

Supplier frequently asked questions

The following is a list of supplier frequently asked questions about the new NHS Supply Chain operating model.

This is an evolving document, updated periodically with the latest updates made on **15 May 2019**.

If you have a question that you would like answered, email suppliers@supplychain.nhs.uk

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Background

1. What is the NHS Supply Chain operating model?

The new NHS Supply Chain operating model, formerly known as the future operating model, is the design of a new supply chain service that will deliver clinically assured, high quality products at the best value and support procurement activity across the NHS. As one of the biggest publicly-funded healthcare systems in the world, the NHS currently spends £5.7 billion on everyday hospital consumables, common goods, high value healthcare consumables and capital medical equipment.

The overall aim of the new NHS Supply Chain is to leverage the collective buying power of the NHS to provide clinically assured products at the best value which meet the diverse needs of NHS organisations, our patients and public.

2. Where did this change originate from?

Lord Carter's report in 2015 into efficiency and productivity in the NHS identified unwarranted variation in procurement across the NHS, resulting in the need to improve operational efficiencies to transform an already fragmented procurement landscape. This was to be achieved via the Procurement Transformation Programme (PTP) established by the Department of Health and Social Care, to undertake this transformation and deliver a new NHS Supply Chain.

3. What did the PTP set out to do?

The PTP was tasked to deliver a new operating model, replacing the existing NHS Supply Chain contract with NHS Business Services Authority and DHL Supply Chain Limited by March 2019. The aim of the new operating model is to ensure NHS needs and objectives are at the heart of the delivery of a new supply chain service. The new NHS Supply Chain service will reduce unwarranted price variation and work to increase product range optimisation across the NHS, increasing value for money and providing more consistency in both clinical and patient experience.

4. What will the new model look to achieve?

The new operating model will:

- leverage the buying power of the NHS at national level
- realise savings of £2.4 billion over five years (from 2015/16) which can be reinvested back into frontline services
- increase usage of NHS Supply Chain from 40% to 80%.

To minimise impact for customers, implementation of a new NHS Supply Chain was via a phased approach throughout 2018/19 helping to provide NHS Trusts, Suppliers, and the current service with time to prepare and continue as business as usual. Once the category towers and enabling services are embedded their strategies would be implemented and include product optimisation and better value for money.



5. What are the key benefits?

There are number of key benefits the new NHS Supply Chain will bring to NHS trusts and suppliers, these include:

NHS Trusts

- Savings channeled back to frontline services
- Release more time for core clinical activities
- Greater NHS clinical involvement in purchasing decisions
- More effective introduction of new products

Suppliers

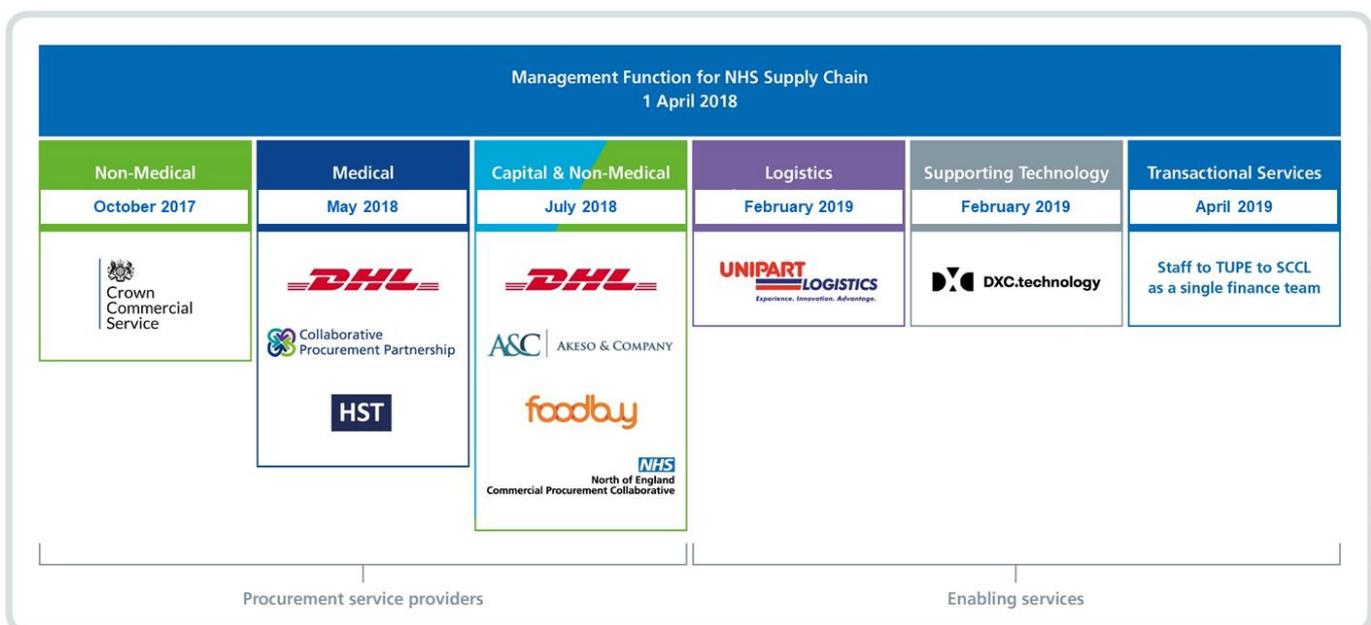
- Lowering sales and marketing costs
- Single route into the national market
- A joined-up approach across the NHS
- Clear route for innovative products

