by HSV;
* Only purchase from a HSV Collective Procurement agreement or arrangement, any goods or service that has been sourced by HSV;
* Where HSV has reviewed the terms of an State Purchase Contracts (SPC) or Sole Entity Purchase Contracts (SEPCs) and considers the arrangement good value and by virtue of the existence of the SPC or SEPC decided not to enter into an agreement in its own right on behalf of mandated health services, purchase only from that SPC or SEPC.
* Report compliance with HSV agreements and provide periodic purchasing and associated details as requested by HSV; and
* Refrain from any activity that subverts the effectiveness of HSV functions.

Unless:

* A specific agreement applies only to certain hospitals or mandated health services and the mandated health service is excluded; or
* Casterton Memorial Hospital has an approved exemption.

Casterton Memorial Hospital is also required to assist HSV in identifying potential aggregation opportunities, this includes:

* Informing HSV if any spend analysis or complexity assessment which indicates ground for aggregating demand or benefits from HSV involvement;
* Working with HSV to collect procurement data to assist the identification process and to develop the HSV sourcing program;
* Provide input into business case development;
* Nominate participants in consultative and advisory groups, where appropriate, including executive, product or service reference groups or the other advisory groups, that will contribute towards:
* The development of specifications;
* The evaluation of bid responses and/or other negotiations with suppliers;
* Also to assist with the development of Key Performance Indicators (KPIs) and contract management plans; and
* On-going management of the category to optimise contract utilization and review supplier performance.
* Act as HSV’s agent in conducting sourcing activities where applicable;
* Inform HSV where purchasing, warehouse and logistic services are provided to other health services for goods and services on an existing or new HSV collective agreement;
* Ensure that non-mandated health and related services accessing warehouse and logistic services from Casterton Memorial Hospital for goods and services on an existing or new HSV collective agreement have been approved by HSV to access the relevant agreement.
* Seek approval from HSV to continue existing agreements to provide purchasing, warehouse and logistics services to non-health related entities for goods and services on an existing or new HSV collective agreement.

HSV may grant access if these arrangements are local and are not pursued with a view to profit and where a community or related benefit is establishes, HSV may exercise absolute discretion and place any number of conditions in granting this access.

All non-mandated health or related services are eligible to apply for access to HSV collective agreements; all requests for access must be made to HSV.

**Annual Sourcing Program**
As part of the procurement activity plan, HSV will in consultation with stakeholders, develop a schedule of prospective sourcing requirements covering at a minimum twelve months, which will include both ‘greenfield” categories and currently contracted categories due for renewal.

HSV will publish a schedule of procurement activities derived from prospective sourcing program, to be known as the ‘Confirmed Annual Sourcing Program’ (CASP), at least annually for the coming financial year, but more often as may be desirable or necessary to meet the needs of both stakeholders and the market.

Prior to the publication of the CASP HSV may amend the program to:

* Add categories, including any which may be required by government to fulfil a particular need, but which are not subject to consultation;
* Defer previously scheduled categories to a subsequent year;
* To remove a category from the CASP.

At the date of the publication of the CASP for a relevant period, Casterton Memorial Hospital may only enter into a new contract or renew any current contract with suppliers for categories of goods or services which are subject to the CASP, where there is a contractual capacity to terminate forthwith any such contract when a relevant HSV collective agreement for the same deliverables is entered into. This obligation is removed for any category of goods or services removed from the CASP.

**Exemption**

The HSV Board, under its powers established in section 124 of the Health Services Act 1988, may exercise its absolute discretion at any time to grant exemption to Casterton Memorial Hospital as per the agreement of their access deed from any of the provisions of the policy, where it is reasonably established that a special circumstance exists to justify exemption.

Casterton Memorial Hospital will where necessary apply for exemption from HSV collective agreements following the current HSV Exemption process in the following circumstances:

* On release of HSV’s confirmed annual sourcing program (CASP) and if Casterton Memorial Hospital has a current contract in force;
* On clinical grounds to ensure that patients of the Casterton Memorial Hospital will receive clinically appropriate treatment or care;
* For operational reasons to ensure the effective administration of the participating health service; and
* Where there is a significant negative impact on small to medium sized businesses, or local employment.

The CEO of Casterton Memorial Hospital must submit the exemption in accordance with the “Guide to Exemption from HSV Collective Agreements”. The exemption application must be accompanied by:

* A statement of reason, including evidence of any tender, standing offer, contract or other arrangement the Casterton Memorial Hospital has in place; and
* Any supporting documentation or material that is requested by HSV.

Casterton Memorial Hospital will abide by HSV’s decision.

**Policy Evaluation**

Casterton Memorial Hospital is to ensure that this policy and all other related policies are to be reviewed on an annual basis or as required in accordance with its Governance guidelines.

**CMH Key Aligned Documents**

*CMH Policy - Procurement Policy Framework*

*CMH Policy - Strategic Procurement Process Policy*

*CMH Policy - Collective Procurement Policy*

*CMH Policy – Collective Procurement Under HSV Contracts*

*CMH Policy – Health Purchasing Compliance Statement*

*CMH Policy - Complaints & Feedback Management Policy*

*CMH Policy - Contract Management Strategy*

*CMH Policy – Contract Management Plan*

*CMH Guidelines - Strategic Procurement & Contract Management Procedures & Guidelines*

*CMH Guidelines - Clinical Incident Procurement Procedure*

*CMH Annual Procurement Activity Plan*

*CMH Supplier Engagement Plan*

*CMH Procurement Capability Plan*

*CMH Policy - Asset Management*

*CMH Instrument of Delegations*

*CMH Financial Management Policy*

*CMH Financial Code of Practice*

**Key Legislation, Acts and Standards**

*Health Purchasing Policies are made by the HealthShare Victoria (HSV) Board in accordance with s134 of the Health Services Act 1988 (the Act). Casterton Memorial Hospital is a Schedule 5 public hospital and must comply with Health Purchasing Policies*.

**References**

*Health Purchasing Policy - Procurement Governance – Establishing a governance framework for procurement,*

*HSV 26 June 2014, accessed at: www.healthsharevic.org.au*

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| --- | --- |
| ***Category (See CMH Policy)*** | ***Risk Rating*** |
| Likelihood of Adverse Event occurring.   *(Almost Certain, Likely, Possible, Unlikely, Rare*) | Possible |
| Consequence *(Insignificant, Minor, Moderate, Major, Extreme)* | Minor  |
| Overall Risk Rate  (Extreme, High, Medium, Low) | Medium  |

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| --- | --- | --- | --- |
| **Document Version** | **Author of Changes** | **Date** | **Change Details** |
| 2.1 | Loren Hulm | March 2022 | * Change of name from Health Purchasing Victoria (HPV) to HealthShare Victoria (HSV)
 |

**Signed off:** ……………………………………………………….

 **Chief Executive Officer**

**Dated: …………………………………….**

**Author:** Barwon South West Procurement Reform Committee

**Validated:** Loren Hulm – Corporate Services Officer

**Approved:** Executive

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