

## Frequently Asked Questions NHS Supply Chain - New operating model

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## General information on the new operating model for NHS Supply Chain

### 1. What is the implementation and engagement plan?

The Management Function of NHS Supply Chain went live at the beginning of April, and will in time develop an expanded and specialist customer engagement function who will play a key role interfacing between Category Towers and Trusts.

- **Mid-May 2018** trusts have been asked to share their workplans and supporting information for FY18/19 with the Management Function
- **End-May 2018** Account Teams will know which categories each Phase 1 Towers will prioritise for procurement activity and will be briefing this into trusts
- **End-July 2018** Account Teams will know which categories each Phase 2 Towers will prioritise for procurement activity and will be briefing this into trusts
- **From June 2018** NHS Supply Chain's Management Function will also publish initial procurement timetables by Tower at category level and CTSP's will start to develop sourcing strategies to product level and commence procurement activity
- **July 2018** product level information will become available allowing Account Managers to continue to work with trusts to develop specific account savings plans.
- **5 July 2018** Account Managers and implementation teams will continue to provide services to our customers. In addition, there will be an increase to the number of NHS Supply Chain Account Managers resources and specialist support resources (e.g. Food and Hotel Services) available to support our customers.

Beyond this we will be looking to move towards a more targeted communications approach to deliver the right messages to the right customers at the right time.

The implementation plan has been designed to provide the time that Trusts, Suppliers, and the current NHS Supply Chain need to prepare for and transition to the new operating model.

As always, contact your Account Manager with any queries on the plan.

### 2. What is the new operating model?

The new operating model is the design of the new NHS Supply Chain service that will deliver improved procurement and logistics support to the NHS. Working as part of the NHS, the new NHS Supply Chain will deliver clinically safe, high quality products for the best possible value, and aims to realise £2.4bn of savings in its first five years of operation, which can be used by the NHS for reinvestment in front line services.

The new NHS Supply Chain will achieve this by:

- increasing uptake/volume of products purchased via the national route to market to aggregate national demand, and secure value for money for the NHS and taxpayers;
- increasing use by the NHS of a standard range of clinically appropriate products to reduce unwarranted variation in the system; and
- using increased buying power to affect purchasing behaviours and deliver the best products at the best value for the NHS.



The new operating model has broken apart the previous service and re-procured 14 contracts to organisations that will manage the service for the next three years, with a potential for short contract extensions based on meeting performance and price triggers.

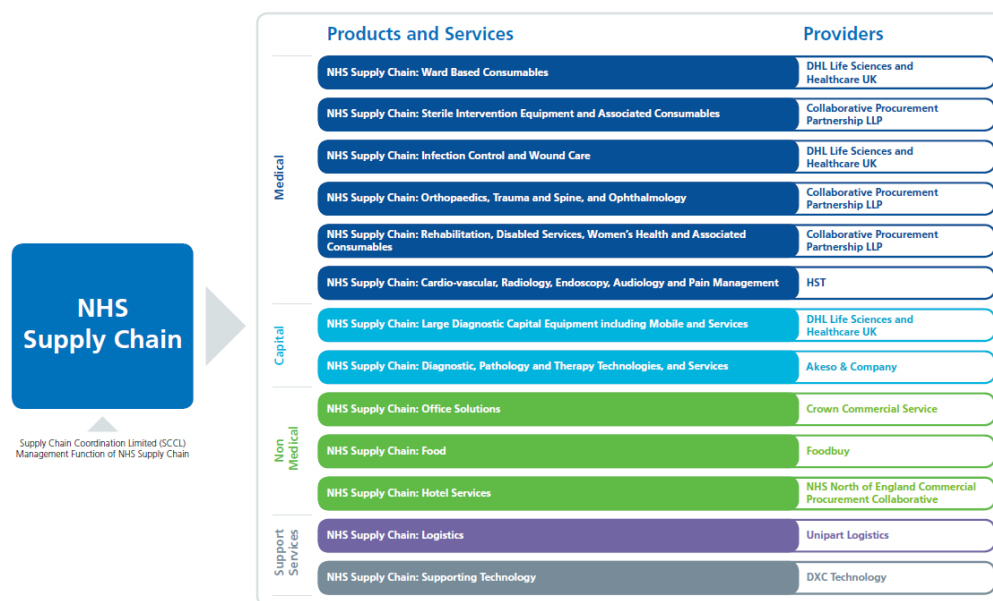
### 3. How is the new NHS Supply Chain structured?

Contracts have been, or will be, let for the following services:

- Eleven Category Tower Service Providers (CTSP) (buying teams focused on specific product categories);
- Logistics;
- Transactional Services (will be provided in-house); and
- Supporting Information Technology (IT);

The oversight and operational management of the new contracts and services along with customer engagement activities will be delivered by a new organisation known as Supply Chain Coordination Limited (SCCL), previously referred to as Intelligent Client Coordinator (ICC).

#### New NHS Supply Chain operating model



### 4. What is the role of the SCCL?

SCCL is part of the new NHS Supply Chain. SCCL will be:

- the central service delivery management function for the new operating model;
- the focal point, co-ordinator and main driver of the commercial objectives for the new operating model;
- a key enabler for delivering better service, quality and savings under the new operating model;
- the overseer of clinical evaluation within the Towers through the Clinical and Product Assurance (CAPA) function;
- responsible for ensuring a consistent approach across all towers; and
- a central co-ordination point for customer and supplier interface.

