

# Strategic framework for NHS Commercial

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## Foreword

I am delighted to introduce the Strategic framework for the NHS commercial sector ('NHS Commercial'). It covers our ambitions and objectives over the next five years. As the first of its kind, this framework marks a step change in the way that NHS Commercial will work.

I believe the NHS Commercial community has a more significant role than ever in supporting our health service to deliver on its priorities for patients and staff. Procurement, commercial and supply chain teams, as well as our suppliers, are integral to the running of the health service, ensuring frontline staff have what they need, in the right place, at the right time, and at the right cost. As a commercial function, we are responsible for around £35 billion of spend with over 80,000 suppliers.

Our vision is to be a globally renowned commercial function in healthcare, supporting the NHS to deliver world class patient care and outcomes.

To realise this vision, the strategic framework, developed in partnership with NHS commercial professionals and aligned to the Government Commercial Function, seeks to bring together the efforts of the NHS commercial community, drive collaboration across commercial teams, leverage NHS collective buying power and provide clear, consistent guidance on how to contract with the NHS.

The framework has four key themes:

1. **Our people** – we need to continue to attract the best and most diverse commercial talent to the NHS, and accredit, develop and connect this workforce.
2. **Digital and transparency** – we need to drive consistency in the systems that we deploy, so that quality data can be used as a strategic asset and support us to ensure greater transparency.
3. **How we work** – we need to remain agile but embed consistency in our processes to ensure best practice across the system.
4. **Influence and scale** – we need to leverage our influence and scale to strengthen partnerships, foster healthy supply markets, develop and shape the market, unlock benefits from innovation, and deliver wider social value and economic benefits through our procurement.

Our ambition is that this framework will help raise overall productivity and efficiency, through a combination of continuous improvement and transformation in the way that we deliver and support patient care through commercial practice.

I am excited about where the NHS Commercial community is heading, and I look forward to progressing our vision, supporting the NHS to deliver world class care for patients and efficiencies for the taxpayer.

**Jacqui Rock**, Chief Commercial Officer, NHS England.

## Context

The scale of NHS Commercial activity at national, regional and local levels across England is significant, with around £35 billion spent across over 80,000 suppliers. This covers all supplier-related activity, including procurement of products and services, commercial innovation and supply chain management.

It is central to ensuring the financial stability of the NHS – with best value for every pound of NHS spending, and the NHS having the right products and services in the right place, at the right time to meet the needs of patients and NHS organisations.

The NHS England Commercial Directorate launched the Central Commercial Function (CCF) in 2022 to oversee and set the strategic direction of NHS procurement and supply chain activity for the NHS. This was in response to engagement with commercial and frontline delivery teams across the NHS and suppliers that identified the requirement for greater oversight and guidance, and more clearly defined services to support NHS Commercial activities through a unified commercial community.

The terms 'NHS Commercial' and 'commercial' in the framework encompass all procurement and supply chain management activities (including materials management and logistics) and commercial innovation across the NHS in England; but not, at this stage, income recovery or generation.

NHS procurement leaders were actively engaged in the development of this strategic framework and its key interventions to shape a new approach to the delivery of NHS Commercial's priorities and the related financial efficiencies.

## **The case for change**

To deliver on its ambitions, NHS Commercial needs a centrally driven framework that:

- aligns commercial teams to the new integrated care system (ICS) landscape
- binds the cumulative efforts of the NHS commercial community
- drives collaboration across commercial teams
- leverages NHS collective buying power
- provides clear, consistent guidance on how to contract with the NHS.

This framework will create a blueprint for how NHS Commercial should be organised to deliver maximum value for the NHS from its supply markets.

This, the first ever commercial framework for the NHS, sets out a clear strategic direction across key commercial capabilities (people, processes and systems), in managing key supply markets and suppliers, commercial arrangements with suppliers, as well as looking at unnecessary cost and waste, and missed opportunities to drive additional value and leverage scale.

The ambitions outlined will mean we can determine and promote the holistic return on investment that NHS Commercial delivers to the frontline, especially the efficiency savings and the scale of value the cumulative efforts of the entire commercial community in the NHS is achieving. It will also make it easier for suppliers to work with the NHS so they can deliver innovative solutions to meet NHS priorities for patients and staff.

## **Our vision for NHS Commercial**

**It is our aim to be a globally renowned commercial function in healthcare, supporting the NHS to deliver world class patient care and outcomes.**

With the right strategic framework and blueprint, NHS Commercial will be empowered to make a significant and lasting impact on every product and service, every supplier and supply market, and every member of staff, in delivering safe, effective, productive and efficient healthcare to patients.

