

NHS England Board meeting

Paper Title: New Commercial Strategy for the NHS

Agenda item: 5 (Public Session)

Report by: Jacqui Rock, Chief Commercial Officer

Paper type: For discussion

Organisation Objective:

NHS Mandate from Government	<input type="checkbox"/>	Statutory item	<input type="checkbox"/>
NHS Long Term Plan	<input checked="" type="checkbox"/>	Governance	<input type="checkbox"/>
NHS People Plan	<input type="checkbox"/>		

Executive summary:

The new commercial strategy for the NHS details the next evolution of NHS England's commercial service offer - the Central Commercial Function (CCF). This paper outlines what the CCF will deliver and how, along with the associated benefits of our new strategy.

Action required:

The Board is asked to note the information provided in the paper, including our planned activities between now and 2024, and agree to receive regular progress updates through the standard Business Plan process between now and 2024. Furthermore, we request endorsement from the Board to champion commercial activity at Integrated Care System (ICS) level and ensure ICS commercial strategies are in place.

Background

1. The NHS is one of the biggest commercial organisations in the country, buying on behalf of the fifth biggest employer in the world. Clinicians rely on NHS commercial teams to buy the goods and services they need, making them critical to the delivery of patient care.
2. NHS commercial teams consist of commercial and procurement professionals at national, regional and local levels across England, enabling the NHS to deliver value for every pound spent whilst ensuring frontline staff get the right products and services in the right place, at the right time.
3. Commercial activity covers all supplier-related activity, including procurement of products and services and income generation, and plays a central role in ensuring the financial stability of the NHS. The scale of NHS commercial activity is significant, with around £30 billion spent across approximately 80,000 suppliers.

4. There is currently no centrally driven NHS commercial strategy that binds the NHS commercial community, drives collaboration across commercial teams, leverages NHS collective buying power or provides a clear, consistent guideline on how to contract with the NHS. This has resulted in unwarranted variation in commercial arrangements with suppliers and missed opportunities to drive additional value and leverage scale.
5. Engagement with commercial and frontline delivery teams across the NHS and suppliers has identified the requirement for a Central Commercial Function to provide greater oversight and guidance, and more clearly defined services to support NHS commercial activities through a unified commercial community. The Central Commercial Function will focus on addressing the key learnings to date:
 - a) Whilst there is a commercial community, it is not unified and there is a lack of central direction to provide clear buying pathways for regional and local commercial teams and a missed opportunity for the NHS to harness collective buying power and leverage scale where appropriate.
 - b) Frontline staff have experienced disruption due to pressures in the global supply chain.
 - c) Role definition and training opportunities vary between commercial teams, which has led to issues retaining commercial capability within the NHS.
 - d) Poorly integrated systems, data and technology mean that the NHS has an inadequate view of spend, so we are not currently able to effectively leverage the market effectively and ensure that all NHS teams consistently get the best value from suppliers.
 - e) The lack of a sector-wide commercial strategy has hindered collaboration between different local and regional bodies resulting in teams working in silos and to inconsistent guidelines.
 - f) Supplier relationships have been fragmented, making it difficult for the industry to work with us and deliver innovative solutions for NHS priorities, such as meeting our Net Zero targets.
 - g) As the NHS looks to reform through the development of the ICSs, commercial teams need to continue to align with the new structure to enable the delivery of significant benefits and value for the taxpayer.

Recommendation: The Central Commercial Function

6. The CCF will be a new, dedicated central team in NHS England. Its ambition will be to unify the NHS commercial community to unlock opportunities for the NHS, deliver value for every pound spent and improve patient outcomes.
7. The CCF will provide seven new service offerings (outlined below) to support

all NHS commercial activity. The foundation for the CCF has already been established through the NHS England Procurement Target Operating Model (PTOM) initiative, which will evolve into the seven new service offerings.

CCF seven new service offerings:

Service	Service offering	Benefits
Commercial Capability	<ul style="list-style-type: none"> • Validate approved routes to market. • Create a single buying portal for best practice and end-to-end playbooks. 	<ul style="list-style-type: none"> • Clarity to procurement teams on where and how to purchase goods and services.
People & Community	<ul style="list-style-type: none"> • Create a collaborative commercial culture across the NHS. • Leverage the Government Commercial Function (GCF) to build a tailored and bespoke learning and accreditation offering for NHS Commercial teams. 	<ul style="list-style-type: none"> • Qualified, accredited teams, supported by a career pathway that develops future-proof knowledge to support the needs of the frontline.
Governance, Assurance & Processes	<ul style="list-style-type: none"> • Endorse a standardised and compliant approach within the market. • Review and enhance our governance and assurance approach. • Use appropriate levers to ensure adherence. • Promote consistent and appropriate application of policies and standards. 	<ul style="list-style-type: none"> • Oversight of all commercial activities, enabling the NHS to wield greater influence and promote innovation to deliver NHS priorities. • Alignment with ICS governance and their expectations of procurement activity.
Technology & Data	<ul style="list-style-type: none"> • Roll out technology to provide greater visibility of spend, such as Atamis and Spend Comparison Service. • Build an in-house data analytics capability to provide insights into suppliers and key performance indicators. 	<ul style="list-style-type: none"> • Insight into procurement value, savings opportunities and outcomes. • NHS is better able to leverage, rationalise and shape the market.
Commercial Strategies	<ul style="list-style-type: none"> • Develop and implement a universal strategy across the NHS with clear procurement pathways and routes to market. • Facilitate ICS procurement strategy development • Adopt a national approach to commercial income generation. 	<ul style="list-style-type: none"> • Easier for the NHS to do business by introducing clear direction and guidelines.