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**5. How will senior clinical people be engaged in the delivery of home delivery of continence products?**

Clinicians are embedded in the new NHS Supply Chain and as such are fully engaged in the delivery of new products in two main areas:

- Clinicians are involved in product decisions at a national and local level. CAPA gives senior clinicians the opportunity to engage at a national strategic level in areas such as policy, patient safety and product assurance. Locally, Clinical Nurse Advisors within the Customer Engagement function provide product and usage support, knowledge sharing and procurement collaboration.
- Through the Category Towers, Clinical Evaluation teams are involved in decisions around new product specifications and evaluation.

This model applies to all product types, including home delivery incontinence pads.

Senior clinicians wanting to get more involved or to receive more information can contact the CAPA team at: [CAPA@dh.gsi.gov.uk](mailto:CAPA@dh.gsi.gov.uk)

**6. What is the role of the Category Tower Service Providers (CTSP)?**

The CTSP are the category specialist procurement providers of the new NHS Supply Chain. There are 11 Category Towers. They undertake the clinical evaluation of products and run procurement processes on-behalf of the NHS. CTSPs will use category management techniques to create strategies that sustainably provide the NHS with clinically assured products at the best value.

**7. Who are the Category Tower Service Providers?**

Category Towers		Provider
<i>Tower 1</i>	Ward Based Consumables	DHL
<i>Tower 2</i>	Sterile Interventions Equipment and Associated Consumables	Collaborative Procurement Partnership (CPP)
<i>Tower 3</i>	Infection Control and Wound Care	DHL
<i>Tower 4</i>	Orthopaedics, Trauma & Spine, Ophthalmology	Collaborative Procurement Partnership (CPP)
<i>Tower 5</i>	Rehabilitation Disable Services, Women’s Health & Associated Consumables	Collaborative Procurement Partnership (CPP)
<i>Tower 6</i>	Cardio-Vascular, Radiology, Audiology & Pain Management	Health Solutions Team Ltd (HST)
<i>Tower 7</i>	Large Diagnostic Capital Devices including Mobile and Consumables	DHL
<i>Tower 8</i>	Diagnostic Equipment and Associated Consumables	Akeso & Company



<i>Tower 9</i>	Office Supplies	Crown Commercial Services
<i>Tower 10</i>	Food	Foodbuy
<i>Tower 11</i>	NHS Hotel Services	North of England Commercial Procurement Collaborative (NOE CPC)

### **DHL**

DHL is a leading global brand in the logistics and services industries. With around 350,000 employees in more than 220 countries and territories worldwide, they provide solutions and services to people and businesses securely and reliably. DHL is part of Deutsche Post DHL Group.

### **Collaborative Procurement Partnership (CPP)**

The Collaborative Procurement Partnership is the results of four NHS procurement hubs working jointly to adapt and innovate in order to better meet the needs of the NHS. Joint collaboration enables the CPP to employ the collective expertise of each organisation, facilitate aggregation and influence the market to change the procurement landscape to deliver better outcomes for the NHS.

### **Health Solutions Team (HST)**

Health Solutions Team is a joint venture between DHL (see above) and Vizient. Vizient is the largest healthcare performance improvement company in the United States, providing insights into clinical, operational and supply chain performance to empower hospitals to deliver exceptional, cost-effective care. Over the past 10 years, Vizient has worked with the NHS across a broad range of process improvement, supply cost management and quality improvement projects.

### **Akeso & Company**

Akeso & Company is an independent, leading specialist provider of procurement and supply chain advisory and support services to the NHS and healthcare sector. It has a strong client portfolio and track record of delivery. Akeso & Company has delivered lasting improvement through complex category management projects for over 30 NHS clients in the last 3 years.

### **Crown Commercial Services (CCS)**

The Crown Commercial Service (CCS) brings together policy, advice and direct buying; providing commercial services to the public sector and saving money for the taxpayer. They work with over 17,000 customer organisations in the public sector and their services are provided by more than 5,000 suppliers.

### **Foodbuy**

Foodbuy is a leading food procurement organisation based in the UK. With over £1bn of managed spend, they bring together the widest range of foodservice and hospitality clients in the world to buy food, and everything associated with it. Foodbuy works closely with their clients to deliver expert procurement services, saving both time and money and enabling them to focus on what really matters to their businesses.

### **North of England Commercial Procurement Collaborative (NOE CPC)**



NOE CPC has an established award-winning track record, delivering procurement services over the last decade. Established in 2007, and wholly owned by the NHS, NOE CPC works with NHS organisations to harness their buying power and influence the market in order to put in place competitive framework agreements.

### 8. What products are covered within each Category Tower?

A full list of product groups broken down by Category Tower is below. This information is correct as of Dec 17. Products include maintenance and upgrades where applicable.

