

Customer Procurement Savings Reports

Guidance Notes

Version 2.4
June 2020



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General information

Document conventions

- Menu options, labels and links are all shown in bold. For example, in “Click **Save** before leaving this page”, **Save** is the text on a button.
- Some screenshots are annotated with numbers. These numbers correspond to a particular instruction in the step-by-step instructions associated with that screenshot. Numbers in screenshots are not always sequential as not every step is represented.

The screenshots in this document are taken from our test system. Any correlation with actual trusts, products and suppliers is coincidental. Where test data cannot be used, the details have been blurred to preserve confidentiality and security.

Abbreviations and definitions

Department Name	Departments are collections of requisition points within a trust
Requisition point code	Requisition point code is the order location point code
GLN	Global Location Number – a number that uniquely identifies a physical location, such as a requisition point
Requisition point name	Requisition point name is the order location point code
Cost centre	Cost centre is the GL Code provided by the trust against the NPC hierarchy
Transacted	Purchases made through and invoiced by NHS Supply Chain.
Direct	Customer purchases invoiced by and paid directly to suppliers using NHS Supply Chain Framework Agreements.
Transacted	Purchases made through and invoiced by NHS Supply Chain.
Tower Name	Tower name that is providing the product
Portfolio	A group of related products (for example, “dressings” or “stationery”)
Contract Title	A contract with one or more suppliers to provide products in a specified portfolio.
NPC	National Product Code
MPC	Manufacturer’s Product Code
Product Description	Description of the product
Brand Name	Brand name of the product
UOI	Product UOI



E-Class level 3	Product E-classification
GTIN	Global Trade Item Number – a globally unique number (up to 14 digits) used to identify trade items, products or services
Supplier Name	Supplier providing the product
Classification	This is the classification that the saving is recorded under
Initiative	This is the initiative that the saving is recorded under
Month	A calendar month (April, May, June and so on).
Q1	Quarter 1: April, May and June.
Q2	Quarter 2: July, August and September.
Q3	Quarter 3: October, November and December.
Q4	Quarter 4: January, February, March.
TR	Transaction Report
YTD	Year to date: from the start of the current financial year (from April to March).
YTD total	Net savings since the start of the current financial year.

Selecting multiple entries in a list

To select a range, select the first item in the range and then hold down the SHIFT key and select the last item in the range. This selects a continuous range including those you specified.

To select (or de-select) multiple items that are not consecutive, hold down the CTRL key while selecting (or de-selecting) individual items.

Contact details

If you have any questions about the savings reports, please contact your account manager.

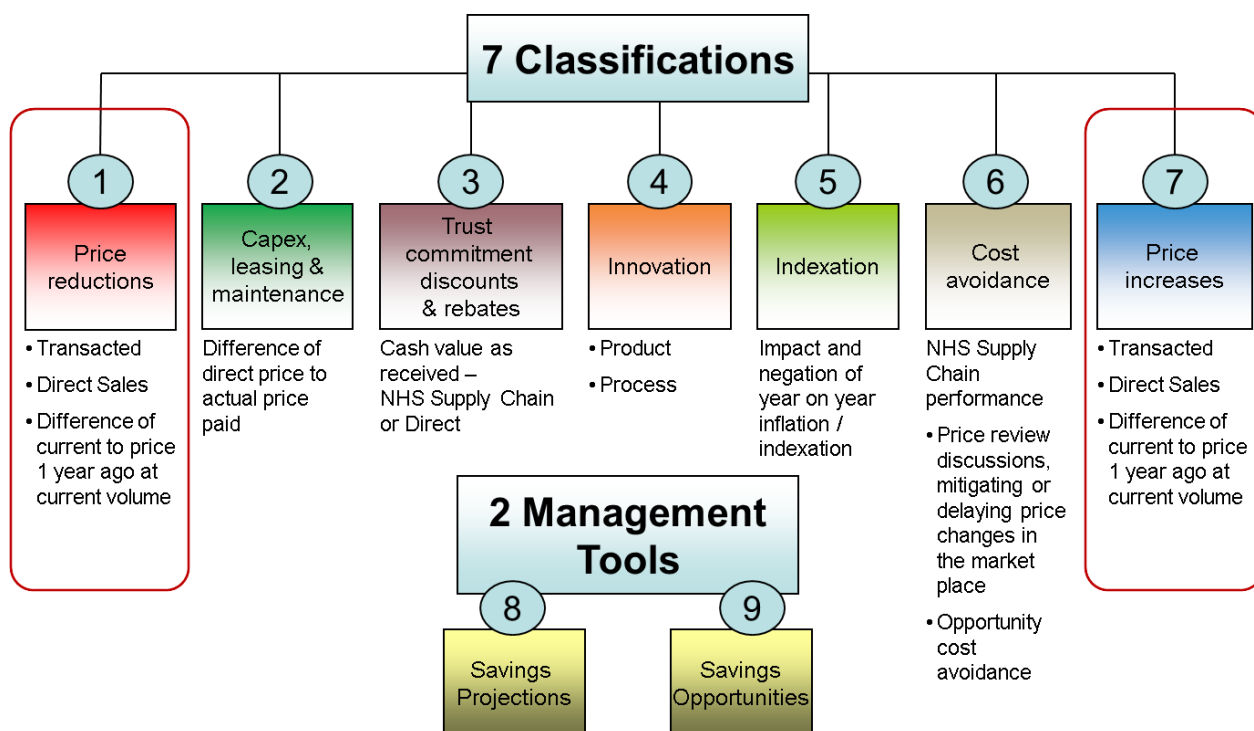
If you experience any difficulty in running the reports, contact the Customer Services IT Help Desk (telephone 0845 680 4357 or email CSHelpdesk@supplychain.nhs.uk).



Overview

The Customer Procurement Savings reports have been developed to enable you to view and download details of the savings you have made on purchases through the NHS Supply Chain.

Savings have been classified into seven categories, and two management tools have been specified. These are shown in the diagram below.



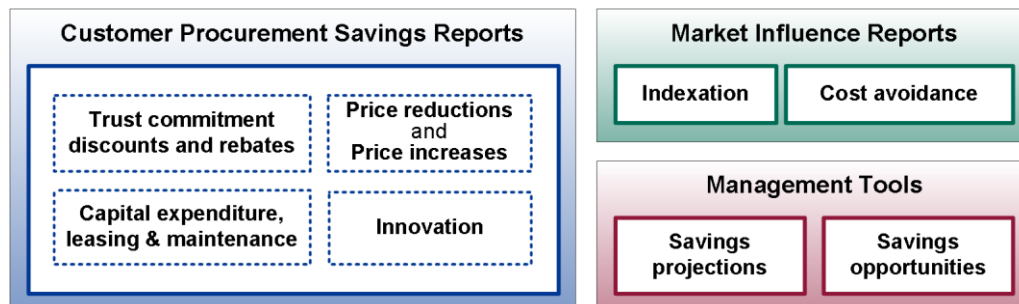
Savings classifications 1 and 7 (circled in the image above) were placed on our system in October 2012. For NHS Year 2012–2013, these are the only classification reports available.

2 Management Tools is **not available as part of June 2020 release**.



Mapping savings categories to reports

The mapping between reports and the savings categories are as shown in the diagram below.



- The 'Customer Procurement Savings Reports' covers each of the following classifications, with the classification being one of the parameters that can be specified:
 - Price reductions and price increases (a single option). This includes the new "No price movement" classification.
 - Capex, leasing and maintenance
 - Commitment discount
 - Innovation
- Each of the 'Market Influence Reports' and each of the 'Management Tools' is listed as a separate report option.

2 Management Tools **is not available as part of June 2020 release.**

Available report variations

For most of the savings types, the following report variations are available:

- Portfolio reports enable you to view the savings in monetary terms made when purchasing products in each of the portfolio sets.
- Product reports enable you to specify some additional product-related criteria: they can be run for a portfolio, a contract, specific NPCs and specific MPCs. Multiple options can be selected, and the report is grouped by NPC.
- Supplier reports can be run by portfolio and by contract, enable you to identify savings at the level of a contract or a portfolio that relate to a particular supplier.

