



Department
of Health



Trust Development Authority

3rd February 2014

To the Chair and Chief Executive,

You will be aware the Government published *Better Procurement, Better Value, Better Care* in August 2013, setting out ambitious plans for helping trusts deliver £1.5 - £2 billion procurement efficiency savings by the end of 2015-16. With the financial pressures continuing to increase it is more important than ever that trusts get a grip of their non-pay expenditure to protect front-line services.

David and I are therefore keen to bring your attention to the following:

1. From April 2014, the NHS Standard Contract will contain a clause that providers must comply with Transparency Guidance. This Guidance is in the process of being worked up, but it will instruct providers to make their procurement information publically available, including the prices they pay for goods and services. Transparency and subsequent benchmarking of information is a key enabler in driving better procurement. We are aware that some suppliers are asking trusts to sign confidentiality agreements to discourage price benchmarking, so we would urge you to refrain from signing such agreements.
2. In addition to 1. above, we would like trusts to participate in a simple national price comparison system to look at a limited basket of products on a quarterly basis. You will receive details on the first of these baskets and how to submit information shortly.
3. In a similar vein, trusts must take a robust approach to resisting blanket inflationary price increases from their suppliers. We are currently developing guidance and tools to support you do this, which will be available at <https://www.gov.uk/government/collections/nhs-procurement>
4. We are keen that trust boards give more attention to the management of their non-pay spend. To support this, it would be helpful if you could nominate a Non-Executive Director (NED) that the national Procurement Development team could connect with, and subsequently provide them with a package of support to help them in their role. Could you please provide the name of your nominated non-executive director to Elena Terraneau at nhsprocurement@dh.gsi.gov.uk
5. Finally we would like trusts to adopt the new standard NHS terms and conditions for goods and services in the future dealings with suppliers. The new terms and conditions can be found at: <https://www.gov.uk/government/publications/nhs-standard-terms-and-conditions-of-contract-for-the-purchase-of-goods-and-supply-of-services>;


There will be further announcements; not least how we think the £1.5 to 2 billion savings can be delivered in practice. We will be inviting executive board representatives and your nominated NEDs to attend a procurement summit in 2014, to set out the case for change, explain key interventions, share insights and explore the actions we think your organisations can take to deliver the efficiencies.

Transforming the approach to NHS procurement is a major priority for us and should be for every NHS Trust Board if we are to truly protect front-line services. We will do what we can to support you in this process

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Dan Poulter', with a long horizontal stroke extending to the right.

DR DAN POULTER
Minister for Health

A handwritten signature in black ink, appearing to be 'David Flory', written in a cursive style.

DAVID FLORY
Chief Executive, NHS TDA