#### Category Tower 1 - Ward Based Consumables

Description	Product Groups
Mobile Devices - Pumps Drivers, Syringe Admin Infusion	Pulse Oximetry Sensors Heat Moisture Exchanges Sleep Therapy Aides Endo Tracheal Tubes/Cuffs Respiratory Solutions Topical Negative Pressure Aides Electric & Electronic Equipment
Patient Assessment	Thermometers Blood Pressure Cuffs Height Weight Measures Otosopes, Reflex Tests Sphygs Stethoscope
IV Therapy	Admin Sets Blood And Gravity Sets Variable Pressure Sets Needles Valves Drainage Bags & Tubing Filters Straws And Liners Blood Collection Consumables Specimen Bags Blood Collection Safety Catheters Open/Closed Foley Trays Tourniquets
Enteral/ Dietetics	Buttons Feed Accessories And Supplements Naso Gastro Tubes Giving Sets Anchoring Systems Syringes For Enteral Feeds Enteral Feeding (Pumps And Consumables)
Electrodes And Diathermy Consumables	Electrodes Foetal Electrodes Diathermy Pencils & Plates

#### Category Tower 2 - Sterile Intervention Equipment And Associated Consumables

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<b>Description</b>	<b>Product Groups</b>
Theatre Equipment And Surgical Instruments	Access Retractor Rings Energy Sealing Devices Arthroscopic Ablation Systems Blades Scalpels Cautery Scissors Saws Trocar Harmonic Scalpels
Patient Temperature Management	Patient Warming Blankets Blood And Fluid Warming Patient Cooling Warming Cabinets Patient Temp Management Systems
Theatre Sterile Intraoperative And Post-Operative Consumables	All Mesh & Fixations Wound Closures Adapters Bite Blocks Cannula Urodynamic Catheters Haemostats (Fabric, Dressings, Sponges) Ligatures Skin Markers Staplers and Staples
Theatre and General Procedure Packs and Associated Sterile Medical	Procedure Packs Packaging Materials for Sterile Packs CSSD Procedure Packs
Theatre Equipment & Staff Protective Consumables	All Examination & Sterile Surgical Gloves Drapes & Gowns Machine Protection Visors Theatre Linen
Direct Frameworks	Procedure Packs – PPE And Textiles
Mortuary & Autopsy Equipment and Supplies	Buckets, Containers & Holloware Headblock Rests and Scales Instruments Miscellaneous Products Protective Clothing Electric Saws and Consumables Tables, Trolleys, Trays and Sinks Storage, Cabinets and Tables Refrigerated Body Storage Temporary Body Refrigeration Solutions



### Category Tower 3 - Infection Control and Wound Care

Description	Product Groups
Dressings and Wound Care	Compression Bandages Light Pressure and Support Bandages Lightweight Extensible Bandages Non- Extensible Bandages Paste Bandages Tubular Bandages Surgical Tapes Adhesive Wound Dressings Wound Dressing Pads Non-Adherent Wound Contact Agents Wound Management Products Surgical Absorbents X-Ray Detectable Absorbents Non-X-Ray Detectable Chiropodial Products Miscellaneous Dressing Products (Inc. Advanced Wound Care) Topical Negative Pressure Aides Advanced Woundcare Medical Swabs
Infection Control Skin and Environment, Instruments & SSD	Blade Removers Sharps Systems Sharps Boxes Environmental Disinfectant Cyto Waste. Disinfectant Various (Inc. Skin Care, Wet/Dry Wipes & Barrier Creams) Chlorine Wipes Skin Antiseptic Soap Hard Liquid Hand Wash Baby Wipes Super Absorbent Gels Medical Holloware





## Category Tower 4 - Orthopaedics, Trauma & Spine and Ophthalmology

Description	Product Groups
Orthopaedics & Associated Consumables	Surgical Orthopaedic, Trauma and Spinal Implants
Ophthalmology	Lens - Intraocular Optical Items
Direct Frameworks	Orthopaedic and Surgical Implants

## Category Tower 5 - Rehabilitation, Disable Services, Woman's Health & Associated Consumables

Description	Product Groups
Aides to Daily Living (Rehab)	Orthotics Casting Materials Orthotics Wadding Orthotics Products Surg. Appliances. -Abdomen (Braces, Trusses, Etc.) Surg. Appliances Adhesives to Splints Surgical Appliances (Lower Limb Appliance) Surgical Appliances (Surgical Footwear) Home Management/Daily Living Aids Walking Aids Wheelchairs L Chair Accessories Plaster Room Consumables Physiotherapy Equipment Prosthesis and Associated Instruments
Patient Handling	Hoists Slings Glide Sheets and Boards
Pressure Therapy (Inc Bed Frames)	All Mattresses and Covers Anti-Embolism and Stockings Vascular Therapy
Podiatry, Chiropody & Occupational Therapy	Podiatry Equipment and Consumables Occupational Equipment and Consumables
Woman's Health	Coils Condoms Dilators Speculums Baby Feed and Feeding Teats Obs & Gynae Sundries Breast Pumps Clamps Bottles Cup Feeders Forceps Hooks

Description	Product Groups
Contenance Inc Bowel Management	Pads (Male/Female All) Pants All Nappies All Fixation Pants Bowel Management Pads Maternity/Sanitary Products Stoma Care Products Ultrasound Film and Covers Urine Meters Urine Bags, Straps, Hangers, Etc.
Direct Frameworks	Artificial Limbs and Associated Components Cmp Orthoses Orthoses Amp Powered & Non- Powered Wheelchairs Wheelbases Cushions, Seating Spares and Associated Product/Services and Maintenance Packages Amp Special Seating, Cushions, Service and Maintenance Surgical Implants Mens & Womens Health Wigs (Supply, Repairs, Maintenance And Accessories)

## Category Tower 6 - Cardio-Vascular, Radiology, Endoscopy, Audiology And Pain Management

Description	Product Groups
Audiology	Hearing Aids Hearing Aid Consumables
Cardio-Vascular, Radiology, Endoscopy And Pain Management	Stents CRT D Generator Drug Eluting Stent Pacemakers Radiology Consumables ICD Chambers Dual Chambers Guide Wires Disinfectant Salts Detergent Cleaning Accessories Dignity Shorts Endo Bags Snares/Baskets Nus Needle & Sphincterotome Spinal