Supplier reports are not available for the cost avoidance savings type.



How do the reports work?

The reports run for a calendar month, and figures relating to a month are released 10 working days following the month end.

With the exception of the Management Tools, each report can be run for a specified month, for a quarter, and for the year to date. The forecasting tool always provides data for a financial year, and the savings opportunity reports for the specified period of time.

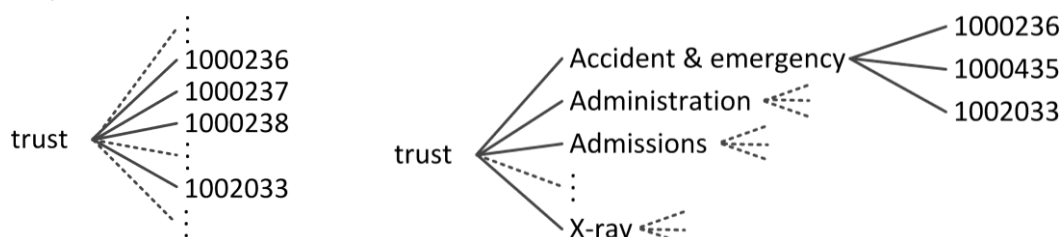
The reports can be exported to Excel for further analysis.

Information about the basis of the report and how to interpret it is provided on the “Disclaimers” tab when downloaded into Excel and under the How savings are calculated.

Savings reports and TR reports cover different – but overlapping – time periods. Savings reports are based on calendar months. Most of the TR reports follow a 4, 4, 5-week pattern. This means that if the month-end falls mid-week, the savings reports show a complete month but the corresponding information in the TR reports may be split across two reporting periods. The reporting pattern for TR reports also means that a TR report may contain more than a single month’s information.

Reporting by department

Departments are collections of requisition points within a trust, which provide a way of grouping requisition points into services. This grouping enables a level of reporting between individual requisition points and the whole trust.



Requisition points are mapped to departments using the Online Catalogue and Ordering application. See the *Online Catalogue and Ordering User Guide* for instructions.



VAT Reclamation report – not available as part of June 2020 release

HMRC allows trusts to reclaim the VAT paid on confectionery (for example) sold to the general public – for example, through trust shops and coffee shops – as a commercial activity, separate to the activity of providing health care.

To help trusts identify the amount of VAT that they can reclaim, a report is provided that specifies the VAT paid against a set of specified products for particular requisition points.

You can run reports for any authorised requisition point and for any month as often as required. However, you can only indicate that you intend to use those figures in a VAT claim once and those are the figures that are used in your savings reports.

The report is based on:

- Products for which VAT can be reclaimed (identified by NHS Supply Chain)
- The requisition points identified by the trust that will only be used to order products for re-sale to the public.

A signed declaration from the Financial Director of the trust is required indicating the intent to reclaim VAT on purchases for those requisition points.

NHS Supply Chain cannot provide VAT advice. It is the trust's responsibility to determine whether or not VAT can be reclaimed on purchases. See the HMRC website for guidance.

What's new in Customer Procurement Savings Reports?

- Cost Centre - Cost centre is the GL Code provided by the trust against the NPC hierarchy
- Tower Name - Tower name that is providing the product
- E Class Level 3 - Product E-classification
- MPC – Manufactures product code
- Brand Name - Brand name of the product
- Unit of Issue – Product UOI

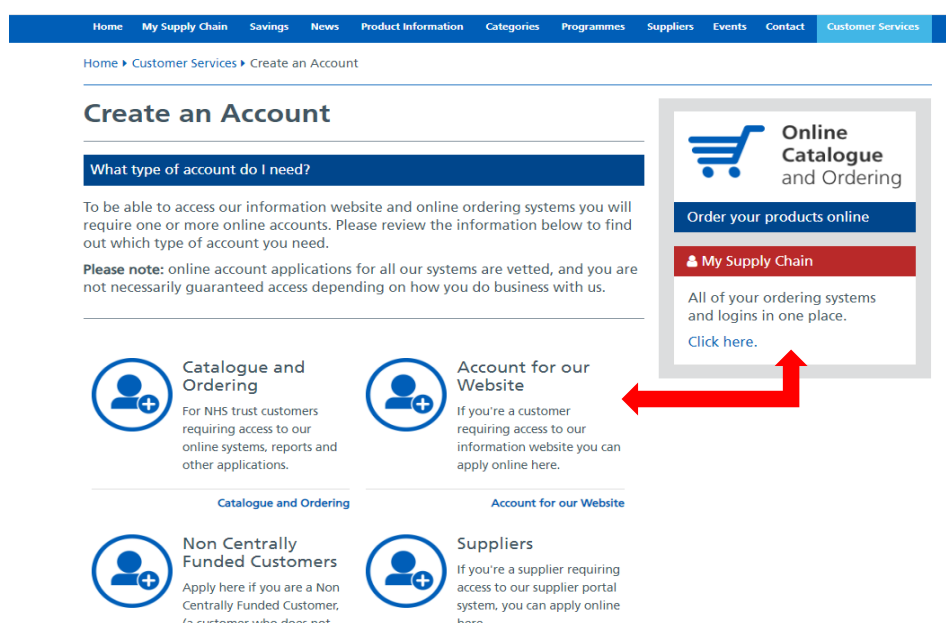


Accessing the reports

You can only access information for your own trust, and the figures you see reflect the prices you were (and are) paying for products.

Logging on

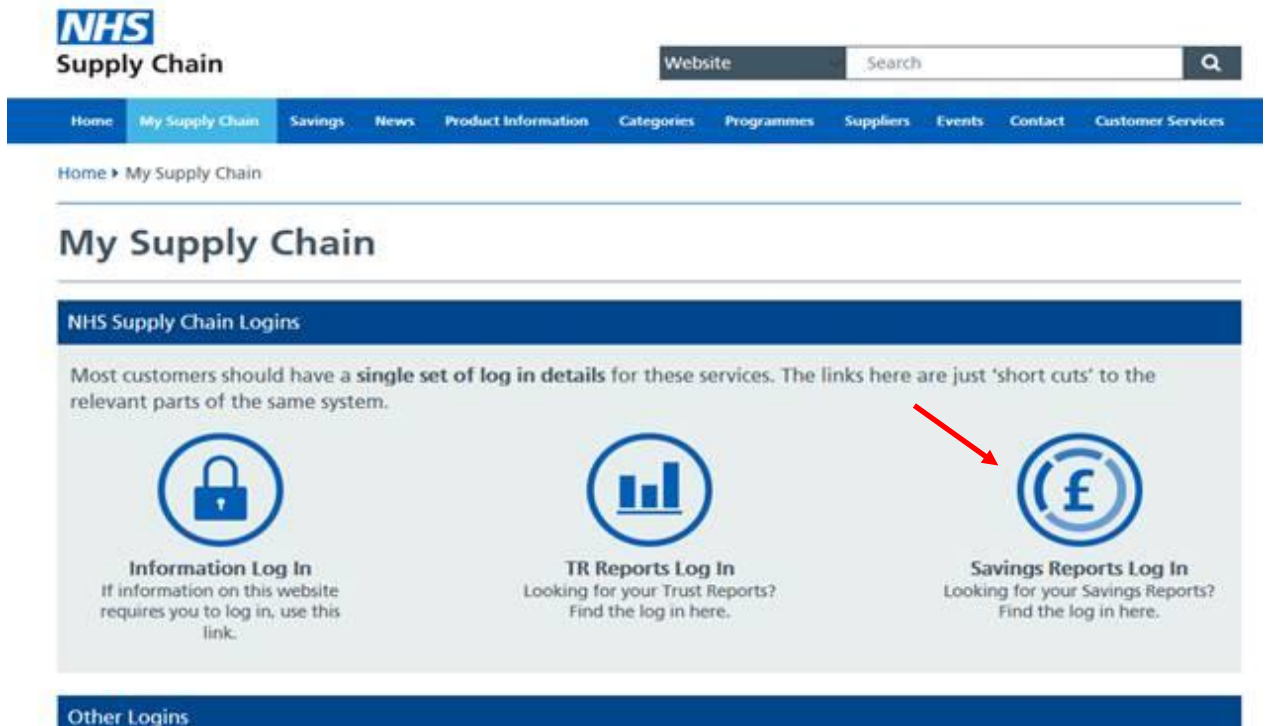
- 1 Open a web browser and go to www.supplychain.nhs.uk
- 2 Click the link **Click here to log into this website** in the box on the right of the page that opens.



