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Dear Colleagues

As the NHS faces up to the challenges of treating an increasing and ageing patient population within difficult financial constraints, it is critical today, more than ever, that we work collaboratively to drive unwarranted variation and inefficiency out of our patient pathways wherever we can.

Lord Carter’s report into efficiency and productivity in the NHS identified opportunities for NHS procurement to do things differently, and is the provenance of the Procurement Transformation Programme (PTP). By identifying the right, quality products that represent the best options to deliver high quality outcomes for patients we can rationalise our product range to the most effective level. Working collaboratively and leveraging our collective buying power within the NHS, we can subsequently focus on striking the best deals for these products, reducing price and variability and realising savings. We can release these funds, tied up in product costs, to the frontline enabling enhanced care for patients and playing our part in ensuring that the clinical body within the NHS is protected and reinforced.

The development of the Future Operating Model (FOM) is now moving at pace. Over the coming weeks and months we will send you information to keep you abreast of developments and to make sure you have all the information you need to fully engage in this procurement transformation for the NHS.

To this end I’d like to welcome you to the first issue of the information handbook that will provide you with detail about PTP, the Office Solutions Category Tower, and what Trusts can do to get involved in procuring through the future NHS Supply Chain.

The PTP Engagement Team has met with Heads of Procurement across England and will continue to support Trusts over the coming months. They will do this in a number of ways; through face to face meetings, emailed updates, a series of webinars, online information and representation at national events.

As with any major change programme the importance of good communication cannot be overestimated. We will provide you with resources to help communicate the change to people in your Trust so that they understand their role in making this change a success.
The PTP is a collective effort by everyone involved to deliver one of the most Trust-focused change programmes in recent times in the NHS. We share your desire to see the anticipated savings for individual organisations and the NHS overall. Our intention to get the most from our purchasing power in the NHS is an effective response to the funding challenges faced now and in the foreseeable future.

The FOM is a collaborative partnership with NHS colleagues and we are keen to receive your feedback and ideas to share best procurement practice. Please get in touch with the PTP team to discuss any comments, learning or to ask any further questions you may have. I look forward to working with you over the coming months.

Jin Sahota
Senior Responsible Officer for the Procurement Transformation Programme,
Director Supply Chain,
Commercial Division,
Department of Health
How to use this Handbook

This handbook is the first in a series of communications to NHS Trusts in England. It provides more information about the Procurement Transformation Programme Future Operating Model and the Office Solutions Category Tower, which is the first to go live on 1 October 2017.

The PTP is a phased programme, with Category Towers launching at different stages (more information about the phases is detailed in this pack). You will receive information about each Category Tower in advance of go live dates so you have all the information you need.

This is an interactive document for easy reference, so please click on the area that you want to read more about on the contents page. There’s also a navigation bar at the bottom of each page to help you to get to information quickly.

The handbook will also be available on the new PTP website which is due to launch soon and we’ll provide you with the details.

Your feedback on whether we are providing you with all the information that you need is important to us. We would appreciate your comments on this information pack by email to FOM@dh.gsi.gov.uk or by contacting your PTP Engagement Team representative.
### Abbreviations & Acronyms

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<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AAR</td>
<td>Accelerated Access Review</td>
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<tr>
<td>AHSN</td>
<td>Academic Health and Sciences Network</td>
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<tr>
<td>BSA</td>
<td>NHS Business Services Authority – Supplier Management Function</td>
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<tr>
<td>CCS</td>
<td>Crown Commercial Service</td>
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<tr>
<td>CET</td>
<td>Clinical Evaluation Team</td>
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<tr>
<td>CTSP</td>
<td>Category Tower Service Provider</td>
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<tr>
<td>DH</td>
<td>Department of Health</td>
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<tr>
<td>FOM</td>
<td>Future Operating Model</td>
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<td>ICC</td>
<td>Intelligent Client Coordinator</td>
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<td>NCP</td>
<td>Nationally Contracted Products Programme</td>
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<td>NHSE</td>
<td>NHS England</td>
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<td>NHSI</td>
<td>NHS Improvement</td>
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<tr>
<td>NHS SC</td>
<td>NHS Supply Chain</td>
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<td>PTP</td>
<td>NHS Procurement Transformation Programme</td>
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<td>STP</td>
<td>Sustainability and Transformation Partnership</td>
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<tr>
<td>TUPE</td>
<td>Transfer of Undertakings (Protection of Employment) Regulations</td>
</tr>
</tbody>
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Programme Overview