We will achieve this by delivering the following strategic commercial outcomes:

- building the foundations of a best-in-class commercial organisation
- embedding a resilient commercial and supply chain operating model
- enabling the delivery of medium and long-term NHS priorities
- improving patient pathways and healthcare outcomes
- securing cash-releasing, total cost efficiencies
- delivering a social value aligned to the national procurement policy.

To support our vision, our commercial community will need to come together to deliver on the strategic statements and interventions below. We know that they will take time to implement, but all are required to achieve our goals:

### **For patients and the NHS:**

- Cash-releasing savings to free up money for care; more consistent access to the high quality products and services at the heart of delivering better healthcare; and the assurance of more resilient supply chains.

### **For the people who work in NHS Commercial:**

- Better training and development, greater scope for collaboration with peers and less duplicated and wasted effort; and ultimately more rewarding work and careers in a best-in-class commercial function.

#### **For suppliers:**

- Simpler engagement with the NHS, allowing suppliers to focus on delivering the products and services that most enhance healthcare; and a better recognition of social value.

With the NHS being the largest public procurer of goods and services in the UK, these developments will also make a major contribution to the delivery of the [Government Commercial Function Strategy](https://www.gov.uk/government/publications/government-commercial-function-strategy-2021-2025).

(<https://www.gov.uk/government/publications/government-commercial-function-strategy-2021-2025>) and [National Procurement Policy](https://assets.publishing.service.gov.uk/media/60b0c048d3bf7f4355c1b800/National_Procurement_Policy_Statement.pdf).

([https://assets.publishing.service.gov.uk/media/60b0c048d3bf7f4355c1b800/National\\_Procurement\\_Policy\\_Statement.pdf](https://assets.publishing.service.gov.uk/media/60b0c048d3bf7f4355c1b800/National_Procurement_Policy_Statement.pdf)); and we will work closely with the Government Commercial Function to learn from others and support colleagues across the public sector to build on the work the NHS is taking forward through this framework.

#### **Strategic statements**

**To deliver the strategic commercial outcomes and a lasting legacy aligned to a best-in-class commercial operating model, we are proposing the following strategic interventions over the next 3-to-5 years as the core deliverables of our Strategic Framework for NHS Commercial.**

The key themes align to the [Government Commercial Function's Five Year Commercial Strategy](https://www.gov.uk/government/publications/government-commercial-function-strategy-2021-2025).

(<https://www.gov.uk/government/publications/government-commercial-function-strategy-2021-2025>) and reflect similar strategic interventions in other leading industries:

- our people
- digital and transparency
- how we work
- influence and scale.

#### **Our people**

**Ensuring we continue to attract the best and most diverse commercial talent to the NHS, and accredit, develop and connect this workforce.**

We will do this by taking these actions:

##### **Introduce National Executive Leader for Commercial role**

- NHS England's Chief Commercial Officer will be promoted to act as the National Executive Leader for Commercial across the NHS.

##### **Embed professional community nationally**

- We will embed a national community of NHS Commercial professionals to drive a culture of continuous improvement, sharing of knowledge and supporting one another, through mutual respect and effective communication.

##### **Develop commercial workforce plan**

- A commercial workforce plan will be cemented across the NHS provider landscape with the ambition of having a connected, competent and resilient workforce. The [CCF People Operating Framework 2022](https://future.nhs.uk/CCF_Hub/view?objectID=150054981) ([https://future.nhs.uk/CCF\\_Hub/view?objectID=150054981](https://future.nhs.uk/CCF_Hub/view?objectID=150054981)) laid out the key priorities of:
  - promoting procurement in the NHS as the profession of choice to attract new commercial talent and developing and retaining our existing talent
  - creating a learning environment, investing in our people, and providing the tools to enhance experience, skills and competencies to enable everyone to achieve their personal goals
  - working in strategic partnership with recognised professional bodies – to include the Chartered Institute of Procurement and Supply (CIPS), the Chartered Institute of Logistics and Transport (CILT), the Health Care Supply Association (HCSA) and Skills Development Networks (SDNs) – to establish academies of commercial excellence that will champion formal accreditation for practitioners and increase the number and impact of qualified commercial staff across the NHS
  - ensuring a consistent approach to career pathways and opportunities for development and work experience across organisations, building on apprenticeship and graduate development programmes

- eliminating competence disparities across England with a national, centrally funded training and development programme that provides all commercial and procurement staff with equal opportunity to access learning and reach their potential; the programme will be underpinned by a standardised career pathway and aligned to appropriate accreditation standards and national competency framework
- training needs analysis will identify where there are skills gaps and where activity may be undertaken on behalf of stakeholders – such as procuring on behalf of the region or nationally. Assessment of the skills and competencies of the workforce will support the potential design of collaborative hubs and blueprint models of service delivery. This consistency of process and eradication of duplication will improve efficiencies and outcomes.

