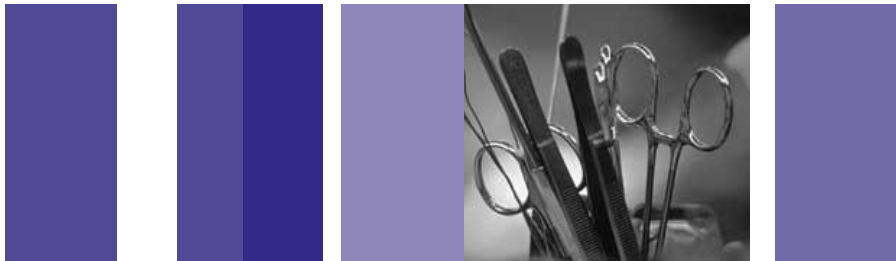




*Purchasing and  
Supply Agency*



## **Selling to the NHS**

**A guide for suppliers**

Issue No 6 January 2006

**[www.pasa.nhs.uk](http://www.pasa.nhs.uk)**

This booklet is aimed at helping existing and potential NHS suppliers gain a better understanding of how purchasing and supply works in the NHS.

It will be regularly updated so that you are presented with the latest information and contact details from the Agency.

Visit our website – [www.pasa.nhs.uk](http://www.pasa.nhs.uk) – for further information and guidance.

You will find information on everything from risk management and the environment to corporate publications and up to date contact details for our buying teams. In addition, the content of this booklet is updated constantly on our website.



## Purchasing and supply – how it works in the NHS

**T**he NHS needs an enormous range of goods and services to enable it to provide effective health care to patients. Imagine the vast array of items that are needed to operate a hospital – from food to highly complex magnetic resonance imagers, from needles and syringes to electricity and fuel, and from mattresses to vehicles. And imagine how much the NHS spends on these items. Last year, the NHS spent £15 billion on purchasing the goods and services it needed.

So how does the NHS obtain these goods and services? The NHS is made up of 583 trusts\*, each with its own budget to spend. Most commonly, trusts purchase through:

- national framework contracts negotiated by the NHS Purchasing and Supply Agency
- the NHS' national storage, distribution, and wholesaling service run by the NHS Logistics Authority
- individual trusts' local contracts
- consortium contracts, where a group of trusts work together to negotiate contracts – this has been developed into the establishment of supply management confederations, more information on which is provided on page 3.

\* as at September 2005



# The Commercial Directorate and Supply Chain Excellence Programme

In 2003 the Department of Health set up a new unit – the Commercial Directorate – to oversee all of its commercial activities. During the latter part of 2003 the Commercial Directorate carried out a review of NHS procurement, culminating in the implementation of the Supply Chain Excellence Programme.

The programme includes four workstreams, as follows:

- national contracts: accelerated sourcing of some national contract categories
- collaborative hubs: the development and deployment of collaborative hubs, aimed at improving regional purchasing throughout the NHS
- Agency structure: a reorganisation of the Agency to reflect the proposed changes in the Department and the NHS
- NHS Logistics: a review of the deployment of its activities and a programme of cash releasing operational improvements.

For the latest information see [www.scep.nhs.uk](http://www.scep.nhs.uk)



## Modernising purchasing and supply



Following the Audit Commission's 2002 report, which highlighted significant differences in performance across the NHS, the NHS Purchasing and Supply Agency announced recommendations for a fundamental reorganisation of the NHS purchasing and supply function. The recommendations resulted in *supply management confederations* being set up across the country with groups of trusts working together on a geographical basis. The work of the confederations, and collaborative hubs (see page 2), is planned to bridge the gap between national and local purchasing.

At March 2005 96 per cent of the NHS was covered by confederations, who 'club together' for mutual benefit. For example, they will pool information, expertise and resources to achieve a joint approach in such areas as strategic sourcing, product and supplier rationalisation, stock management, supply chain management and contracting. Benefits to be achieved include:

- purchasing savings and reduced costs through greater commitment and sharing of best practice
- development of centres of procurement excellence
- improved career prospects for supply professionals
- collective support and raised standards for poorer performing trusts.



