



*NHS Purchasing  
and Supply Agency*

# Selling to the NHS

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# Context

- the NHS modernisation agenda
- who makes the purchasing decisions?
- the role of the NHS Purchasing and Supply Agency modernising NHS procurement
- the role of NHS Logistics Authority
- Supply Chain Excellence Programme
- future of public procurement
- selling to the NHS

# The NHS explained... (in a nutshell)



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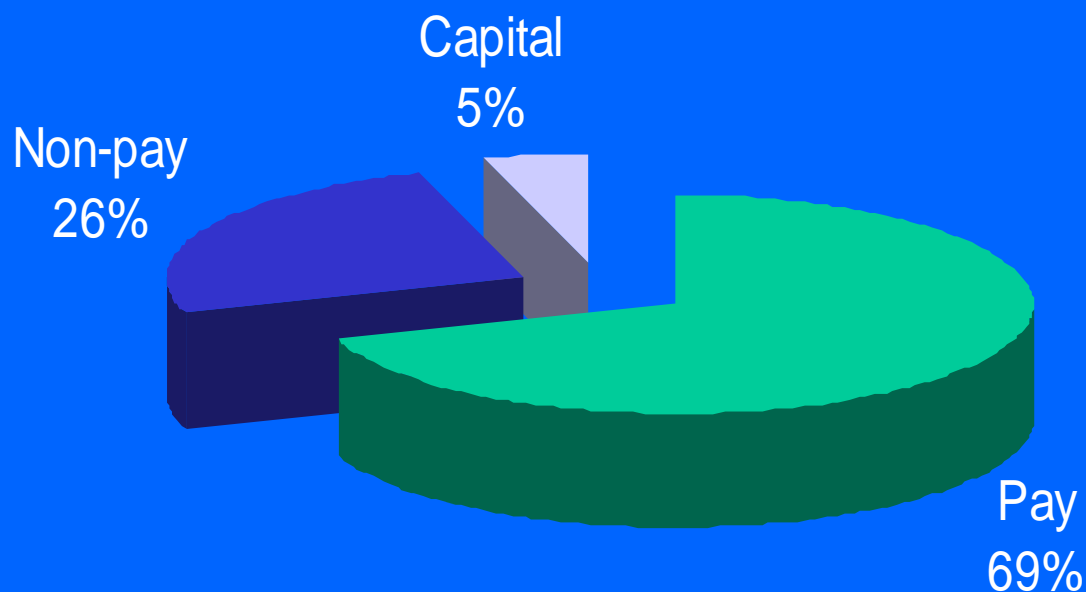
- White paper – The New NHS
- First class service
- NHS Plan
- Shifting the Balance of Power
- Delivering the NHS Plan
- Reforming NHS Financial Flows



[www.doh.gov.uk](http://www.doh.gov.uk)

