



Healthcare

market trends update

November 2019



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Introduction

The National Health Service is a huge and diverse market, covering sectors such as buildings, furniture, vehicles, clothing and catering as well as medical equipment and supplies. Contract values range from over £1bn to just a few thousand. In this report, we consider only those contracts with a stated value of over £100,000 issued by buyers in the United Kingdom. There is a huge opportunity for NHS procurement professionals and supplying organisations to work together to support the delivery of public services, boost efficiencies and drive better value for money.

At BiP Solutions, we have spent 35 years bringing buyers and suppliers together. Over 250,000 private sector businesses in the UK alone, including 20% of companies listed on the FTSE 100 Index, rely on BiP's expertise to help them grow. We offer a number of innovative solutions to support you through all stages of your procurement journey. This includes our market intelligence solution, Tracker, which offers the largest public sector tenders and awards database in Europe, including countless healthcare opportunities. Tracker delivers private and public sector contract opportunities and awards, market intelligence, spend analysis and market leads at the click of a button.

We also bring buyers and suppliers together at a series of high-profile events. Our programme of P4H events covers England and Scotland. Each event is focused on supporting the latest public procurement initiatives and objectives within healthcare relevant to that country through keynote talks, training, networking, exhibition and supplier engagement opportunities. In addition, we manage the UK's fastest-growing healthcare community – Health Online.

In our latest healthcare report, which follows on from the October issue and is part of our ongoing BiP Inform

series, we take a deep dive into who's spending and where. We look at which suppliers are winning contracts and the buying organisations that are providing current opportunities within this huge marketplace.

This report covers data from September*, the most recent month for which full figures are available.

Key highlights for September:

- Total spend for September was £2,941,354,855
- 177 notices were published with a further 115 contracts awarded
- The top spending buyer during September was NHS Bristol, North Somerset and South Gloucestershire CCG, with an award value of £1,056,052,696 for a single contract for adult community health services
- The top supplier by value of awards won during September was Sirona Care and Health Community Interest Company, which won the contract awarded by NHS Bristol, North Somerset and South Gloucestershire CCG
- The East of England and Scotland jointly awarded the most contracts (17 each) but the region with the highest spend was the South West of England

We hope you will find this report of interest. If you would like to find out more about how BiP Solutions can support you on your procurement journey, please do get in touch via the contact details on the last page of this report.

* All data taken from BiP's Tracker Market Intelligence tool and covers the period 1 to 30 September 2019. All details correct at time of publication.



Healthcare Market Overview

– Who is spending and where?

During the month of September, 177 notices were published and 115 contracts awarded. While the volume of notices is only slightly down on August's 188, September saw a marked drop in the volume of awards. 53 fewer awards were published, a fall of 31% compared to August's 168. However, total spend was up month on month. In September, the total spend was £2,941,354,855, compared to August's total of 2,024,070,611, an increase of £917,284,244.

In Figure 1, we list the top ten buyers by combined awards value. The top ten combined awards values ranged from just under £37.5m to just over £1bn. The highest value related to a single contract for adult community health services, awarded by NHS Bristol, North Somerset and South Gloucestershire CCG to Sirona Care and Health Community Interest Company for a period of up to ten years.

Just as in August, no one buyer dominated in terms of volume of awards. Even the top ten buyers combined awarded just 42.6% of the 115 awards. The rest of the contracts awarded were spread between another 65 buyers, suggesting that healthcare spending continues to be undertaken at a local level, despite plans for more aggregated spend.

The 12 contracts awarded by the Common Services Agency (more commonly known as NHS National Services Scotland) – the organisation making the largest number of awards in September – were mostly for pharmaceuticals and small medical items. While one contract was worth £110m, all but one of the others were worth less than £9m. Several of these were split between multiple suppliers, showing that small-scale opportunities as well as multimillion-pound contracts are available in the health sector.