6. When did the new model 'go live'?

On 1 April 2018, a new commercially astute management function called Supply Chain Coordination Limited (SCCL), a government-owned limited company went 'live' and is part of the NHS family. The office will be the central delivery function of the model, driving commercial objectives and overseeing continuous improvement within overall service delivery.

11 specialist service providers and two enabling service providers for logistics and supporting technology, each having a separate contract with the NHS

All are now live and operational as below:



Supply Chain Coordination Limited (SCCL) is the management function of the NHS Supply Chain

Registered in England No: 10881715. VAT No: 290 8858 54 Registered Office: Skipton House, 80 London Road, London, United Kingdom, SE1 6LH

General principles

7. What do the changes mean for suppliers?

The new NHS Supply Chain represents a significant change in the way in which the NHS purchases goods, and therefore provides various new opportunities for suppliers including:

- aggregation of demand could offer larger volume opportunities
- lower cost of resources through a reduced number of interactions with Trust procurement teams as the new model serves as a single point of contact for supplying into the NHS
- clinical assurance that products are being procured based on user requirements, not unit price
- sales commitment will make business and production planning easier
- service providers are incentivised to reduce total cost in the system and not just focus on reducing unit price
- a streamlined procurement landscape that will reduce the burden of multiple tenders.

8. Does a move towards standardisation and aggregation intend to drive suppliers out of the market?

No. NHS Supply Chain's main aim is to re-structure the procurement and supply chain delivery model to simplify the landscape, reduce spend and consolidate purchasing power. The current unwarranted variation of products and prices between Trusts is not sustainable for suppliers and the NHS.

In 2016 the NHS Supply Chain catalogue listed over 300,000 transacted products, whilst the average NHS Trust only uses around 9,000 per annum.

The move towards standardisation, aggregation and (where appropriate) commitment will be implemented intelligently to ensure there is a sustainable market. Any rationalisation of product ranges will use clinical evaluation to ensure that the needs of the NHS are still being met and catered for. However, due to the scale of change and whilst processes are being embedded, it may be that in the short-term suppliers see little change.

9. Will NHS Supply Chain be working in the community space?

Yes. NHS Supply Chain works in the community space with its home delivery service for continence products, managed by the new logistics provider. Longer term, NHS Supply Chain is considering opportunities to expand this service. The recent rebranding of the Department to include Social Care has highlighted this opportunity.

10. How does NHS Supply Chain meet the needs of clinicians?

NHS Supply Chain has Clinical and Product Assurance functions embedded within it, both at procurement Category Tower level and within the management function of NHS Supply Chain.

Each Category Tower has a team which undertakes clinical engagement to ensure that quality products are supplied at the best value to the NHS.



The Clinical and Product Assurance function will provide assurance and ensure the evaluation process at the Category Tower level is consistent. Procurement is informed and shaped by input from national bodies such as Getting It Right First Time and Trusted Customer.