## What we do

**T**he NHS Purchasing and Supply Agency is an executive agency of the Department of Health. Established in April 2000, we have the responsibility for ensuring that the NHS in England makes the most effective use of its resources by getting the best possible value for money when purchasing goods and services. Our prime target is to release money that could be better spent on patient care by achieving purchasing savings and improving supply performance across the NHS. This is especially important following the current significant financial investment in resources.

We are not a trading organisation – being centrally funded by Government allows us to concentrate on those functions that demonstrate value to the NHS.

Being an integral part of the Department of Health we are in a key position to advise ministers and Government on policy and the strategic direction of procurement across the NHS. With ministerial support we are leading the ongoing modernisation of purchasing and supply – ensuring that purchasing and supply strategies reflect and contribute towards the achievement of the Government's policies, strategies and priorities.

We are involved in a wide range of projects linked to key priorities identified in the *NHS Plan*. These range from purchasing CT scanners to supporting the implementation of the NHS 'better hospital food menu'. For further details see [www.pasa.nhs.uk/nationalpriorities](http://www.pasa.nhs.uk/nationalpriorities)

One of our main activities is the negotiation of national contracts for products and services that are strategically important to the NHS. By aggregating the purchasing power of the NHS we can yield greater economic benefits and do things once on a national basis.

### **The 'once only' approach**

Economies of scale are not solely related to making purchasing savings. The Agency can exploit its size and position to perform a number of tasks for the NHS – saving each individual trust the time, money and effort in carrying out these tasks themselves. This is the 'once only' principle and it underpins all of our activities – removing replication of effort and unnecessary cost.

For example, we have developed standard market-specific terms and conditions of contract for a multitude of goods and services used by the NHS, eliminating numerous sets of different conditions of contract that were previously in use. A further development is the adoption of a standard pre-purchase questionnaire form relating to electro-medical equipment for use throughout the UK.

We have produced a standard operating purchasing procedures manual for trusts (TOPPM). The manual provides guidance on EU purchasing and supply regulations, including a standard set of forms to be used in the tendering process.

# NHS-sid

NHS supplier information database  
[www.pasa.nhs.uk/sid](http://www.pasa.nhs.uk/sid)

In 2003 the Agency launched *NHS-sid* – a database that makes suppliers' tender support information available electronically to all NHS trusts in England. Suppliers doing business with a number of NHS organisations only need to submit material once to this central database. The system brings benefits in terms of reduced costs for suppliers, improved speed and efficiency for NHS purchasers and reduced process time. For further information and to apply to join NHS-sid see [www.pasa.nhs.uk/sid](http://www.pasa.nhs.uk/sid)

Presence on NHS-sid does not imply that a supplier has approved supplier status. The information placed on the database is not vetted in any way by the Agency.

## What happens in the other home countries?

We have responsibility for purchasing and supply issues in England only. Scotland, Wales and Northern Ireland have their own health services and supply organisations.

We meet regularly with the supply organisations of the other home countries to discuss areas where we can cooperate and in some instances join together on contracts.

### Home countries supply organisations

Scottish Healthcare Supplies

Tel: 0131 275 6000 [www.show.scot.nhs.uk/shs](http://www.show.scot.nhs.uk/shs)

Welsh Health Supplies

Tel: 029 2031 5500 [www.whs.wales.nhs.uk](http://www.whs.wales.nhs.uk)

Central Services Agency – Regional Supplies Service (Northern Ireland)

Tel: 028 9066 7799 [csa.unite.net](http://csa.unite.net) (or [www.centralservicesagency.com](http://www.centralservicesagency.com))



## Our purchasing role

**W**e negotiate contracts that can be accessed by the whole of the NHS. These contracts are mainly organised in two ways:

- trusts can buy goods and services directly from suppliers under nationally negotiated framework agreements
- using our agreements, NHS Logistics buys goods and stores them in its warehouses. NHS organisations can then order goods from NHS Logistics and receive consolidated deliveries, broken down into smaller quantities where required. Ordering and billing within the NHS is available electronically via Logistics OnLine.