Background to the PTP and Future Operating Model

As one of the biggest publicly-funded healthcare systems in the world the NHS non-pay spend is approximately £27 billion each year, of which nearly £6 billion is spent on goods (every day hospital consumables, high cost devices, capital equipment and common goods). With this level of spend the NHS should perform as one of the most effective buyers but it is currently unable to leverage its buying power due to the fragmented procurement landscape.

The PTP responds to the Carter Report, published February 2016, which identified unwarranted variation in procurement across the NHS.

NHS Supply Chain (NHS SC) is a nationally co-ordinated end-to-end supply chain function currently provided on an outsourced basis by DHL, under a contract due to end in September 2018. The PTP will establish new contractual arrangements, which will collectively make up the FOM for NHS SC in future.

The FOM will deliver a number of recommendations published in Lord Carter’s report by modernising the NHS SC infrastructure and promoting efficient purchasing and distribution of products.

The aim of the FOM is to realise savings of £2.4bn (from 2015/16 when the PTP programme began) based on an increase in national uptake of NHS SC use during the first five years of operation, with an end-state annual saving of £615m in real terms from 2022/23 onwards.

This will be achieved by (a) reducing product variation as well as pricing variation through category management, and (b) ensuring that NHS needs and objectives are always at the heart of the delivery of the new supply chain model. Customer relationship management is a pivotal function that drives NHS uptake and product switching, and this will be brought in-house to drive the increased use of the NHS SC.

The diagram on page 8 shows the transition of the programme from the current model (with BSA as the managing agent and NHS SC as the customer engagement function) to the new NHS SC as part of the Future Operating Model.
**FOM Basics**

Put simply, the FOM is the design of a new NHS SC service that will deliver improved procurement support to the NHS.

Working as part of the NHS, the FOM will deliver clinically safe, high quality products at the best possible price and support current procurement activity across the NHS.

### The Future Operating Model structure

#### Current procurement routes

- **Procurement through Hubs 40%**
- **Procurement through Trusts 20%**
- **NHS Supply Chain 40%**
- **BSA**
- **DHL**

Current contract expires at the end of September 2018 with the ability to remove some, or all, of the procurement services prior to that date.

#### Move to

- **Intelligent Client Coordinator**
- **Procurement Category Towers**
- **Medical**
- **Capital**
- **Non Medical**
- **Logistics**
- **Transactional Services**
- **Supporting Technology Infrastructure**
Benefits to the NHS

The FOM will flex the tremendous buying power of the NHS through national demand aggregation. This is a key enabler for securing value for money for the NHS and taxpayers.

• Savings will be cash releasing that can be reinvested into front line services.
• The FOM will be a part of the NHS, committed to delivering clinically assured products at the best possible price.
• All NHS organisations will benefit regardless of their level of spend, location or team size.

Quality improvements for Trusts

• A move to procurement Category Tower Service Providers (CTSP) who understand clinical needs, product usage, and customer behaviour will drive product range management, enabling Trusts to optimise choice and reduce product variations.
• Clinical evaluation will take place on an industrial scale within all product categories. This will be driven by robust clinical assurance and approval by a new Product Assurance function within the Intelligent Client Coordinator (ICC).
• Slimming down the excessively large product catalogue used today (a sample of 22 Trusts showed 20,000 different product brands and more than 400,000 manufacturer product codes*) needs close co-operation between clinical staff and procurement specialists.

Using market-leading supply contracts, underpinned by volume commitments, to deliver products that serve recognised clinical pathways and the specific needs of the Trust, will generate the standardised, high quality and economically optimal products for the future.

Service enhancements for Trusts

• An improved account management service will work with Trusts to identify and realise available savings and offer support in product switching.