## Category Tower 7 - Large Diagnostic Capital Devices Inc Mobile & Consumables

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Description	Product Groups
Ct Scanners, Mri, X-Ray, Floroscopy, Nuclear Medicine, Digital Mammography Mca (Inc Mobile)	Ct Scanners Linacs MMRlri X-Ray And X-Ray Systems Fluoroscopy Nuclear Medicine Digital Mammography MCA (Inc Mobile) Lasers Bone Densitometry Devices
Maintenance	All Devices
Leasing	All Devices
It Medical (Incl. Pacs & Ris)	All Devices
Direct Frameworks	Clinical Market – Capital Imaging And Radiotherapy Medical Devices Maintenance External Defibrillation Devices, Related Devices And Related Accessories For In Hospital And Ambulance Use External Defibrillation Devices, Related Devices And Related Accessories
Respiratory And Sleep Therapy Solutions	Anaesthesia Machines And Ventilators Patient Monitoring Capital Equipment
Womans Health Obstetrics And Gynecological Equipment & Consumables	Ultra Sound Equipment Neo Natal Incubators Cpap Equipment And Filters
Endoscopy And Decontamination Equipment	Aer, Rigid And Flexible Endoscopes
Dental	Dental Surgery Equipment Dental Surgery Instruments Long Handled Orthodontic Appliances Dental Surgery Instruments General Dental Surgery Sundries Dental Laboratory Items Dental Capital Equipment Dental Decontamination Equipment

### Category Tower 8 - Diagnostic Equipment and Associated Consumables

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Description	Product Groups
Laboratory Equipment & Consumables	Tests Assays Blood Gas Analysers Culture Media Diagnostics Reagents Drug Test Kits Diagnostic Reagents Basins To Brushes Bungs & Viskrings To Crates Desiccators To Measuring Cylinders Mortars To Stands Wire & Measured Loops Equipment-Coagulators To Microtomes Equipment-Nepholometers To Refractometer Gen. Equip. Incubators To Ph Meters Ampoules Bottles Containers Tubes Pots Forensic & Misc Laboratory Items & Services Specimen Cabinets (Inc Pharmacy & Pathology) Fridges And Freezers
Neurology And Pain Management Equipment	Deep Brain And Sacral Nerve Stimulation Products
Cardio - Equipment & Consumables	Defibrillator Devices And Accessories Angiography ECG
Diathermy Equipment	Smoke Evacuators Diathermy Capital Equipment
Renal Inc. Urology Equipment And Consumables	Dialysers Bladder Scanners Lithotripsy
Direct Frameworks	Renal Replacement Therapy Equipment And Consumables Cmp ECG Equipment And Related Accessories

### Category Tower 9 - Office Solutions

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Description	Product Groups
Direct Frameworks	Office Furniture Office Furniture Solutions
Office Solutions	Av Equipment Computer Consumables Batteries Filing And Storage Items Publications Videos & Audio Cassettes Stationery Sundries Paper Items Photographic Equipment/Services/Access Office Accessories Forms & Id Bracelets Printed Stationery Forms (Patient) Government Printed Forms/Services Miscellaneous Stationery Office And Tutorial Furniture Dairies White Boards/Flipcharts And Pads Computers Office Machinery Telecommunications Office And Tutorial Furniture

## Category Tower 10 - Food

Description	Product Groups
Food	Milk Biscuits Hot & Cold Beverages Tinned Foods Cereals In Breakfast Cereals Cheese Confectionary Baking Products Soups Desserts (Ice Cream & Custards) Beverages (Alcoholic & Soft Drinks) Baby And Invalid Food Bread And Confectionery General Groceries Dairy Produce And Eggs Fish Fruit Canned Foodstuffs Vegetables Prepared Meals/Instant Sweets Culinary Sundries, Mixes And Fillings Flavourings, Herbs And Spices

Description	Product Groups
	Pickles, Sauces, Pastes And Spreads Meat Meat Products Preserves Sugar Food Items Non-Specific Codes
Direct Frameworks	Delivery Ready Prepared Meals Fresh Food Cmp Multi Temperature Food Solutions Cmp
Schools Fruit And Vegetables Scheme	Manage Contracts That Supply And Deliver 1 Portion Of Fruit Or Vegetables To Key Stage 1 Primary School Children In England Each Term Time School Day.

### Category Tower 11 - NHS Hotel Services

Description	Product Groups
Catering Consumables	Cutlery Napkins Plastic Cups & Holders Plates Paper Snack Box Wipe Food Probe Crockery Cooking Utensils Light Kitchen Equipment Kitchen Hand Tools Tableware Tray Meal Service System Accessories Single Use Items Miscellaneous Hardware
Domestic Management – Paper	Paper Bags (Various) Toilet Rolls (Various) Paper Based Cloths Tissues Couch Rolls Hand Towels Pulp