# The NHS in perspective: Budget

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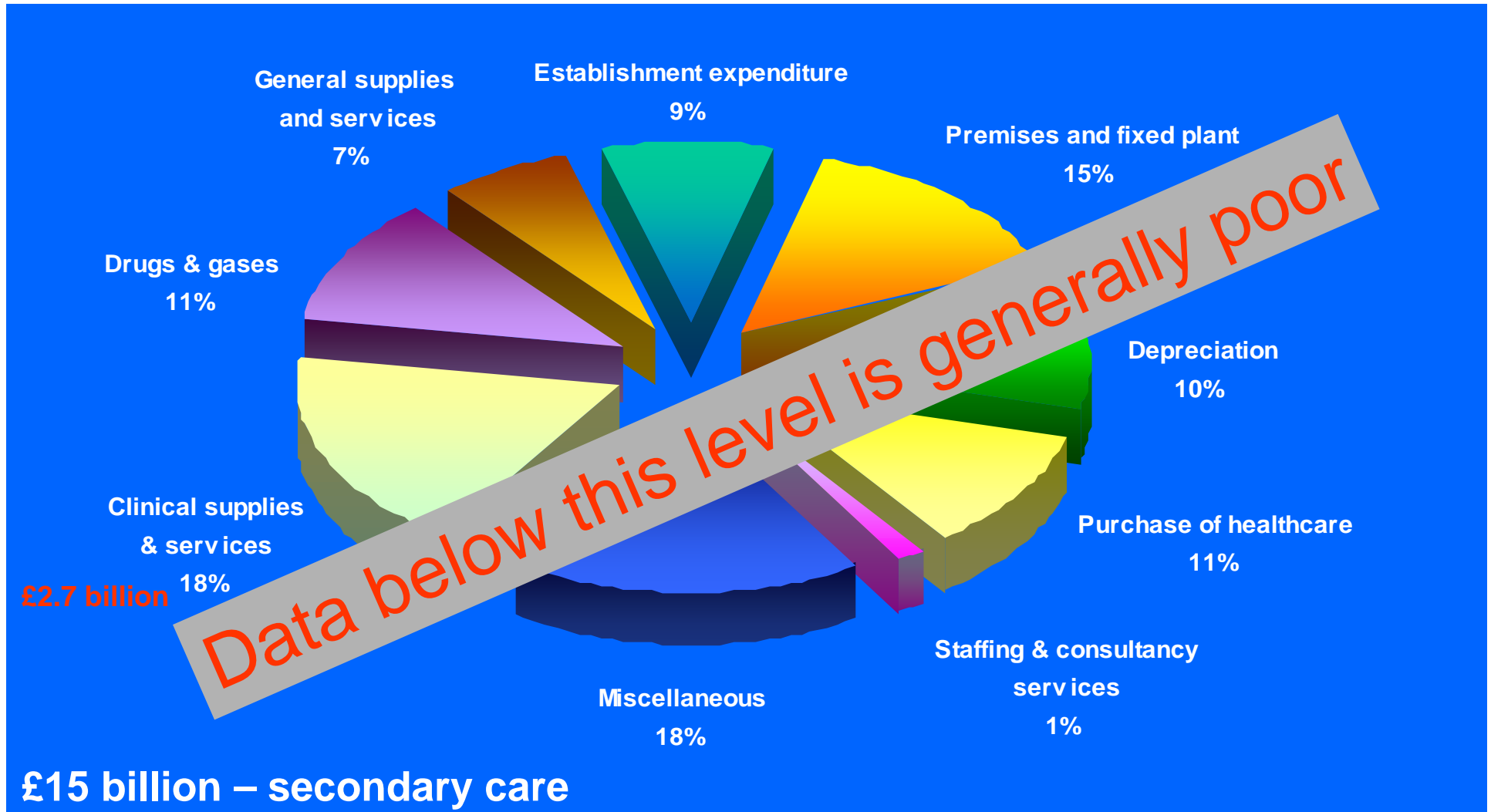


**Total budget : £60 billion plus central investments e.g. NOF**

# Selling to the NHS: What does the NHS buy?



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# Who really makes the decisions about what to buy?



# NHS Purchasing and Supply Agency



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- established 1 April 2000
- executive agency of the Department of Health
- Chief Executive reports to Health Minister
- SDS Ken Anderson
- centrally funded - £19.5 million
- 300 staff
- NHS Logistics Authority – separate organisation

# Agency functions

- improve purchasing and supply across the NHS
- modernise the supply service
- improve efficiency and reduce costs in the supply chain
- raise the profile of purchasing and supply
- encourage new and innovative suppliers
- share best practice across the NHS
- national purchasing *where appropriate*



# How PASA is organised

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| Director        | Purchasing responsibility   | Corporate function                                 | Regional responsibility         |
|-----------------|---|--|---------------------------------|
| Chris Uden      | Facilities Mgt & Utilites   | HR & Training                                      | <i>South East</i>               |
| Andrew Rudd     | Diagnostics & Med Equipment, Rehab  | Comms., Perf/ info, Quality, Corp Affairs          | <i>East of England</i>          |
| Eric Jackson    | IT  | e-agenda, IT support KM, ERM and CIMS              | <i>London</i>                   |
| Marcus Brindle  | Professional services, Office products (stationery, office furniture), Travel Purchasing cards                | Additional DH/central purchasing responsibilities  | <i>South West</i>               |
| Neil Argyle     | Pharmacy, including home therapies and renal  | Business & emergency Planning, 'once only' agenda  | <i>East Midlands</i>            |
| John Cooper     | Medical (Cardio, Ortho, Pressure Area Care, Angiography, Cardiac Imaging Equip't), Decontamination, Dressings | Sustainable development – social and economic Risk | <i>North West</i>               |
| Chris Theaker   | Medical consumables, Anaesthetics (inc equip't), Continence, Urology  | PASA Estate  | <i>Yorkshire and the Humber</i> |
| Alyson Gerner   | Outsourcing, PCT purchasing, Leasing/PPP  | Change unit Confederation development              | <i>North East</i>               |
| John Warrington | Food / Domestic / Fabric textiles   | Research and Innovation (inc. HITF)                | <i>West Midlands</i>            |

