

Selling to the NHS - Part 2

- A Guide for Suppliers

The NHS needs an enormous range of goods and services to enable it to provide effective healthcare to patients. Imagine the vast array of items that are needed to operate a hospital – from food to highly complex magnetic resonance imagers, from needles and syringes to electricity and fuel, and from mattresses to vehicles. And imagine how much the NHS spends on these items. Every year, the NHS spends around £11 billion on purchasing the goods and services it needs.

So how does the NHS obtain these goods and services? The NHS is made up of 318 trusts*, each with its own budget to spend.

Most commonly, trusts purchase through:

- national contracts negotiated by the NHS Purchasing and Supply Agency
- the NHS' national storage, distribution, and wholesaling service run by the NHS Logistics Authority
- individual trusts' local contracts
- consortium contracts, where a group of trusts club together to negotiate contracts.

*as at February 2002

Changes in the NHS

A ten-year programme of modernisation, reform and investment for the NHS was launched in July 2000 - the NHS plan. Significant progress has been made since the plan was published, including allocating £31 million to improving hospital cleanliness; announcing ten new Fast Track teams to provide rapid response for heart attack patients; and launching the first comprehensive NHS cancer plan.

In July 2001, the Department of Health published Shifting the balance of power within the NHS – a strategy that will see considerable power and resources being devolved to clinicians and primary care organisations. As a result, key changes to the structure of public health services have been taking place since April 2002. Thirty strategic health authorities will replace existing health authorities across England, and will be responsible for managing the performance of primary care trusts and NHS trusts in their region. Strategic health authorities will report to four new directorates of health and social care. Primary care trusts will also replace primary care groups, taking on most of the functions of the old health authorities, and being responsible for improving the health of their community and providing high-quality health services.

These latest health service plans will see important changes across the NHS and will have significant implications for the way in which purchasing and supply is approached and organised within the NHS.

What NHS PASA does

The NHS Purchasing and Supply Agency is an executive agency of the Department of Health. Established in April 2000, NHS PASA has the responsibility for ensuring that the NHS in England makes the most effective use of its resources by getting the best value for money possible when purchasing goods and services. Its ultimate target is to release money that could be better spent on patient care by achieving purchasing savings and improving supply performance across the NHS.

NHS PASA is not a trading organisation, though – being centrally funded by government allows it to concentrate on those functions that demonstrate value to the NHS. Being an integral part of the Department of Health, NHS PASA is in a key position to advise ministers and government on policy and the strategic direction of procurement across the NHS. With strong ministerial support, NHS PASA is leading the ongoing modernisation of purchasing and supply in the health service; ensuring that purchasing and supply strategies reflect and contribute towards the achievement of ministers' policies, strategies and priorities for the NHS.

NHS PASA is working closely with other parts of the Department of Health to ensure that purchasing and supply implications and opportunities are fully considered in all health service plans.

NHS PASA is already involved in a wide range of projects linked to key priorities identified in the NHS plan. These range from purchasing CT scanners to supporting the implementation of the NHS 'better hospital food menu'.

One of its main activities is the negotiation of national contracts for products and services that are strategically critical to the NHS. NHS PASA expects trusts to support its initiatives and not ignore or reinvent them. By aggregating the purchasing power of the NHS, NHS PASA can yield greater economic benefits, and do things once nationally.

The 'once only' approach

Economies of scale are not solely related to making financial savings. The Agency can exploit its size and position to perform a number of tasks for the NHS, saving each individual trust the time, money and effort in carrying out the tasks themselves. It's called the 'once only' principle and it underpins all of NHS PASA's activities – removing replication of effort and unnecessary cost in the NHS.

For example, NHS PASA developed standard market specific terms and conditions of contract for a multitude of goods and services used by the NHS, eliminating over 600 sets of different conditions of contract that were previously in use.

NHS PASA has produced a standard operating purchasing procedures manual for trusts. The manual provides guidance on EU compliant purchasing and supply practices, including a standard set of forms to use in the tendering process.

Current plans include launching a database of supplier information. The database will allow suppliers to input data on to a secure NHS website for trusts to view. For example, suppliers could include annual accounts information on the database, removing the burden from them of having to provide this information every time they tender for NHS business. Trusts can then simply access the website for the information.

The Agency will be applying the 'once only' principle to a number of other areas during the coming year. What happens in the other home countries?

NHS PASA has responsibility for purchasing and supply issues in England only. Scotland, Wales and Northern Ireland run their own health services and have their own supply organisations to support this. NHS PASA meets regularly with the supply organisations of the other home countries to discuss areas where they can work together and share ideas.

