NHS Supply Chain Medical Supplier Board Meeting
Park Crescent Conference Centre, London
13/09/17
Meeting Notes

Attendees

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

• Catherine Barker	NHSBSA
• Alan Birks	AXREM
• Einav Ben-Yehuda	NHS Improvement
• James Cheek	BIVDA
• Ila Dobson	AXREM
• Nicki Dill	Barema
• Mark Hart	NHS SC
• Chris Hill	SDMA
• Lawrence Hodgson	DH
• Sarah Lepak	
• BHTA	
• Vaughan Lewis	NHS England
• Rachel Myers	BIVDA
• David Pierpoint	NHS SC
• Tim Price	ABHI
• Paul Surridge	BIHIMA
• Tracy Stewart	AHPMA
• Paul Webster	DH
• Alan Wain	DH – Cabinet Office
• Rob Young	NHSBSA

Apologies

• Naomi Chapman	DH, CET
• Mick Guymer	NHS Customer Board
• Nicola Harrington	NHS SC
• Ray Hodgkinson	BHTA
• Jason Lavery	NHS SC
• Edmund Proffitt	BDIA
• Jin Sahota	DH
• Nishan Sunthares	ABHI
• Andy Sutcliffe	UTA
• Gwyn Tudor	Medilink UK
• Doris-Ann Williams	BIVDA

Meeting Notes

	Item
13/09/1	**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.
13/09/2	**Introductions, Notices, Apologies and Action update**
2.1	All attendees and guests were welcomed to the Park Crescent Conference Centre and introductions were shared. Apologies are listed above An action report was circulated prior to the meeting. All Actions from the April 2017 meeting are now completed or updates were provided during the meeting.
13/09/3	**NHS Future Operating Model - Paul Webster/Alan Wain**
3.1	**Commercial overview** Alan Wain explained the open book contract management processes that will be used to remunerate the successful Category Tower Service Providers (CTSPs) within the Future Operating Model. CTSPs earn gainshare by delivering the procurement activity within their cost forecast and by delivering predicted target savings. A mechanism within the contract caps margin at twice the CTSPs predicted gross margin delivery. **Service Level Adjustments** Service is measured by KPIs relating to performance. **Intangibles** – this relates to savings delivery from the use of a product, using measurements other than unit price, such as patient pathway savings (eg bed days). If the savings causal link can be measured, proven and recorded by the Trust Finance **Hygiene Factors** – are they delivering what they are required to deliver, key elements: • **Switching support** – CTSPs will be required to work with product suppliers to ensure adequate quality and technical support from product suppliers and the ICC to support trusts in their product switching. • **Category Strategy Delivery** – there will be a clear focus on developing world class product category strategies to delivery savings and efficiencies for the whole NHS. All category strategies will be signed off and governed by the ICC. • **Quality of reporting** – templates for submission of contract management information will be fed in a standardised format to each CTSP who will then be required to complete performance reports and submit to the ICC. Information will include both sales data and qualitative reports relating to business activity product switching and SRM • **Customer Service** – key elements include: **Customer Support** – customer service to support direct customer queries relating to logistics • **Customer Satisfaction** – regular review of customer satisfaction which will be developed over time to assess customer satisfaction across each category tower.

	David Pierpoint, NHS SC, asked who the arbiter is in relation to where the savings have been made and how they are measured. Alan Wain responded that the Intelligent Client Coordinator (ICC) has a contract performance management function and will apply pre-approved arbitration mechanisms to ensure validity of the savings. Vaughan Lewis, NHSE asked for further clarification of intangibles and the measures that NHSI could implement to quantify patient pathway and innovation savings in order for the savings to become tangible. Einav Ben-Yehuda, NHSI said that the PPIB tool is being continually improved, which gives transparency to savings and pricing. In addition she referenced the approaches being used within the GIRFT and HCTED programmes and the resultant learning that can be applied across the FOM. James Cheek, BIVDA, and Chris Hill, SDMA asked what mechanisms will be in place within the ICC for governing performance and driving innovation within the NHS Alan Wain described the structure of the FOM and how the ICC will be developed as a management office, which will govern and performance manage the CTSPs. He added that the CTSPs will be encouraged to include innovative procurement activity in their category strategies which should include the procurement of innovative products where they are proven to deliver a cash releasing or measurable patient pathway saving. Vaughan Lewis, NHSE reminded the presenters that communications needed to be tailored for a clinical audience as they are not familiar with the procurement and FOM terminology. Alan Wain confirmed that the PTP Communications team has focused customer and clinical facing presentations that explain the implications of the FOM to the customer. Louise Hillcoat referenced the forthcoming RCN events where the FOM communications have been tailored to the nursing community audience. Ila Dobson, AXREM asked what measures are being put in place to ensure the higher uptake by the NHS Trusts, which is assumed in the new model. Alan Wain replied that whilst primary legislation within the NHS does not allow mandation, and that mandation would not drive the correct behaviours, there is a collective acknowledgement that NHS buying behaviour has to change and that levers adopted by the NHSI and NHSE initiatives have demonstrated how trusts can be encouraged to participate in national savings programmes. The most powerful influencer of trust behaviour will be implemented in April 2019 when the “buy-price = sell-price” top sliced model will be used for all expenditure through the NHS SC model. This will drive the NHS procurement activity to be centralised as paying for goods outside of the model will mean the trust is paying twice and will incur cost pressures for the NHS. Centralised procurement should drive cost benefits, leveraging costs by aggregating demand across the NHS. Alan also reminded the meeting that price is not the only driver for trusts using NHS SC as service levels, point of use delivery and consolidated invoicing are also highly valued. **Clinical Assurance within the Future Operating Model – Alan Wain** The current Clinical Evaluation Team has been a proven model of success. In order to scale it up to the level that is required to ensure product assurance is a fundamental role within the procurement function, there is a requirement for Product Assurance to be embedded both within the ICC and each Category Tower. The current CET have delivered seven reports to date and a five further reports are due in September. There have been good and far reaching lessons learned from the activity to date and now supplier engagement throughout the process is recognised as key.