Description	Product Groups
Domestic Management – Janitorial	Air Fresheners Hard Surface Cleaners Laundry Products Dry And Wet Cleaning Disinfection Dishwasher Products Microfiber Products Soap (General) Toilet Cleaner Cleaning Agents (Other Than Laundry) Polishes And Floor Treatment Materials Miscellaneous Cleaning Aids Cleaning Equipment (Hand) And Utensils Cleaning Machines Laundry Dry Cleaning Materials Medical & Specialist Cleaning Equipment Domestic Gloves
Polymer (Plastics)	Tabards Aprons Plastic Bags (Various) Mortuary Goods Disposable Bags Clinical Waste Bags Bags And Sacks Bags And Plastics Linear
Non Clinical Workwear & Protective Clothing Curtains Bedding Haberdashery	Sheeting Bedding Cubical Curtains Mortuary Fabrics Duvets Pillows Bibs Bed Linen Table Linen Other Linen & Misc Items Non Sterile Gowns & Protective Cloth Patient Clothing (General) Nightwear & Accessories Unisex Footwear Babywear Mattress Covers & Pillows Haberdashery Staff Protective Headwear And Clothing Staff Uniforms
Clinical & Non Clinical Furniture	Carts Trolleys Commodes Bedside Tables Metal Craft

Description	Product Groups
	Catering-Dishwashers To Hot Plates Catering-Refrigerators To Waste Removal Laundry-Washers Washers Extractors Racks & Storage Etc. Bathroom Furniture
Patient Well Being	Combs Razors Patient Shower Gels Shampoo Manicure Sets & Eye Masks Toiletries & Personal Hygiene Products

### 9. How will the CTSPs work together?

The CTSPs will work on common systems and to common set of standards, and will be centrally managed via the SCCL. The central co-ordination from the SCCL will ensure that the CTSPs deliver a consistent service, particularly for suppliers who will operate across multiple Towers.

The ethos behind the new operating model for NHS Supply Chain is one of collaboration rather than competition. The CTSPs will work together to achieve the best possible outcomes for the NHS.

CTSPs will not be allowed to compete with NHS Supply Chain, and therefore with each other, to provide products that sit within Category Towers. In time this will lead to a greater proportion on NHS non-pay spend being spent with the NHS Supply Chain, driving greater value on products for the benefit of the entire NHS.

### 10. How is the new NHS Supply Chain being implemented?

In order to minimise impact for customers the changes to NHS Supply Chain are being implemented in a phased approach through 2018. This will provide the time that Trusts, Suppliers, and the existing NHS Supply Chain need to prepare. As each phase goes live there will be little impact or change, as contracts are designed to provide a smooth transition with little disruption. Once the Category Towers and enabling Service Providers are embedded the category strategies will be implemented and these will include product rationalisation and increased product value for money.

### 11. When do the different parts of the new operating model go-live?

Date	Action
<b>October 2017</b>	Category Tower 9, Office Solutions, became operational
<b>April 2018</b>	Supply Chain Coordinator Limited became operational
<b>May 2018</b>	Category Towers 1-6 (the Medical Category Towers) will be operational
<b>July 2018</b>	Category Towers 7, 8, 10 and 11 (the Capital, Food and Hotel Services Category Towers) became operational
<b>February 2019</b>	Enabling service: Logistics will be operational
<b>February 2019</b>	Enabling service: IT will be operational
<b>April 2019</b>	Enabling service: Transactional Service will be operational
<b>April 2019</b>	The funding model will begin.





**12. How is the new NHS Supply Chain being funded?**

NHS Supply Chain will be part of the wider NHS family, and funding will be initially derived from the existing NHS Supply Chain model, where a margin is placed on products to cover operating costs. From 1<sup>st</sup> April 2019 NHS Supply Chain will be funded centrally. ([See the Funding and Savings section](#))

**13. How will centralised procurement be regulated?**

SCCL is currently owned by the secretary of state and cannot conclude any business without the approval of its Board who consist of DHSC, NHSI and non-Execs. The plan is to transfer ownership to NHSI in due course.

**14. Can we publish the centralised procurement model that illustrates predicted success?**

The method by which centralised procurement will operate is set out in the future operating model publication which can be found here:

[https://www.supplychain.nhs.uk/sccl/~media/Files/News/FOM\\_HANDBOOK%20Oct%202017.ashx](https://www.supplychain.nhs.uk/sccl/~media/Files/News/FOM_HANDBOOK%20Oct%202017.ashx)

The principles of the nationally contracted products process, which are embedded within category towers, can be found here: <https://www.supplychain.nhs.uk/savings/nationally-contracted-products/>

**15. How does the new operating model link to other national NHS procurement programmes?**

The new operating model for NHS Supply Chain aligns with, and incorporates where applicable, national procurement initiatives operated by NHS England (NHSE) and NHS Improvement (NHSI).

The [Nationally Contracted Products programme \(NCP\)](#) is led by NHSI and delivered by NHS Supply Chain, and aims to achieve a central, rationalised range of products at a single national price. The NCP incorporates the same principles of standardisation, aggregation and commitment as the new operating model, and provides an opportunity to practice these principles before the new NHS Supply Chain is fully operational in October 2018.

The [High-Cost Tariff-Excluded Devices \(HCTED\) programme](#) is a nationwide system for purchasing HCTED used in specialised services. As part of this development, a single national approach for purchasing and supplying these devices has been agreed between NHSE and NHS Business Services Authority (NHSBSA). The new system for Provider Trusts to order devices for specialist services will be operated by NHS Supply Chain.

**16. Is the NHS Supply Chain geared up to deliver the service nationally? What happens if there are gaps?**

Yes, the service is delivered nationally now. The new logistics contract anticipates the move to 80% market share and is set up to deliver that.

## Information for Customers of the NHS Supply Chain

### General

**17. What changes will I see now that the SCCL and Category Tower Service Providers have been stood-up?**

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Initially customers will see limited change as the phased approach to implementing the new operating model for NHS Supply Chain is designed to transition as smoothly as possible from the current model. Over time as category strategies are implemented customers should see a rationalisation of products to reduce the variation across the NHS, an increase in the value for money seen from products and an increased focus of customer engagement.

