NHS Supply Chain Medical Supplier Board Meeting
The Wesley Hotel, London
18/01/17
Meeting Notes

Attendees

- **Chair:** Chris Holmes, Head of Procurement & Customer Value, NHSBSA
- **Secretariat:** Louise Hillcoat, Supplier Stakeholder Manager, NHSBSA

• Alan Birks	AXREM
• Naomi Chapman	DH
• Andrew Davies, P/T	ABHI
• Ila Dobson	AXREM
• Barbara Fallowfield	BIVDA
• Nicola Harrington	NHS SC
• Mark Hart	NHS SC
• Justine Henson, P/T	DH
• Chris Hill	SDMA
• Stephanie Hill	Barema
• Mark Kilner, P/T	NHS England
• Debbie Laubach	Medilink (Mediwales)
• Jason Lavery	NHS SC
• Marc Naughton	CET
• Michael Pace	NHSBSA
• David Pierpoint	NHS SC
• Greg Quinn	UTA
• Jin Sahota, P/T	DH
• Adam Stanley	BDIA
• Nishan Sunthares	ABHI
• Paul Surridge	BIHIMA
• Andy Sutcliffe	UTA
• Ian White, P/T	NHS Improvement
• Paul Webster	DH

Apologies

• Sandra Barrow	DH
• Ray Hodgkinson	BHTA
• Will Laing	CCS
• Tracey Lloyd	BHTA
• Tony Reed	BDIA
• Tracy Stewart	AHPMA
• Gwyn Tudor	Medilink

Meeting Notes

	Item
18/01/1	**Welcome and Introductions led by Chris Holmes**
1.1	Chris Holmes read out Competition Law guidelines to the Board as a Standing item requirement
1.2	The Board members are reminded that, with the exception of commercial in confidence slides, all Key Documents will be produced and posted on the Supplier Board website in full and in line with its Transparency Objective. As all Suppliers will have access to the website, the documents will be produced in such a way that the un-initiated reader will have some understanding of the documents and content, even without having all the background.
18/01/2	**Introductions and apologies, Action update**
2.1	All attendees and guests were welcomed to the Wesley Hotel and introductions were shared. All Actions from the October 2016 meeting are now completed.
2.2	Crown Commercial Service have been invited to be a member of the NHS Supplier Board as they service the NHS in the Office Supplies space. Unfortunately Will Laing sent his apologies for the January board, but will attend the April board. **Action: Will Laing**
18/01/3	**Supplier Board Review - Terms of Reference (ToR), Membership, Chair**
3.1	A pre-read had been circulated prior to the meeting. Members had received a copy of the revised Terms of Reference on 06/12/16 with a request for feedback and comment by 07/01/17. Only one reply had been received by the required date, which was from BHTA and concerned the appointment of a Vice Chair from industry. The board discussed the appointment of a vice chair- BHTA suggested a vice chair could be involved in forming the agenda and could offer an alternative point of contact for board members. UTA suggested it would offer a balance of input to the board ABHI referenced governance and observed that the board's role may evolve in the future operating model and as further national initiatives are rolled out. The Board agreed that the conversation was linked to the ABHI question regarding the appointment of an independent chair. It was agreed that an email would be sent to all members asking them to confirm their view on the position of Supplier Board chair, Vice Chair and acceptance of the Terms of Reference. **Action: Louise Hillcoat**
3.2	The board had asked for an amendment to the wording "Support savings delivery to NHS" as this implied that the Board would not be able to challenge or scrutinise the savings initiatives. Members agreed that this should be changed to "Engage on the delivery of NHS Savings Targets". The wording in the redrafted terms of reference reads: The board will undertake to support the current DH and NHS programmes in the form of key objectives (similar to the 8 Customer Board objectives) to be reviewed annually by the Chair and DH members.