Home countries supply organisations

Scottish Healthcare Supplies

Tel: 0131 552 6255

www.show.scot.nhs.uk/shs

Welsh Health Supplies

Tel: 029 203 15500

www.whs.wales.nhs.uk

Central Services Agency -

Regional Supplies Service

(Northern Ireland)

Tel: 028 9066 7799

csa.unite.net

NHS PASA's purchasing role

NHS PASA negotiates contracts and framework agreements that can be accessed by the whole of the NHS. These national contracts are organised in one of two ways:

- trusts can buy goods and services directly from suppliers under nationally negotiated 'call off' contracts
- NHS Logistics buys goods under national contracts negotiated by the NHS Purchasing and Supply Agency. NHS organisations can then order goods from NHS Logistics and receive consolidated deliveries, broken down into smaller quantities where required.

In some cases, NHS PASA also negotiates contracts for individual trusts. These contracts are usually for goods and services that require trust-specific specifications and specialist expertise.

There are some instances where the most effective contracts for certain goods are negotiated at a local trust level. Where this is the case, NHS PASA can provide trusts with model contracts and buying guides.

NHS PASA currently negotiates around 3,000 contracts with 1,400 suppliers, worth about £2.6 billion per year; around £550 million of this is supplied through the NHS Logistics Authority. This year, NHS PASA is on target to achieve savings on this expenditure of £150 million.

During 2002/3 NHS PASA aims to increase the value of expenditure covered by the Agency's contracts to £3 billion, and by 2004, ensure that at least 80% of NHS non-pay expenditure is managed under formal purchasing arrangements.

NHS PASA aims to ensure that the marketplace remains dynamic and buoyant by managing the supplier base effectively. This may involve introducing competition to certain markets, identifying new products and suppliers, monitoring quality, ensuring continuity of supply and negotiating the best possible terms. NHS PASA will also be monitoring the performance of suppliers, conducting environmental appraisals and risk management assessments. This information will be shared with the NHS to ultimately improve the performance of the purchasing and supply function.

How NHS PASA works

NHS PASA's purchasing function is organised nationally on a commodity basis with staff based at four sites – Reading, Chester, Normanton and Sheffield.

Staff are organised into a number of buying sections that concentrate on specific markets. This structure allows suppliers to deal with one main contact who will bring market and product knowledge to the relationship.

Below are some examples of the main products and services for which NHS PASA negotiates contracts:

Medical and surgical cardiology and cardiovascular products, orthopaedic implants, wound closure products, incontinence products, renal dialysis products, pressure area care products

Rehabilitation services prosthetic products and services, orthotic products and services, hearing aids, walking aids, wheelchair products and services and rehabilitation equipment

Food and nutrition food, baby milk, catering equipment, cutlery and crockery

Pharmaceuticals drugs, anaesthetic gases and vaccines

Facilities management and utilities oil, gas, coal, water, electricity, building and engineering equipment, estates and maintenance, vehicles

Diagnostic and medical equipment major medical equipment such as x-ray machines, scanners and pathology analysers

Information technology IT and telecommunications systems and equipment

Professional services medical locums, nursing and professional agency staffing plus recruitment and advertising services

Textiles and domestics uniforms, bedding, cleaning and laundry products

Office services office products and services, stationery and printing

Leasing leases for medical and non-medical equipment

The NHS E-Commerce strategy

E-commerce provides huge opportunities for savings and efficiency in the NHS.

As part of the Government's modernisation agenda, the NHS Purchasing and Supply Agency is leading the development of e-commerce for the NHS and has put together an e-commerce strategy for the whole NHS that will:

- benefit the NHS through process efficiencies, greater purchasing power and sharing and exploiting information
- help UK suppliers to the NHS develop a healthy and modern basis from which to compete successfully in the export market
- support the wider government agenda of making the UK the best place in the world to do e-business.

The NHS e-commerce strategy requires that all transactions between suppliers and the NHS will be electronic, from demand through to payment. In preparation for implementing the strategy in 2003, NHS PASA will be contacting all of its contracted suppliers to explain what will be required of them, for example electronic catalogues and ordering systems.