In some cases, we also negotiate contracts on behalf of individual trusts. These contracts are usually for goods and services that require trust bespoke specifications and specialist expertise. There are some instances where the most effective contracts are negotiated at a local trust level. Where this is the case, we can provide trusts with model contracts and buying guides.

We currently negotiate around 5,000 contracts with nearly 2,000 suppliers, worth in the region of £5.5 billion per year. Around £600 million of this total is supplied through the NHS Logistics Authority.

We aim to ensure that markets remain attractive to suppliers by effectively managing the supplier base. This may involve introducing competition to certain markets where necessary, identifying new products and suppliers, monitoring quality, ensuring continuity of supply and negotiating the best possible terms. We monitor the performance of suppliers, conduct environmental appraisals and carry out risk management assessments.



## How we work

Our purchasing function is organised nationally on a commodity basis with purchasing staff based at four sites – Reading, Chester, Normanton (Yorkshire) and Sheffield.

Buying staff work in national sections that concentrate on specific markets. This structure allows suppliers to deal with one main contact who will bring market and product knowledge to the relationship.



## The NHS e-procurement strategy



**E**-procurement provides huge opportunities for savings and efficiency in the NHS. As part of the Government's modernisation agenda, the NHS Purchasing and Supply Agency is supporting an e-procurement strategy for the English NHS that will:

- benefit the NHS through process efficiencies, greater purchasing power and sharing and exploiting information
- help UK suppliers to the NHS to compete successfully in the export market
- support the wider Government agenda of making the UK 'the best place in the world to do e-business'.

We have introduced a new electronic tendering (eTendering) system for the Agency from 1 July 2005 utilising technology provided by BravoSolution. All PASA procurements covering invitations to tender and suppliers' tender submissions will now be conducted through this system.

The system provides a simple secure and efficient means for managing tendering activity and contract negotiations with suppliers over the Internet. It will help both buyers and suppliers to reduce the time, effort and costs involved in the purchasing lifecycle.

Suppliers can view the Agency's current contract opportunities by following this link

**<http://www.pasa.bravosolution.com/services-java/host/ojec/ojecShowListFree.jsp>**

The NHS is already significantly advanced in its use of eProcurement. For example did you know . . .

- the NHS operates one of the most advanced integrated supply chains in the world due to a single electronic system operated by the NHS Logistics Authority. The system handles over £600 million of NHS expenditure every year and automates everything from ordering through to payment. It also offers an eBilling facility
- in April 2004 around 2,100 purchasing cards were in use across the NHS, replacing paper transactions. In 2003/4 the English NHS used these cards to order goods to the value of £19 million
- the pharmaceutical and energy markets in the NHS already benefit from eProcurement systems – replacing paper processes, reducing costs and enabling substantial information exchange with suppliers
- all NHS PASA contracts are promoted on a real time web based catalogue – NHS-eCat
- in 2003/2004 the Agency piloted reverse eAuctions and eTendering systems – now part of our normal procurement operations
- further details about eProcurement can be found in the Agency's Business Plan on the website at **[www.pasa.nhs.uk/eProcurement](http://www.pasa.nhs.uk/eProcurement)**



## Greening the NHS supply chain

The Government is placing increasing emphasis on the use of its purchasing power to deliver its sustainable development policy objectives and, for the NHS, we are spearheading the consideration of environmental, social and economic issues for NHS supply.

During 2000 we became the first public sector purchasing organisation to achieve the coveted ISO 14001 certification, for our environmental management system. This demonstrates our commitment to continually improving our environmental performance and complying with all relevant environmental legislation.