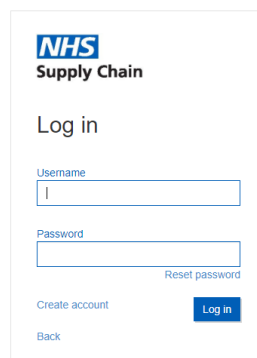
If you do not have an account, click the **Account for our Website** link, select the type of account you need from the following page, then click **Create an online account**. Complete the form that opens and submit it. If you have an Account, under the My Supply Chain **Click here**.



3 Click on **Savings Reports Log in**



4 Login by typing your **Username** and **Password** into the boxes shown.



5 Click **Login**.

6 List of **Savings Reports**.



Savings Reports

Customer procurement savings reports		Customer procurement market influences reports		VAT reclamation	
Portfolio	Run	Cost avoidance		VAT reclamation	Run
Product	Run	Portfolio	Run		
Supplier	Run	Product	Run		
		Indexation			
		Portfolio	Run		
		Product	Run		
		Supplier	Run		

Please click [here](#) for the User Guide

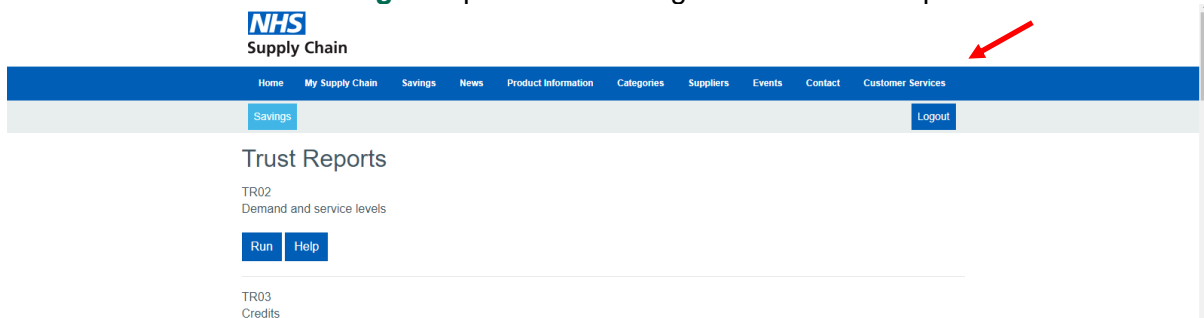
If you are experiencing any problems using these reports:
The VAT Reclamation report is currently unavailable

VAT Reclamation is **not available as part of the 2020 June release**

If this is the first time you have accessed these reports, a message about confidentiality is displayed in the central area of the website. Read the message carefully and click **Accept** if you agree to be bound by the agreement.

7 When you have finished what you are doing on the website, you must log out to keep your information secure.

The **Logout** option is on the right toolbar at the top



The screenshot shows the NHS Supply Chain website interface. At the top, there is a blue navigation bar with the NHS Supply Chain logo on the left and a series of links: Home, My Supply Chain, Savings, News, Product Information, Categories, Suppliers, Events, Contact, and Customer Services. Below this is a secondary bar with 'Savings' and 'Logout' buttons. A red arrow points to the 'Logout' button. The main content area below the navigation bar is titled 'Trust Reports' and lists two reports: TR02 (Demand and service levels) and TR03 (Credits). Each report has 'Run' and 'Help' buttons.



Running the savings reports

To run a report, click the **Run** button to its right.

The detailed information shown in the different reports is described in the following sections:

- Customer procurement savings reports are described on page 21
- Market influence reports (starting on page 26) consists of two reports:
 - The 'Cost avoidance report' is described on page 26
 - The 'Indexation report' is described on page 27

Management tools (starting on page 30) consists of two reports: **Not available as part of the 2020 June release**

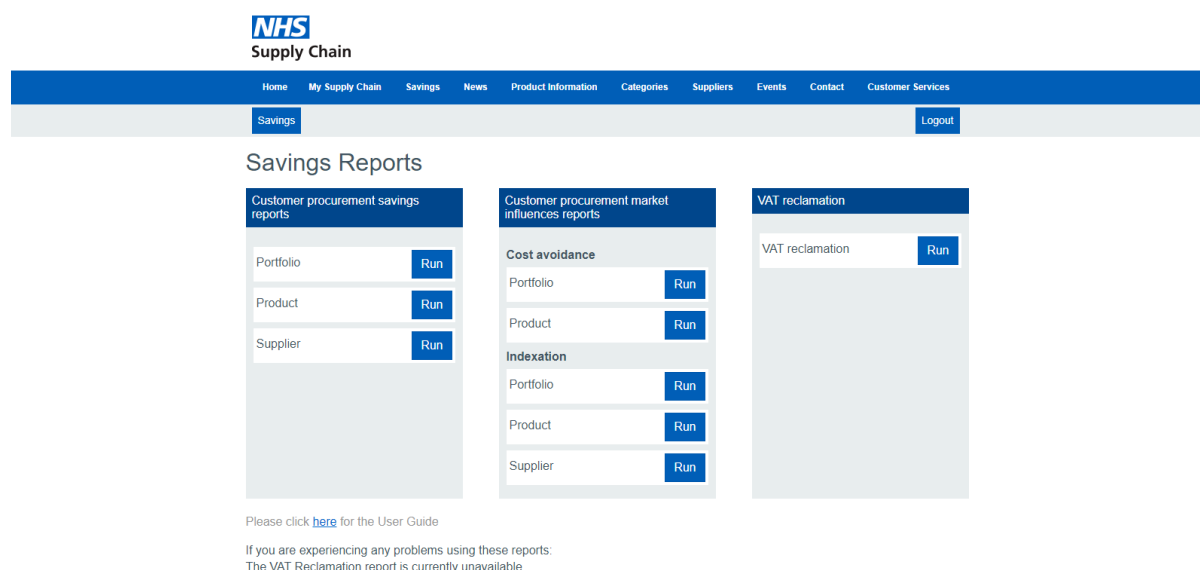
- The 'Projections' report is described on page 30
- The 'Opportunities' report is described on page 31

The *VAT Reclamation Report* uses different criteria and is described separately – see 'The VAT Reclamation Report' on page 33.

All of the reports have either two or three versions, enabling different criteria to be selected and sorting or grouping the information differently.

An overview of the differences in information displayed for each of the three versions is provided separately:

- Portfolio reports are explained on page 17
- Product reports are explained on page 19
- Supplier reports are explained on page 19



The screenshot shows the NHS Supply Chain 'Savings Reports' page. At the top is a navigation bar with links: Home, My Supply Chain, Savings, News, Product Information, Categories, Suppliers, Events, Contact, and Customer Services. Below this is a sub-header 'Savings Reports' with a 'Logout' button. The main content area is divided into three columns:

- Customer procurement savings reports:** Includes filters for Portfolio, Product, and Supplier, each with a 'Run' button.
- Customer procurement market influences reports:** Divided into 'Cost avoidance' and 'Indexation' sections. Each section has filters for Portfolio, Product, and Supplier, each with a 'Run' button.
- VAT reclamation:** Includes a 'VAT reclamation' filter and a 'Run' button.