Structure

11. Who is Supply Chain Coordination Limited (SCCL)?

SCCL is a commercially astute management function and government-owned limited company. The new management function alone has a scale comparable to that of a FTSE 250 business with over £2.2 billion worth of services and assets.

SCCL will have oversight and operational management of the new contracts and services along with customer engagement activities as well as being responsible for:

- the central service delivery management function for NHS Supply Chain
- a key enabler for delivering better service, quality and savings
- the overseer of clinical evaluation within the towers through the Clinical and Product Assurance function
- ensuring a consistent approach across all tower
- a central co-ordination point for customer and supplier interface.

12. What is the role of the category towers?

The 11 category Towers are the category specialist procurement function of NHS Supply Chain. They will undertake the clinical evaluation of products and run procurement processes on behalf of NHS Supply Chain. These providers will deliver clinical and non-clinical assured, high quality products at the best value using category management techniques to create strategies that sustainably provide the NHS with clinically assured products at the best value.

13. How will the logistics contract be provided?

Unipart were awarded the logistics contract in collaboration with Movianto who provide elements of the Home Delivery Service. The warehouses, systems, vehicle fleet and all other assets currently used by NHS Supply Chain belong to the NHS and are operated by Unipart. There remain different delivery mechanisms depending on a product's category, however all products stocked in NHS Supply Chain warehouses and Blue Diamond products are delivered through the logistics provider.

Initially from the new contract start date of February 2019, suppliers and customers will continue to receive the level of service they previously enjoyed. As the volume of products through NHS Supply Chain changes and services develop, the logistics infrastructure will change to meet demand, ensuring service is maintained and the future needs of the NHS are met.

The only change that may affect suppliers is applicable to those using our inbound service which has moved from Colville to Coventry.



Category Tower Service Providers

14. How do the Category Towers work together?

The Category Tower Service Providers (CTSPs) will work on common systems and to common set standards. They are centrally managed via the management function of the NHS Supply Chain. The central co-ordination will ensure that the Category Towers deliver a consistent service, particularly for suppliers who operate across multiple towers.

15. Where do my products sit within the Category Tower?

You can find a list of which frameworks sit in each Category Tower on the Categories webpage:

<https://www.supplychain.nhs.uk/categories/>

16. Do I have to implement different pricing policies for each Tower?

From 1 April 2019, the NHS Supply Chain's Centrally Funded Customers (CFCs) will see a catalogue price reduction, due to the removal of operating margin on products. This change is due to the introduction of CFCs national tariff contribution to the central funding for the NHS Supply Chain.

For Non-Centrally Funded Customers (NCFCs) who are not subject to the national tariff contribution, there will be no change to pricing. NCFCs will continue to see margin applied on products.

This does not affect suppliers and therefore any differing sell price policies will apply to specific customer groups only. Suppliers are expected to offer upfront pricing, with no retrospective volume or value related rebates to ensure transparency.

17. Are there different ways of working within each Tower?

Each Category Tower different types of procurement strategies may be employed in line with that tower's category strategy, for example a mix of framework agreements and commitment contracts.

18. How do procurement decisions focus on value, productivity and efficiency rather than unit cost?

No procurement is undertaken solely based on unit cost. All procurement activity is based firstly on establishing the requirements of the customer for the specific product or service being procured. CTSPs work with Health and Care professionals across the NHS to determine their requirements which is assured by the Clinical and product Assurance (CaPA) team. CTSPs will also work with suppliers to understand for example market capacity, which enables them to match this to NHS customer requirements. Once this is complete the CTSP's will set out their procurement strategy which will be based upon value for money, fitness for purpose, patient safety security of supply (and maintaining a healthy supply market) and whether it meets customer need.



19. Who manages each Tower?

	Category Tower	Products and Services	Awarded CTSP
Medical	Tower 1	Ward Based Consumables	DHL Life Sciences and Healthcare UK
	Tower 2	Sterile Interventions Equipment and Associated Consumables	Collaborative Procurement Partnership LLP
	Tower 3	Infection Control and Wound Care	DHL Life Sciences and Healthcare UK
	Tower 4	Orthopaedics, Trauma and Spine, and Ophthalmology	Collaborative Procurement Partnership LLP
	Tower 5	Rehabilitation Disabled Services, Women's Health and Associated Consumables	Collaborative Procurement Partnership LLP
	Tower 6	Cardio-vascular, Radiology, Endoscopy, Audiology and Pain Management	HST
Capital	Tower 7	Large Diagnostic Capital Equipment including Mobile and Services	DHL Life Sciences and Healthcare UK
	Tower 8	Diagnostic, Pathology and Therapy Technologies, and Services	Akeso and Company
Non Medical	Tower 9	Office Solutions	Crown Commercial Service
	Tower 10	Food	Foodbuy
	Tower 11	Hotel Services	NHS North of England Commercial Procurement Collaborative