Benefits to the procurement profession

• The FOM will help Trust procurement teams by simplifying the procurement landscape, allowing them to focus on other more critical areas of spend such as services and estates.
• Centralised procurement and clinical evaluation within the FOM will allow local teams to spend more time on stakeholder management to help drive product switching.

Patients

• Cash releasing savings for reinvestment in front line services.
• Knowledge that best prices are being sought for public money.
• Clinical products are subject to robust clinical evaluation for consistent high levels of safety, quality and value.

Delivering value through innovation

Through effective commercial strategies and commitment to deliver optimum value and benefits for patients and staff, the FOM will transform how the NHS currently procures goods and services. Part of the commercial strategy is to deliver value through innovation; partnering with Accelerated Access Review. This is a health service initiative to create more streamlined channels aimed at “getting patients quicker access to innovative healthcare” by supporting adoption and roll-out of Transformative Products.

The FOM will provide an infrastructure for adoption of Transformative Products through its customer engagement function, as part of its commitment to support Trusts in migrating to products that deliver best value. Together with the Academic Health Science Networks (AHSNs), the FOM has been exploring ways in which it can help with the early stages of the innovative product development cycle. The approach will be for AHSNs to link with the new CTSPs, once their contracts are in place, to build and develop the programme.
Timeline

This timeline shows the PTP phased delivery of the ICC and Category Towers, through to full service launch of the fully functional FOM in October 2018.

Oct 2017
- Intelligent Client Coordinator
- Category Tower 9
  - Non Medical

Apr 2018
- Intelligent Client Coordinator
- Category Towers 1 to 6
  - Medical

Jul 2018
- Intelligent Client Coordinator
- Category Towers 7, 8, 10, 11
  - Capital and Non Medical

Full Service Launch
Oct 2018
- Intelligent Client Coordinator
- Logistics
- Transactional Services
- Supporting Technology Infrastructure
Alignment with National Initiatives

The FOM aligns with and incorporates where applicable all other national procurement initiatives operated by NHS England (NHSE), NHS Improvement (NHSI) and NHS Business Services Authority (BSA) as represented below.

The initiative most closely aligned operationally with the FOM is the Nationally Contracted Products Programme (NCP). NCP is effectively an interim measure to establish principles and working practices in advance of the FOM. More details follow.

Initiatives road map

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Transitions to the FOM</th>
<th>Enablers</th>
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</thead>
<tbody>
<tr>
<td>NHS Supply Chain £300m savings commitment</td>
<td></td>
<td>NHS Clinical Evaluation Team (NHS CET)</td>
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<tr>
<td>Leasing Model Pilots (capital equipment; £40m of leases)</td>
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<td>Getting It Right First Time (GiRFT)</td>
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<tr>
<td>NHS England High Cost Tariff Excluded Devices</td>
<td></td>
<td>Scan4Safety (GS1/PEPPOL data standardisation)</td>
</tr>
<tr>
<td>Nationally Contracted Products (NCP)</td>
<td></td>
<td>Purchase price Index and Benchmark (PPIB) Price variation analysis</td>
</tr>
<tr>
<td>NHS England Zero Cost Innovation Tariff</td>
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<tr>
<td>Trusted Customer</td>
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<td></td>
</tr>
</tbody>
</table>

Initiatives are adopted by relevant Category Tower(s)

Buy price = sell price in FOM

Increased savings (£600m p/a)

Innovation

Bigger deals done by specialist providers

Transparency and comparability

Range rationalisation

National Procurement Transitions to the FOM

Initiatives are adopted by relevant Category Tower(s)
Nationally Contracted Products

NCP is a procurement initiative, led by NHSI and delivered by NHS SC. It is based on standardisation of product range, aggregation and commitment of national demand to deliver cash releasing savings for NHS Trusts. The aim is to achieve a central, rationalised range of products at a single national price.

Trust Chief Executives have committed to adopting NCP products as lower cost alternatives which deliver significant savings, relatively quickly, without compromising quality or patient care.

