

19 April 2011

Chief Executives

by the Week

*Richmond House
79 Whitehall
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Your Ref: Gateway reference 15991

Dear CEO

Subject: Price benchmarking and reducing non-pay spend

In my letter of 22 February I referenced a Product Pricing Project which I want to pilot for the NHS. We have been working with the Foundation Trust Network to progress this and whilst we have had significant interest from trusts, I would still encourage you to get in touch with the FTN if you are interested in joining by emailing Liz Smith at liz.smith@nhsconfed.org or Mitali Begum at mitali.begum@nhsconfed.org by 26th April 2011. You do not need to be a Foundation Trust to be involved.

The intention of the Product Pricing Project is to share pricing information on a small sample of products to illustrate comparisons with other trusts in the group. It will then be up to individual trusts to use this information to work together to establish why and how some trusts pay lower prices, and to challenge what they are paying.

Some good examples of widely used clinical products are listed below. However, those trusts included in the pilot will have an opportunity to comment on, add to and shape this list to a final list of 10 products.

Item	Supplier	Part No	UOM	Description
1	Marshall Products	300100D	Box of 10	300100D Disposable Magills Adult Forceps
2	Synergy	21481	Pack of 5	Plain Gauze Swab (sterile) 5x5cm 8ply. 300.
3	Smith & Nephew	7208678	Each	Passing Pin Drill Tip 2.4mm x 38cm Sterile for Endobutton Indicator
4	Depuy	960003	Each	FJK3601 960003 PFC sigma cr non-porous femoral left size 3 (Knee implant component)
5	Ethicon (J&J) Prolene Brand name	EH464G	Pack of 12	Suture prolene EH464G prolene monofilament 2/0 pre-tied endoloop (Non-absorbable Suture)
6	Stryker	0400800000	Box of 36	0400800000 Turbo 4 Hood lge/X-lge Box of 36 B\4\C\1964 (Single-use surgical hood)
7	Boston Scientific	1009527-18B	Each	Promus Stent 2.5 x 18mm
8	Becton Dickinson	440474	384 Tests	BD Probetec ET CT/AC Reagent Pack 384 tests (For Chlamydia)
9	Covidien	SILSPT5	Box of 6	Trocar single entry multi access Sils access port for single incision port 3 x 5mm cannula with blue flexible port (Disposable Cannula)
10	St Jude	ADx XL 5386	Each	Identity ADx XL 5386 DDDR Pacemaker (Dual-Chamber, multi-programmable, rate-adaptive pacing device with AF suppression)
11	Kodak	1811884	Box	Film: Mammography, Kodak Min-R 2000, 180mm x 240mm
12	CME MCKinley UK Ltd	100-100sm	Each	McKinley T34 syringe pumps- 100-100SM (Ambulatory syringe pump)
13	Arizant UK (Bair Hugger Brand name)	31000	Box of 10	Blanket patient warming for use with hot air blower - Paediatric (Patient Warming System)
14	Olympus Keymed	MPC code= N1089030 Prod code= KD-V211M-0730	Each	Single use, double lumen sphincterotome (Endoscopic equipment - Instrument for incising a sphincter)
15	Med El UK Ltd	4215	Each	4215 Med El Sonata T1100 FI Cochlear implant soft array (To aid hearing)

You may be concerned that you have signed confidentiality agreements with some suppliers which do not permit you to disclose the price that you pay. You will need to consider each agreement individually, but I would encourage you to view the transparency of these prices as something which is in the interest of the public purse, and an issue on which the NHS should be publicly accountable. Pricing information in itself is not necessarily confidential, particularly where that information is either already in the public domain or there are public interest grounds for disclosing that information.

Improving the efficiency of the procurement of goods and services in the NHS is key to saving money so resources can be redirected to the front line. Leadership and commitment to change at trust level is needed to make this happen. However, I also recognise that there are system changes and national initiatives which need to be in place to create an environment where changes of this kind can flourish.

Whilst the National QIPP Procurement Workstream has a number of projects in place with this aim, the recent National Audit Office (NAO) report on the procurement of consumables in the NHS has made it clear that a more developed national strategy is needed, and that this needs to be done in conjunction with the NHS. We must be confident that we have done all that we can to ensure that procurement spend is as low as it can be so that every penny saved can be ploughed back into frontline services.

In addition to the invitation to join the Product Pricing Project, the Department of Health would like to invite Trust CEOs to join a workshop to:

- explore examples of best procurement practice and examine what the current barriers to further roll-out may be
- work with Peter Coates, Commercial Director, to shape what support the NHS needs to improve procurement to deliver efficiencies
- provide some practical steps to make immediate improvements to procurement at a local level

Where: Department of Health, New Kings Beam House, London

When: Tuesday 24th May 10.30am - 2pm

Who: Trust CEOs (foundation and non-foundation) and NEDs

Please contact Beth Loudon at the Procurement, Investment and Commercial Division on beth.loudon@cmu.nhs.uk or Mitali Begum at mitali.begum@nhsconfed.org if you are able to attend this session.



Jim Easton
National Director for Improvement and Efficiency