At the bottom of the screenshot, there is a note: 'Please click [here](#) for the User Guide. If you are experiencing any problems using these reports: The VAT Reclamation report is currently unavailable.'

Customer Procurement
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Criteria common to all the reports

Additional criteria can be specified for some of the different report versions (see 'Additional options for the product and supplier versions of the reports' on page 16) and for some of the savings types (see 'Customer procurement savings reports' on page 21, 'Market influence reports' on page 26, 'Management tools' on page 30 and 'The VAT Reclamation Report' on page 33).

The following parameters are common to most of the reports. The numbered options below correspond to the numbers on the image below.

The VAT Reclamation Report is a trust-wide report, so the options to specify departments and requisition points, and the options to increase the level of detail or to group using requisition points are not available.

- 1 Select the trust for which you are running the report. Only those trusts that you are authorised to view are displayed in the drop-down list alongside **Select DOH code**.



- 2 **Select department** enables you to run the reports for one or selected departments associated with the trust you selected in step 1. See 'Reporting by department' on page 8. (Not available for the VAT Reclamation report.)

The 'Unallocated departments' option enables you to run the report for requisition points that have not been mapped to a department.

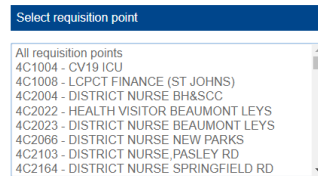
- You can select a single department or multiple departments (see 'Selecting multiple entries in a list' on page 5).
- You can also choose to view information for **All departments** associated with the chosen trust.



- 3 **Select requisition point** displays the requisition points associated with the trust you selected in step 1. (Not available for the VAT Reclamation report.)
 - Select single or multiple requisition points (see 'Selecting multiple entries in a list' on page 5).
 - You can also choose to view information for **All requisition points** associated with the chosen trust.



If a GLN has been associated with a requisition point, it is shown in brackets after the requisition point name.



- 4 Specify the level of detail you want to include in the report.
 - Select **Detailed requisition point report** to see a breakdown by requisition point.
 - Clear the box to view a summary for the selected requisition points.

Only applicable if more than one requisition point is selected in step 3, and not available for the VAT Reclamation report.



- 5 Select the **Financial year** you want to report on from the drop-down list.

A financial year runs from April of one year to March of the next, and a new financial year will appear on the list after 30 April of that new financial year. For example, 2013/2014 would be available in the list in the diagram below after 30 April 2013.

For NHS Year 2012–2013, only classifications 1 and 7 (Price Reductions and Price Increases) are available for reporting purposes.

For NHS Year 2019-2020 has a baseline set to 1st April 2019. This is to ensure that the margin removal amount is not classed as a saving. Reports prior to April 2019 will show the sell price which includes margin.

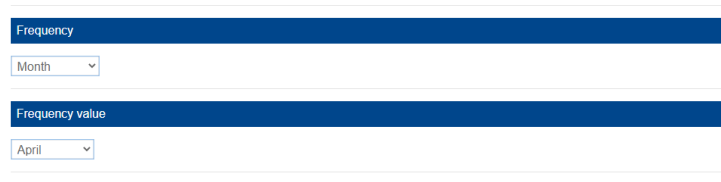


- 6 Select the **Frequency** and **Frequency value** from the lists.

The options in **Frequency value** depend on what you select in **Frequency**:

- If you select **Month**, the values are the months of the year (April, May, June and so on).
- If you select **Quarter**, the values are 1, 2, 3 and 4 (quarter 1 is April, May and June; quarter 2 is July, August and September; quarter 3 is October, November and December; quarter 4 is January, February and March).
- If you select **Year to date**, no values are available for selection.





7 Choose how you want to group the information displayed in the report. (Not available for the VAT Reclamation report.)

- If you selected **Month** in **Frequency**, you can only choose to group by month.
- If you selected either **Quarter** or **Year to date**, you can choose to group by month or by quarter.



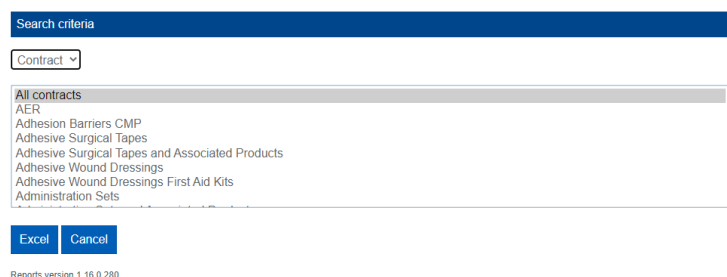
Additional options for the product and supplier versions of the reports

This information applies to all the reports of these types unless the individual report information specifies otherwise.

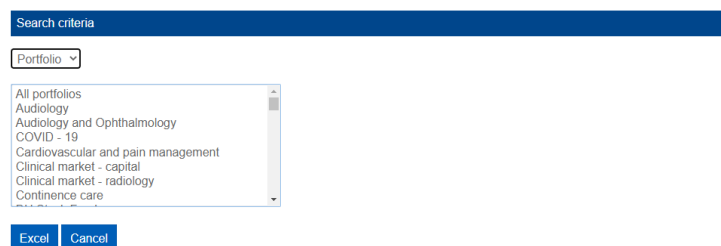
You can specify additional **Search criteria** (at the bottom of the page) to restrict the report to selected portfolios, selected contracts or (for product report versions only) specified NPCs or MPCs.

These reports also display additional information, and sort and group the reports differently.

- To view savings related to contracts, in **Search criteria** select **Contract** from the drop-down list. Select either **All contracts** or specific contracts from the list shown.



- To view savings related to portfolios, in **Search criteria** select **Portfolio** from the drop-down list. Select either **All portfolios** or specific portfolios from the list shown.




- To view savings related to specific products, in **Search criteria** select either **NPC** or **MPC** from the drop-down list. Type the product codes into the box that appears.
 - You can specify multiple NPCs or MPCs by separating them with commas (for example, ABC123,ABC124,ABC124)
 - If MPCs contain punctuation, enclose them in quotes (for example, "ABC-123", "ABC/123", "ABC.123")



Search criteria

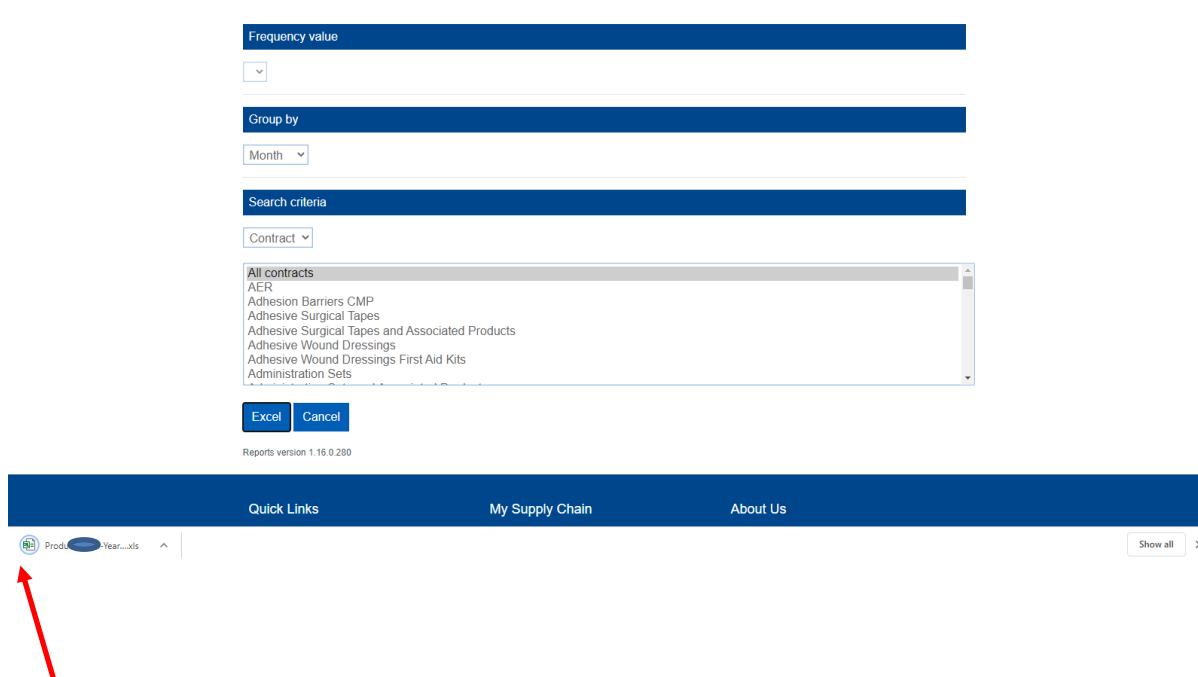
NPC

Excel Cancel

You can only view savings related to **NPCs** or **MPCs** in the **Product** versions of the reports.