Product assurance and clinical evaluation underpin the procurement process. Products are selected based on review of the report from the NHS Clinical Evaluation Team (CET) and in consultation with the NHS Trusted Customer where relevant.

NCP has been a success since its launch, with over £2m of annualised savings from the first two products - couch rolls and blunt fill needles. The NCP catalogue is being rolled out to include many more categories during 2017/18.

For the latest information on the NCP programme, visit www.supplychain.nhs.uk/ncp
FOM Commercial

Funding

The operating costs of NHS SC today are financed by the addition of a margin to the product cost, thereby increasing the price charged to Trusts.

This margin recovery model suffers from a lack of transparency however, making it difficult to separate the cost of the product from the price that Trusts pay.

The current funding flow is also complicated as funds flow from DH through NHS England, CCGs and ultimately into tariff to be spent to fund the margin recovery model. Under the FOM these issues will be addressed by way of a top slice model described below.

Top slice principles

Current Funding arrangements

New Service funding arrangements

New Product funding arrangements
FOM: Central Funding – “Top Slice”

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. NHSE and NHSI are responsible for tariff/price setting in the NHS. We are working closely with them to provide the required information to determine how they will apply top slicing to the various funding routes.

Any changes to pricing and tariff structure will go through the normal tariff consultation processes run by NHSE and NHSI.

This will provide Trusts the opportunity to provide feedback and assess the impact of changes on their own organisations. The PTP will not be dictating or mandating the way in which these tariffs are set or adjusted to reflect top slicing.

Timing and Transition

The top slice model will come into effect in April 2019 at the start of the financial year. There will be a transition funding period therefore between the launch of each Category Tower and this date.

During this transition period the margin recovery model will continue using the current level of margin applied by NHS SC.
Buy Price = Sell Price

With the top slicing funding model in place there can be transparency in the cost of the products purchased through NHS SC. This will allow the NHS SC buy price of goods to be passed on to Trusts as the sell price. No margin will be added to cover running costs of the FOM as it will already be funded by the top slicing process.

Savings Recognition

The reduction in national procurement spend is one of the key objectives of the PTP. The new contracts with the CTSPs have been structured to incentivise the delivery of these savings.

Today NHS SC baselines savings on a rolling 12 month period for every product. Savings are measured against the price paid against this baseline.

Under the FOM, an approach based on total system cost will be implemented, where operational and other supply chain efficiencies will be taken into account. In terms of product price, the baseline period will be extended from 12 months to 3 years. This will allow CTSPs to set up longer-term agreements with greater commitment where beneficial.

Contract Strategy

The CTSP contracts are based on open book contract management principles set out by Cabinet Office, termed Guaranteed Maximum Price Target Cost (GMPTC). Such contracts have been successfully implemented across a number of Government departments with management and learning oversight from the National Audit Office.

The contractual payment mechanism comprises two main parts: costs and profit.

Costs

CTSPs will be paid operational costs incurred in performing the services against an annual target set out in the contract.

Profit

CTSPs will only make a profit when savings are delivered on a gain share basis. The level of gain share is directly proportional to the level of savings delivered.

Target savings and gain share are set in the contract. CTSPs are to deliver the target savings as a minimum. To incentivise the delivery of greater savings the gain share payment can increase to double the target for double the level of savings.
Introduction

Implementation of the FOM will see a staged move from existing arrangements between the BSA and DHL concluding on 30 September 2018 when the contract ends.

The management function of the BSA will be combined with the account management function from NHS SC and further developed jointly to form the Intelligent Client Coordinator.
The ICC

The ICC is the management function for the new NHS SC and will be part of the NHS family. It will become the focal point, coordinator and driver of the FOM's commercial objectives and will oversee continuous improvement within overall service delivery.

The vision and purpose of the ICC is to be the strategic procurement partner of choice for the NHS, using the strength of the NHS to get the best quality and value for patients and the public. The values of the ICC are that we are:

- part of the NHS working for and with the NHS
- responsive to the changing world around us
- commercially astute and relentlessly competitive
- clinically engaged and focused on outcomes.
**Category Towers**

The overall procurement function comprises 11 separate structures called Category Towers, each of which will come under a separate contract with the NHS.

