

Selling to the NHS Purchasing and supply - how it works in the NHS : Guidance 15

The NHS needs an enormous range of goods and services to enable it to provide effective health care 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. During 2000 the NHS spent around £6 billion on purchasing the goods and services it needed.

So how does the NHS obtain these goods and services?

The NHS is made up of around 350 trusts, each with its own budget to spend. Most commonly, trusts purchase through:

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

What does PASA do?

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

They are not a trading organisation though - being centrally funded by Government allows them to concentrate on those functions that demonstrate value to the NHS. Being an integral part of the Department of Health they are in a key position to advise ministers and Government on policy and the strategic direction of procurement across the NHS. With strong ministerial support, they are 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.

Working closely with the Department of Health they are ensuring that purchasing and supply implications and opportunities are fully considered in all health service plans.

In particular, PASA are:

- o contributing to the successful implementation of the NHS plan
- o working with the New Opportunities Fund to ensure the £93 million allocated to cancer prevention, detection, treatment and care is spent and managed in the most cost effective way
- o working with the National Institute for Clinical Excellence to ensure that the purchasing and supply implications are fully taken into account in any guidance issued to the health service.

But the main operation is the negotiation of national contracts for products and services that are strategically critical to the NHS. PASA expect trusts to support their initiatives and not ignore or reinvent them. In the future, all national contracts negotiated by the Agency will be binding on the NHS. It's all about economies of scale - aggregating the purchasing power of the NHS to yield greater economic benefits, and doing things once nationally.

PASA have 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. They also intend to provide a central market intelligence and benchmarking information service to the NHS.

PASA's purchasing role

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

- o trusts can buy goods and services directly from suppliers under nationally negotiated 'call off' contracts
- o NHS Logistics buys goods under national contracts negotiated by the NHS Purchasing and Supply Agency.

NHS Logistics then sells on these goods to NHS organisations, having broken bulk deliveries from suppliers into the quantities they require.

PASA also negotiate contracts for individual trusts. These contracts are usually for goods and services that require trust specific specifications, for example magnetic resonance imaging scanners.

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

PASA currently negotiate around 3,000 contracts with 1,400 suppliers, worth about £2.3 billion per year; £500 million of this is supplied through the NHS Logistics Authority. This year, PASA are on target to achieve savings on this expenditure of £100 million.

During 2001/2 they aim to increase the value of expenditure covered by the Agency's contracts to £3.3 billion, and by 2004, ensure that at least 80% of NHS non-pay expenditure is managed under formal purchasing arrangements.

Their aim is to ensure that the market place 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. They will also be monitoring the performance of suppliers, conducting environmental appraisals and risk management assessments. This information will be shared with the NHS to improve ultimately the performance of the purchasing and supply function.

How PASA works

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 product sections - all experts in their particular market. This structure allows you 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 they negotiate contracts for.

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

The NHS e-commerce strategy

E-commerce provides huge opportunities for savings and efficiency in the NHS on a potential e-commerce expenditure of £6 billion. 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:

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

In the very near future, all transactions between suppliers and the NHS will be electronic, from demand through to payment. PASA will be contacting all of their contracted suppliers shortly 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 did you know...

- o 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 over £500 million of NHS expenditure every year, 50% of which is paperless, from demand right through to payment

- o over 1,700 purchasing cards are in use across the NHS to replace paper transactions
- o 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
- o PASA are currently evaluating a web-based solution for placing contract advertisements electronically in the Official Journal European Communities
- o during the autumn of 2001, they 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 Supply Chain

The Government places great emphasis on improving the public sector's environment performance and, for the NHS, PASA are spearheading the greening of NHS supply. During 2000 they became the first public sector purchasing organisation to achieve the coveted ISO 14001 certification for their environmental management system. This demonstrates that they comply with all relevant environmental legislation and are committed to pollution prevention and ongoing improvement in their environmental performance.

PASA are 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.

