

12 May 2010

Dear Stakeholder,

## **Future procurement of professional veterinary services**

I am writing to give you an early insight into work that Animal Health has recently begun to modernise its relationship with businesses supplying professional veterinary services, and to offer you the opportunity to help shape a future procurement approach.

Private practice veterinarians trained and authorised to work as Official Veterinarians (OVs), play an extremely important role in enabling Animal Health to deliver government policies. In performing this role, Animal Health is required to demonstrate that it works in a way which is consistent, efficient and effective. Our current way of procuring professional veterinary services does not allow us to do this. Work required by statute is mostly, but not exclusively, performed at the tax payers' expense. As a consequence it is necessary to develop options that will in future allow work to be awarded in a manner which better demonstrates value for money, offers more assurance of the quality of the service performed, and is fully compliant with laws governing public procurement.

In developing this model, I am keen to engage with the veterinary and associated professions in order to ensure that all views are considered and that the best approach possible is taken forward. Such an approach must allow quality assurance standards to be enforced through a legally binding contract. In order to demonstrate value for money and comply with the law, such contracts can only be awarded following open and fair competition.

### **Public procurement law**

The existing system of awarding work is governed by a memorandum of understanding between the British Veterinary Association (BVA) and the then Ministry of Agriculture, Food and Fisheries. Under this arrangement Animal Health negotiates a standard fees structure with the BVA which is then universally applied.

European Directive, 2004/18/EC, and the subsequent UK Public Contracts Regulations (2006) however set out a clear set of requirements for public procurement. Part B tenders (i.e. the services relevant in this matter) must comply with the regulations in that they must be "adequately advertised", must include a technical specification, and feedback must be available. Underpinning the legislation are the requirements of the Treaties of Maastricht and Lisbon. Here Articles 81 and 82 are relevant. The Treaties and UK competition law require that nothing be done which in any way prevents, restricts or distorts competition.

These rules establish a regime which facilitates competitive, transparent and non-discriminatory purchasing and tendering procedures by public sector bodies across the European Union. The rights and obligations established under this regime create compliance obligations – but also commercial opportunities – for parties involved in the

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award of contracts. Failure to comply with the public procurement rules can have serious consequences including invalidity of contracts and actions for damages.

Whilst achieving value for money is a consideration in this process, Animal Health will not compromise on the quality of service provided, as this is essential for the satisfactory delivery of policy objectives.

### **Way forward**

It is therefore necessary to develop a model which is compliant with procurement rules, and to move towards it in a way that provides a smooth transition to a new approach, whilst retaining the services of sufficient practitioners to deliver the required policy objectives.

All potential models for provision of OV services will be considered with care, following an analysis of the market place which may supply these services.

As the law requires that a level and inclusive playing field is created for the competition, such an approach must include all potential suppliers of professional services. In particular, our procurement approach must not exclude Small and Medium Enterprises (SMEs). In order to help all businesses, irrespective of size, to understand the tendering process and its requirements, Animal Health is considering running a number of industry days / workshops in different parts of the country to ensure that all current OV practices, and any other potential suppliers, are given the opportunity to receive practical advice on responding appropriately to a tender.

We welcome constructive approaches from the veterinary profession and others in refining our approach. The timescale for this process is yet to be decided, but will reflect what is achievable while continuing to deliver the policy objectives.

I will contact you again as our plans develop, but in the meantime if you wish to feed back any suggestions or recommendations please do so via Janet Taylor, the OV Deployment Programme Manager:

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Yours,

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