Output options

The reports can be generated in Excel spreadsheet format, values are shown to the level of whole pence.



Frequency value

Group by

Month

Search criteria

Contract

All contracts

AER

Adhesion Barriers CMP

Adhesive Surgical Tapes

Adhesive Surgical Tapes and Associated Products

Adhesive Wound Dressings

Adhesive Wound Dressings First Aid Kits

Administration Sets

Excel Cancel

Reports version 1.16.0.280

Quick Links My Supply Chain About Us

Product Year...als

Show all X

This message may be displayed in a box in the middle of the screen or may be in a bar at the bottom, depending on which version of which browser you are using. Click on the report and this will download the report into Excel.



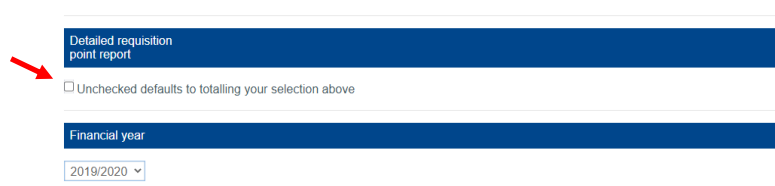
Information displayed for the report variations

The differences described between the variations of the reports apply to all reports with those variations unless details about the individual report specify otherwise.

Unless otherwise specified, the 'Customer savings procurement reports' are used as examples throughout this section.

Understanding the portfolio version

- The contents of the first four columns varies depending on whether you have chosen to generate a **Detailed requisition point report** or not:
 - If you did not choose a **Detailed requisition point report**, the first four columns ('Department name', 'Requisition point code', 'GLN' and 'Requisition point name') are empty.
 - If you did choose a **Detailed requisition point report**, the first three columns ('Department name', 'Requisition point code', 'GLN' and 'Requisition point name') contain relevant information. The information for each requisition point is displayed separately.



Detailed requisition point report

☐ Unchecked defaults to totalling your selection above

Financial year

2019/2020

The image below shows a sample summary (**Detailed requisition point report** *not* selected) report covering the year to date for all requisition points, grouped by quarter.

Price increases (negative savings) are shown in red and are in brackets.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	AJP - Hollows Respite Care NHS Trust													
2														
3	Portfolio savings - year to date by quarter													
4	Report for year to date 2018													
5	All departments													
6	All requisition points													
7														
8	Department name	Requisition point code	GLN	Requisition point name	Transacted or direct	Portfolio	Classification	Initiative	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD total	YTD total
9					Transacted	Domestic management paper hygiene	Price reduction	Customer base price	£0.00	£493.99	£0.00	£0.00	£2,726.42	£493.99
10					Transacted	Dressings and woundcare	Price reduction	Customer base price	£0.00	£20.23	£0.00	£0.00	£174.51	£20.23
11					Transacted	Infection control environmental	Price reduction	Customer base price	£0.00	£193.26	£0.00	£0.00	£2,621.89	£193.26
12					Transacted	Office solutions	Price reduction	Customer base price	£0.00	£10.75	£0.00	£0.00	£164.75	£10.75
13					Transacted	Audiology	Price reduction	Price reduction	£0.00	£47.65	£0.00	£0.00	£28,201.54	£47.65
14					Transacted	Cardiovascular and pain management	Price reduction	Price reduction	£0.00	£0.00	£0.00	£0.00	£4,145.35	£0.00
15					Transacted	Continence care	Price increase	Price increases	£(2.00)	£0.00	£0.00	£0.00	£304.00	£(2.00)
16					Transacted	Dental	Price reduction	Price reduction	£0.00	£0.00	£0.00	£0.00	£1,161.88	£0.00

The image below shows the first few columns of the same report with the values for each requisition point shown separately. This increases the number of rows in the reports and also splits the savings appropriately between the requisition points that contributed to them.



	A	B	C	D	E	
1	AJP - Hollows Respite Care NHS Trust					
2						
3	Portfolio savings - year to date by quarter					
4	Report for year to date 2018					
5	All departments					
6	All requisition points					
7						
8	Department name	Requisition point code	GLN	Requisition point name	Transacted or direct	Portfolio
9	Adolescent Care	200002	5055205683409	ELM RESPITE CARE UNIT	Transacted	Office solutio
10	Adolescent Care	200002	5055205683409	ELM RESPITE CARE UNIT	Transacted	Domestic mar
11	Adolescent Care	200002	5055205683409	ELM RESPITE CARE UNIT	Transacted	Infection con
12	Adolescent Care	200002	5055205683409	ELM RESPITE CARE UNIT	Transacted	Cardiovascul
13	Adolescent Care	200002	5055205683409	ELM RESPITE CARE UNIT	Transacted	Continence c
14	Adolescent Care	200002	5055205683409	ELM RESPITE CARE UNIT	Transacted	Domestic mar
15	Adolescent Care	200002	5055205683409	ELM RESPITE CARE UNIT	Transacted	Domestic mar

The report indicates whether the savings are made for transacted or direct purchases, and the portfolio, classification and initiative to which they relate. A given portfolio can be listed more than once, with an entry for each classification and initiative.

Following the 'Initiative' column are details of net savings for the time period specified for grouping the information. For example, if you chose to group the information by **Month**, there will be a column for each month covered by the report. The information in these columns varies from report to report.

The final columns in each row show totals for the period you selected. For example:

- If you selected a **Frequency** of **Quarter** and a **Frequency value** of **1**, the final columns show the values for Quarter 1.
- If you selected a **Frequency** of **Year to date**, the final columns show the values for the year to date.

Understanding the product version

Product reports show all the information shown on the portfolio report plus an additional 11 columns.

- 'Cost Centre' – The cost centre is shown where available
- 'Tower Name' – This is only available on the product report
- 'Contract Title' – it is possible to filter by contract title
- 'NPC' – it is possible to filter by NPC
- 'MPC' – it is possible to filter by MPC
- 'Product Description'
- 'Brand' – This Brand is shown where available
- 'UOI'
- 'EClass Level 3'
- 'GTIN' – the product GTIN is shown where available
- 'Supplier Name' – it is possible to filter by supplier

Customer Procurement

Savings Reports: Guidance Notes (version 2.4)



An additional column is also shown before the final columns that display the totals:

- 'YTD Total – Supplied Individual Units' shows the quantity purchased, which is the number of packs received multiplied by the pack size

Understanding the supplier version

Supplier reports show all the information shown on the portfolio report (see 'Understanding the portfolio version' on page 18).

Additional information is shown in columns after the 'Portfolio' column:

- 'Contract Title' – it is possible to filter by contract title
- 'Supplier Name' – it is possible to filter by supplier name

One row in the report is displayed for each supplier associated with each contract. For example, if there are three suppliers associated with the 'Bedding' contract in your trust, three rows are displayed.



Customer procurement savings reports

The customer procurement savings reports show savings for the following classifications:

- Price reductions and increases (shown on a single report). This includes the No price movement
- Trust commitment discounts and rebates
- Innovation in both product and process
- Capital expenditure, leasing and maintenance.