	The Product Assurance function within the ICC This team will have the role of ensuring clinical evaluations are independent and unbiased and to ensure that criteria for assessment are technically accurate and based on clinical evidence. The ICC product assurance team will be involved in the sign off process for the category strategies. Where policy is feeding through from the DH and other government bodies that will have an impact on clinical evaluation, the ICC team linkage will share policy information. For example, the Accelerated Access Review (AAR) report is being implemented by Office for Life Sciences and NHS England and will impact on products coming into the model. Within the ICC, the product assurance function will be helping CTSPs to adopt policy and implement government requirements. [https://www.gov.uk/government/publications/accelerated-access-review-final-report], **The Product Assurance function within Category Tower** These teams will ensure that product assurance will be embedded within the procurement provision and the current CET processes have been translated into the specification for the Category Towers and form a key aspect of the category strategies. Whilst currently retrospective evaluation is conducted post–framework award, the vision is that clinical evaluation will drive the specifications against which the framework will be awarded. Chris Hill, SDMA challenged that this may stifle innovation and drive prescriptive specifications against which all suppliers will deliver and will no longer invest in innovation Alan Wain said that he is working with the Office for Life Sciences, AHSNs and the NHSE innovation teams, and that learning from the other NHS departments will be built into the portfolio and drive new specifications. He re-emphasised that evidence based innovation is what is needed, not just single claims of product delivery Alan finished by calling on all present to continue with a collaborative working approach between product suppliers, trade associations, the ICC and the CTSP The Award for the CTSPs for the six medical towers will be announced in early October, with the Capital and Hotel Services Towers following around 2 months later
13/09/4 4.1	**Inform on NHS Supply Chain Procurement business unit – David Pierpoint, NHS SC** **National Pricing** – in response to the question posed at the April meeting relating to removal of commitment discounts and bespoke pricing in response to the Carter Report, David reported that NHS SC had embarked on the journey from 220 suppliers that were putting individual/bespoke trust based pricing into the market across 40 frameworks and now 11 frameworks have now removed bespoke pricing and retrospective commitment rebates to individual customers. As national procurement activity becomes embedded, with national volumes committed to suppliers, the need for individual schemes will be removed going forward. The majority of retrospective rebate schemes are run by just 30 suppliers and the NHS SC procurement teams are working with them to transfer rebates into price and ensuring the reduced prices are available to the whole NHS in line with the national price transparency agenda. The meeting discussed whether removing retrospective discounts and putting the value into up front pricing may be driving increased pricing across the NHS. David responded that there is still some opaque pricing when suppliers are dealing directly with NHS Trusts, not transacted through NHS SC and so the price comparison cannot be entirely comprehensive, but once there is clear visibility through NHSI's price benchmarking tools, NHS SC can ensure the national price matrix is applicable to all customers.