	The main areas of focus for the Board are how suppliers to the NHS, along with the NHS National Route to Market (currently NHS Supply Chain), can engage on priorities for the NHS including: 2016/7 Current priorities are: • Delivery of NHS Savings Targets • NHS improvement – implementation of Carter Report recommendations • Implementation of product track and trace programmes (GS1) • Removal of unwarranted variation • Supply chain efficiencies Members have a concern at the use of "Support" in the first paragraph and asked for this to be changed to "discuss". This amendment will be made and the revised and final version agreed. **Action: Louise Hillcoat** Competition Law guidelines have been included in the ToR as requested by the board. No further comments or amendments to the Terms of Reference were made, therefore the Chair proposed that with the above word change, the Terms of Reference be accepted.
18/01/4 4.1	**NHS Improvement/NHSBSA/NHS SC – Nationally Contracted Products Programme, PPIB** Ian White, Michael Pace and Nicola Harrington presented an update on the Carter programme delivery and explained the structure. The PPIB, price benchmarking tool is now recording monthly spend data from trusts by product. The data is recovered from PO information, which has highlighted some discrepancies and areas for improved data management, removal of duplication and inconsistencies of PO usage, all of which is being addressed and data improvements have already been made. It is likely that future analysis will expand to include Accounts Payable data. ABHI questioned the outcome of the Nationally Contracted Products programme and in particular the issue of supply chain resilience. Michael Pace responded that due diligence is carried out as part of each procurement strategy in terms of the market, supplier position and product availability. He explained that each product area requires a different strategy and that appropriate procurement models will vary in approach and may include regional proportional split between two or more suppliers to ensure continuity of supply and maintain competition Paul Webster referenced the DH supplier resilience work, which is being carried out by David Wathey and which is being considered throughout all procurement activity. Key priorities are delivering efficiencies whilst ensuring continued competition, which is why the length of time a supplier is delisted from the catalogue (not framework agreement) is limited.
4.2	Nicola Harrington shared the Nationally Contracted Products process and explained the alignment with the needs of NHS customers through the Trusted Customer and Clinical Evaluation Team engagement.
4.3	Andy Sutcliffe, UTA questioned whether the impact of clinical preference is taken into consideration. Ian White explained that whilst choice of product and route to market was available during the NHS Supply Chain core list activity, the NCP programme encourages use

	of the national route to market and has adopted a "comply or justify" approach to the adoption of NCP range. The products covered by the NCP are every day consumable products and less constrained by clinical preference, however when a trust has a requirement for an exception on the grounds of clinical need, there is an exception process that they can follow.
4.4	Andy Sutcliffe, UTA, asked whether the volumes that are being committed to the NCP programme by trusts were Acute only, or whether they included Community volumes. Michael Pace confirmed that the volumes that trusts had submitted in response to the NCP request for commitment, related to total NHS volume, not just Acute. Ian White confirmed that the PPIB tool is providing visibility of the whole NHS spend, which is filling in the gaps where NHS Supply Chain does not have high market coverage.
4.5	Chris Hill, SDMA, asked how innovation was being considered in the NCP process as his members feared that range rationalisation stifled innovation. Michael Pace demonstrated that the CET analysis had in fact generated the opportunity for suppliers to innovate in order to meet the customer's requirements for products in use. Paul Webster confirmed that the DH had no intention of stifling innovation and it is a key consideration in the Future Operating Model.
4.6	Chris Hilll, SDMA, asked the meeting to note the vulnerability to SME organisations who may lose out when national volumes and catalogue delisting policies are implemented. Paul Webster referred to the national initiative as offering commitment to suppliers, surety of a market and not about driving down a supplier's margin. The characteristics of the NCP programme tend to relate to more commoditised everyday healthcare products, however, each category is analysed on a case by case basis and considers the make-up of the supplier base when identifying the appropriate procurements strategy.
4.7	BHTA asked whether the Board could have visibility of the detail of SME percentage of sales by product category. Nicola Harrington agreed to share the SME data by portfolio via the Board secretariat. **Action: Nicola Harrington**
4.8	Chris Hill, SDMA, asked what scope there was for engagement with the Trade Associations when forming the procurement strategy and category action plans. David Pierpoint said that the buying teams within NHS Supply Chain engaged with the market and incumbent supplier base when designing the strategy and, in addition, extensive market research is carried out as part of the category management programme within NHS Supply Chain which covers the competitive market position. He welcomed the opportunity to share more detail of the 24 Category Action Plans at the next NHS Supplier Board and to have the opportunity to hear from the industry associations. **Action: David Pierpoint**
4.9	Nicola Harrington will circulate the list of Category Leads within NHS Supply Chain, together with the Category Action Plan Timelines 2017/18 **Action: Nicola Harrington** The board asked that an update on the various National programmes be included in the next Supplier Board meeting, including NCP, GIRFT, Zero Cost Model and GS1 Scan4Safety
18/01/5	**Clinical Evaluation Team programme update - Naomi Chapman, Programme Lead and Marc Naughton, Clinical Specialist Lead**
5.1	Naomi presented an update on the Clinical Evaluation Team programme. Nishan Sunthares, ABHI stated that his members had concerns about the clarity of

