

Alternatively, you can contact one of our specialist 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 our senior purchasing staff can be found on the NHS PASA website at www.pasa.nhs.uk

Local trust contracts

Each trust will also have in place a number of local contracts managed by the trust's supplies department. In appropriate situations we will provide details of supplies managers – for further information contact Annie Anley via email at ann.anley@pasa.nhs.uk.

NB: under the Data Protection Act we cannot provide individuals' names.

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 innovation from suppliers. To discuss your ideas contact John Warrington, Head of Research and Innovation, via email at john.warrington@pasa.nhs.uk

Keeping you informed

We communicate regularly with all our contracted suppliers, keeping them up to date with the latest news and initiatives from the Agency. We are also in regular contact with a number of major trade associations.

Small businesses

A large proportion of our business is conducted with small or medium-sized companies. To encourage competition and ensure that the marketplace is accessible to all suppliers we are committed to providing specific help and support to small and new businesses. We have a procedure in place to ensure we deal 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

Our 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

We have 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 our strategic purchasing decisions. Suppliers can be invited to attend meetings of these groups to demonstrate products and receive feedback.

Product trials

Where appropriate, the Agency can arrange to trial products and report trusts' feedback to suppliers.

Seminars and presentations

Our 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.

IT suppliers

Our advice does not extend to IT because of the major ongoing developments in the NHS National Programme for IT. Five Local Service Providers (LSPs) will be appointed at the end of the year – they will be responsible for delivering the strategic plan.

NHS-sid supplier information database

Any supplier interested in supplying the NHS should register on the NHS-sid supplier information database.

NHS-sid rationalises the management of pre-qualification data during the procurement process, thereby reducing the administrative burden

on potential suppliers to the NHS. It functions in accordance with the Agency's stated 'once only' principle, which seeks to minimise any replication of effort for the benefit of both the NHS and suppliers. Accordingly, managing commercial information electronically via NHS-sid will reduce the costs to business associated with providing this data; improve speed and efficiency; and establish a single source of uniform supplier information across the NHS. Clearly, these are significant benefits to any potential NHS supplier.

NHS-sid is free of charge to use by suppliers and NHS buyers alike, being funded centrally. The system is secure and can be accessed only on the NHSnet by authorised personnel engaged in NHS purchasing activity. Similarly, suppliers' use of the system is restricted to their own data. The combination of these factors and other system checks will ensure the security of your commercial information.

Prompt payment

Where the NHS Logistics Authority purchases and takes title to goods, it gives a commitment to pay suppliers promptly, ie within 30 days of delivery.

Contract debriefing

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

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.



SIMAP – for information on public sector electronic procurement – <http://simap.eu.int>



BiP Solutions Ltd – provides public sector contract information – www.bipsolutions.com



Office of Government Commerce – the Government's procurement website – www.ogc.gov.uk



The Stationery Office – www.tso.co.uk



Department of Health (DH) – the DH website provides information on the latest health service plans and initiatives – www.doh.gov.uk

MAKING CONTACT

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

80 Lightfoot Street, Chester CH2 3AD
Tel: 01244 58 +ext (6700 for reception)

Foxbridge Way, Normanton, West Yorkshire WF6 1TL
Tel: 01924 32 +ext (8700 for reception)

PO Box 1400, Sheffield S11 8EY
Tel: 0114 267 6004

Visit our website – www.pasa.nhs.uk – for further information and guidance.

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GUIDANCE 08

2004

SELLING TO THE NHS – A GUIDE FOR SUPPLIERS

This guide is aimed at helping existing and potential NHS suppliers gain a better understanding of how purchasing and supply works in the NHS.

PURCHASING AND SUPPLY – HOW IT WORKS IN THE NHS

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 is 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. Last year, the NHS spent over £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 258 hospital trusts*, each with its own budget to spend.

Most commonly, trusts purchase through:

- National framework contracts negotiated by the NHS Purchasing and Supply Agency.
- The NHS's national storage, distribution and wholesaling service run by the NHS Logistics Authority.
- Individual trusts' local contracts.
- Consortium contracts, where a group of trusts work together to negotiate contracts – these have been developed into supply management confederations.

MODERNISING PURCHASING AND SUPPLY

Following the Audit Commission's 2002 report, which highlighted significant differences in performance across the NHS, the NHS Purchasing and Supply Agency announced recommendations for a fundamental reorganisation of the NHS purchasing and supply function. The recommendations resulted in supply management confederations being set up across the country with groups of trusts working together on a geographical basis. The work of the confederations is planned to bridge the gap between national and local purchasing.

By March 2004 80% of the NHS will be covered by confederations, who will 'club together' for mutual benefit. For example, they will pool information, expertise and resources to achieve a joint approach in such areas as strategic sourcing, product and supplier rationalisation, stock management, supply chain management and contracting.