# How are decisions made?

NICE

CAGs

**PASA**

- 300 staff
- Specialist buyers
- National contracts, DH initiatives, geographical contracts, and specialist support for Trusts for 'bespoke' contracts

Drug Tariff

MPIG

Demand

**NHS Logistics**

- 7 distribution centres
- 40,000 Commodity products
- Supply chain expertise

**Supply Management Confederations**

- Consortia within SHA boundary
- Mainly virtual
- Evolving structures – developing expertise

**Trusts**

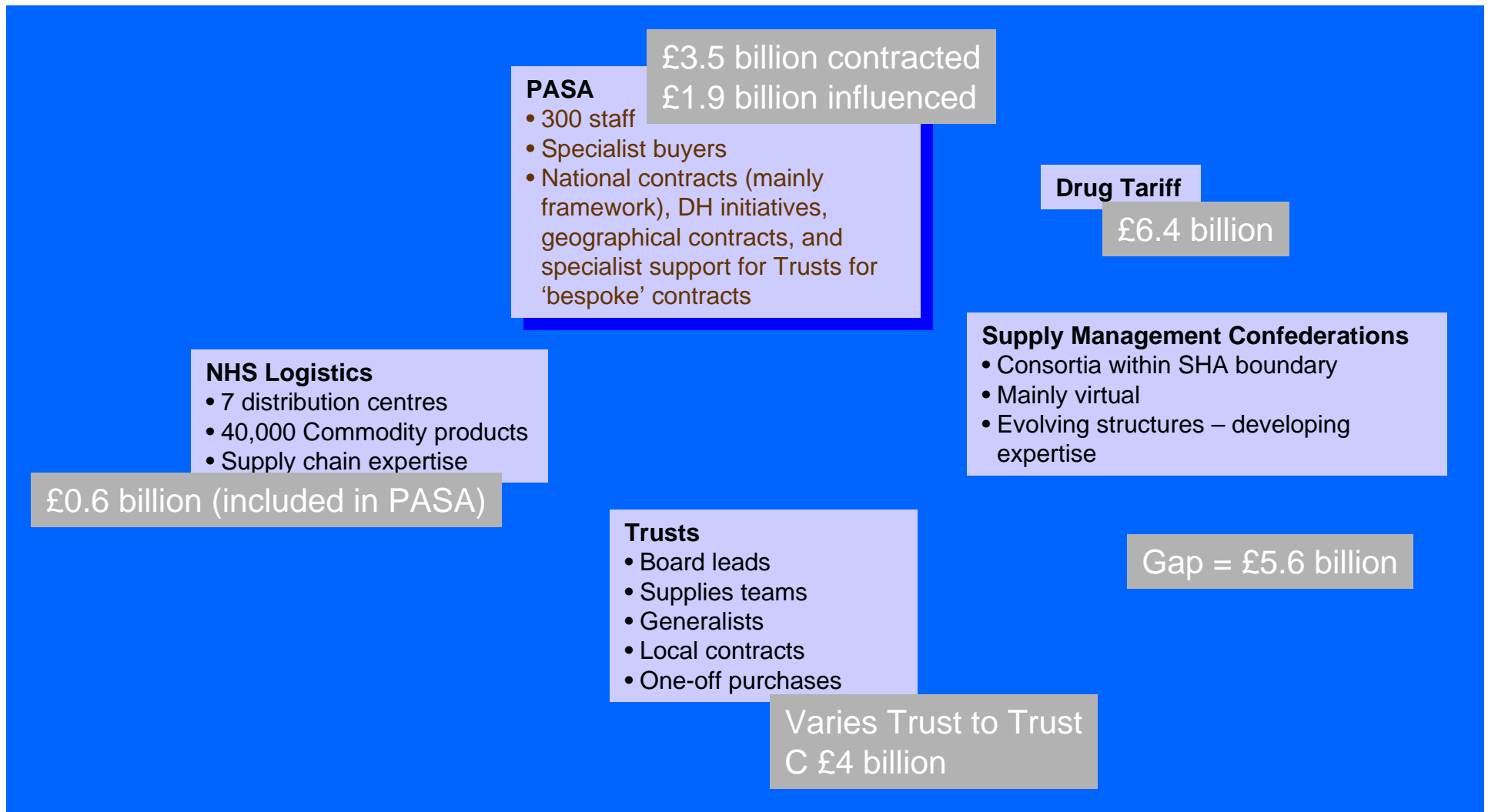
- Board leads
- Supplies teams
- Generalists
- Local contracts
- One-off purchases

Product user groups  
Committees  
Clinical procurement  
specialists  
Clinical preference

Levels of purchasing  
activity and contract  
workplans?