	communication regarding the purpose of the CET activity and whether a clinician still had choice in product selection. Naomi reminded Nishan that the role of the CET is to test products for acceptability in a clinical environment and to deliver a report that can be used by everyone, including suppliers, to ensure the products that are available to clinicians meet the customers' requirements. This information can be used to inform the procurement strategies of trusts and NHS Supply Chain.
5.2	David Pierpoint explained that NHS Supply Chain did not have the facility to run clinical trials and therefore CET report becomes the benchmark of quality against which suppliers must be measured to inform the Nationally Contracted Products programme and all future procurement activity where available. He also pointed out that the CET has adopted a National approach to a costly local exercise, thus delivering savings to the NHS.
5.3	Nishan suggested that there may be unintended consequences and potential conflict between the work of the CET and subsequent procurements by NHS Supply Chain. A product with an attribute that has a 3 star-rating may not be available to be purchased by the NHS through the National Catalogue. This is because a number of procurements by NHS Supply Chain are awarded on the basis of lowest price. For instance, ABHI members highlight that this is the success criteria that the National Procurement programmes use for mini-competitions and eAuctions. As such, should a product, or products, with a 3-star attribute rating not meet that price hurdle it will no longer be listed by NHS Supply Chain and so not available for use by the NHS. He said that this is especially critical where NHS Supply Chain has close to 100% of the route to market for that product/s. Naomi explained that in some clinical situations a three star rating is essential and a justifiable use of higher specification products, but in other situations a more cost effective, two star product is sufficient. For this reason, the CET have not adopted an overall score for a product as they recognise the differing clinical needs within a trust. She reminded the meeting that the CET reports are produced based entirely on clinical requirements and any trust or organisation can use them to inform their procurement activity. The CET do not recommend products, their reports are designed to ensure products meet clinical practitioner requirements for the purpose they are intended for.
5.4	Nishan Sunthares, ABHI, asked how the process of adoption of higher specification product was being considered within the National strategies. Michael Pace explained that there is an exception process, in line with those operating as standard within trusts, which includes escalation within at trust from clinician to senior management on a comply or justify basis.
5.5	Marc Naughton, CET, referenced the supplier engagement within the CET process had, for the first time, enabled NHS Supply Chain to procure in the knowledge that the products meet clinical requirements. It has highlighted where products have not been of sufficient quality and has given suppliers an insight into what their customers need.
5.6	Chris Hill asked that suppliers be given more transparency surrounding the testing that has been done on their products. Naomi Chapman reminded the board that the CET are testing products that have already undergone stringent industry standard tests and it is not the job of the CET to retest against published technical standards (eg ISO, BSI accreditations), as all suppliers are asked to provide evidence of their products' conformity to required standards. She confirmed that the CET would examine the level of transparency and detail that is shared with the suppliers and would discuss with the Clinical Reference Board chair. **Action: Naomi Chapman and CET**
5.7	Chris Hill asked why suppliers were only given 72 hours to respond to the CET reports. Naomi Chapman confirmed that the CET had sought guidance from other organisations such as

	NICE on this timescale and that 72 hours is standard. The suppliers are invited to an information exchange meeting as part of Stage 2 of the CET process and are asked to provide details. Naomi expressed concern that some emails to suppliers may not be received by the correct person, but that the CET can only use the contact data that is available to them. Louise Hillcoat reminded the board of the call to action on all suppliers and supplier board members to complete the Survey Monkey request for up to date contact information: https://www.surveymonkey.com/r/?sm=9299i9s5ECsHj2yalTLrYV1nzmnIjJJysPm3Iigbg44_3D
18/01/6	**Inform on NHS Supply Chain's Capital Solutions business unit – Jason Lavery**
6.1	Capital market conditions are challenging with spend down £50m on previous year. There has been a change in the type of equipment being purchased as there is more local scrutiny of capital budgets and appropriateness of equipment. Four out of every ten pieces of equipment are now bought through the DH Trading Fund, which takes advantage of the aggregated demand across trusts with similar requirements.
6.2	The service and maintenance side of the NHS Supply Chain capital business is growing 15% per annum, which may be an indication of the aging equipment in hospitals.
6.3	Phase One of the £130m NHS England Cancer fund has been completed with the purchase of new Linear Accelerators across 15 trusts. These are machines that emit high energy x-rays for radiation therapy in cancer patients. The programme provides commitment to suppliers in return for the best market price.
6.4	There is a piece of work starting to standardise the technical evaluation criteria provided to the NHS when buying medical equipment. There has been a marked increase in "tender style" information requests from NHS Trusts and NHS Supply Chain intend to work closely with AXREM to ensure that industry is fully informed and responsive to the project.
6.5	NHS Supply Chain Capital are launching the Multi Trust Aggregation procurement calendar, which covers 11 modalities. This is being shared across the NHS Customer Board regions and information relating to budget commitment is being collated. The objective of this Programme is to aggregate equipment requirements across multiple NHS Trusts.
6.6	'Defibrillators for Schools' is a DfE programme. NHS Supply Chain is running e-auctions relating to DfE commitment. During 2016 over 900 devices were provided to almost 700 schools. They are considering whether it is feasible for NHS demand to be linked to this programme going forward. The team has a programme studying strategic investment planning within seven trusts, where NHS Supply Chain personnel are supporting the trust to audit the equipment and analyse the asset base and its utilisation in order to inform future procurement activity. Naomi Chapman, CET, asked about the algorithms used to assess the impact of aging equipment on the patient experience. Jason Lavery and Naomi to have a meeting to share the output from relevant studies in this area. Ila Dobson, AXREM suggested that it would be useful to hold a three way information exchange. **Action: Jason Lavery, AXREM and Naomi Chapman**