Our website has a wealth of information on sustainable development topics including environmental and other issues. There is an area specifically for suppliers. The website can be found at [www.pasa.nhs.uk/sustainabledevelopment](http://www.pasa.nhs.uk/sustainabledevelopment)

We are already working with suppliers on a number of initiatives, such as environmental performance improvement. We will continue to work in partnership with suppliers, trade associations and the NHS to identify and promote best practice. This will avoid replication of effort and ultimately improve efficiency in the NHS supply chain.

We have developed a web based framework for assessing the environmental performance of suppliers, for use throughout the NHS. We are committed to raising the awareness of environmental and related legislative issues throughout the supply chain – this is a joint project with OGCbuying.solutions. Post contract award, all suppliers will need to complete the *Supplier Environmental Questionnaire* at [www.pasa.nhs.uk/seq](http://www.pasa.nhs.uk/seq)

## Promoting sustainable development

By considering what and how we purchase, we can contribute to achieving a better quality of life and healthier communities through sustainable development. This includes giving equal consideration to economic, environmental and social impacts.

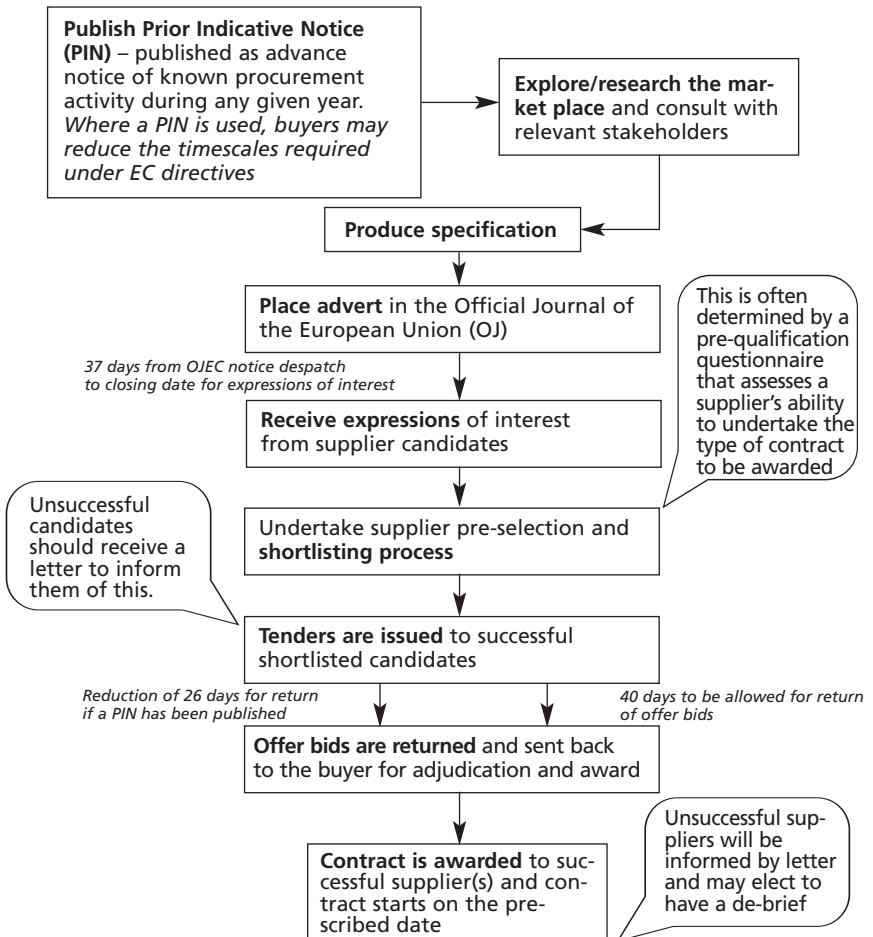
By behaving as a *Good Corporate Citizen*, the NHS will use its purchasing power to work with suppliers to bring benefits to the communities we serve, promote good health and contribute to the Government's wider sustainable development agenda.

