



# Department of Health

## Capital and Non-Medical Category Tower Providers Questions and Answers

### About the Capital and Non-Medical Category Towers

1. Which organisations have been awarded contracts and what is the Capital and Non-Medical Category Tower allocation?

Successful Bidder	Category Tower	Products included
	<i>Capital</i>	
DHL Supply Chain Ltd	Tower 7	Large diagnostic capital devices including mobile and consumables
Akeso & Company Ltd	Tower 8	Diagnostic equipment and associated consumables
	<i>Non-Medical</i>	
Foodbuy	Tower 10	Food
NHS North of England Commercial Procurement Collaborative (NOE CPC)	Tower 11	NHS Hotel Services

2. Who are the new Category Tower Providers?

- 2a. DHL Supply Chain Ltd.

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.

- 2b. Akeso & Company Ltd

Akeso & Co Ltd 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 Ltd has delivered lasting improvement through complex category management projects for over 30 NHS clients in the last 3 years.

- 2c. 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.

**2d. 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.

**3. What products are in each of the Capital and Non-Medical Category Towers?**

*Products include maintenance and upgrades where applicable*

**Tower 7**

Description
Ct scanners, MRI, x-ray, floroscopy, nuclear medicine, digital mammography
MCA (inc mobile)
Leasing
IT Medical (incl. PACS & RIS)
Direct frameworks
Respiratory and sleep therapy solutions
Woman's health
obstetrics and gynecological equipment & consumables
Endoscopy and decontamination equipment
Dental

**Tower 8**

Description
Laboratory equipment & consumables
Neurology and pain management equipment
Cardio - equipment & consumables
Diathermy equipment
Renal inc. Urology equipment and consumables
Direct frameworks

**Tower 10**

Description
Food
Direct frameworks
Schools fruit and vegetables scheme

**Tower 11**

Description
Catering consumables
Domestic management - paper
Domestic management - janitorial
Polymer (plastics)
Non clinical workwear & protective clothing curtains bedding haberdashery
Clinical & non clinical furniture
Patient well being

#### **4. What savings will the Capital and Non-Medical Category Towers deliver?**

The four Capital and Non-Medical Category Towers will deliver savings for the NHS of £280m by 2021.

#### **5. When will these Category Towers become operational?**

The Capital and Non-Medical Category Towers will be fully operational from July 2018.

### **About the Intelligent Client Coordinator (ICC) and the Future Operating Model (FOM)**

#### **6. What is the Future Operating Model (FOM)?**

The NHS has the potential, through greater collaboration, to leverage its purchasing power on a national scale and deliver better value for money for Trusts and taxpayers.

To deliver this potential the Carter Review 2016 called for the adoption of the Procurement Transformation Programme (PTP). The PTP is one of the highest profile programmes in government, and delivery of the FOM is a key outcome.

Put simply, the FOM is the transformation and re-procurement of the current NHS Supply Chain which will achieve significant benefits to the NHS by:

- Increasing uptake/volume of products purchased via the future NHS supply chain
- Increasing use by the NHS of a standard range of clinically appropriate products
- Using increased buying power to affect purchasing behaviours and lower product costs for the NHS.

The FOM will disaggregate the current service and re-procure 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.

In the FOM, contracts will be let for the following services:

- 11 Category Tower Service Providers
- Logistics
- Transactional Services
- IT Prime to deliver Supporting Technology

The oversight and operational management of the new contracts and services, along with customer engagement activities, will be delivered by the ICC.

From a NHS product supplier perspective, the FOM will offer a single point of contact for each category of product with a service provider who has specialist knowledge of that product category and has the ability to trade with larger volumes than the current NHS Supply Chain.

#### **7. What are the aims and benefits of the FOM?**

The aim of the FOM is to extract greater value from procurement, which can be used by the NHS for reinvestment in front line services through ‘world class’ category management.

The FOM will be able to leverage the buying power of the NHS to get the best value for products and devices that have undergone clinical and non-clinical assurance.