The NHS is already significantly advanced in its use of e-commerce; for example:

- the NHS operates one of the most advanced integrated supply chains in the world due to a single electronic system (RESUS) operated by the NHS Logistics Authority. The system handles around £550 million of NHS expenditure every year, 50% of which is paperless, from demand right through to payment
- over 3,500 purchasing cards are in use across the NHS, replacing paper transactions
- the pharmaceutical and energy markets in the NHS already benefit from e-commerce systems – replacing paper processes, reducing costs and enabling substantial information exchange with suppliers
- in 2001, the Agency introduced a web-based solution for placing contract advertisements electronically in the Official Journal of the European Communities
- during 2002, nhs pasa will be replacing the 3,000 CD-ROM catalogues currently issued every month to NHS trusts with a real-time web-based catalogue.

Greening the NHS supply chain

The Government places great emphasis on improving the public sector's environmental performance and, for the NHS, NHS PASA is spearheading the greening of NHS supply.

During 2000 NHS PASA became the first public sector purchasing organisation to achieve the coveted ISO 14001 certification for its environmental management system. And in 2001 NHS PASA produced its first environmental report. This demonstrates that NHS PASA is continually improving its environmental performance, complying with all relevant environmental legislation and is committed to preventing pollution.

NHS PASA is already working with suppliers on a number of initiatives, such as waste minimisation, and will continue to work in partnership with suppliers, trade associations and the NHS to identify and promote common outcomes and to avoid duplication of effort.

NHS PASA is currently developing an approach to assessing the environmental performance of NHS suppliers for use throughout the NHS, and is committed to raising the awareness of environmental and related legislative issues throughout the supply chain.

Greening NHS supply means:

- buyers and the NHS considering, during the purchasing process, environmental issues associated with products and services
- sourcing and promoting those products with validated environmental labels or claims
- measuring and monitoring environmental performance in and of the NHS supply chain
- working with designated key suppliers to improve their environmental performance
- where possible, helping NHS suppliers anticipate environmental legislative changes at minimum cost.
- raising NHS suppliers' awareness of the Government's wider sustainable development agenda.

There are three types of award procedure available to buyers:

- The open procedure: This is available in all circumstances and involves a single stage approach where all candidates may respond to an OJEC advertisement and all offers received must be considered.
- The restricted procedure: This is available in all circumstances and involves a two-stage approach where candidates who respond to an OJEC advertisement will be considered to have expressed an interest and the buyer will then shortlist a number of candidates from these to submit offers.
- The negotiated procedure: This is only available in a very limited number of circumstances and is subject to strict conditions due to the narrow call (if any) for competition.

Due to the wide and costly process involved in the open procedure and the limitations that surround the negotiated procedure, the most common procedure used is the restricted.

Where the restricted procedure is used, the buyer must allow a minimum of 37 days from the date an OJEC notice was despatched to the closing date for receipt of expressions of interest. Once shortlisting has taken place a minimum of 40 days must be allowed for offers to be returned (although this may be shortened to 26 days if a PIN has been published to the correct requirements).

If procurement activity has been derived from unforeseen and urgent circumstances then the timescale above may be reduced to 15 days and 10 days respectively and would be classified as an accelerated restricted procedure.

Want to get involved?

National contracts

The NHS, in common with other public sector organisations and government departments, must meet the requirements of EU public procurement directives, which ensure open and fair competition. Under these directives, the NHS Purchasing and Supply Agency must advertise all contracts with a value * over £100,410 (for supplies and services) or £3,861,932 (for works) in the Supplement to the Official Journal of the European Communities (OJEC). These adverts enable suppliers to express an interest in the majority of NHS PASA's national contracts.

OJEC is issued daily. To subscribe, contact the Stationery Office on 0870 600 05522 or visit the online version at <http://ted.eur-op.eu.int>

There are a number of commercial organisations that, for a subscription fee, will search OJEC for you and provide regular lists of contracts you may be interested in. Details of some of these organisations can be found below.

Alternatively, you can contact one of NHS PASA's buyers to introduce your company and its products and they will be able to advise you on the opportunities open to you in your particular market. A directory of the Agency's key purchasing staff can be found below or at www.pasa.doh.gov.uk
*current thresholds apply from 1 January 2002 until 31 December 2003.

Local trust contracts

Each trust will also have in place a number of local contracts managed by the trust's supplies department. To help you introduce yourself to these departments,

NHS PASA can provide you with contact details for all NHS trust supplies managers in England. Contact details are held on the NHS PASA website at

www.pasa.doh.gov.uk/nbi/trust_dir.asp. Alternatively, contact Annie Anley via email on ann.anley@doh.gsi.gov.uk

Helpdesk

If you have a general query our helpdesk will be able to point you in the right direction. You can contact the helpdesk on 0118 980 8841.