The scope of each Category Tower in terms of products was developed in consultation with the NHS.

The procurement Category Towers are:

<table>
<thead>
<tr>
<th>Category</th>
<th>Towers</th>
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<tbody>
<tr>
<td>Medical</td>
<td>Ward Based Consumables</td>
</tr>
<tr>
<td></td>
<td>Sterile Intervention Equipment and Associated Consumables</td>
</tr>
<tr>
<td></td>
<td>Infection Control and Wound Care</td>
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<tr>
<td></td>
<td>Orthopaedics, Trauma and Spine, and Ophthalmology</td>
</tr>
<tr>
<td></td>
<td>Rehabilitation, Disabled Services, Women’s Health and Associated Consumables</td>
</tr>
<tr>
<td></td>
<td>Cardiovascular, Radiology, Audiology and Pain Management</td>
</tr>
<tr>
<td>Capital</td>
<td>Large Diagnostic Capital Devices including Mobile and Consumables</td>
</tr>
<tr>
<td></td>
<td>Diagnostic Equipment and Associated Consumables</td>
</tr>
<tr>
<td>Non Medical</td>
<td>Office Solutions</td>
</tr>
<tr>
<td></td>
<td>Food</td>
</tr>
<tr>
<td></td>
<td>NHS Hotel Services</td>
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</table>
Transition Period

Following contract award there is a transition period of six months prior to the go live of the CTSP. This is to ensure the CTSPs are ready to take on the operational responsibility of the Category Tower from the current NHS SC.

Product ordering, delivery and customer service will continue as normal during this period.

Programme activities during the transition period include:

- managing TUPE arrangements where applicable
- developing the category strategies
- establishing IT and system links
- developing and testing of processes for operational readiness.

Existing procurement team staff from NHS SC will, where possible, TUPE across to the CTSP from the go live date.
Logistics

There will be one single national logistics provider under the FOM including the home delivery service.

The warehouses, systems, vehicle fleet and all other assets currently used by NHS SC belong to the NHS and will be operated by the new provider. Eligible staff will TUPE across to the new provider under the new contract when it goes live on 1 October 2018. These two factors will help ensure continuity of service under the FOM.

Service levels, delivery profiles and lead times will be maintained initially, although the level of contractual service credits applicable are greater than those under the NHS SC today to incentivise performance.

As the volume of products fulfilled through NHS SC increases under the FOM, the logistics infrastructure will be changed to meet demand whilst maintaining service continuity.

Under the enhanced logistics service Trusts will benefit from:

- less fragmentation of deliveries, fewer vehicle unloads, and greater consolidated invoicing
- continued requisition point ordering and picking
- home delivery service will continue and may expand as NHS organisations and local councils develop shared services within their Sustainability and Transformation Partnerships (STPs).
Transactional Services

Transaction Services will be delivered initially using current assets, systems and technology as owned by the NHS. Relevant staff within the NHS SC will TUPE across to the Transactional Services provider when the service goes live on 1 October 2018.

Under the FOM there are two main objectives for Transactional Services:

a) maintain and deliver current Transactional Services using existing systems, networks etc, including delivery against any ongoing projects at that time

b) collaborate with the FOM and NHS customers to ensure services are developed and improved over the contract term.

The services provided by the Transactional Services provider will include:

- accounts payable – ensuring prompt and accurate payments to suppliers of the FOM
- accounts receivable – invoicing and receipting of payments from all our Trusts
- query management – rapid resolution of any invoicing or payment queries from either our suppliers or Trusts.

A Transactional Services strategy will be developed and agreed with the ICC during the transition period between contract award and go-live.
Supporting Technology Infrastructure

IT services will be delivered initially using current assets, systems and technology as owned by the NHS. Relevant staff within the NHS SC will TUPE across to the IT service provider when the service goes live on 1 October 2018.

Under the FOM there are two main objectives for IT services:

1) maintain and deliver current IT service using existing systems, networks etc., including delivery against any ongoing IT projects at that time. The FOM will continue to work with all the stakeholders to provide enhanced capture, analysis and publication of spend data.