20. Who are the CTSPs?

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

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

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

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

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

Foodbuy is a leading food procurement organisation based in the UK. With over £1 billion 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. They work 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.

NHS North of England Commercial Procurement Collaborative has an established award-winning track record, delivering procurement services over the last decade. Established in 2007, and wholly owned by the NHS, they work with NHS organisations to harness their buying power and influence the market to put in place competitive framework agreements.



21. How do I contact CTSPs?

Product and Services	Contact details
Ward Based Consumables	CustomerServiceQueries_CategoryTower1@supplychain.nhs.uk
Surgical, Sterile Intervention Equipment and Associated Consumables	CPPsupport@supplychain.nhs.uk
Infection Control and Wound Care	CustomerServiceQueries_CategoryTower3@supplychain.nhs.uk
Orthopaedics, Trauma and Spine, and Ophthalmology	CPPsupport@supplychain.nhs.uk
Rehabilitation, Disabled Services, Women's Health and Associated Consumables	CPPsupport@supplychain.nhs.uk
Cardio-vascular, Radiology, Endoscopy, Audiology and Pain Management	CustomerServiceQueries_CategoryTower6@supplychain.nhs.uk
Large Diagnostic Capital Equipment including Mobile and Services	CustomerServiceQueries_CategoryTower7@supplychain.nhs.uk
Diagnostic, Pathology and Therapy Technologies, and Services	Pathology Pathology@supplychain.nhs.uk Dental Dental_Enquiries@supplychain.nhs.uk Renal Renal@supplychain.nhs.uk Capital Akeso@supplychain.nhs.uk Defibrillation Public Access Defibs4Schools@supplychain.nhs.uk
Office Solutions	Office.Solutions@supplychain.nhs.uk
Food	Customercare@foodbuy.eu
Hotel Services	HotelServicesSuppliers@supplychain.nhs.uk



Category strategies

22. What are category strategies?

A category strategy sets out the approach the CTSP will take to managing a specific product category area. Category strategies are a key CTSP deliverable and subject to approval from the management function of the NHS Supply Chain through the Category Council prior to implementation. This will ensure aspects such as resilience, market dynamics and supplier behaviour are reviewed and approved by functional leads including CaPA, Finance, SRM.

23. How are suppliers involved in category strategies?

CTSPs need to ensure that their category strategies reflect the marketplace for their products. CTSPs will engage with suppliers to gain their understanding of market dynamics, key players, supplier segmentation and wider issues affecting the supplier piece.

24. How are category strategies be 'future-proofed'?

CTSPs work collaboratively with all key stakeholders within a given market to horizon-scan for potential technological improvements, and future product and patient pathway improvements. Regular engagement with suppliers during the lifetime of the contract will ensure that they are abreast of any market developments and in touch with their suppliers.

25. How is it decided which products are stocked in NHS Supply Chain distribution centers?

This will be decided through the category strategies developed by the CTSPs and the relevant functional lead. The route to market is influenced by several factors and it is the role of the CTSP, working collaboratively with the logistics provider to develop strategies to best meet the requirements of the NHS.

Innovation

26. What part does innovation play in the Category Towers?

Part of NHS Supply Chain's commercial strategy is to deliver value through innovation. The CTSP contracts are designed to incentivise an innovation that can be shown to deliver whole system value to the NHS.

27. What support does NHS Supply Chain have in delivering innovation?

The recently launched HealthTech Connect is a platform that will provide an accelerated route to market for innovative products. It has been developed by NICE with funding from NHS England. A range of partner organisations have helped to develop the system including industry associations ([ABHI](#), [AXREM](#), [BIVDA](#)), [NIHR](#) and the [NIHR Innovation Observatory](#), the [AHSN network](#), [Office for Life Sciences](#), [MHRA](#), [NHS Clinical Commissioners](#), [NHS Supply chain](#) and the devolved administrations in Wales, Scotland, and Northern Ireland.