Innovation

New ideas and new ways of doing things can help the NHS deliver better healthcare. The Agency is therefore keen to encourage innovations from suppliers. To discuss your ideas contact John Warrington, Head of Research and Innovation,

email: john.warrington@doh.gsi.gov.uk

Keeping you informed

NHS PASA communicates regularly with all its contracted suppliers, keeping them up to date with the latest news and initiatives from the Agency. NHS PASA is also in close contact with trade associations and is looking to develop these relationships further.

New business website

The Agency has recently developed a new website designed to help suppliers, particularly small businesses, find new business in the NHS. Visit the site at www.pasa.doh.gov.uk/nbi

Small businesses

A large proportion of NHS PASA's business is conducted with small or medium-sized companies. To encourage competition and ensure that the marketplace is accessible to all suppliers, NHS PASA is committed to providing specific help and support to small and new businesses.

The Agency has a procedure in place to ensure it deals promptly with all enquiries – contact the helpdesk on 0118 980 8841 for information.

The following services are available to all suppliers but will be of particular interest to small and new businesses.

Free advice

NHS PASA purchasing staff will be happy to discuss any aspect of selling to the NHS, including relevant quality standards, compliance with public procurement procedures where relevant, market structure, pricing and customer requirements.

Communication channels

The Agency has established a number of customer consultation groups, for example in the areas of theatre products and prosthetics, whose membership includes a cross-section of NHS trust staff and specialist buyers. The views of these groups have a direct impact on NHS PASA's strategic purchasing decisions. Suppliers can be invited to attend meetings of these groups to demonstrate their products and receive feedback.

Product trials

Where appropriate, NHS PASA can arrange to trial products and report customers' views back to you.

Seminars and presentations

NHS PASA's staff regularly attend meetings and seminars held by trade associations, chambers of commerce and other groups to speak to potential suppliers on a collective basis.

Product information

Where appropriate, the Agency can circulate product literature so that NHS trusts are kept up to date with product and market developments. Please note, however, that NHS PASA must remain impartial and cannot act as a marketing resource for an individual company.

Prompt payment

Where NHS PASA negotiates contracts for goods that NHS Logistics takes title to, NHS Logistics gives a commitment to pay suppliers promptly, ie within 30 days of delivery.

Contract de-briefing

If you have been invited to tender for a contract and are unsuccessful in your bid, NHS PASA can offer constructive feedback on the reasons for your lack of success. This will enable you to monitor your performance towards being more competitive in the future.

Making contact

Locations:

NHS Purchasing and Supply Agency, Premier House, 60 Caversham Road, Reading RG1 7EB. Tel: (0118) 980 +ext (8600 for reception).

NHS Purchasing and Supply Agency, 80 Lightfoot Street, Chester CH2 3AD. Tel: (01244) 58 +ext (6700 for reception).

NHS Purchasing and Supply Agency, Foxbridge Way, Normanton, West Yorkshire WF6 1TL. Tel: (01924) 32 +ext (8700 for reception).

NHS Purchasing and Supply Agency, PO Box 1400, Sheffield S11 8EY. Tel: (0114) 267 6004.

Email:

All NHS Purchasing and Supply Agency staff listed below can be contacted via email. All email addresses following the same format - forename.surname@doh.gsi.gov.uk. eg: jo.lennox@doh.gsi.gov.uk