Not all purchasing is  
undertaken by supplies staff

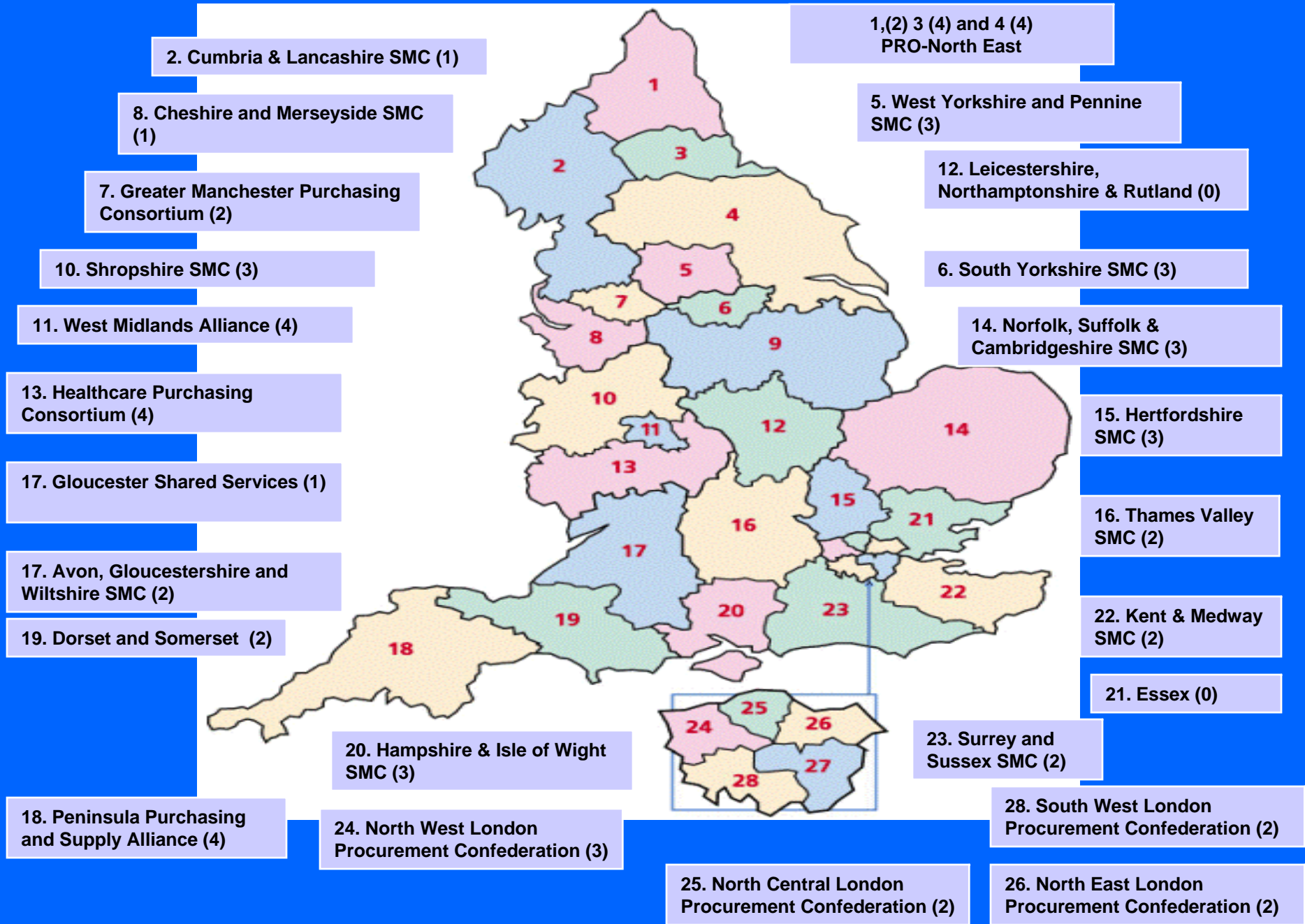
# Current structure of purchasing and supply in the NHS