2) deliver a range of benefits during the first two years via three main transformation projects which will see the implementation of:

   i. an order management system
   ii. a common warehouse management system (WMS) across the estate
   iii. an integration platform across the estate.

IT strategy and roadmap will be developed and agreed with the ICC during the transition period between contract award and go-live.
Category Strategies

Category strategies are a key CTSP deliverable and subject to approval from the ICC prior to implementation. This will ensure aspects such as resilience, market dynamics and supplier behaviour are addressed to the satisfaction of the ICC on behalf of the NHS.

As the CTSPs develop their category strategies they will have access to the current NHS SC strategies. Trust input will be captured through consultation with the NHS Trusted Customer where established for applicable categories.

‘Category Councils’ will be established to become an important part of how the ICC undertakes category management and will be crucial to its governance. The Councils will be cross-functional by design and membership will comprise key representatives from across the different functional areas including Product Assurance, Customer, Finance, Logistics etc.

Each Category Council will focus on a particular group of product categories and their responsibility will be to instigate, plan, review, approve and ultimately implement 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.

The Councils’ aims will be to:

• ensure category management strategies balance considerations such as commercial, clinical usability and budget
• enable innovative category thinking to be brokered and impacts discussed
• ensure that the ICC recognises differing functional interests and achieves best value for NHS Trusts
• act as a unified team, to shorten decision timescales and highlight issues quickly.
Clinical Evaluation

Product and clinical evaluation is a key component of the FOM and is the responsibility of the CTSPs under the governance of the Product Assurance Team. This includes engagement with clinicians, professional bodies and other key national stakeholders as required, to understand and respond to their needs.

This activity will supersede and industrialise the work performed currently by the NHS Clinical Evaluation Team across all Category Towers.

Product Assurance

Product Assurance is a new and important governance function under the FOM.

Its primary responsibility is to ensure that the CTSPs have the appropriate processes in place to assure that products supplied to the NHS are of sufficiently high quality and are appropriate to meet the needs of patient care across the NHS.

A clinically led assurance team within the ICC will represent the clinical interests and expertise of the NHS as a whole. It has an essential role in encouraging and supporting clinical and procurement leaders to drive change and innovation in the provision of clinical products to deliver quality, safety and value for the NHS.

Product Assurance will also feed a clinical view into range management to ensure the wider patient need is understood.

Customer Engagement

Greater levels of Trust engagement will cover all aspects of the service and there will be a nominated engagement lead for every Trust.

The ICC is committed to providing the following:

- increased engagement and level of service for smaller and non-acute Trusts: all Trusts will have a designated engagement manager providing support and links into the wider supply chain
- a robust product and savings pipeline methodology tailored to each Trust through a greater analytics capability, providing confidence in CIP submissions and reporting
- a continuous improvement team dedicated to gathering customer feedback and developing a joined-up Trust experience
- a single point of contact by way of the nominated engagement manager linked in to product, clinical, procurement, and savings calculation expertise from the ICC and CTSPs.
Service Provider Performance and Contract Management (SPPCM)

Through the FOM, a world class supply chain organisation will be created for the NHS, accountable for its performance to the NHS and sponsor organisations.

The FOM's SPPCM activities span:

- performance and contract management of CTSPs
- performance and contract management of the Logistics service provider; and
- re-procurement activities and transition to new service providers.

The function’s responsibilities include:

- strategic supplier relationship management of suppliers that provide products across multiple Category Towers
- building category strategies which take into account Trusts’ priorities, needs and demands.
Introduction
The CTSP for Office Solutions is Crown Commercial Service (CCS). The contract was awarded in March 2017.

Category Tower Service Provider Overview
CCS is the UK’s biggest public procurement organisation, helping central government, the wider public and charitable sectors’ customers save time and money when buying common goods and services. CCS is a trading fund and Executive Agency of the Cabinet Office. CCS manages over £12bn of public sector expenditure, which includes £2.2bn across the NHS.

Within office supplies CCS manages a spend in excess of £40m through its frameworks, working with more than 70 Trusts. Wider central government buying power added to the NHS buying power produces greater market leverage.