	Rob Young, NHSBSA commented that the journey towards a National pricing matrix can be accelerated for those categories that are more commoditised and will be more complex for those more clinical categories. The category specific aspect of pricing complexity and transparency results in need for a more focused approach in some areas, which will rely on the PPIB developments that NHSI are overseeing. The meeting discussed whether customer behaviour and supplier response has previously dictated the inconsistency of approach, as customers see a local benefit to their individual Trust's budget in line with their targets and cannot afford to consider a national price benefit. It is anticipated that the future funding model will ensure consistency of behaviour and trust benefits. **Nationally Contracted Products** The first two programmes have delivered over £2m savings. Blunt Fill Drawing Up devices market share has increased. Vaughan Lewis, NHSE, asked how clinical evaluation feeds into the procurement activity. It was explained that where the CET reports are published, reference is made to them prior to going out to mini competition and that the Trusted Customer is engaged from early strategy stage, throughout the process, including clinical input where required. Tim Price, ABHI asked whether the NCP procurement activity has been challenged. It was confirmed that some procurement exercises have not led to product award, whether based on pricing levels or supplier engagement, from which some useful lessons have been gained and will inform future procurement strategy. **Supplier contact details** Supplier contact details are held on the internal CRM systems within NHS SC and are relied upon to ensure consistent and accurate engagement with suppliers throughout the procurement and clinical evaluation activity. Members are asked to encourage their membership to respond to the requests for contact details that are being sent out by NHS Supply Chain. **Action: All member supplier organisations** Members are asked to send their published membership lists to Louise.hillcoat@nhs.net in order that the records can be cross referenced. **Action: All member supplier organisations** **Procurement calendar** This online programme of procurement activity is updated regularly and is visible to both customers and suppliers by visiting https://www.supplychain.nhs.uk/savings/procurement-and-savings-calendar/ **HCTED** Analysis of order patterns within the NHS is being conducted to understand why trust behaviour differs so much. The top slicing of budgets was put in place in April 2016, if trusts continue to purchase outside of the programme, there are additional costs to the NHS. The uptake currently stands at 25% with an aim to increase to 100%. Trusts should not be affected by the changes apart from the source of invoicing
13/09/5 5.1	**Inform on NHS Supply Chain's Capital Solutions business unit – David Pierpoint** Five year review of the Capital Fund has been conducted and a summary will be circulated after the meeting **Action: David Pierpoint**

	The £158m target savings figure will be achieved by end of September 2017 reflecting the volume that is going through the DH Fund. Around 45%, £75m sales have been processed through the fund. £40m of the fund has been used for leasing arrangements. Cancer fund – phase 3 has now been approved and the Capital division is now working through the quotation process. The multi-trust aggregation programme to align procurement activity in the trusts' calendar to aggregate demand and deliver consistent pricing has been successful. However, now some supplier behaviour has meant there is growing inconsistency of where price benefits are being given, which is undermining the programme and creating an unfair market place.
13/09/6 6.1	**Credentialing – Alan Birks** Alan Birks, AXREM, gave a presentation about Professional registration for the Life Science industry to update the meeting on the development of a set of national policies and standards, how it can support a system of industry-led implementation across the NHS and the impending accreditation of the national register from PSA Working with the Academy of Healthcare Science (AHCS) and NHS England to support the registration of credentialing by Professional Standards Authority (PSA) the scheme will result in a national registry of accredited individuals and organisations that work in the healthcare sector, removing the escalation of costly schemes that incur fees and cost increases to trusts. The documentation has been submitted to the PSA and is currently being reviewed. Questions are being responded to and confirmation of PSA endorsement is expected imminently. There will be a tiered level of accreditation linked to the level of patient contact by the registered individual. The register does not include an appointment booking system but will be integrated into systems within trusts that can offer appointment booking. Cost of registration should be set at a not for profit level. Information held on the register will be publically available. AHCS are providing the administration and website development. The LSI Credentialing Register will have a Governance mechanism with appropriate expert and lay representation to manage complaints, standards and training accreditation. The requirements of the PSA have been the overriding factor in determining the governance structure, the key elements of which are: - Regulation Council - Eductaion, Training and Standards Committee - Complaints handling - Quality Assurance and Audit **Training** – individuals will be expected to receive product training by the individual product supply company and supplementary training, where necessary, from third parties to meet specific NHS requirements. The LSI Education, Training and Standards Committee will provide support on this as required. The process will be piloted through a joint AXREM and Barema initiative with a view to a full launch Q4 2017.