Key to locations: R - Reading, C - Chester, N - Normanton, S - Sheffield

Purchasing Directors

Name, Position, Ext, Location

Marcus Brindle, Associate Director of Purchasing, ext 8602, N

Mario Varela, Associate Director of Purchasing, ext 8792, R

Neil Argyle, Associate Director of Purchasing, 8608, R

John Cooper, Associate Director of Purchasing, 8874, N

Medical and Surgical

Sandra Barrow, Purchasing Executive, 6788, C

Chris Theaker, Purchasing Executive, 8808, N
Valerie Attwood, Senior Buyer - pressure area care and surgical instruments, 6807, C
Steve Graham, Senior Buyer - cardiac, external defibrillators, 8824, R
Andy Smallwood, Senior Buyer - orthopaedics, 6787, C
Elaine Alsop, Senior Buyer - anaesthetics and examination gloves, 8814, N
Patrick Fairlamb, Senior Buyer, theatres, 8813, N
Sue Ord, Senior Buyer - laboratory, rehab and diagnostics, 8829, N
Susan Pickup, Senior Buyer - dressing, 8820, N
Ian Parker, Senior Buyer - urology and medical specialities, 8826, N
Liz Pearson, Senior Buyer - IV, 8822, N
Eleanor Richardson, Senior Buyer - medical devices, 8812, N
Karen Guth, Senior Buyer - renal, (01452) 414506, Home.
Food and Nutrition
Andrew Norton, Purchasing Executive, 8836, N
Alan Glover, Senior Buyer - frozen foods and prepared meals, 8872, R
Jason Lavery, Senior Buyer - temperature controlled food, 8811, N
Bob Seeley, Senior Buyer - groceries, baby milk and beverages, 8742, N
Nigel Watson, Senior Buyer - canned goods, 24hr menu, ambient groceries, 8842, N
Textiles and Domestic
Stuart Sly, Senior Buyer - textiles, 8837, N
Richard Horsfall, Senior Buyer, domestic and cleaning consumables, 8739, N
Rehabilitation
Neil Griffiths, Purchasing Executive, (0114) 267 6004, S
Mike J Ferguson, Senior Buyer - prosthetics, orthotics, electronic assistive technology, 8819, R, email:
mike.j.ferguson
Steve Shaw, Senior Buyer - wheelchairs, audiology, 6721, C
Diagnostic Medical Equipment
David Nixon, Purchasing Executive, 6859, C
Alan Woodworth, Senior Buyer - pathology, (01422) 371472, Home
Nick Pitt, Senior Buyer - CT Scanners, gamma cameras, MRI, PET scanners, radiotherapy, 8838, R
Samantha Parker, Senior Buyer - radiology, 8807, R
Pharmaceuticals
Howard Stokoe, Purchasing Executive, 8850, R
Steve Davies, Senior Buyer - special pharmaceuticals, EL(95)5, blood products, vaccines, 6843, C
Alan Russell, Senior Buyer/technical pharmacist, (0208) 290 1410, Home
Steve Williams, Senior Buyer - general pharmaceuticals, 8833, R

Office Products and Services
Will Laing, Senior Buyer - office services, 6701, C
Jonathan Burrill, Senior Buyer - stationery, 8840, N
Facilities Management and Utilities
John Michalski, Purchasing Executive, 8894, R
Henry Pringle, Senior Buyer - energy, 8796, R
Helen MacCarthy, Senior Buyer - estates and maintenance, 6788, C
Michael Taylor, Senior Buyer - transport, 6798, C
Outsourcing
Ian Pick, Purchasing Executive (07899) 994792, Home
John Law, Senior Buyer, (01252) 543803, Home
Peter Thomas, Senior Buyer - consultancy, (07836) 296557, Home
Carol Holroyd, Senior Buyer - special projects, (01457) 857038
Information Technology
Andrew Rudd, Purchasing Executive, (07798) 790846, Home
Mike Power, Senior Buyer - IT and telecoms, 8815, R
Peter Jones, Senior IT Purchasing Advisor, (07770) 970043, Home
Brenda Hibell, Senior IT Purchasing Advisor, (01442) 891432, Home
Professional Services

Alyson Gerner, Purchasing Executive, (01325) 335452, Home
Estell Groves, Senior Buyer, 8814, R
Leasing/PPP&PFI/Purchasing Cards
Faye Robinson, Purchasing Executive, (07710) 645421, Home
Peter Norman, Purchasing Executive, (07768) 357876, Home
E-commerce/Integrated Supply Chain
Eric Jackson, Director, 8619, R
Joe Walsh, Project Director, 8622, R
Dexter Montgomery, Project Director, 8790, R
Environment/Risk Management
Dr Andy Davey, Head of Policy - environment and risk management, 8633, R
Melanie Watts, Environmental Manager, 8868, R
Supplier Relations
Jo Lennox, Purchasing Executive - supplier relations, (01787) 881255, Home
Small and New Businesses
John Warrington, Head of Research and Innovation, 8895, R
NHS Plan
David Brassington, Purchasing Executive, NHS Plan, 8851, R
Best Practice
Margaret Horton, Purchasing Executive - best practice, (01785) 243421, Home
Helpdesk
Helpdesk, 8841, R

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Useful links

A number of websites provide practical sources of information on everything from EU procurement to public sector tendering information. Below are some you may find useful.

<http://simap.eu.int>

SIMAP - for information on public sector procurement regulations.

www.tso-online.co.uk

The Stationery Office official source of UK regulations.

www.bipcontracts.com

Business Information Publications Ltd provides public sector contract information specialising in NHS

Tender opportunities.

www.ogc.gov.uk

The Government's procurement website provided by the Office of Government Commerce.

All information in this Guidance is checked and believed to be correct, but cannot be so guaranteed and the publishers shall not be liable for any loss suffered directly or indirectly as a result of its use.