# Modernising Supply in the NHS

- Bridging the gap between national and local activity - *Confederations*
- Mainly aligned with Strategic HAs and managed locally
- *Confederations* will work together on: *strategic sourcing, product/supplier rationalisation, stock management, supply chain management, IT development, staff competences, best practice, increasing contract coverage*
- Confederations' performance managed by PASA/Strategic HAs
- Key issues:
  - Levels of activity – who will do what?
  - investment in training and development across NHS
  - e-Commerce strategy
    - web-based contract information
    - standard coding/classification
    - NHS contracts database

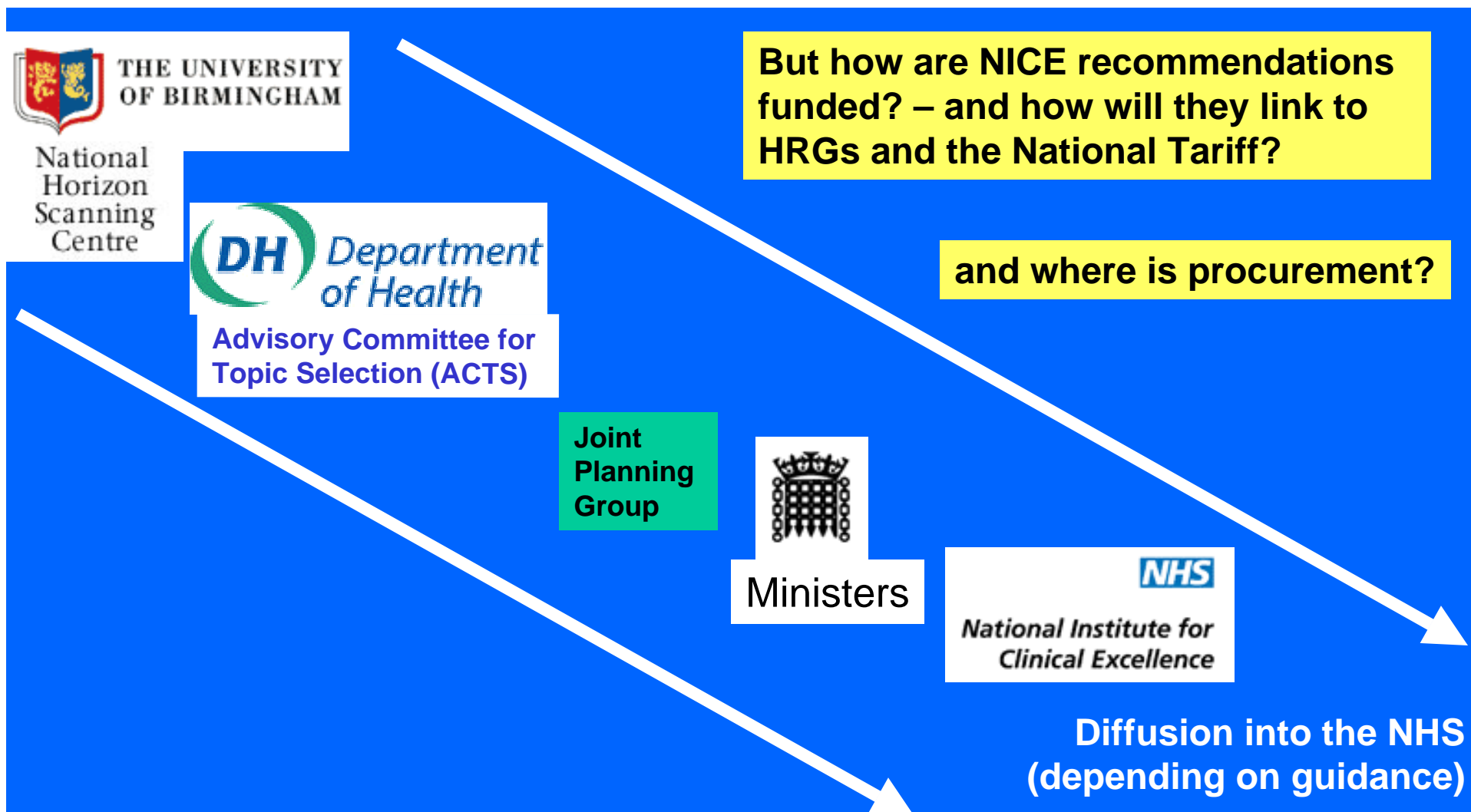
# Supply Management Confederations



# National assessment of technology:



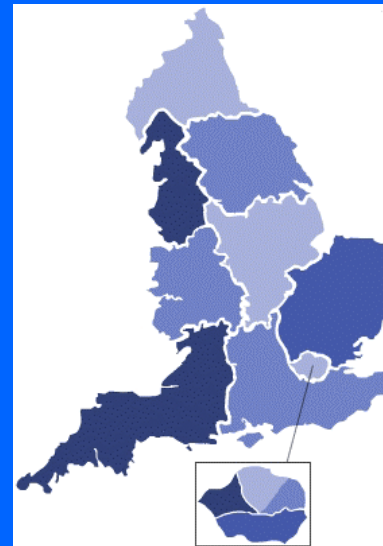
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# New NHS 'innovation agenda'

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- NHS IP policy
- NHS Innovation Hubs
- Further details at [www.innovations.nhs.uk](http://www.innovations.nhs.uk)



13 Regional hubs

- Identification, registration and evaluation of IP
- Initiation of R&D to produce evidence of clinical application
- Commissioning the production of prototypes
- Advising on and commercialising IP through licensing or set up of spin-out co's
- Training for NHS employees in the importance IP
- Collaborating with universities and other third parties in the exploitation of IP generated jointly with NHS Trusts

# Agency funded 'e-commerce' achievements last financial year 2002/2003



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- *NHS-sid*
- *NHS-ecat*
- E-auctions
- E-tendering
- Product classification, coding and bar coding
- NHS contract information system

# The role of the NHS Logistics Authority

- not-for-profit distributor of wide range of consumables, network of 7 distribution centres, dedicated fleet of 200 delivery vehicles
- catalogue range of 40,000 products, sourced by NHS PaSA
- turnover £600m
- deliver to every NHS hospital trust
- consumable products
- provider of electronic ordering tools and supply chain consultancy
- establish NHS supply chain management best practice

# How NHS Logistics adds value for suppliers

- product available to 80,000 requisitioners in hospital trusts through electronic and paper catalogues