Sustainability & Innovation	<ul style="list-style-type: none"> • Develop an NHS-wide approach to delivering NetZero and social value. • Work with industry partners to identify innovative solutions that can be scaled and shared, supported by clear policy and guidance. • Leverage existing and develop refreshed 'How-To Guides' to help drive innovation and consistency in complex and large-scale contracts across the NHS. 	<ul style="list-style-type: none"> • Increased innovation and value in how and what commercial buys for the NHS. • Delivery of NHS and government priorities. • Eradication of modern slavery in the supply chain.
Sourcing & Management	<ul style="list-style-type: none"> • Segment suppliers and identify appropriate national purchasing opportunities. • Formalise supplier relationship management throughout NHS commercial. • Establish national strategic supplier management. • Establish and deploy a complex transactions tiger team. 	<ul style="list-style-type: none"> • NHS is able to shape the market and drive innovation. • Greater resilience in the supply chain. • Eliminate waste spending with the same supplier across multiple, differing contracts. • Targeted sourcing and management support to teams across NHS commercial.

Figure 1. The CCF Service Offer

How and when the service offering will be delivered

8. The initial operating capability of the CCF will be in place by the end of 2022. We are currently reviewing and reprioritising activity and effort to focus on driving immediate benefits through existing resource and budgets whilst continuing to evolve at pace. Leveraging capability from across the NHS commercial community will be key to success. Our Full Operating Capability will be achieved by December 2024. At this point, the CCF will be effectively providing a range of services, covering the entire commercial lifecycle, and providing national, regional and local benefits.
9. The establishment of the CCF will benefit many stakeholders:
 - a) **For patients:** The healthcare services they need are delivered on time and of the best quality.
 - b) **For clinicians:** They are equipped with the goods and services they need to deliver world-class care.

- c) **For the taxpayer:** The NHS is achieving value for every pound spent and delivering government priorities such as sustainability, NetZero and eradicating modern slavery.
- d) **For suppliers:** The NHS is easier to do business with, with opportunities to develop more innovative solutions to meet NHS and government challenges.
- e) **For NHS Commercial:** There is one commercial community delivering in line with a clear commercial strategy that provides guidance and development opportunities to help continually evolve and support commercial teams across the NHS.

10. The detailed delivery and governance of the CCF will be co-created by both the central commercial team and the wider commercial community to reflect where the centre can add value and support local and regional teams. The National Procurement Forum (NPF) will continue as a crucial forum for collaboration and sharing of best practice among NHS commercial leaders. The most recent event occurred in June 2022, whereby 42 ICS procurement leads came together to review, discuss and iterate the plans for the seven service offerings. During this forum, we agreed the activity that will be delivered by April 2023:

Service	Deliverables by April 2023
Commercial Capability	<ul style="list-style-type: none"> • NHS commercial teams can access best practice procurement in one place including playbooks. • NHS commercial teams can access a route map to identify where to buy any good or service.
People & Community	<ul style="list-style-type: none"> • An embedded support programme for Assessment Development Centre – all ICS procurement leaders offered accreditation by March 2023 on a non-mandatory basis. • National commercial recruitment campaign to support resilience in the sector and to address retention and succession planning • Refreshed job profiles across all job families, aligned to ‘Agenda for Change’ to help ICS Procurement leads build their new organisation model. • A live and vibrant ICS Procurement community that can work collaboratively together.
Governance, Assurance & Processes	<ul style="list-style-type: none"> • Governance and control in place to ensure NHS compliance with all government policies, processes and regulations. • All trusts will have completed a Commercial Continuous Improvement Assessment Framework (CCIAF) and undertaken peer review.
Technology & Data	<ul style="list-style-type: none"> • Fully funded eCommercial system (Atamis) licences are available to all NHS Providers, ICBs and CSUs • Data is available for price benchmarking, savings opportunity identification and supplier risk mitigation • All known commercial pipeline data is available in the single eCommercial system

Commercial Strategies	<ul style="list-style-type: none"> • All non-pay spend categories have a clear agreed strategy and delivery plan with a 3-year saving target. • Facilitation to support all ICS to have Procurement strategies in development or in place.
Sustainability & Innovation	<ul style="list-style-type: none"> • Suite of best practice documents that provide support to NHS procurement teams to switch to more sustainable goods. • The NHS system will be ready to implement the Net Zero Supplier Roadmap April 2023 milestone - carbon reduction plans required for suppliers with contracts over £5m/annum. • Evergreen sustainable supplier assessment will be live to consistently collect supplier data.
Sourcing & Management	<ul style="list-style-type: none"> • Identification of critical and strategic suppliers undertaken. • A Strategic Relationship Management strategy will be conducted and published. • Supplier engagement undertaken, including the first annual strategic supplier conference

Figure 2. The CCF Deliverables

11. The CCF programme of work is substantial and underpinned by a series of stakeholder engagement activities. Including the next NPF which will take place in September 2022, focusing on formalising the governance arrangements for the CCF and ensuring that commercial leaders have a clear role in various aspects of the seven services. We will also mobilise a series of supplier engagement activities to listen and understand supplier needs and gain their commitment to our strategy. This will consist of site visits, roundtables and launching the first annual NHS supplier engagement event.