HealthTech Connect aims to reduce the duplication and complexity involved in adopting a health technology in the UK. It is a clear and simple point of entry for health technologies to access support and national evaluation programmes.



It helps national organisations that support the development of health technologies, or that have a responsibility for issuing guidance, advice and policies about health technologies, to better identify them. This helps the UK health and care system to better plan for the introduction and adoption of health technologies (for example by reconfiguring services, or enabling reimbursement), which enables quicker, better-informed decision-making.

It also enables transformative technologies to be identified and fast tracked through relevant processes with the [Accelerated Access Collaborative](#).

28. How can you encourage innovation and reduce variation at the same time?

In many cases, innovation will be a better substitute for one or more existing products on offer. Therefore, innovation and reduced variation are not mutually exclusive, so can operate at the same time.

Contracts, Frameworks, and Agreements

29. What happens to legacy NHS Supply Chain Frameworks?

Legacy NHS Supply Chain frameworks continue to operate and were novated into the name of SCCL on 1 April 2019. This ensures that routes to market for NHS Trusts remain open. The relevant CTSP will act as the agent of all future contracts.

30. How can legacy NHS Supply Chain Frameworks operate under SCCL as the agent of the contract?

The previous iteration of NHS Supply Chain was DHL acting as an agent for the NHSBSA. In the new NHS Supply Chain, this agency arrangement will transfer to the relevant Category Tower Service Provider. Existing frameworks were novated from the NHSBSA to SCCL, the management function, on 1st April 2019, with the consent of all contracting parties.

31. CPP have won three Category Towers, but have their own existing frameworks outside of NHS Supply Chain, which framework prevails?

All CTSPs will be reviewing their portfolio of contracting arrangements considering both those that were put in place prior to the new NHS Supply Chain, and the ones they inherited on becoming a CTSP. They will then decide which arrangements they will use in the future, and will be liaising with suppliers during this process.

This could mean that they decide to use:

- existing NHS Supply Chain frameworks
- inherited frameworks
- completely new frameworks



32. Am I no longer able to supply product on an existing CPP framework for a Category Tower they have not won?

All existing CPP frameworks that are within the scope of products that NHS Supply Chain contract will have been novated to SCCL on 1 April 2019 with consent of all contracting parties. They will then be reassigned to the relevant CTSP for that product range to be managed as per question 31 above.

33. Will the CTSPs continue with procurements that fall outside the scope of NHS Supply Chain?

Yes, whilst CTSPs are unable to compete with NHS Supply Chain, they can continue to deliver services that are outside of scope.

34. I have retrospective rebates/bespoke pricing/contract agreements in place that are still in date. Will these agreements be honoured? What is my legal position?

Existing agreements in place will be honoured, however under NHS Supply Chain there will be a move towards greater transparency. When trading with the management function of the NHS Supply Chain, suppliers are expected to offer up front pricing, with no retrospective volume or value related rebates in most categories. CTSPs will work with suppliers to manage out these types of arrangements, where practicable from existing contractual arrangements.

35. I am not on a supply chain framework, am I locked out of the market?

No, you will be able compete in a tender process once a framework is renewed, or if a new framework is taken to market for tender. If you are unsure of who to speak to please use suppliers@supplychain.nhs.uk to enquire and you will be put in touch with the correct team.

36. What is happening with contracts/frameworks that CTSPs have previously established?

Contracts/frameworks put in place by CTSP's prior to the new NHS Supply Chain, which compete with the model have been novated to the new NHS Supply Chain and reassigned to the relevant CTSP to be managed as per question 31 above.

37. Has novation changed any facet of these frameworks?

The CTSPs continue to manage these frameworks and they can determine if they wish to continue to use them, or whether they replace them over time.

The main change to all arrangements was the inclusion of GDPR, although CTSPs may have included these before novation occurred. This was required due to the Government policy to include GDPR in all Government contracts by 25 May 2018. Any further changes made were done so on a case by case basis through discussions with Suppliers.



Communications

38. Will the NHS Supplier Board still be held?

Yes, the NHS Supplier Board will continue to operate on a quarterly basis.