Top 10 Buyers by Combined Awards Value

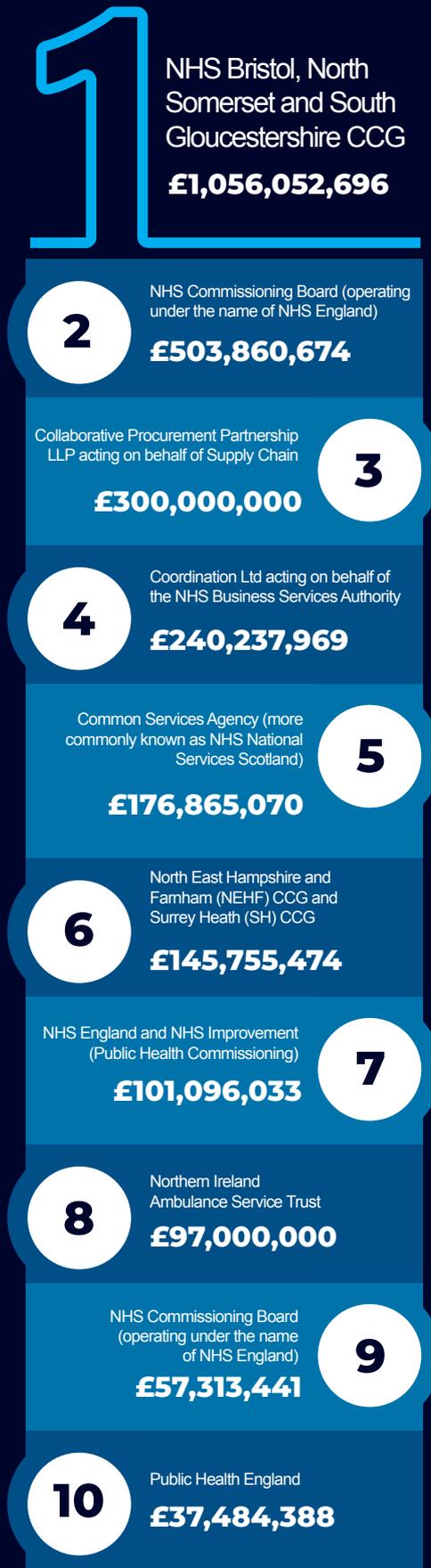


Figure 1

Top Buyers by Volume of Awards



Figure 2

Top 10 Suppliers by Combined Awards Value



Figure 3

Healthcare Market Overview

Supplier opportunities

Figure 3 details the top ten suppliers by combined awards value. Heading this list is Sirona Care and Health Community Interest Company, which won the contract awarded by NHS Bristol, North Somerset and South Gloucestershire CCG for adult community health services referred to above. This contract, worth just over £1bn, was four times as valuable as the second contract on the list. This was won by Spectrum Community Health CIC, to provide healthcare services for North East prisons. These awards show the role played by community interest companies, a type of non-charitable limited company that exists to provide a benefit rather than to make profits for shareholders, often used as a structure for social enterprises.

Figure 4 shows the top suppliers by volume of awards won. The importance for suppliers of winning a place on a framework agreement is illustrated by the fact that, as in August, all of the suppliers in Figure 4 won awards as part of multiple supplier frameworks. This month, the dominance of frameworks was even more marked – apart from two contracts, all the awards won by the suppliers in Figure 4 took the form of places on just two multiple supplier frameworks. Stryker, Ambu Ltd and Fannin UK Ltd won places on multiple lots of a framework issued by NHS Wales Shared Services Partnership for ECG and defib consumables and accessories. All the others won multiple lots on the £110m orthopaedic hip and knee implants and consumables framework issued by the Common Services Agency (more commonly known as NHS National Services Scotland). Apart from these frameworks, the only other contracts won by the top companies were a call-off from an NHSSC framework, issued by Hertfordshire NHS Procurement and won by Johnson & Johnson Medical, and the lots on an NHS Commissioning Board (NHS England) framework agreement for pharmaceuticals for NHS London region won by Fannin UK Ltd.