	AHCS are developing a communications plan to ensure trusts are informed about the register. HCSA have welcomed the opportunity to promote the register at their events and Janet Monkman, AHCS and Andrew Davies, ABHI have received the HCSA details to pursue engagement with the NHS procurement community. Louise to discuss with Mick Guymer, National Customer Board representative, about putting credentialing on the Customer board agenda and ensuring HCSA channels are used to communicate progress in this area. **Action: Louise Hillcoat**
13/09/7 7.1	**NHS England Excluded Devices Programme - Vaughan Lewis, NHS England** Vaughan set the context of HCTED as the NHS is facing increased pressure due to price increases and increased activity. He quoted an average 7.9% increase in spend from 2013 to 2020. He also highlighted the variation in prices paid by individual trusts for similar products as well as suppliers providing the same product to trusts at a range of prices. HCTED is seeking transparency and standardisation to deliver improved efficiency and outcome for the NHS. “Right device, right patient, right time” Vaughan is leading Phase 2 of the HCTED programme and presented an introduction to its structure and scope. Specialised commissioning represents £15bn spend across NHSE. It is split into four regions. Each region has a medical director and clinical leadership through a programme of care structure for six clinical areas – cancer, internal medicine, trauma, blood and infection, mental health, women and children – genomics is to become the seventh. Each has its own clinical reference groups. Service specification and commissioning policies are currently being defined. Methodology under development. Timelines – group formation and meeting by end 2017. Enhanced industry engagement gives the opportunity to bring innovation and research into clinical practice and the opportunity to improve the time to adoption. The NHS Supplier Board and the engagement with the representative trade associations is considered key to ensuring strong industry inclusion. Drawing on existing clinical leadership within NHSE the HCTED programme is building a network of 17 device groups, with strong commissioning and procurement support as a new infrastructure to consolidate and build on industry collaboration. Vaughan referenced the gov.uk initiative MedTechScan, which NHS England commissioned from NICE. It is a pipeline through which all new medical devices are introduced and enables innovation and efficiency opportunities to be adopted by the NHS. https://www.digitalmarketplace.service.gov.uk/digital-outcomes-and-specialists/opportunities/4491 Members requested that the slides be shared with the minutes. **Action: Louise Hillcoat** Vaughan asked if he could be provided profiles of all of the Trade Associations. **Action: Louise Hillcoat** Consider inviting a representative of MedTechScan to future Supplier Board **Action: Louise Hillcoat**

13/09/8 8.1	**NHS Improvement Carter Programme - Einav Ben-Yehuda, NHSi** Einav presented an update on the implementation of programmes in line with the Carter Report. She noted that this has been the common thread for all the presentation of the day. NHSI aims to fundamentally change the way in which the NHS procures its non-pay spend, the skills and activity of procurement professionals within the NHS. Einav shared an update of how NCP is delivering the key Carter principles of Aggregation, Removal of unwarranted variation and commitment. Savings delivery and the resultant transparency of pricing and buying behaviour are proven and NCP is a procurement tool that will ensure the Future Operating Model delivers optimum efficiency going forward. The PEPA league table for the model hospital is due to go live from October and will be accessible via the live platform accessible for all users via mynhs.net. So all trusts can log on for free and see how efficient and effective they are and compare their product usage/pricing. NHSI are supporting the trust PTPs – procurement strategies from each trust with their implementation and savings delivery. Tim Price, ABHI, shared frustration from industry that other providers are running competitive tenders, which has resulted in suppliers being invited to supplier engagement and conditioning events, when they had understood that products would not be procured outside of NCP. Einav reminded the meeting that national procurement activity only applies to some product areas at the moment, but that the Future Operating Model is funded to drive procurement behaviour as a single NHS, which should address the unwarranted fragmentation of the current procurement landscape. Paul Webster commented that for first time, all the NHS agencies are working together to deliver the future vision on one NHS. Einav referenced working groups that are being set up by NHSI to consult and deliver improvements to the procurement landscape. She invited the supplier community to get involved it they deem it useful by contacting her or via an NHSI representative. **Action: All members** The meeting discussed the potential impact that NCP may have on SMEs. The scope of NCP is predominantly commoditised products which are traditionally not the SME domain. In addition, some procurement has seen a split award, which enables SMEs to win a proportion of the national volume, as well as serving to preserve supply resilience.
13/09/9 9.1	**NHS Customer Board update - Mick Guymer, NHS Northern Customer Board** Mick was unfortunately unable to attend the meeting, but if members have any questions relating to the Customer Boards, to channel them through Louise Hillcoat
13/09/10 10.1	**Any Other Business** Paul Webster referenced a survey that has been sent to all trusts to measure their level of understanding about the Future Operating Model. It is now proposed to send a similar survey to the supplier community and this will be done through the NHS Supplier Board. **Action: Paul Webster/Louise Hillcoat** Sarah Lepak asked where feedback on the eprocurement guidance that was distributed in July should be sent to. It was agreed that any comments should be fed to Louise Hillcoat who will collate.
13/09/11	**Items for next meeting**

11.1	• GS1 in a trust environment – report on appetite from trusts for adoption of Scan4Safety • Sustainability and Modern Slavery – requirements on industry published statement– consider Inviting a Supplier Resilience team representative to present a call to action on suppliers and how the requirements are stated in tender documentation –FOM updates • National savings programmes - NHS I initiatives • HCTED, Vaughan Lewis to provide update at either December or March meeting Date of next meeting: 14th December 2017 Venue: Mary Ward House 5 - 7 Tavistock Place, London, WC1H 9SN