39. Will the Supplier Portal still be in operation?

Yes. The NHS Supply Chain Supplier Portal will continue to be used by the Inventory team.

40. Do 11 different CTSPs result in 11 different catalogues?

No. There is one centralised online national catalogue. Suppliers will be required to provide images and product details to support their catalogue entries in a similar way to their current online profile.

41. Is a print catalogue still used?

We no longer produce a full range print catalogue as part of our commitment to support the NHS to become a paperless organisation but where appropriate category specific brochures may be created.

42. What advertising opportunities exist for me as a supplier?

The management function communications team will be in touch with all advertising opportunities as they arise.

43. How will I hear about news from all the Category Towers?

The management function's Supplier Relationship Management Team supports the CTSPs supplier relationship management events as well as the Team's own programme of events. In addition, the supplier newsletter produced monthly provides news and updates from the CTSPs. The newsletter can be downloaded here: <https://www.supplychain.nhs.uk/suppliers/>

Small-Medium Enterprises (SMEs)

44. Is NHS Supply Chain a friendly place for SMEs to do business?

NHS Supply Chain is committed to meeting the government target of 33% of public expenditure being placed with SME organisations across Tiers 1, 2 and 3. Last financial year we sat at 35.4% and this is something we are very proud of.

SCCL has ensured SMEs will be included in the new NHS Supply Chain by way of a SME specific KPI in all CTSP contracts. In addition, SCCL is setting up an 'SME Special Interest Group' to learn about any barriers to market for SMEs. For more information please contact suppliers@supplychain.nhs.uk

In addition, we are committed to delivering a series of regionally held SME roadshows as well as a schedule of events hosted by the Federation of Small Businesses. These events are intended to inform and educate smaller businesses about the new NHS Supply Chain and how to get involved. For more information please contact suppliers@supplychain.nhs.uk



45. What if I am unable to supply the national demand for my product? Am I frozen out of the market?

All category strategies are specific to the market conditions, the profile of the supplier base and customer demand. This means national demand will be delivered against a variety of different sourcing strategies. Where appropriate, opportunities for splitting national demand will mean those suppliers with limited production capacity but who can offer quality and value to the NHS, will not be restricted in their provision of products. However, commitment contracts will be targeting heavily commoditised products, spaces where SMEs are typically less likely to operate.

46. I am an SME and have previously engaged with one point of contact in NHS Supply Chain/ CPP. Will I now have to engage with multiple contacts?

If you provide products across more than one NHS Supply Chain framework, you will be familiar with engaging with different buying teams. As such, your frameworks may continue to sit across different buying teams and maybe even across more than one CTSP but you will retain the same number of face-to-face contacts.

47. Where will SMEs find opportunities in NHS Supply Chain?

There is a determination to remove barriers to trading with the NHS, and to ensure all suppliers, whether large or small have equal and fair access to supply opportunities within the NHS. NHS Supply Chain has been structured to simplify engagement with category specialists, who have expertise of their product category as well as the capability to trade with larger volumes than the current NHS Supply Chain, both of which will benefit SMEs.

SMEs will also benefit from a quicker route for evaluation of innovative products that offer measurable benefits to patients or the health and care system compared to current routine practice in the UK through HealthTechConnect.

Other national initiatives

48. Does the procurement exercise align with GIRFT and HCTED approaches in each specialty to ensure consistency?

SCCL is working with colleagues from NHSI and NHSE on both the Get it right First Time (GIRFT) and High-Cost Tariff Excluded Devices (HCTED) initiatives. As part of our efforts to join up and collaborate across the health sector, NHSI executives sit on the SCCL Board.

49. How are NICE involved in clinical decision making?

NICE host HealthTech Connect, the innovation pathway for suppliers which will be used by CTSP's to inform decisions.



50. What is HealthTech Connect?

HealthTech Connect is a secure online system for identifying and supporting health technologies as they move from inception to adoption in the UK health and care system. It is intended for medical devices, diagnostic and digital health technologies that:

- offer benefits to patients or healthcare professionals that are not already offered by technologies used in the UK or
- provide a direct system or resource benefit to the UK health and care system

It is not intended to be a catalogue of all available health technologies. For more information visit <https://www.healthtechconnect.org.uk/about-healthtech-connect/>