**18. How will Trusts be encouraged to utilise NHS Supply Chain?**

As the future NHS Supply Chain matures, and is able to offer the most cost-effective procurement solutions for NHS Trusts, there will be focussed engagement with Trusts to highlight the benefits of using a centralised system. The new operating model for NHS Supply Chain is based on the ability to leverage the buying power of the entire NHS, so as more NHS Trusts who utilise the service there will be greater value for money for the NHS as a whole. There will be an increasing number of NCPs for Trusts to drive value and optimise range, which will support every Trusts procurement savings plan.

**19. Will there be penalties for Trusts not using supply chain?**

There will be no penalties for not using supply chain.

**20. Will NHS Improvement's enforcement teams be aware that Trusts may lose out through centralised procurement costs and so be less likely to visit providers?**

NHS Improvement staff will be aware of the new procurement system. The organisation will choose how to react once the costs and benefits of the SCCL operating are known. NHS Improvement will also expect providers to examine the SCCL offer and explain where they choose not to engage.

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## Funding and Savings

**21. What is the funding model for the new NHS Supply Chain, and when does it come into effect?**

Instead of a margin being added to products a small proportion of the National Tariff budget allocated to CCGs by NHS England will be set aside and used to provide NHS Supply Chain's operating costs. To enable CCGs to cope with this reduction in budget there will be a reduction in the nationally mandated National Tariff prices and a recommendation for the adjustment of locally negotiated prices.

This new funding arrangement will come into effect on 1 April 2019 (depending on the successful completion of the National Tariff statutory consultation). At the same time the margin currently added to products will be removed, this will allow greater transparency on the product costs as we move to a 'buy price = sell price' model.

**22. When will a decision on the funding model be made so that Trusts will be able to factor this into future budgets?**

The allocation of tariffs to NHS Trusts is set by NHS England and NHS Improvement. The Procurement Transformation Programme is working closely with both bodies to provide them with the necessary information to determine the most appropriate way to implement the funding model. This will be communicated by NHS England and NHS Improvement through existing means for communicating any tariff or funding changes. If you wish to receive updates on the



National Tariff please sign-up here: <https://improvement.nhs.uk/resources/developing-the-national-tariff/>

**23. What does Buy Price = Sell Price mean?**

When the margin currently added to products is removed in April 2019, there will be a greater transparency in product pricing. This will result in the price that providers pay for products from suppliers being the same price that NHS Trusts will pay when purchasing from NHS Supply Chain.

**24. How have the projected savings been calculated?**

Savings are contractual to the CTSPs. As part of the procurement, bidders were asked to provide contractual savings targets for each year. These were assessed and challenged through the process and are core to the commercial model. CTSPs cannot attain their target margins (i.e. profit) unless they are able to achieve contractual savings.

**25. How will the Category Tower Service Providers make money once the margin on products is removed?**

The CTSPs financial reward mechanism will be based upon a gain share from the delivery of savings. The model includes savings generated across the total system, not just the price of the product. The level of gain share is directly proportional to the level of savings delivered.

**26. Is there a clear transparent onus on the NHS Supply Chain to ensure and show how it is passing on discounts?**

Yes. The operating model for the SCCL will see it collect money from a number of sources. This includes the mark-up charged to non- NHS organisations and rebates from suppliers. Work is ongoing as to how that will be passed back to organisations that use supply chain and more details will be published on this before 1<sup>st</sup> April 2019.

**27. Where are the levers for supply chain to deliver the savings?**

Savings are contractual to the Category Tower Service Providers. As part of the procurement, bidders were asked to provide contractual savings targets for each year. These were assessed and challenged through the process and are core to the commercial model. CTSPs cannot attain their target margins (i.e. profit) unless they are able to achieve contractual savings.

Market share will increase to 80%, so we can leverage national volumes.

**28. How will supply chain ensure that discounts it achieves are passed on to providers?**

Discounts will be passed on via the funding model. NHS Supply Chain is a not for profit organisation. Therefore, all discounts received are passed on to Trusts.

**29. What is the net position of NHS Supply Chain currently? Do the mark-ups over-recover/under-recover?**

The business broke even last year with a combination of margin and additional income. In the past where supply chain has made a surplus they have redistributed that to providers via lower prices.

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**30. What support will be given to engage clinicians with the fact that a rationalised product within NHS Supply Chain is a viable alternative to one they currently use?**



SCCL and the CTSPs will continue to ensure appropriate clinician feedback and input is sought and considered when constructing category strategies.

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## Customer Engagement

### 31. Will I now have to speak to 11 different providers about my orders?

No, account management and customer service will be provided by the new operating model and you will contact them as you do now.

### 32. What will happen to my account manager?

Your current account manager will remain the same. They will TUPE transfer across from the current NHS Supply Chain.

### 33. Will I receive better customer service under the new operating model?

The intent is for tower providers to be measured against key performance metrics as part of the contract which we believe will improve performance. The SCCL is also investing in additional customer engagement resources to further improve the relationships we have, and therefore performance.