### Greening NHS supply means:

- our buyers and the NHS considering, during the purchasing process, environmental issues associated with products and services to reduce environmental impacts
- sourcing and promoting those products with validated environmental labels or claims
- measuring and monitoring environmental performance of the NHS supply chain
- working with suppliers to improve their environmental performance
- where possible, helping NHS suppliers anticipate environmental legislative changes
- raising suppliers' awareness of wider sustainable development issues and the potential to positively impact upon the community.

# The tendering process

## EU procurement process under the restricted award procedure



Under the EU regulations there are three types of tender procedure available to buyers.

- **The open procedure.** This is available in all circumstances and involves a single stage approach where all candidates may respond to the OJEU advertisement and all offers received must be considered.
- **The restricted procedure.** This is available in all circumstances and involves a two stage approach where candidates who respond to the OJEU advertisement will be considered to have expressed an interest and, from these, the buyer will then shortlist a number of candidates to submit offers.
- **The negotiated procedure.** This is only available in a very limited number of circumstances and is subject to strict conditions.

Due to the wide and costly process involved in the open procedure and the limitations that surround the negotiated procedure, the most common procedure used is the restricted.

Where the restricted procedure is used, the buyer must allow a minimum of 37 days from the date the OJEU notice was despatched to the closing date for receipt of expressions of interest. Once short-listing has taken place, a minimum of 40 days must be allowed for offers to be returned (although this may be shortened to 26 days if a PIN has been published to the correct requirements).

If procurement activity has been derived from unforeseeable and urgent circumstances then the timescale above may be classified as an *accelerated restricted procedure*.

## Want to get involved?

### National contracts

The NHS, in common with other public sector organisations and Government departments, must meet the requirements of EU public procurement directives which ensure open and fair competition. Under these directives, we must advertise all contracts with a total value\* over £93,895 (for supplies and services) or £3,611,474 (for works) in the Supplement to the Official Journal of the European Union (OJEU). These adverts enable you to express an interest in the majority of our national contracts.

Details of the Agency's current contract opportunities can be found on our website at

[www.pasa.nhs.uk](http://www.pasa.nhs.uk) and clicking the link



OJEU is issued daily. To subscribe, contact the Stationery Office on 0870 600 5522 or visit the online version at <http://ted.publications.eu.int>

There are a number of commercial organisations that, for a subscription fee, will search OJEU for you and provide regular lists of contracts in which you may be interested. Details of some of these organisations can be found on page 21.

Alternatively, you can contact one of our specialist buyers to introduce your company and its products and they will be able to advise you on the opportunities open to you in your particular market. A directory of our senior purchasing staff can be found at the back of this booklet or on our website at [www.pasa.nhs.uk/makingcontact](http://www.pasa.nhs.uk/makingcontact)

\* these thresholds were applicable in January 2006. They are subject to change by the EU and should be checked at the time of use.

### **Local trust contacts**

Each trust will also have in place a number of local contracts managed by the trust's supplies department. In appropriate situations we will provide contact details – for further information contact the helpdesk on 0118 980 8841 or by email to [purchasing.helpdesk@pasa.nhs.uk](mailto:purchasing.helpdesk@pasa.nhs.uk)

*NB* under the Data Protection Act we cannot provide names of individuals.

### **Confederation contacts**

For further details please refer to our website at [www.pasa.nhs.uk/confederations/links](http://www.pasa.nhs.uk/confederations/links)

### **Helpdesk**

If you have a general query our helpdesk will be able to point you in the right direction. You can contact the helpdesk on 0118 980 8841 or by email to [purchasing.helpdesk@pasa.nhs.uk](mailto:purchasing.helpdesk@pasa.nhs.uk)

### **Keeping you informed**

We communicate regularly with all our contracted suppliers, keeping them up to date with the latest news and initiatives from the Agency. We are also in regular contact with a number of major trade associations.