- suppliers deliver to maximum 7 locations, NHS Logistics delivers on to 4,500 trust delivery points
- electronic trading, EDI or e-mail, single point of contact
- consistent prompt payment focus on maintaining high level of service to customers, service level 98.5%, break bulk where required
- supply from depot stock or cross-dock service
- customers can order online via NHS Net portal 'Logistics OnLine', daily catalogue updates
- supplier delivery performance monitored
- ***removes much of the complexity of trading with NHS trusts***

# Supply Chain Excellence Programme

- National sourcing programme
- Collaborative procurement hubs
- NHS Logistics

# Public procurement – Recent and current reviews and activities



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| <b>Review</b>       | <b>Purpose</b>   | <b>Due</b>     |
|---------------------|--|----------------|
| Dti                 | Innovation report  | Dec 2003       |
| OGC<br>'Kelly'      | Increasing competition and improving long term capacity planning | Dec 2003       |
| NAO                 | Improving procurement  | March 2004     |
| OGC                 | Capturing innovation   | March 2004     |
| HMT/CO<br>'Gershon' | Efficiency Review  | Summer<br>2004 |
| OFT                 | Impact of public procurement on key market sectors               | Summer 2004    |
| Wood                | UK procurement experience in other EU markets                    | Summer 2004    |
| HITF                | Healthcare Industries Taskforce                                  | Oct 2004       |

## But what can suppliers do now?

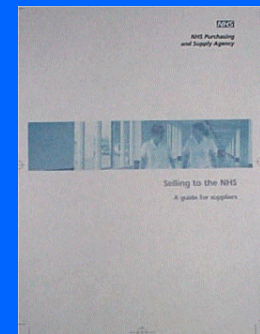
- PASA Purchasing Workplan 2004-5
- Talk to PASA's specialist buyers
- Talk to confederations about their workplans
- Register new medical innovations with NHSC
- Contribute to HITF via trade associations

# Selling to the NHS - A guide for suppliers



- Purchasing and supply – how it works in the NHS
- What the Agency does
- The Agency’s purchasing role
- How the Agency works
- The NHS e-commerce strategy
- Greening the supply chain
- Want to get involved?
- Useful links
- Making contact

[www.pasa.doh.gov.uk](http://www.pasa.doh.gov.uk)



And finally.....



We hope you  
continue to have an  
enjoyable and fruitful  
day!