How are the savings calculated?

The way that savings are calculated varies from one classification to another. An explanation for each classification is given below.

Price increases (negative savings) are shown in red and are in brackets.

Data identified as Direct is in reference to goods transacted via suppliers on NHS Supply Chain framework but not invoiced by NHS Supply Chain. This direct savings data is shown one month in arrears except for the capital/leasing/maintenance classification, which is shown in the quarter in arrears.

Price reductions and price increases

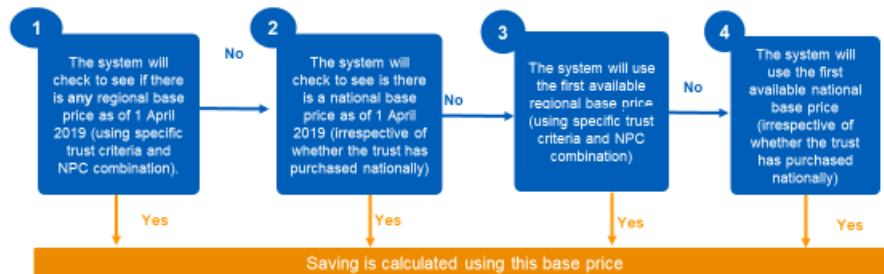
Price reductions and increases are calculated in the same way.

- **Basic price reduction transactional**
- **Basic price increase transactional**

Saving calculation is based on transaction date price vs. transaction date price 365 days ago at the current volume. The rules below are applied to the transactional savings and the appropriate base price is used to calculate the saving.



System Rules for Transactional Savings



1 Customer Savings Report | Pilot Trust Engagement 26 February 2020



For example, assume the base price (the price your trust pays) for a product varied over time as shown below:

Time period	Base price
1 January last year to 1 October last year	£ 20
2 October last year to 31 December last year	£ 18
Current (from 1 January this calendar year)	£ 18

Assuming that 100 units are purchased on each occasion, the savings are calculated as follows:

Date of purchase	Quantity	Saving
Between 1 January and 1 October this year	100	$(£ 20 - £ 18) \times 100 = £ 200$
Between 2 October and 2 November this year	100	$(£ 18 - £ 18) \times 100 = £ 0$

If you were not purchasing through NHS Supply Chain during the earlier (comparison) periods, you can provide your own unique comparison price for the reports, which will be visible only to you. This falls under initiative

- **Switching to service provider**

Saving calculation is based on current price vs customer previous price. Customer provides the price they paid prior to switching to NHS Supply Chain as a service provider. If no customer previous price, defaults to Basic price reduction transactional and Basic price increase transactional and follows the system transactional rules. Please contact your account manager to provide the customer previous price paid.



Classification – No price movement

- **Basic price no movement transactional**

Savings calculation is based on transaction date price vs. transaction date price 365 days ago at the current volume and if there is no price movement these are aligned to this initiative. The rules applied are the same as Basic price reduction transactional and Basic price increase transactional.

- **NHS England**

Savings calculation for all transaction where the NPC is linked to the 'NHS E Specialist Commissioned Devices' portfolio are £0, these are aligned to this initiative.

Classification – Innovation

- **Innovation scorecard**

Savings calculation for all transactions where the NPC has been identified as “innovative” these are aligned to this initiative. The rules applied are the same as Basic price reduction transactional and Basic price increase transactional.

- **Innovation**

Other forms of innovation, including product innovation, are declared as they are agreed with a customer.

- **Range management**

Savings calculation is based on, once systematically detected, the average 3 monthly price paid for the old product vs the new product selling price (taking into account any UOI/banding). Where a customer moves multiple products to one alternate product, a weighted average based on volume will be applied to the price calculation.

There will be an element of backdated savings that will be added retrospectively. This is mainly due to new range management products being identified or awaiting verification.

Priority order for transacted savings calculation

1. Range management
2. Switching to service provider
3. Basic price reduction transactional
3. Basic price increase transactional
3. No price movement
3. Innovation scorecard
3. NHS England

Classification – Commitment Discount

- **Commitment Discounts**

Savings is the cash value recorded in the month it was paid to the trust. Retrospective or upfront credits (credit note, or free of charge equipment or equivalent) to trusts from suppliers and facilitated by NHSSC. The commitment discount is based on quantity or value of transactions over a specified period. Trusts are required to sign up to the discount, unless the supplier has agreed to commit to a blanket discount for all trusts. This is facilitated by NHS Supply Chain.



- **Commitment discounts direct**

Savings are paid directly from the supplier to trust. Retrospective or upfront credits (credit note, cheque or free of charge equipment) to trusts direct from suppliers. The commitment discount is based on quantity or value of transactions over a specified period. Trusts are required to sign up to the discount, unless the supplier has agreed to commit to a blanket discount for all trusts. This is not passed through NHS Supply Chain. The supplier or trust can provide this information.

Classification – Capital, leasing and maintenance

- **Capital**

Through the tender process, we have ascertained the % difference between a direct quote and one through NHS Supply Chain framework. It is the difference that is used to calculate the saving. It is recognised as a saving at the point of invoice as this is the closest to the commissioning point of the asset that we can ascertain.

- **Maintenance**

Through the tender process, we have ascertained the % difference between a direct quote and one through NHS Supply Chain framework. It is the difference that is used to calculate the saving. It is recognised as a saving at the point of invoice as this is the closest to the commissioning point of the asset that we can ascertain.

Customer direct quote discount	5%
NHS Supply chain quote discount	7%
Discount applied	2%

Additional options for the customer procurement savings reports

As well as the standard report criteria (see 'Criteria common to all the reports' on page 14), the customer procurement savings reports enable you to specify a savings type (classification) and an initiative:

- 1 To specify a savings type, in **Select classification** select one of the savings categories from the list shown or choose **All classifications** to generate a report covering all areas.
- 2 To specify an initiative, in **Select initiative** select one of the listed initiatives or choose **All initiatives**.

The initiatives shown vary depending on the classification you select.




Understanding the customer procurement savings reports

Price reductions and price increases are shown separately, with the net position calculated and displayed.

Price increases (negative savings) are shown in red and are in brackets.

The portfolio version

Following the 'Initiative' column are details of net savings for the time period specified for grouping the information. For example, if you chose to group the information by **Month**, there is a column for each month covered by the report.

The final two columns in each row show the purchase value and the net savings for the period you selected. For example, if you selected a **Frequency** of **Year to date**, the final two columns show the values for the year to date.

The product version

The product report shows all the information shown on the portfolio version, but with some more details.

The information is grouped by product, and the contract, NPC, supplier name and product description are shown for each product – the report can be filtered by any of these apart from product description.

An additional totals column shows the total number of units purchased over the time period specified.

The supplier version

The supplier report shows all the information shown on the portfolio but with some more details.

The information is grouped by supplier, so the savings associated with each supplier can easily be identified. It is possible to filter this report by supplier.



Market influence reports

There are two market influence reports:

- The 'Cost avoidance report' – see below
- The 'Indexation' report – see page 27

Cost avoidance report

The cost avoidance report indicates savings made as the result of NHS Supply Chain procurement activity in partnership with our suppliers to deflect, mitigate or delay price increases on products. This classification also indicates where we have worked with a specific customer on specialist activity as agreed. An example of this would be the re-deployment of resource due to managed service of stock.

There is no supplier version for the cost avoidance report.

How are the savings calculated?

A comparison price is calculated for the relevant period that reflects the mitigated activity.

Example 1

Assume we have evidence that prices were to rise by 5% from 1 April. Following discussions with suppliers, the price increase is delayed until 1 August. The current selling price (SP) is £ 10.

Time period	Calculation	Base price
1 April this year to 31 July this year	Current SP + 5%	£ 10.50

In the time period specified, all purchases of the stated product generate an activity saving in the Cost Avoidance classification.

Date of purchase	Qty	Anticipated spend	Actual spend	Saving
10 June	100	£ 1,050.00	£ 1,000.00	£ 50.00

Example 2

Assume we have evidence that prices were to rise by 8% from 1 February.