## The Healthcare Industries Task Force (HITF)

HITF was a year-long, high level initiative between Government and the healthcare products industry. Its aim was to identify steps to develop, stimulate the growth and performance of the UK healthcare industry and maximise the benefit to patients from healthcare products, in particular to:

- increase healthcare professionals' and patients' access to appropriate and innovative medical technology across all healthcare services
- foster and facilitate an improved environment for product research, development, clinical evaluation and related manufacturing investment
- provide a clear framework of regulation and information that serves patients
- promote international trade in products in this sector.

The Task Force's report *Better healthcare through partnership: a programme for action* was published in November 2004.

The report contained nine key outputs, three of which were related directly to purchasing and innovation:

- procurement processes – embed modern approaches to procurement in the NHS to deliver better value for patients
- innovation – establish a National Innovation Centre to promote the adoption of beneficial new products and procedures and provide a focal point for advice on the product development pathway
- evaluation – redesign and develop a new device evaluation service under NHS PASA to provide authoritative, independent guidance to purchasers on device performance and value.

The Agency is currently involved in implementing these outputs in conjunction with other NHS stakeholder organisations.

### **Further information**

More information on HITF is available at:

**[www.advisorybodies.doh.gov.uk/hitf/index.htm](http://www.advisorybodies.doh.gov.uk/hitf/index.htm)**

More information about the NHS Innovation Centre is available at:

**[www.institute.nhs.uk/technology.htm](http://www.institute.nhs.uk/technology.htm)**

and more information on the new device evaluation service (the Centre for Evidence based Purchasing) at

**[www.pasa.nhs.uk/evaluation/](http://www.pasa.nhs.uk/evaluation/)**

or contact Margaret Horton on 07884 231627 or email [margaret.horton@pasa.nhs.uk](mailto:margaret.horton@pasa.nhs.uk)

## **Small businesses**

A large proportion of our business is conducted with small and medium sized companies (SMEs). To encourage competition and ensure that the market place is accessible to all suppliers we are committed to providing specific help and support to small and new businesses. We have a procedure in place to ensure we deal promptly with all enquiries – contact the helpdesk on 0118 980 8841 for information.

The following services are available to all suppliers but will be of particular interest to small and new businesses:

### *Free advice*

Our purchasing staff will be happy to discuss any aspect of selling to the NHS, including relevant quality standards, compliance with public procurement procedures, market structure and customer requirements.

### *Communication channels*

We have established a number of customer consultation groups, for example in the areas of theatre products and prosthetics, whose membership includes a cross-section of NHS trust staff and specialist buyers (and in some cases patients). The views of these groups have a direct impact on our strategic purchasing decisions. Suppliers can be invited to attend meetings of these groups to demonstrate products and receive feedback.

#### *Product trials*

Where appropriate, the Agency can arrange to trial products and report trusts' feedback to suppliers.

#### *Seminars and presentations*

Our staff regularly attend meetings and seminars held by trade associations, chambers of commerce and other groups to speak to potential suppliers on a collective basis.

#### *Prompt payment*

Where the NHS Logistics Authority purchases and takes title to goods, it gives a commitment to pay suppliers promptly, ie within 30 days of delivery.

#### *Contract debriefing*

If you have been invited to tender for an Agency contract and are unsuccessful in your bid, we can offer constructive feedback on the reasons for your lack of success. This will enable you to monitor your performance in the market place towards being more competitive in the future.