In Figure 3, one of the suppliers is listed as 'not provided'. This is for a national framework contract for pharmaceuticals awarded by NHS England. As is sometimes the case with awards to a large number of suppliers, the buyer has not completed the section of the award notice with details of all the suppliers. The notice has therefore defaulted to 'not provided' Instead, elsewhere in the contract notice, the buyer has provided a weblink to a list of suppliers.

Suppliers by Number and Combined Value of Awards

Number of Awards	Supplier	Value of Awards Won (£)
14	Stryker UK Ltd	£11,648,484
13	Johnson & Johnson Medical Ltd	£12,702,832
12	Zimmer Ltd	£12,452,832
11	B Braun Avitum	£11,415,096
11	TJ Smith and Nephew Ltd (trading as Smith & Nephew)	£11,415,096
11	Ambu Ltd	£855,756
10	Link Orthopaedics UK Ltd	£10,377,360
9	Medacta UK Ltd	£9,339,624
9	Fannin UK Ltd	£700,164

Figure 4

East of England and Scotland jointly top the list for the highest number of contracts awarded, with 17 awards each in September. Between them, these two regions were responsible for 29.5% of contracts awarded during the month.

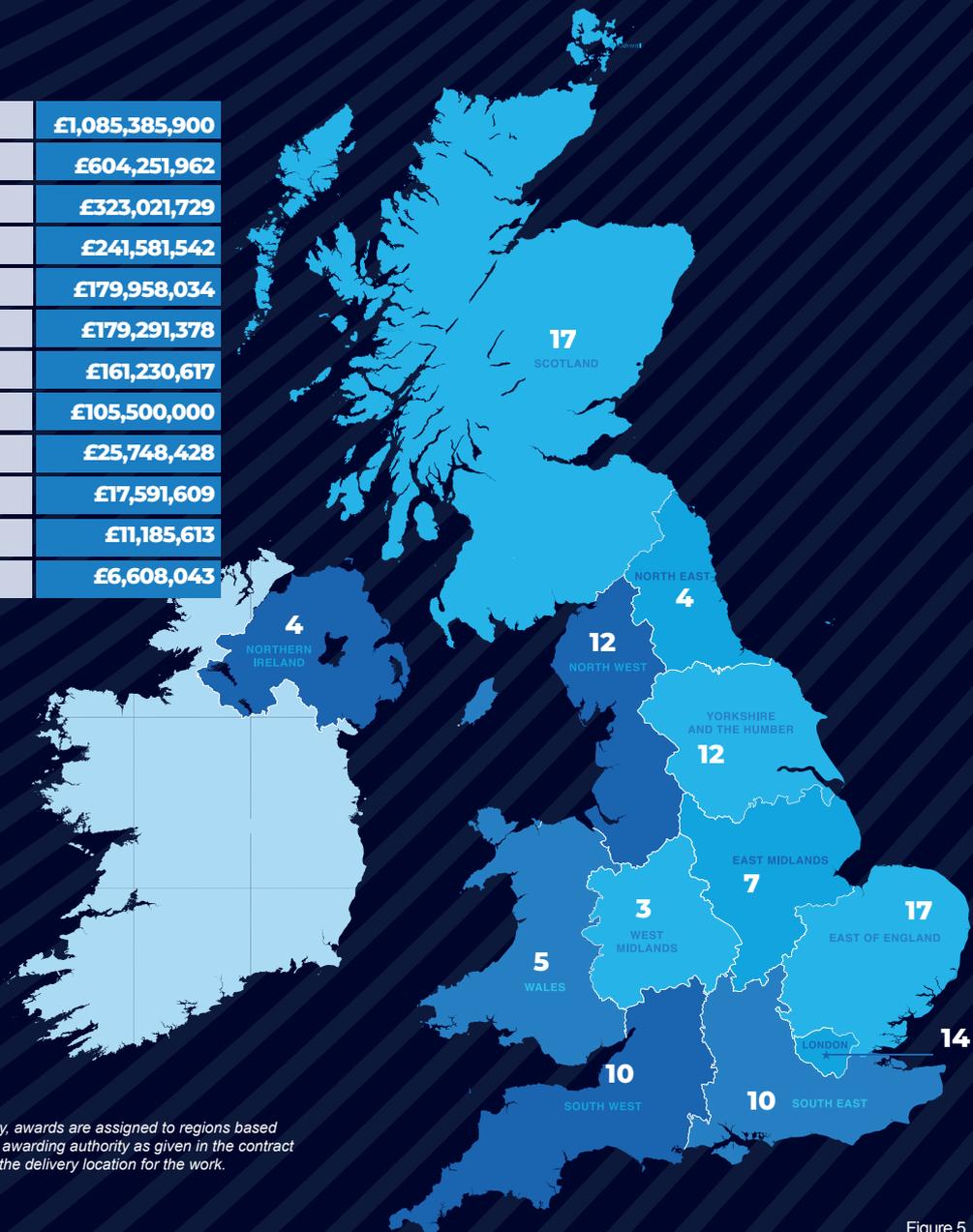
Of the awards in the East of England, only two had a value of over £1m – for a mental health wellbeing and crisis café in Southend-on-Sea, and for caretaker provision of primary care at a surgery in NE Essex. The rest are for a variety of small requirements, including medical equipment, lighting and financial audit, illustrating the variety of opportunities available within the healthcare sector. While one contract had two suppliers, none of the contracts awarded in this region were framework agreements – a contrast with the other ‘top tens’ in this report, and with Scotland. Scotland’s 17 awards were a mixture of framework agreements and single supplier contracts, with values ranging from £110m (the orthopaedic implant framework mentioned earlier) to £100,000 (a pharmaceutical contract).

