



Delivering the Future Operating Model for NHS Procurement - Award Contracts for Medical Procurement Services

The Department of Health's Procurement Transformation Programme¹ (PTP) has awarded six new contracts for procurement service providers to purchase medical products for the NHS. As part of the drive to increase efficiency and achieve best value, the PTP will deliver a new way of procuring goods through the Future Operating Model (FOM)² for the current NHS Supply Chain. The contracts have been awarded to three preferred bidders; DHL Supply Chain Limited (DHL), Health Solutions Team Limited (HST) and the NHS Collaborative Procurement Partnership (CPP), which will form the Medical Category Tower Service Providers for the FOM. These contracts are the next stage in the development of the FOM for the future NHS supply chain, through which all NHS organisations can purchase goods and consumables for patient care.

Contract awards were based on assessment of the quality of response from bidders against set criteria, competitive pricing and credibility of their savings projections. The NHS played a key role in choosing the Medical Category Tower Service Providers through a team of NHS professionals (procurement and clinical specialists) who evaluated the bids to help ensure that the contracts will deliver clinically assessed, safe products offering excellent value for money. These six Category Towers will deliver savings for the NHS of over £480m in the first three years of their contract.

The Medical Category Tower Service Providers will work with NHS organisations using clinical expertise embedded within their teams to develop category management plans aimed at achieving the Carter objectives. These objectives include eliminating unwarranted variation and leveraging the huge spend of NHS Trusts to procure high quality, clinically assessed products at best value. A central team, known as the Intelligent Client Coordinator (ICC), will assure the clinical evaluation work and will manage the performance of the Category Tower Service Providers. Innovation has not been ignored; the Providers will also be required to identify and drive innovation throughout the life of their contracts, which will involve working with the Accelerated Access Review programme³ (AAR) and the Academic Health Science Networks (AHSNs).

"NHS organisations spend around £6bn each year on the non-pay goods and products they need to run their services. At a time of financial challenge in the NHS, when the service is under pressure, it's important that every area of the service looks to increase its productivity and efficiency by doing things differently. Procurement is one such area where greater collaboration has the potential to achieve excellent results.

The contracts with DHL, HST and CPP will deliver significant savings for NHS organisations for reinvestment back into NHS frontline care. The new NHS model for procurement is driving the change by maximising the massive buying power of the NHS, for the benefit of patients".

Jin Sahota, Senior Responsible Officer for PTP, Director of Supply Chain, Commercial Division, Department of Health.

Please contact fom@dh.gsi.gov.uk for any further enquiries including media.

Notes

1. The DH's Procurement Transformation Programme is working to implement the Future Operating Model (FOM) which will deliver the recommendations for improving procurement in the NHS outlined in Lord Carter of Coles Review – published in February 2016 [Operational productivity and performance in English NHS acute hospitals: Unwarranted variations](#)
The FOM will work, as part of the NHS, to deliver clinically safe, high quality products at the best possible price through a more sustainable approach which will include more rigorous and responsive management of supplier accountability and contract strategy development. The FOM will be complete by October 2018 and will bring large elements of procurement back into the public sector, at the same time simplifying the procurement landscape and improving responsiveness to NHS organisations.
2. The Medical Category Towers 'products and goods which the new suppliers will be providing include equipment and materials such as, infection control and wound care products, ward-based consumables, orthopaedics, trauma and spine, ophthalmology, rehabilitation services and radiology and audiology products.
3. Link to [Accelerated Access Review Programme](#)