Benefits to be achieved include:

- Purchasing savings and reduced costs.
- Development of centres of procurement excellence.



- Improved career prospects for supply professionals.
- Collective support and raised standards for poorer-performing trusts.

Six confederations are initially operating on a pilot basis supported by the Agency. As they mature, they will help to develop national guidance and best practice.

WHAT WE DO

The NHS Purchasing and Supply Agency is an executive agency of the Department of Health. Established in April 2000, we have the responsibility for ensuring that the NHS in England makes the most effective use of its resources by getting the best possible value for money when purchasing goods and services. Our 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.

We are not a trading organisation – being centrally funded by government allows us to concentrate on those functions that demonstrate value to the NHS.

Being an integral part of the Department of Health we are in a key position to advise ministers and government on policy and the strategic direction of procurement across the NHS. With ministerial support we are leading the ongoing modernisation of purchasing and supply; ensuring that purchasing and supply strategies reflect and contribute towards the achievement of the Government's policies, strategies and priorities.

We are working closely with other parts of the Department of Health to ensure that purchasing and supply implications and opportunities are considered in the preparation of general NHS policies.

We are involved in a wide range of projects linked to key priorities identified in the NHS Plan. These range from purchasing CT scanners to

* as at July 2003



supporting the implementation of the NHS 'better hospital food menu'. For further details see www.pasa.nhs.uk/nationalpriorities

One of our main activities is the negotiation of national contracts for products and services that are strategically important to the NHS. By aggregating the purchasing power of the NHS we can yield greater economic benefits and do things once nationally.

THE 'ONCE ONLY' APPROACH

Economies of scale are not solely related to making purchasing 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 these tasks themselves. This is the 'once only' principle and it underpins all of our activities – removing replication of effort and unnecessary cost.

For example, we have developed standard market-specific terms and conditions of contract for a multitude of goods and services used by the NHS, eliminating numerous sets of different conditions of contract that were previously in use. A recent further development is the adoption of a standard pre-purchase questionnaire form relating to electro-medical equipment for use throughout the UK.

We have produced a standard operating purchasing procedures manual for trusts (TOPPM). The manual provides guidance on EU purchasing and supply regulations, including a standard set of forms to be used in the tendering process.

This year the Agency launched NHS-sid – a database making suppliers' tender support information available electronically to all NHS trusts in England. Suppliers doing business with a number of NHS organisations will ultimately only need to submit material once to this central database. The system will bring benefits in terms of reduced costs for suppliers, improved speed and efficiency for NHS purchasers and reduced process time.

WHAT HAPPENS IN THE OTHER HOME COUNTRIES?

We have responsibility for purchasing and supply issues in England only. Scotland, Wales and Northern Ireland have their own health services and supply organisations.

We meet regularly with the supply organisations of the other home countries to discuss areas where we can work together.

HOME COUNTRIES SUPPLY ORGANISATIONS



Scottish Healthcare Supplies
Tel: 0131 552 6255
www.show.scot.nhs.uk/shs/



Welsh Health Supplies
Tel: 029 2031 5500
www.whs.wales.nhs.uk



Central Services Agency –
Regional Supplies Service (NI)
Tel: 028 9066 7799
www.centralservicesagency.com

OUR PURCHASING ROLE

We negotiate contracts that can be accessed by the whole of the NHS. These contracts are mainly organised in two ways:

- Trusts can buy goods and services directly from suppliers under nationally negotiated 'call off' contracts.
- Under our national contracts, NHS Logistics buys goods and stores them in its warehouses. NHS organisations can then order goods from NHS Logistics and receive consolidated deliveries, broken down into smaller quantities where required.

In some cases, we also negotiate contracts on behalf of 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 are negotiated at a local trust level. Where this is

the case, we can provide trusts with model contracts and buying guides.

We currently negotiate around 3000 contracts with 1700 suppliers, worth about £3.6 billion per year; around £600 million of this is supplied through the NHS Logistics Authority. This year, we are on target to achieve savings on this expenditure of at least £180 million.

We aim to ensure that markets remain attractive to suppliers by managing the supplier base effectively. This may involve introducing competition to certain markets where necessary, identifying new products and suppliers, monitoring quality, ensuring continuity of supply and negotiating the best possible terms. We monitor the performance of suppliers, conduct environmental appraisals and carry out risk management assessments.

During 2003/04 the aim was to increase the value of expenditure that we influenced to £6 billion.

HOW WE WORK

Our purchasing function is organised nationally on a commodity basis with staff based at four sites – Reading, Chester, Normanton and Sheffield – although some operate from home.

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.

Here are some examples of the main products and services for which we negotiate 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, rehabilitation equipment.
- Food and nutrition: food, baby milk, catering equipment, cutlery and crockery.
- Pharmaceuticals: drugs, anaesthetic gases, vaccines, blood products.
- 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, recruitment and advertising services.
- Textiles and domestics: uniforms, bedding, cleaning and laundry products.
- Office services: office products and services, stationery.
- Leasing: leases for 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.