Although the East of England jointly awarded the most contracts, it comes at the bottom of the table for value of contracts awarded, precisely because this month the awards focused on small-scale local

requirements. The South West of England heads the value listings, largely because of the single community health services contract mentioned above, which had a value of just over £1bn. All the other contracts in the South West were relatively modest – the second most valuable was a new build and refurbishment contract worth just £16m awarded by Public Health England.

This shows the influence of certain high-value contracts on the ‘top ten’ rankings used in this report: this one contract put its buyer, supplier and region at the top of their respective value listings for September. The effect of a single large contract is also evident from the North East of England being in fourth place in the value listings despite only four contracts being awarded in the region. Three of those four contracts were worth less than £1m. The fourth was the contract awarded by NHS England (North) Health and Justice – Cumbria and North East to Spectrum Community Health CIC for healthcare provisions for North East prisons. This contract, worth just over £240.2m, not only put the North East into fourth place in the regional value listing, but also put the buyer into fourth place in Figure 1 and the supplier into second place in the top ten suppliers by value.

South West (England)	£1,085,385,900
North West (England)	£604,251,962
London	£323,021,729
North East (England)	£241,581,542
South East (England)	£179,958,034
Scotland	£179,291,378
Yorkshire and the Humber	£161,230,617
Northern Ireland	£105,500,000
West Midlands (England)	£25,748,428
East Midlands (England)	£17,591,609
Wales	£11,185,613
East of England	£6,608,043



*On Figure 5, for consistency, awards are assigned to regions based on the postal address of the awarding authority as given in the contract award notice rather than by the delivery location for the work.

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P4H – The Procurement Events for Health

P4H brings together healthcare procurement professionals and industry-leading suppliers. Officially supported by organisations such as the Department of Health and Social Care (DHSC) and NHS National Services Scotland (NSS), these one-day events provide exhibitors and attendees from the public and private sector with an opportunity to engage across a range of interactive and educational keynote talks, training sessions, supplier engagement opportunities and more. Each event is focused around supporting the latest healthcare procurement initiatives and objectives relevant to that country.

The programme of P4H events covers England, Scotland and Ireland.



www.p4hengland.co.uk

www.p4hscotland.co.uk

www.p4hireland.ie

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