18/01/7	**NHS Future Operating Model – Justine Henson, Jin Sahota, DH FOM Team**
7.1	Justine presented an update of the Future Operating Model. Jin Sahota thanked the Supplier Board members for engaging with the FOM process and for cascading the updates to their members. He is confident that industry is well informed of the future model and looks forward to engaging with the members throughout the transition to the new model.
7.2	Nishan Sunthares, ABHI, commented that he had recently met with the British Orthopaedic Association who had not been briefed on the FOM. Justine Henson asked that ABHI make an introduction in order to rectify the situation. **Action: Nishan Sunthares**
7.3	Justine Henson commented that the FOM team now had an advisory group that had a good regional representation. She commented that London was the least well represented. This will be communicated to the London Chair, in order that the London Customer Board members can become involved. Justine will attend the February London Customer Board to update members.
7.4	Paul Webster, DH, is meeting with industry representatives to inform them of the FOM and to understand any concerns they may have. He offered to meet with any Supplier Board members and their membership to continue this support and asked that members contact him with requests for meetings. **Action: All members**
7.4	Jin Sahota, DH updated the meeting on the change in House of Lords representative as Lord Prior has stepped down and his place has been taken by James O'Shaughnessy, Parliamentary Under Secretary of State at the DH. Pat Mills, commercial director is leaving the DH at the end of January. His replacement has not yet been appointed. Recruitment of a Chief Commercial Office at the DH is underway.
18/01/8	**NHS England Excluded Devices Programme – Mark Kilner, NHS England, Andrew Davies, ABHI and Mark Hart, NHS Supply Chain**
8.1	Mark Kilner shared an overview of the programme and outlined the key asks of the industry • Members are asked to support and promote the new transactional model to aid adoption and migration and release efficiencies to the supply base in the form of reduced tendering and invoice consolidation. • Help in the provision of baseline spend data to provide the visibility and understanding required to help the programme ensure that cost inflation is not passed onto the NHS during the transition period prior to the completion of new national procurements, due to complete May 2017. • Cascade information to regional sales teams. • Support the Continuous Improvement Programme and share the good practice and key learning's with NHS Supply chain and NHS England. • Highlight and raise any unanswered questions in the Frequently Asked