Time period	Calculation	Base price
1 February this year to 31 January next year	Original SP + 8%	£ 10.80

Following discussions to understand the cause of the price rises, we were able to mitigate some aspects (for example, by receiving the product differently into the warehouses), which meant the price only rose by 2%. If the current selling price is £10, it will rise on 1 February to £10.20.



The savings are therefore:

Date of purchase	Qty	Anticipated spend	Actual spend	Saving
1 August	100	£ 1,080	£ 1,020.00	£ 60.00

Additional options for the cost avoidance reports

As well as the standard report criteria (see 'Criteria common to all the reports' on page 14), the cost avoidance reports enable you to specify an initiative. In **Select initiative**, select one of the listed initiatives or choose **All initiatives**.

Understanding the cost avoidance report

After the initiative information are groups of three columns, one for each of the periods that the report is grouped by: in this example, there is one group for each quarter. The three columns specify:

- Actual spend – the amount of money spent on products in this portfolio against this initiative for the time period specified.
- Spend on pre-NHS Supply Chain activity – the amount of money that would have been spent without NHS Supply Chain (procurement) involvement, in partnership with the supplier and/or trust.
- Cost avoided – the saving made on products in this portfolio because of this initiative for the time period specified (the difference between the two previous columns: positive if the actual spend is lower).

	A	B	C	D	E	F	G	H	I	J
1	AIP - Hollows Respite Care NHS Trust									
2										
3	Cost avoidance by portfolio - year to date by quarter									
4	Report for year to date 2018									
5	All departments									
6	All requisition points									
7										
8	Department name	Requisition point code	GLN	Requisition point name	Transacted or direct	Portfolio	Initiative	Quarter 1 Quarter 1 spend per NHSSC activity	Quarter 1 Quarter 1 cost avoided	Quarter 2 Quarter 2 spend per NHSSC activity
9				Transacted	IV Therapy	Cost avoidance		£0.00	£0.00	£0.00
10				Transacted	Office Products and Furniture	Cost avoidance		£0.00	£0.00	£0.00
11				Transacted	Rehabilitation	Cost avoidance		£0.00	£0.00	£0.00
12				Transacted	Office Products and Furniture	Delaying price changes		£0.00	£0.00	£0.00
13				Transacted	General Medical	Forward buying		£0.00	£0.00	£0.00
14				Transacted	Office Products and Furniture	Forward buying		£0.00	£0.00	£0.00
15				Transacted	Pathology	Forward buying		£0.00	£0.00	£0.00
16				Transacted	Office Products and Furniture	Price review discussions		£0.00	£0.00	£0.00

The final three columns in the report show the year to date (YTD) totals for each of these amounts.

Indexation report

The indexation report shows savings made as a result of a comparison between current and historic prices having taken account of inflation when calculating the saving.

How are the savings calculated?

Indexation of the comparative calculation of the base price of a product multiplied up for an inflation factor less the price now (SP). This saving is then multiplied by the number of units

Customer Procurement

Savings Reports: Guidance Notes (version 2.4)

27



purchased to give a total difference. From the Customer Procurement Savings Reports, data from the classifications of Price Reductions, Price Increases and Innovation (APO only) are used to calculate the indexation values.

The inflation measure used is CPIY. CPIY measures changes in prices that exclude changes caused by indirect taxation. Excluded taxes and duties (which affect retail prices) are excise duty on tobacco, alcohol and petrol, VAT, insurance premium tax, air passenger duty, TV licence fees and stamp duty on share transactions. The CPIY is published monthly by the Office of National Statistics and is based on a scale where the value for the year 2005 is set at 100.

NHS Supply Chain is applying this index 2 months in arrears. For example, data for January is available from mid-February and is applied from the beginning of March.

For example, using the following base prices:

Time period	Base price
1 January last year to 31 August last year	£ 20.00
1 September last year to 31 December last year	£ 18.00
1 January this year to date	£ 18.50

And the following index values:

Month	Applied from	Value
June last year	August last year	120.40
July last year	September last year	120.60
August last year	October last year	121.20
September last year	November last year	121.60
October last year	December last year	122.40
November last year	January this year	122.60
December last year	February this year	123.30
January this year	March this year	122.60
February this year	April this year	123.60
March this year	May this year	124.00
April this year	June this year	124.00
May this year	July this year	124.40
June this year	August this year	124.10
July this year	September this year	124.10



The indexed base prices are calculated (the expected base price taking into account indexation) by multiplying the base price from last year by the index value for this year divided by the index value for last year:

Date of purchase	Base price last year	Index value	Indexed base price
5 August this year	£ 20.00	124.10/120.40	£ 20.61
15 September this year	£ 18.00	124.10/120.60	£ 18.52

The selling price for this year and the indexed (expected) base price for this year are then used to calculate the saving.

Date purchased	Qty	Price difference per unit	Total saving
5 August this year	100	£ 20.61 – £ 18.50 = £ 2.11	£ 2.11 x 100 = £ 211
15 September this year	100	£ 18.52 – £ 18.50 = £ 0.02	£ 0.02 x 100 = £ 2

Additional options for the indexation report

There are no additional options to the standard report criteria (see 'Criteria common to all the reports' on page 14).

Understanding the indexation report

After the initiative information are groups of three columns, one for each of the periods that the report is grouped by: in this example, there is one group for each quarter. The three columns specify:

- Actual spend – the amount of money spent on products in this portfolio against this initiative for the time period specified.
- Indexed equivalent – what the spend would have been had annual inflation been applied to all prices.
- Market impact avoided – the saving made on products in this portfolio because of this initiative for the time period specified (the difference between the indexed equivalent and the actual spend).

A		B		C	D	E	F	G	H	I	J
1	AIP - Hollows Respite Care NHS Trust										
2											
3	Indexed spend by portfolio - year to date by quarter										
4	Report for year to date 2018										
5	All departments										
6	All requisition points										
7											
8	Department name	Requisition point code	GLN	Requisition point name	Transacted or direct	Portfolio	Quarter 1 Quarter 1 actual spend	Quarter 1 Quarter 1 indexed equivalent	Quarter 1 Quarter 1 market impact avoided	Quarter 2 Quarter 2 actual spend	Quarter 2 Quarter 2 indexed equivalent
9					Transacted	Audiology	£0.00	£0.00	£0.00	£0.00	£28,296.44
10					Transacted	Cardiovascular and pain management	£0.00	£0.00	£0.00	£10,494.19	
11					Transacted	Continence care	£0.00	£0.00	£0.00	£24,206.61	
12					Transacted	Dental	£0.00	£0.00	£0.00	£1,161.88	
13					Transacted	Domestic management	£0.00	£0.00	£0.00	£32,358.06	
14					Transacted	Domestic management paper hygiene	£0.00	£0.00	£0.00	£8,531.01	
15					Transacted	Dressings and woundcare	£0.00	£0.00	£0.00	£49,053.65	
16					Transacted	Electrodes and diathermy consumables	£0.00	£0.00	£0.00	£10,272.14	

Totals for each of these are shown in the final columns.



Management tools reports: **NOT available as part of the June 2020 release**

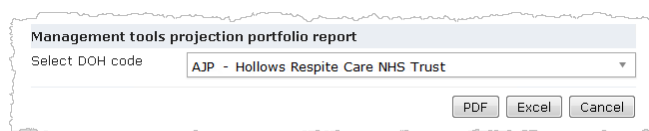
There are two management tools reports:

- 'Projections' report
- 'Opportunities' report

Projections

There are three versions of the 'Projections' report:

- Portfolio version – for the portfolio version of the report, you can only specify the DOH code.



- Product and supplier versions – you can specify more details (see 'Additional options for the product and supplier versions of the reports' on page 16).

Understanding the projections report

This report shows savings realised to date and expected savings for the rest of the financial year. The example below is the portfolio version of the report.

Only transacted purchases are shown.