### 34. What do local trusts need to do to prepare for the model?

There are a number of activities that trusts should undertake now to be “ready”:

- Cascade and brief all relevant stakeholders of the changes that are coming. This should include clinical, facilities and estates, catering and any other users of products;
- Share work plans, contract calendar and key commercial terms with their Account Manager
- Strengthen procurement and clinical collaboration via medical equipment groups or similar. Where none currently exist, your Account Manager can advise and help facilitate knowledge sharing with other trusts. Practical guidance can also be found on the RCN Small Change Big Differences website: <https://www.rcn.org.uk/professional-development/publications/pub-005400>

Trusts who are members of CPC or CPP and using specific frameworks will need to sign a letter provided by NHS Supply Chain, who will then manage the novation of the trust spend to NHS Supply Chain. This will be managed as part of the non-authority novation process. See question 40 for more information.

### 35. When will Tower leads engage with Trusts?

The CTSP will engage directly with Trusts leveraging the Trusted Customer program. Where additional interaction is required / expected, this will be co-ordinated by the Category Interface Leads.

### 36. If training is needed how is this managed to train in new products?

As is currently the case, all suppliers will continue to offer training for new products that they introduce. The process will be managed through the relevant CTSP and communicated via your Account Manager. Going forwards training will be scoped and priced in a consistent manner as a line item within the framework. This will allow full commercial normalisation and assurance of the best value solution.



**37. Will any level of support to be built into the contracts?**

It is the intention that current high levels of support will continue under new contracts.

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## Category Strategies

**38. What are Category Strategies?**

A Category Strategy sets out the approach the CTSP will take to procure products in a specific product category area. Category Strategies are a key deliverable and subject to approval from the SCCL prior to implementation. This will ensure aspects such as resilience, market dynamics and supplier behaviour are addressed to the satisfaction of the SCCL on behalf of the NHS.

**39. How are the Category Strategies being validated as appropriate for the NHS?**

Category Strategies will be managed via Category Councils within the SCCL, and all Category Strategies will require approval by the Category Council prior to implementation. Category Council are an internal government function.

Each Category Council will focus on a particular group of product categories and their responsibility will be to review, challenge and approve the Category Strategies as part of the overall category management approach. Cross functional working will ensure Category Strategies are reflective of all business requirements and/or constraints.

**40. When will these Category Strategies begin to have an impact on prices and product availability?**

The CTSPs have a plan of activity as to which frameworks they plan to address first and these sourcing activities will commence following go-live. Any short-term benefits that may be available due to access to existing NHS Supply Chain or CPP arrangements will be available immediately.

**41. How will zero cost model work with new operating model?**

As it does today - NHS Supply Chain will source and fulfil orders, payment will be offset against tariff. One key difference you may notice in future, in the interest of transparency, will be price split out so there is a distinction between price of the product and the price for additional support - as some trusts will not require the additional support.

Ultimately, each contract will look to build an appropriate strategy to capture the needs of the NHS from a product and support perspective.

**42. When and how will trusts have sight of procurement strategies?**

Procurement strategies will not be shared due to commercial sensitivity within the market. To help trusts understand where savings will be delivered, we will share our general approach, priorities and timetable by product type as per the timetable in question 1 above.

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## Contracts and Frameworks



- 43. What determines which existing contracts or frameworks migrate into a new tower?**  
Any contracts or frameworks, which any of the successful Procurement Tower providers have let that are within the scope of any of the 11 Procurement Towers are determined to be eligible to migrate into a new Tower.
- 44. Contracts which are better value – how will trusts be recompensed?**  
Trusts will not be recompensed if they use Suppliers outside of NHS Supply Chain.  
If suppliers offer contracts believed to be of better value than supply chain, we ask that details be shared with your account manager.
- 45. For those contracts or frameworks that will not migrate in, can we continue to use them until they expire if it is beneficial to do so?**  
Yes you can. Any contracts that do not novate into the Authority (NHS Supply Chain), will remain with the original contracting authority who will continue to own and manage those frameworks.  
  
All novated contracts will migrate into the transacted model wherever possible.
- 46. What will happen to NHS Supply Chain Frameworks?**  
Existing NHS Supply Chain frameworks will continue to operate, including beyond May 2018 if applicable. If any NHS Supply Chain frameworks are due for renewal during the transition period, then they will be re-procured in accordance with the usual NHS Supply Chain protocols.
- 47. I currently have a contract with a provider to purchase goods that will now be covered with a CTSP. What will happen now?**  
This will depend on who your current contract is with. If it is with a provider who is not a CTSP, then nothing will change and you will be free to continue your current arrangement. If your contract is with a CTSP then where possible the contract will be transferred, and your goods will be provided via NHS Supply Chain.
- 48. Managing the risk of ending contracts and changeover. Any limitation on timing of extensions?**  
Where frameworks are being extended they are being extended for a further 6 months or if possible a year, to give sufficient time for the new Procurement Tower provider to review the future strategy for that category.
- 49. Will the new Category Tower Service Providers be able to continue to provide products directly that in the future will be covered by a category tower? The new**  
have signed a contract that contains a non-compete clause, this clause prevents the providers competing against another Category Tower, or on any of the product areas that are provided by the new operating model.  
  
Where contracts currently exist they will, where possible, be novated across to the new NHS Supply Chain with the relevant service provider. This will take a period, and all current arrangements will be available during the transition period.
- 50. Will the Category Tower Service Providers be able to provide products that sit outside of the category towers?**



A CTSP cannot provide goods or services to the NHS that are provided by another Tower. As a supplier they can provide goods and services which are outside the scope of the NHS Supply Chain but they cannot do this under the guise of a Category Tower Service Provider.