Approach
The NHS market for office supplies is currently fragmented: NHS SC currently manages around 40% and the remaining 60% is sourced through a variety of direct agreement and shared framework channels. Over the course of the contract for Office Solutions, CCS will work with Trusts to build a central procurement route through NHS SC to achieve greater aggregation.

CCS will work with the NHS to ensure that opportunities are realised, some of these will include:

- enabling a full direct delivery desktop service as part of the FOM
- extending the scope of Office Solutions to include products and services the NHS often combines with stationery supply – e.g. managed print services and multi-functional devices (MFDs)
- obtaining reduced prices
- implementing NCP principles where applicable to drive value and uptake.
NHS Involvement

CCS will work primarily with the NHS Trusted Customer for office supplies, Northampton General Hospital NHS Trust, to develop effective consultation with NHS customers. Specific Trusts will be identified as beneficiaries of improved services and costs, and close links established to act as case studies to assist with wider adoption.

Savings Plan

<table>
<thead>
<tr>
<th>CCS Target Saving</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Initial 3 Year Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>£550k</td>
<td>£1.5m</td>
<td>£2m</td>
<td></td>
<td>£4.05m</td>
</tr>
</tbody>
</table>

CCS plans to deliver savings opportunities using the following mechanisms:

- price benchmarking
- e-auctions and further competitive tendering on an NHS-wide, committed basis
- revising the core range of products
- product switching
- contracting new suppliers and frameworks
- increasing the range of service offerings.
Trust Preparation and Guidelines

From a Trust perspective, none of the processes for interacting with NHS Supply Chain will change when CCS becomes the Office Solutions Service Provider from 1 October 2017.

The way in which you order from the online catalogue, the information you see on the NHS SC website, invoicing, payment, query resolution, speaking with customer service advisors or your account manager, and managing deliveries and returns – none of this will change.

If you would like a detailed discussion about Office Solutions products, please raise this with your NHS SC account manager.

If you have any queries about the PTP or ongoing transformation and change, contact your PTP Engagement Team Manager or email FOM@dh.gsi.gov.uk

To make the best use of the FOM and increase uptake we would suggest Trusts follow these guidelines:

• in terms of renewing existing deals or entering into new ones, ensure there is sufficient flexibility in terms of exclusivity and/or break clauses such that you are able to adopt the FOM as the introduction of a national procurement initiative

• engage with your NHS SC account manager to understand what Office Solutions deals you can take advantage of, and how they can contribute to your cost improvement plan

• ensure that you understand the national category strategy for Office Solutions and plan your procurements to align

• Trust-level savings opportunities will be identified by NHS SC account managers as part of the usual contract launch process using the current methodologies (e.g. Compare & Save).

NCP Alignment

The first NCP within the Office Solutions Category Tower will be copier paper. The expectation is that other products will be added. Updates will appear on the NHS SC website at www.supplychain.nhs.uk/ncp
Questions and Answers

a) We currently use the CCS frameworks directly, what changes after 1 October?

For Trusts that use CCS directly via its own frameworks there is no change in the current ordering process. This will transition across to the NHS SC ordering system in the coming months. Further details and advance notice will be provided at that time.

b) What happens to open orders when CCS goes live?

There will be no change to open orders when CCS goes live. Continuity of service and supply to the NHS via current NHS SC fulfilment routes will be maintained.

c) Is desktop delivery available now?

NHS SCs current service offering does not include a desktop delivery service element.

As part of their category strategy, CCS will assess the potential benefits of bringing desktop delivery service options into the NHS SC.

d) How does the Office Solutions category strategy align with the NCP programme?

CCS has been collaborating with NHS SC over recent months with current procurement strategy and planning. CCS will continue to deliver on this activity from 1 October onwards.

e) Will the current range of products change?

No changes are planned at the outset but CCS are committed to reviewing this and consulting with the NHS Trusted Customer.
Your feedback on whether we are providing you with all the information that you need is important to us. We would appreciate your comments on this information pack by email to FOM@dh.gsi.gov.uk or by contacting your PTP Engagement Team representative.

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