	Questions document through either the implementation@supplychain.nhs.uk or england.commercial@nhs.net
8.2	Andrew Davis, ABHI, thanked NHS England for the excellent level of engagement that had taken place so far. The programme had represented significant change for ABHI members and NHS England with NHS Supply Chain had taken time to engage with their members to explain and answer questions. The ABHI members now understand the model and its principles. He was aware of several trusts who are looking to bypass the national strategy as they see it as adding complexity, particularly when "bundled" products are procured together, delivering cost savings.
8.3	Mark Hart, NHS Supply Chain thanked ABHI for their openness and support. He pointed out that this programme related to a narrow basket of 8000 products, of which 400 contributed to the majority of spend. He also acknowledged that of the 27 suppliers involved in the programme, not all are ABHI members and they require the same level of engagement and information.
8.4	He confirmed that there was recognition of the aspect creating 'blocks' to the adoption by provider trusts, and that NHSBSA and NHS England are supporting the acceleration of adoption. The price benchmarking tool is being used within the programme to mitigate any risk of cost inflation, with savings to date estimated at 3% within the initial cutover period.
8.5	Mark Hart confirmed that the Cardiology Tender has now closed for submission by industry and is within the clarification stage of the OJEU process. The tender includes a number of pricing offers to support industry meeting Carter principles for transparency, removal of variation and single national pricing, such as a national price matrix, to accelerate adoption of these principles
8.6	Chris Hill, SDMA asked how these national initiatives, such as this ZCM will be continued in the future operating model. Paul Webster offered to clarify this point with the FOM team. **Action: Paul Webster**
04/10/9	**NHS Supply Chain update – David Pierpoint, MD Procurement and Customer Engagement**
9.1	David gave an overview of how NHS Supply Chain were operationalizing the national programmes, working closely with NHSBSA, NHS England, NHS Improvement and customers.
9.2	Chris Hill, SDMA, asked for clarification on how threshold pricing has been calculated on recent woundcare tenders. Nicola Harrington explained that a weighted basked had been used to calculate the mean price, based on volume proportions and associated prices. Andrew Davies, ABHI, asked how the PPIB tool was being used and where the input data was coming from. Michael Pace responded that currently Purchase Order data was being submitted by all trusts and added to the full sales data recorded in NHS Supply Chain's systems. Paul Webster confirmed that going forward, transparency is key and all trusts will be asked to "Comply or Justify" when they are procuring outside of the national programmes. Obtaining a short-term better price is no longer an acceptable rationale for undermining the national programmes. He referenced that the Carter programme is calling for full transparency of pricing, which may

	ultimately mean that suppliers will have to split out elements such as training and after-sales service from the unit price in order to have true comparative pricing. The DH are engaging with Directors of Finance in all trusts and they are measured on compliance with the Carter programme targets. This is raising the profile of procurement within trusts and highlighting savings opportunities to DOFs. Michael Pace, referenced that suppliers are no longer required to deal with 250 individual customers, the national programmes are simplifying their market. Chris Holmes confirmed that NHS Improvement had written to all trusts and had receive commitment from 90% of them. This is indicative of the extreme economic pressure that trusts are experiencing.
18/01/10 10.1 10.2 10.3	**NHS Customer Board update - Louise Hillcoat, Secretariat** A pre-read had been shared with members, giving an overview of the customer boards and their priorities. Louise Hillcoat explained how the Customer Boards were analysing their performance across the 44 STP footprints and this is enabling wider involvement of trusts including Ambulance Services, Acute Trusts, Mental Health, Community and CCGs. Savings analysis by STP has revealed discrepancies in performance, but with clear visibility these are being addressed and best practice sharing is beginning to yield results. Customer Board representation on the Supplier Board has been discussed with Sir Ian Carruthers, National Board Chair, who is considering appropriate representation. In the meantime, Louise Hillcoat will share an update of priorities and actions from the Customer Boards as a pre-read to the next meeting. **Action: Louise Hillcoat** Paul Webster described the Customer Boards as an excellent forum for information exchange and unification of action across regions.
18/01/11 11.1 11.2 11.3	**Any other Business** Sandra Barrow, DH had sent her apologies. This would have been Sandra's last meeting as DH representative as she will shortly be leaving the DH. Members asked for their thanks to be minuted, particularly in reference to her support and accessibility when suppliers had questions relating to revisions in the NHS Terms and Conditions. The meeting wished Sandra all good wishes for her future. Alan Birks, AXREM, commented that members had found the pre-acquisition documentation shared by Sandra Barrow at the last meeting, very difficult to complete. Paul Webster offered to feed that back to the team. **Action: Paul Webster** ABHI had sent an AOB relating to PPIB and Scorpio data, how the data is collected and subsequently used. NHS Improvement has issued guidance notes for completion of PPIB data. These are most easily accessible from the HCSA website: https://nhsprocurement.org.uk/pages/ppib-attachments Chris Holmes explained how Scorpio was the system built by NHSBSA to store and analyse the NHS Supply Chain sales and pricing data. This is now being used to feed into the AdviseInc PPIB data tool which compiles data from across the NHS using PO information.

	NHSI are using PPIB data to verify adoption of national procurement programmes and pricing strategies.
18/01/12	**Items for next meeting**
12.1	Presentation of the 24 Category Action Plans by NHS Supply Chain – NHSBSA/NHS SC Nationally Contracted Products programme update - NHSI PPIB explanation – Advise Inc Zero Cost Model update – NHS England CET update - CET FOM update – FOM Team
12.2	Justine Henson asked that members feed back what they would like to hear at the next meeting. Louise Hillcoat will write to members to ask for their questions to Justine. **Action: Louise Hillcoat** Date of next meeting: 19th April Venue: TBC, London