The savings for each portfolio are shown for each initiative, which results in some portfolios appearing multiple times.

- Projections calculated for price increases and price decreases.
- Projections are not currently calculated for other initiatives (commitment discounts, alternative product offerings, or capital, leasing and maintenance). Actual spends for some initiatives are shown on the report to correspond to information in the Customer Procurement Savings Report section.

For each transaction type/portfolio/initiative combination, actual savings are shown for past months and projected savings are shown for future months. (Negative savings – increases in cost – are shown in red). Three columns at the far right of the report show the projected savings for the year, the actual spend to date and the projected spend for the year.

The projection is calculated using the latest month-end band 1 prices and historic volumes. These are used to give a forecasted spend and a relative saving. The projection is a mathematical extrapolation based on a point in time and not a price promise.



A					B					C					D					E										O					P					Q					R				
AIP - Hollows Respite Care NHS Trust																																																	
Projection by portfolio - year to date by month																																																	
Report for year to date 2018																																																	

Classification 9 - Alternative Product Offer

DOH

Contract Title

Response

In the example below, alternative enteral feeding devices were suggested but were deemed unsuitable as an alternative.

Portfolio	Contract Title	Expected volume (in eaches) on current products	Expected spend on current products	Minimum savings available through alternate products	Maximum savings available through alternate products	Commitment discount available on current NPC	Response
9. Continence Care New	Disposable Continence Care and Associated Products CMP	864,000	£562,322.55	£112,935.39	£24,523.56	Not suitable submitted by DANITH on 05/10/2017 10:53:44	
10. Healthcare Associated Infections	Examination Gloves	18,092,730	£706,499.89	£679,492.15	£52,925.93	Not suitable submitted by DANITH on 05/10/2017 10:53:44	

The example above shows the portfolio version of the report. The example below shows the product version of the same report, with the potential savings split across the individual products.

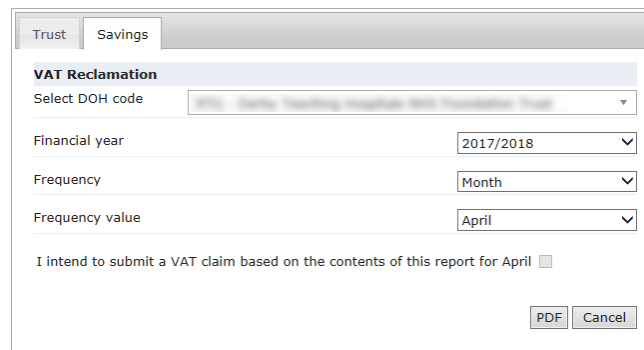
Portfolio	Contract Title	NPC	GTIN	Product description	Expected volume (in eaches) on current products	Expected spend on current products	Minimum savings available through alternate products	Maximum savings available through alternate products
9. Continence Care New	Disposable Continence Care and Associated Products CMP	CF9030	7347074802812	All in one pads absorbency band 20x Medium 70-120cm (PE Backed)	1,116	£1,058.40	£176.91	£30.44
10. Continence Care New	Disposable Continence Care and Associated Products CMP	CF91807	817260308212	Shaped pad with absorbency band 16 PE Backed	112	£51.80	£1.67	£1.19
10. Continence Care New	Disposable Continence Care and Associated Products CMP	CF91220	2853205201882	Fasted pad with absorbency band 17 Textile Back Sheet	280	£34.10	£1.70	£1.80
12. Continence Care New	Disposable Continence Care and Associated Products CMP	CF91240		Shower pad with absorbency band 17 PE Backed	30	£21.41	£0.41	£1.37



The VAT Reclamation Report: **Not available as part of the June 2020 release**

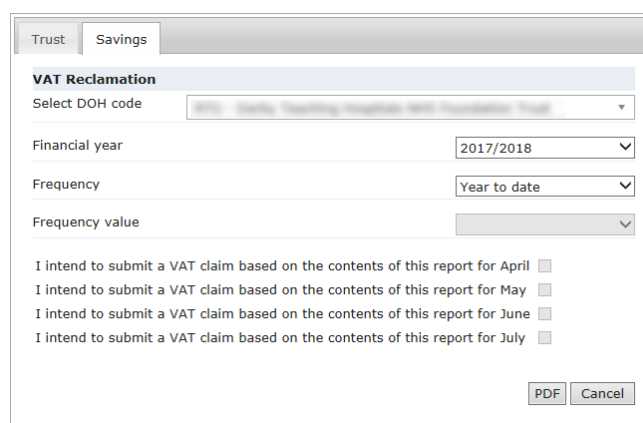
You can run the VAT Reclamation Report for any trusts, CCGs or other entities to which you have access.

- 1 If you are associated with more than one trust or CCG, select the appropriate one from the **DOH code** list.



- 2 Select the **Financial year** for which you want to run the report.
- 3 In **Frequency**, specify (within that financial year) whether you want to run the report for a particular **Month** or for the **Year to date**.
- 4 If you are running the report for a particular month, in **Frequency value** select that month. All past months are available for selection.
- 5 Indicate whether you intend to submit a VAT claim based on the report for each month.

If you are running the report for year-to-date, all available months are available for selection. Select every month that you intend to submit a VAT claim for to include those savings in your Trust savings reports.

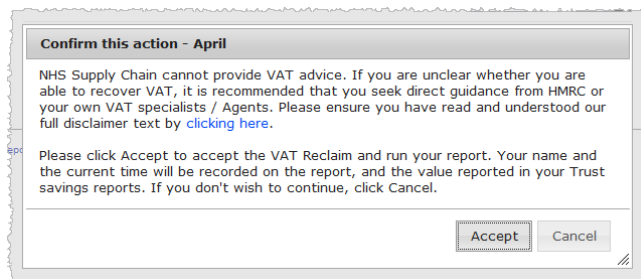


This option is only available for months where a report has not been run with the option selected. Once such a report has been run, the option is read-only.



6 Click **PDF** to generate the report.

If you selected the option stating you intended to make a claim using the information generated, a confirmation message is shown.



7 Click **Accept** to continue.

Example report

The report lists the VAT reclaimable for each product (identified by NPC and, where available, by GTIN) purchased. The report is grouped by month (**A**) and then by requisition point (**B**).



NPC	GTIN	VAT reclaimable
April 2018		
AG1504 - CATERING RESTAURANT		
AAR306	6017726180485	21.52
AAR325	5017726180485	9.68
AAR157	8047726180485	59.60
		89.80

The total for each requisition point is shown at the end of that requisition point's section (**C**), and the total for the month is shown at the end of that month (**D**).



AAR426		51.62
<hr/>		
Total for	ADITION - CATERING RESTAURANT	C 991.68
<hr/>		
Total for April 2014		D 991.68
<hr/>		
Total		991.68
<hr/>		
Disclaimer		
<p>The information in this report, which is regarded by HM Revenue & Customs as "ACCEPTABLE ALTERNATIVE EVIDENCE FOR INPUT TAX PURPOSES" contains the necessary information to enable NHS VAT Divisional customers to recover input tax. This alternative evidence is specifically provided to substantiate a claim to input tax for business activities only under existing HMRC VAT guidance/legislative requirements and should not be used for ANY purchases which are used by a VAT Divisional customer in the provision of NHS Health Care.</p> <p>Please note that this statement is provided for NHS VAT Divisional Customers in order to allow them to include any information which they feel is relevant in their monthly VAT return. NHS Supply Chain are not permitted to provide advice regarding a NHS VAT Divisional customer's ability to recover VAT in these (and/or any other) circumstances and direct guidance should always be sought from HMRC and/or their own VAT specialists/agents on this point.</p>		

For any months where the person running the report indicated that a claim was being made using those figures, the name of the person and the date and time that the report was run are shown alongside the monthly total.

If you are running a year-to-date report, you may find some months have a "claim made" statement and some do not.

Following the final month's total, the final page shows the grand total of the VAT reclaimable for the whole report followed by a disclaimer.