## Useful links

A number of websites provide practical sources of information on everything from EU procurement to public sector tendering information. Below are some you may find useful, in addition to the Agency's website – [www.pasa.nhs.uk/links](http://www.pasa.nhs.uk/links)

<a href="http://ted.publications.eu.int">http://ted.publications.eu.int</a>	Tenders electronic daily – the on-line version of the supplement to the Official Journal of the European Union
<a href="http://simap.eu.int">http://simap.eu.int</a>	SIMAP – for information on public sector electronic procurement
<a href="http://www.tso-online.co.uk">www.tso-online.co.uk</a>	The Stationery Office
<a href="http://www.bipcontracts.com">www.bipcontracts.com</a>	Business Information Publications Ltd provides public sector contract information
<a href="http://www.tenders.co.uk">www.tenders.co.uk</a>	Tenders is a searchable database of European public sector contracts
<a href="http://www.tendersdirect.co.uk">www.tendersdirect.co.uk</a>	Tenders direct is a searchable database of public sector contracts
<a href="http://www.ogc.gov.uk">www.ogc.gov.uk</a>	The government's procurement website provided by the Office for Government Commerce
<a href="http://www.businesslink.org">www.businesslink.org</a>	Business Link provides information and guidance on running your business
<a href="http://www.dataop.com">www.dataop.com</a>	DataOp Alliance provides an OJEU search and scanning service
<a href="http://www.dh.gov.uk">www.dh.gov.uk</a>	The Department of Health website provides information on the latest health service plans and initiatives.
<a href="http://www.sbs.gov.uk/services/contact.php">www.sbs.gov.uk/services/contact.php</a>	Small business service, provides information on tendering for Government contracts



## Making contact

### Locations

NHS Purchasing and Supply Agency  
Premier House  
60 Caversham Road  
**Reading** RG1 7EB  
Telephone: 0118 980 +ext (8600 for reception)

NHS Purchasing and Supply Agency  
80 Lightfoot Street  
**Chester** CH2 3AD  
Telephone: 01244 58 +ext (6700 for reception)

NHS Purchasing and Supply Agency  
Foxbridge Way  
**Normanton**  
West Yorkshire WF6 1TL  
Telephone: 01924 32 +ext (8700 for reception)

NHS Purchasing and Supply Agency  
PO Box 1400  
**Sheffield** S11 8EY  
Telephone: 0114 267 6004

*This was correct as at January 2006. For up to date contacts please check on [www.pasa.nhs.uk/makingcontact](http://www.pasa.nhs.uk/makingcontact)*

<b>Product/service</b>	<b>Telephone</b>
<b>Pharmaceuticals</b>	
General national	0118 980 8850
<b>Agency and Services</b>	
Medical locums	07768 357808
Agency nursing projects	01244 586701
Ancillary staff, scientific staff, technical staff, locum pharmacists, laboratory staff, administrative and clerical staffing, recruitment advertising, office staff, allied health professionals	01244 586852
<b>Clinical equipment</b>	
Decontamination	01244 586702
Orthopaedics, medical maintenance, pathology, radiology, radiotherapy and imaging, uptake specialist	01244 586787
<b>Clinical consumables</b>	
Audiology, prosthetics and orthotics, wheelchairs, community equipment services, electronic assistive technology, telecare	0114 267 6004
Endoscopy, id bracelets, incontinence products, specialised medical, urology	01924 328826
Anaesthesia, examination gloves, patient warming consumables, patient warming devices, tracheales, laryngeal masks, obstetrics and gynaecology	01924 328814
IV devices, IV pumps, medical diagnostics	01244 586850

<b>Product/service</b>	<b>Telephone</b>
<b>Non clinical</b>	
24 Hour Menu: non confectionery snacking, ambient groceries, canned goods, NPO Butter, multi-temperature food, baby milk	01924 328842
Paper, polymer, tableware, cleaning products and domestic consumables	01924 324194
Gas, electricity, oil, telecoms, IT	
Estates	01244 586815
Transport	01244 586798
<b>Sustainable development and environment</b>	0118 980 8633
<b>Small and new businesses</b>	
Helpdesk	0118 980 8841
<b>General Helpdesk</b>	0118 980 8841

NHS Purchasing and Supply Agency  
Premier House  
60 Caversham Road  
Reading  
RG1 7EB  
Telephone 0118 980 8600  
Facsimile 0118 980 8650  
[www.pasa.nhs.uk/suppliers/selling](http://www.pasa.nhs.uk/suppliers/selling)

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