It is developing an e-commerce strategy for the English NHS that will:

- Benefit the NHS through process efficiencies, greater purchasing power and sharing and exploiting information.
- Help UK suppliers to the NHS 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 is already significantly advanced in its use of e-commerce.

For example, did you know:

- The NHS operates one of the most advanced integrated supply chains in the world due to a single electronic system operated by the NHS Logistics Authority. The system handles around £600 million of NHS expenditure every year and automates everything from ordering through to payment. It also offers an e-billing facility.
- Over 4500 purchasing cards are in use across the NHS, replacing paper transactions. Last year the English NHS used these purchase cards to order goods to the value of £15 million.
- 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 2003 we replaced the Agency's CD-Rom contracts catalogue with a real-time web-based catalogue.
- In 2003/04 the Agency will be piloting more reverse e-auctions and electronic tendering systems following a successful pilot (for tea) in December 2002.

GREENING THE NHS SUPPLY CHAIN

The Government is placing increasing emphasis on the use of its purchasing power to deliver its environmental policy objectives and, for the NHS, we are spearheading the greening of NHS supply.

During 2000 we became the first public sector purchasing organisation to achieve the coveted ISO 14001 certification for our environmental management system. This demonstrates our commitment to continually improving our environmental performance and complying with all relevant environmental legislation.

In 2002 we produced our second environmental report. This was externally verified in line with best practice, further demonstrating our commitment to lead by example in the anticipation that suppliers can learn from our experiences.

We are already working with suppliers on a number of initiatives such as environmental performance improvement. We will continue to work in partnership with suppliers, trade associations and the NHS to identify and promote best practice outcomes. This will avoid duplication of effort and ultimately improve efficiency in the NHS supply chain.

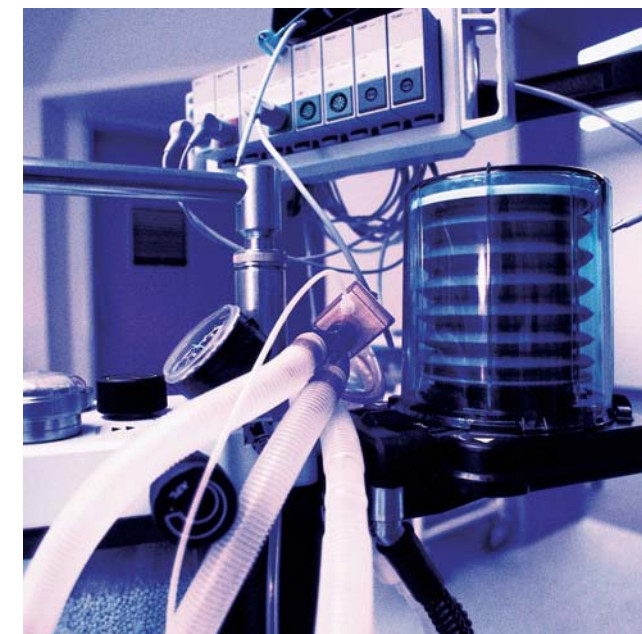
We are currently developing a web-based framework for assessing the environmental performance of suppliers for use throughout the NHS, and are committed to raising the awareness of environmental and related legislative issues throughout the supply chain.

PROMOTING SUSTAINABLE DEVELOPMENT

By considering what and how we purchase, we can contribute to achieving a better quality of life and healthier communities through sustainable development. This includes giving equal consideration to economic, environmental and social impacts. By behaving as a good corporate citizen, the NHS will use its purchasing power to work with suppliers to bring benefits to the communities we serve and contribute to the Government's wider sustainable development agenda.

Greening NHS supply means:

- Our 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 of the NHS supply chain.



- Working with designated key suppliers to improve their environmental performance.
- Where possible, helping NHS suppliers anticipate environmental legislative changes.
- Raising suppliers' awareness of the Government's wider sustainable development agenda.

THE TENDERING PROCESS

EU procurement process under the restricted award procedure

Under the EU regulations there are three types of tender 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 the OJEU 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 the OJEU advertisement will be considered to have expressed an interest. The buyer will shortlist a number of these who will then be invited 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 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 the OJEU 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 unforeseeable and urgent circumstances then the timescale above may 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, we must advertise all contracts with a value* over £99,695 (for supplies and services) or £3,834,411 (for works) in the Supplement to the Official Journal of the European Union (OJEU). These adverts enable you to express an interest in the majority of our national contracts.

The OJEU is issued daily. To subscribe, contact BiP Solutions on 0141 332 8247 or visit www.bipsolutions.com

* current thresholds apply from 1 January 2004 to 31 December 2005