The NHS: How the money flows

Parliament

Department of Health

Other arm’s length bodies, including NHS Improvement, Care Quality Commission and Health Education England

£12.8 billion

£15.4 billion

NHS England

£7.4 billion

£2.1 billion Sustainability and Transformation Fund

£4.2 billion

£3.4 billion

Local authorities

Better Care Fund

Clinical commissioning groups

Public Health England

£105.9 billion

£76.6 billion

Public health

Community services

Mental health

Hospital services

Ambulance services

Primary care

Specialised services

1. All figures are for 2016/17
2. Public health grant
3. With the aim of integrating health and social care services, NHS commissioners and local authorities pool some of their annual budgets (around £5.8 billion in 2016/17) to create the Better Care Fund.
4. From April 2017, all CCGs have assumed some responsibility for commissioning primary medical care services. Sixty-three have taken on full delegated responsibility: the rest have joint responsibility with NHS England.
5. NHS England transfers money to those CCGs that have taken on full delegated commissioning of primary medical care services.

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>2016/17 Procurement Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>DH Group</td>
<td>£  3,324,117,488</td>
</tr>
<tr>
<td>Department of Health - Core Department</td>
<td>£  564,509,381</td>
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<tr>
<td>Care Quality Commission</td>
<td>£  50,792,234</td>
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<td>Health Education England</td>
<td>£  26,096,573</td>
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<td>Health Research Authority</td>
<td>£  3,506,025</td>
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<tr>
<td>Human Fertilisation &amp; Embryology Authority</td>
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<tr>
<td>Human Tissue Authority</td>
<td>£  878,535</td>
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<tr>
<td>Medicines and Healthcare Products Regulatory Agency</td>
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<td>Monitor</td>
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<td>National Institute for Health and Care Excellence</td>
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<td>NHS Blood &amp; Transplant</td>
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<td>NHS Business Services Authority</td>
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<td>NHS Digital</td>
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<td>NHS England</td>
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<td>NHS Resolution</td>
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<td>NHS Trust Development Authority</td>
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<tr>
<td>Public Health England</td>
<td>£  159,654,452</td>
</tr>
</tbody>
</table>
What we buy (2016/17 procurement spend in £m)

- Clinical and Medical, £1,515
- Professional Services, £676
- Other, £676
- ICT, £286
- Facilities, £205
- Social Care, £121
- CCL, £110
- Communications, £47
- Travel, £62
- Uncategorised, £7
- Office Solutions, £27
- Learning and Development, £26
- Print and Print Management, £23
- Other Categories, £40
How we buy – key procurement routes

DH Group
- CCS Frameworks
- GCloud
- Health specific frameworks
- Open procurement competitions – see Contracts Finder for opportunities
- Restricted or negotiated procurement competitions

NHS Trusts
- Crown Commercial Services (CCS)
- Yorkshire Purchasing Organisation (YPO)
- Eastern Shires Purchasing Organisation (ESPO)
- NHS North of England Commercial Procurement Collaborative (NOE CPC)
- NHS London Procurement Partnership (LPP)
- NHS Commercial Solutions
- East of England NHS Collaborative Procurement Hub
- NHS Supply Chain
- Procurement competitions
The Future Operating Model for Procurement of NHS Consumables and Medical Devices

Currently only 40% of the NHS’s £5.7bn spend in everyday hospital consumables common goods, high value healthcare consumables and capital equipment goes through NHS Supply Chain. The FOM will double this is 80%
THE CATEGORY TOWERS

The Future Operating Model is organised into eleven Category Towers, covering medical, capital and non-medical areas of the procurement spend. Office Solutions (Category Tower 9) will be the first of these to go live.

- **Medical**
  - Tower 1: Ward Based Consumables
  - Tower 2: Sterile Intervention Equipment and Associated Consumables
  - Tower 3: Infection Control And Wound Care
  - Tower 4: Orthopaedics, Trauma & Spine, Ophthalmology
  - Tower 5: Rehabilitation, Disabled Services, Women’s Health & Associated Consumables
  - Tower 6: Cardio-Vascular, Radiology, Audiology & Pain Management

- **Capital**
  - Tower 7: Large Diagnostic Capital Devices incl. Mobile & Consumables
  - Tower 8: Diagnostic Equipment and Associated Consumables

- **Non Medical**
  - Tower 9: Office Solutions
  - Tower 10: Food
  - Tower 11: NHS Hotel Services
Categories 1 - 6

<table>
<thead>
<tr>
<th>Category Tower Six Medical Towers</th>
<th>Awarded To:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tower 1</td>
<td>Ward Based Consumables</td>
</tr>
<tr>
<td>Tower 2</td>
<td>Sterile Interventions Equipment and Associated Consumables</td>
</tr>
<tr>
<td>Tower 3</td>
<td>Infection Control and Wound Care</td>
</tr>
<tr>
<td>Tower 4</td>
<td>Orthopaedics, Trauma &amp; Spine, Ophthalmology</td>
</tr>
<tr>
<td>Tower 5</td>
<td>Rehabilitation Disable Services, Women’s Health &amp; Associated Consumables</td>
</tr>
<tr>
<td>Tower 6</td>
<td>Cardio-Vascular, Radiology, Audiology &amp; Pain Management</td>
</tr>
</tbody>
</table>

- Notice provided to DHL
- Transition period 6 months has commenced
- New providers launch 6 May 2018

DH Group’s SME Spend 2010/11-2015/16
What we’re doing to make it easier for SMEs to win business

• Building awareness of the SME agenda
• Breaking contracts into smaller lots where possible
• Using OJEU open procedure as standard
• Developing our procurement pipelines
• Encouraging prime contractors to advertise opportunities and engage SMEs
• Performing category reviews to find and remove barriers for SMEs
• Simplifying procurement documents and T&Cs e.g. standard terms and conditions
• Master Indemnity Agreement
• Seeking alternative buying mechanisms e.g. DPS, joining up systems
Case Study: iNovem and Department of Health

NHS Centre for Procurement Efficiency

Workspace Home

PLEASE BE AWARE THAT THIS WORKSPACE IS OPEN TO COMMERCIAL & PROCUREMENT STAFF WORKING WITHIN THE HEALTH FAMILY

EG: ACUTE TRUSTS, COMMUNITY TRUSTS, AMBULANCE TRUSTS, MENTAL HEALTH TRUSTS, CCGs, CSUs, BSA & NHS FACING ALBs

*It is not currently open to private sector health organisations*

SUPPLY RESILIENCE

Forum

Legal templates
Case Study: Medinvent and NHS

Sadly, mums experience faecal incontinence after childbirth related anal sphincter injuries

EPISCISSORS-60™
The first scissors ever designed to give an accurate mediolateral episiotomy

TOWARDS SAFER CHILDBIRTH...
Top Tips for Procurement Success

• Attend pre-procurement engagement events
• Respond to every question
• Provide all the information requested
• Assume the evaluation panel know nothing about your organisation
• Answer the questions. It’s not a sales pitch!
• Link every response to the specification and to the evaluation criteria
• Make sure the numbers ‘add-up’
• Make sure that you meet all the mandatory requirements and minimum criteria
• Self-evaluate against the evaluation criteria
• Check document signed and dated as required
• Time management is key, submit tender well before the deadline