Greening NHS supply means:

- o buyers and the NHS considering, during the purchasing process, environmental issues associated with products and service
- o sourcing and promoting those products with validated environmental labels or claims
- o measuring and monitoring environmental performance in and of the NHS supply chain
- o working with designated key suppliers to improve their environmental performance
- o where possible, helping NHS suppliers anticipate environmental legislative changes at minimum cost

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 £93,896 (for supplies and services) or £3,611,395 (for works) in the Supplement to the Official Journal of the European Communities (OJEC). These adverts enable you to express an interest in the majority of their 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 on page iii.

Alternatively, you can contact one of 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 their key purchasing staff can be found on page iv or on their website at www.pasa.doh.gov.uk
*current thresholds apply from 1 January 2000 until 31 December 2001.

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, PASA can provide you with contact details for all NHS trust supplies managers in England. Contact Annie Anley on (0118) 980 8610 for details.

Help desk

If you have a general query their 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 health care. The Agency is therefore keen to encourage innovation from suppliers. Should you wish to discuss your ideas please contact John Warrington, Head of Supply Strategy and Innovation, john.warrington@doh.gsi.gov.uk

Keeping you informed

PASA communicate regularly with all their contracted suppliers, keeping them up to date with the latest news and initiatives from the Agency. They are also in close contact with trade associations and are looking to develop these relationships further.

New business and innovation website

The Agency has recently developed a new website designed to help suppliers, particularly small business, find new business in the NHS. The site is also intended to act as a hub for helping the introduction of new innovations to the NHS. The site will be available shortly through: www.pasa.doh.gov.uk

Small businesses

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

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

PASA 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 the groups have a direct impact

on strategic purchasing decisions. Suppliers can be invited to attend meetings of these groups to demonstrate their products and receive feedback.

Product trials

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

Seminars and presentations

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

Prompt payment

Where PASA negotiate contracts for goods that NHS Logistics take title to, NHS Logistics gives a commitment to pay suppliers promptly, i.e. within 30 days of delivery.

Contract de-briefing

If you have been invited to tender for a contract and are unsuccessful in your bid, they 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.

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://ted.eur-op.eu.int>

Tenders electronic daily - the on-line version of the supplement to the Official Journal of the European Communities.

<http://simap.eu.int>

SIMAP - for information on public sector electronic procurement.

<http://www.tso-online.co.uk>

The Stationery Office.

<http://www.bipcontracts.com>

Business Information Publications Ltd provides public sector contract information

<http://www.tenders.co.uk>

Tenders on the web is a searchable database of European public procurement contracts.

<http://www.tendersdirect.co.uk>

Tenders direct is a searchable database of public sector contracts.

<http://www.ogc.gov.uk>

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

<http://www.abacusuk.co.uk>

Abacus Data Services provides European import and export data for approximately 10,000 products.

<http://www.dataop.com>

DataOp Alliance provides an OJEC search and scanning service.

Please note there may be other companies that provide similar services. The NHS Purchasing and Supply Agency accepts no responsibility for the content of any external internet sites.

Making contact

Locations:

NHS Purchasing and Supply Agency

Premier House

60 Caversham Road

Reading RG1 7EB

Telephone: (0118) 980 + ext (8600 for reception)

NHS Purchasing and Supply Agency

80 Lightfoot Street

Chester CH2 3AD

Telephone: (01244) 58 + ext (6700 for reception)

NHS Purchasing and Supply Agency

Foxbridge Way

Normanton

West Yorkshire WF6 1TL

Telephone: (01924) 32 + ext (8700 for reception)

NHS Purchasing and Supply Agency

PO Box 1400

Sheffield S11 8EY

Telephone: (0114) 2676004.