The FOM will work with all of the NHS providers, so that the wider NHS needs are catered for.

The FOM services contracts are designed to be re-competited at reasonably frequent intervals to ensure that performance is maintained.

Through the ICC's Clinical and Product Assurance function, coupled with the clinical evaluation teams embedded within the Category Tower service providers, the FOM aims to present a catalogue of both clinical and non-clinical assured products for the NHS to purchase at the best possible value.

Additionally, these two components of the FOM will work with the Accelerated Access Review programme and the Academic Health and Science networks to introduce relevant innovations to the catalogue with appropriate data/information about the benefits of using them.

From a product supplier perspective, the aim of the FOM is to make product trading more streamlined, lower the cost of sales and reap the benefits of those efficiencies for the NHS.

## **8. What is the role of the Category Towers?**

The Category Towers are the procurement function of the FOM. They will undertake the clinical evaluation of products and run compliant procurement processes on behalf of the NHS. These providers will use 'world class' category management techniques to create sustainable strategies that provide the NHS with clinically assured products that drive the best value.

There are 11 Category Towers, which are being awarded in a phased approach. The Office Solutions Category Tower was the first to go live in October 2017, the six Medical Category Towers go live in May 2018 and the newly awarded Capital and Non -Medical Towers will be live from July 2018.

Please see the FOM Handbook for more information at [www.supplychain.nhs.uk/news/thefom](http://www.supplychain.nhs.uk/news/thefom)

## **9. How will the Category Towers work together and what are they responsible for?**

The Category Towers will be centrally managed via the ICC (the management function of the future NHS Supply Chain). The central co-ordination from the ICC will ensure that the Category Towers deliver a consistent service. Category Tower Service Providers also work on common systems and to common standards set, and provided by, the ICC. The Category Towers cannot compete against each other so that, over time, they become the centre for knowledge and expertise for their respective Category Tower.

## **10. How will you ensure that the Category Tower Service Providers deliver for the NHS?**

The ICC will be responsible for managing the contracts of all the Category Tower Service Providers in the FOM. Put simply, this will focus on two areas; the delivery of savings and product assurance. The contract that underpins the Category Towers directly links any margin payment to the delivery of greater value for money to the NHS. The Category Tower Service Providers will not receive any margin payment if they fail to meet 50% of their savings targets in a given year. In addition, the contracts include a number of KPIs that incentivise the Category Towers to deliver a responsive service to the NHS and to take an overall system savings point of view.

The ICC will also include a substantial Clinical and Product Assurance function to ensure that category strategies and the product evaluation undertaken by the Category Towers are robust.

## **11. What is the difference between the current NHS Supply Chain and the new model?**

The key differences are

- The FOM has disaggregated the current service model in order to provide each service by a supplier who has specialist capabilities

- The FOM has created a more substantial management office within the public sector known as the ICC
- The ICC will host the customer engagement function within the public sector
- Clinical and Product Assurance has a much higher profile and presence
- The funding will be direct rather than through a trading model.

## **12. How is the FOM funded?**

To simplify the funding flow and provide product cost transparency, the operating costs of the FOM will be top sliced prior to flowing into tariff and allocated directly to the FOM. This is a change from the current model used by NHS Supply Chain where an additional variable margin is added onto the cost of the products.

Both NHS England and NHS Improvement are responsible for tariff/price setting in the NHS. The Procurement Transformation Programme is working with them closely to provide the required information to determine how they will apply the top slicing to the various funding routes.

## **13. The role of the ICC**

The FOM will be supported by a new performance management and customer engagement function, the ICC, and by a new transactional services, logistics and IT infrastructure.

The ICC will be:

- the central service delivery management function for the FOM
- the focal point, co-ordinator and main driver of the commercial objectives the FOM will achieve
- a key enabler for delivering better service, quality and value for money under the FOM.

## **14. Will the new Category Tower Service Providers continue with their work which falls outside of the scope of the FOM?**

Yes. Whilst Category Tower Service Providers will not be able to compete with the FOM, they can continue to deliver services that are outside of its scope.