**51. Can we go to market if the new NHS Supply Chain offers higher prices than our contracts?**

A break clause must be incorporated as per NHSi guidance Trusts can go to market where current contracts are more competitive than NHS Supply Chain.

Through the funding model however, Trusts contribute to overhead costs of NHS Supply Chain without benefiting from them and effectively pay these costs twice.

**52. Is it expected that mini-comps will be undertaken or is it planned one fixed price?**

As we move to single national pricing there will be fewer mini-competitions. Timing and any exceptions will depend on product and maturity of relevant contract strategy.

**53. Who will manage mini-comps?**

Where applicable mini-competitions will be managed by CTSPs.

**54. Will all orders now be on NHS Supply Chain's system?**

Customers can still continue to order through existing channels. The aim is for all NHS Supply Chain orders to be transacted through NHS Supply Chain systems eventually. Framework roll out and upload to the system will be on a staged basis and will be communicated when known.

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## Enabling Services for the new operating model

### Logistics

**55. Who has the new logistics contract been awarded to?**

Unipart Group Limited has been awarded the contract to deliver Logistics services. Unipart Logistics, a part of this group is a major global logistics provider with many years' experience in complex supply chain environments. Unipart Logistics provide a wide range of innovative supply chain services to FMCG, technology, automotive, retail, utilities, mobile and other sectors.

**56. What will they be responsible for delivering for NHS Supply Chain?**

Unipart Logistics will supply non-pharmaceutical goods, consumables to trusts and other healthcare centres in NHS England and will also undertake a delivery service to home patients. The Home Delivery service will be facilitated in partnership with Movianto UK, a company who offer dedicated and networked transport services within the healthcare sector.

**57. What is the value of the contract?**

The contract is worth approximately £730 million over a five-year period.

**58. What is the duration of the contract awarded?**

The contract will begin in early 2019 and last from three and up to five years.

**59. Is there an option to extend this contract without a further competition?**



The contract is awarded for three years with two options to extend for one-year periods after that (3 years + 1+1). Beyond this, the contract will go back to open tender.

**60. When will Unipart Logistics start working as part of NHS Supply Chain?**

Unipart Logistics are contracted to take operational responsibility for NHS Supply Chain Logistics from early in 2019. In the preceding 6 months they will be working with us to safely and smoothly transition the services from DHL.

**61. How will this new logistics service work with Trusts?**

Trusts and healthcare providers' will maintain similar interactions with NHS Supply Chain enabling services as before- this will not change. All interaction will continue to be through the current channels.

**62. How will this new logistics service work with Category Tower Service Providers?**

Unipart Logistics will work alongside all Category Towers to deliver projected savings. This will be the single integrated logistics service that all Category Towers will use to service customer organisations.

**63. How will this new logistics service work with IT and Transactional services?**

Unipart will use the IT service's infrastructure to deliver their logistics service. Operational updates that ensure suppliers are paid for goods received and customers are invoiced for goods issued will be delivered via transactional services.

**64. What will a new logistics' service provider mean for Trusts, will I experience any lag in service in the transition between the two businesses?**

The new logistics provider has been contracted to deliver a like-for-like service. Designed to be seamless, the transition will take place over several months and service levels will remain the same throughout.

**65. Will I be interacting with different people?**

In general, you will be dealing with the same people, and will be duly notified should this change.

**Supporting technology and infrastructure services**

**66. Who has the new supporting technology and infrastructure services contract been awarded to?**

The winning bidder is part of DXC Technology group, a world-leading independent, end-to-end IT services company. They have been awarded the contract to deliver Supporting Technologies and Infrastructure Services to Supply Chain Coordination Limited, the new Management Function of NHS Supply Chain. DXC Technology serves nearly 6,000 private and public-sector clients from a range of industries across 70 countries.

**67. What will they be responsible for delivering for NHS Supply Chain?**

DXC Technology will be responsible for delivering Supporting Technologies and IT infrastructure services across NHS Supply Chain. This will include; the management, support and maintenance of the internal IT systems infrastructure, hardware and software applications across the business as well undertaking a significant programme of IT modernisation and transformation to support the evolution and growth of the service.

**68. What is the duration of the contract?**

Supply Chain Coordination Limited (SCCL) is the Management Function of NHS Supply Chain

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The contract term is four years with an option to extend for a further two-year period.

**69. When will they start working as part of NHS Supply Chain?**

DXC Technology are contracted to take operational responsibility for NHS Supply Chain IT early in 2019. In the preceding 6 months they will be working with us to safely and smoothly transition the services from DHL.

**70. How much money will this new provider save the NHS?**

The Supporting Technology and IT Infrastructure service is an enabling function that will form part of the infrastructure to support the NHS to generate savings of £2.4 billion over seven years through the new Supply Chain operation.

**71. How will this IT service work with Trusts?**

Trusts and healthcare providers' will continue to receive a like for like service through NHS Supply Chain. This will not change in the near term. All IT services will continue to operate through the existing IT infrastructure. Future transformation programmes will deliver enhanced services for Trusts in the longer term.

**72. How will this IT service work with Category Tower Service Providers (CTSPs)?**

A neutral network has been provided to ensure connectivity across NHS Supply Chain and its sub-contract partners. The IT provider will manage this service which includes the necessary hardware, systems and interfaces for CTSPs to access the systems.

**73. How will this IT service work with the other enabling services: Logistics and Transactional services?**

DXC Technology will continue to provide the same IT functionality that already exists to deliver the Logistics and Transactional Services functions, up until the transformation.

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