Email: All NHS Purchasing and Supply Agency staff listed below can be contacted via email. All email addresses follow the same format -

forename.surname@doh.gsi.gov.uk

Key to locations

R = Reading C = Chester

N = Normanton S = Sheffield

Name Position Ext Location

Purchasing Directors

Marcus Brindle Associate Director of Purchasing 8602 R

Mario Varela Associate Director of Purchasing 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 6700 C

David Brassington Purchasing Executive 8851 R

Chris Theaker Purchasing Executive 8808 N

Andy Smallwood Senior Buyer - 6807 C

pressure area care, beds and
surgical instruments

Steve Graham Senior Buyer - 8824 R cardio/vascular, endoscopy, cochlear implants

Elaine Alsop Senior Buyer - 8814 N anaesthetics and examination gloves

Patrick Fairlamb Senior Buyer - 8813 N theatres

Sue Ord Senior Buyer - 8829 N laboratory, rehab and diagnostics

Susan Pickup Senior Buyer - 8820 N

dressings

Ian Parker Senior Buyer - 8826 N urology and medical specialities

Liz Pearson Senior Buyer - 8822 N

IV

Eleanor Richardson Senior Buyer - 8812 N medical devices

Food and nutrition

Andrew Norton Purchasing Executive 8836 N

Alan Glover Senior Buyer - 8872 R

temperature controlled food

Jason Lavery Senior Buyer - 8811 N

temperature controlled food

Bob Seeley Senior Buyer - 8742 N

groceries and baby milk

Nigel Watson Senior Buyer - 8842 N

canned goods, beverages, chilled food

Textiles and domestics

Stuart Sly Senior Buyer - 8837 N

textiles

Richard Horsfall Senior Buyer - 8739 N

domestic and cleaning consumables

Rehabilitation

Alan M Robson Purchasing Executive 8852 R

(email alan.m.robson)

Mike J Ferguson Senior Buyer - 8819 R

(email mike.j.ferguson) prosthetics, orthotics, electronic assistive technology

Steve Shaw Senior Buyer - 6721 C

community equipment services,

wheelchairs, audiology, aids to

daily living, newborn hearing screening

Diagnostic medical equipment

David Nixon Purchasing Executive 6859 C

Alan Woodworth Senior Buyer - 01422 371472 Home pathology

Neil Griffiths Radiotherapy/cancer 0114 267 6004 S

Samantha Parker Senior Buyer - 8807 R radiology/radiotherapy

Pharmaceuticals

Howard Stokoe Purchasing Executive 8850 R

Steve Davies Senior Buyer - 6843 special pharmaceuticals, EL(95)5, blood products

Alan Russell Senior Buyer 0208 290 141 Home /technical pharmacist
Steve Williams Senior Buyer - 8833 R general pharmaceuticals

Office services

Will Laing Senior Buyer 6701 C
Jonathan Burrill Senior Buyer - 8840 N stationery and estates

Facilities management and utilities

John Michalski Purchasing Executive 8894 R
Henry Pringle Senior Buyer - 8796 R energy
Helen MacCarthy Senior Buyer - 6788 C building and engineering
Michael Taylor Senior Buyer - 6798 C transport

Outsourcing

Ian Pick Purchasing Executive 07899 994792 Home
Carol Holroyd Senior Consultant 01457 857038 Home
John Law Senior Consultant 01252 543803 Home
Peter Thomas Senior Buyer 07836 296557 Home consultancy

Information Technology

Andrew Rudd Purchasing Executive 07798 790846 Home
Mike Power Senior Buyer 8815 R IT and telecoms
Peter Jones Senior Consultant 07770 970043 Home

Professional Services

Alyson Gerner Purchasing Executive 01325 335452 Home
Estelle Watts Senior Buyer 8814 R

Leasing/PPP/purchasing cards

Faye Robinson Purchasing Executive 07710 645421 Home
Peter Norman Purchasing Executive 07768 357876 Home

Environment

Dr Andy Davey Environmental Supply 8633 R Policy Manager

E-commerce/integrated supply chain

Eric Jackson Director 8619 R
Joe Walsh Project Director 8622 R
Dexter Montgomery Project Director 8790 R

Helpdesk

Helpdesk 8841 R

Innovation

John Warrington Head of supply strategy, 8895 R development and innovation