## **Digital and transparency**

**Using data as a strategic asset, allowing information to flow to where it can be used to deliver greatest value and build public trust through greater transparency.**

We will do this by taking these actions:

### **Introduce digital strategy for NHS Commercial**

- We will develop and maintain a digital strategy for NHS Commercial to promote and drive continual investment in relevant, modern technology across the life cycle of the procurement and supply management function – from source-to-pay to the integrated supply chain – aligned to national data standards.
- Alongside transparency, a prime objective will be ensuring the standardisation of key NHS Commercial platforms wherever possible, to eradicate duplication and maximise return on investment and effectiveness.

### **Implement single, national eCommercial platform**

- It is important to build on the success of the rollout of [Atamis](https://www.england.nhs.uk/long-read/update-on-atamis-roll-out-across-the-nhs/) (<https://www.england.nhs.uk/long-read/update-on-atamis-roll-out-across-the-nhs/>) and implement a single, national, eCommercial platform that supports all NHS organisations in the delivery of core, strategic commercial activities (pipeline development, sourcing and tendering, supplier relationship management and contract management, and benefits realisation) and establishes the foundations of a national data warehouse for all internal commercial intelligence and insight.
- NHS Commercial teams will collaborate through the platform to orchestrate the management of key supply markets, deliver break-through procurements and mitigate strategic commercial risk.

### **Use single supplier registration portal**

- We will enable real-time integration with the UK government [single supplier registration portal](https://supplierregistration.cabinetoffice.gov.uk/%20) (<https://supplierregistration.cabinetoffice.gov.uk/%20>) to provide all core supplier information for NHS Commercial.

### **Improve analytics capabilities**

- We will drive the ongoing development and adoption of analytics capabilities to enable strategic and operational commercial insight and increased investment in analysts (capacity) in NHS Commercial.

### **Focus on value, innovation and cost**

- Aligned to the [DHSC Medical Technology Strategy](https://www.gov.uk/government/publications/medical-technology-strategy) (<https://www.gov.uk/government/publications/medical-technology-strategy>), surfacing clinical, cost, activity and outcome data from key repositories and registries to enable a strategic focus on value, innovation and total cost in patient pathways.

### **Product information management (PIM)**

- We will implement a national, unified, product data 'ecosystem' – built on a national PIM solution – to provide accurate, clean product data aligned to national data standards (eg GS1) and the relevant classification model.

### **Prioritise safety**

- We will promote [Scan4Safety](https://scan4safety.nhs.uk/) (<https://scan4safety.nhs.uk/>) as a priority within NHS England's [Digital Clinical Safety Strategy](https://transform.england.nhs.uk/key-tools-and-info/digital-clinical-safety-strategy/) (<https://transform.england.nhs.uk/key-tools-and-info/digital-clinical-safety-strategy/>) to improve patient safety, traceability, operational productivity and supply chain efficiency.

## **Pursue progressive improvements in procurement**

- We are seeking to progressively improve operational and transactional procurement activities – including low value purchasing and Purchase to Pay (P2P) – by working with finance colleagues to introduce relevant automation and new models of delivery.

## **How we work**

### **Simplifying and speeding up procurement processes, removing unnecessary bureaucracy and embedding consistent application of commercial standards and best commercial practice.**

We will do this by taking these actions:

## **Develop NHS Commercial blueprint**

- We will develop a long-term blueprint for NHS Commercial, to promote and drive continuous investment in key strategic enablers and capability accelerators – people, processes and systems – to deliver a sustainable, modern and efficient NHS procurement and supply chain operating model.

## **Use of NHS Commercial blueprints**

- We will develop and embed NHS Commercial playbooks across all NHS organisations to deliver consistency in practice and process, and to continuously address specific, cross-category requirements such as innovation, value-based procurement, social value, sustainability and resilience.
- These playbooks will support the adoption of the new UK Procurement Regulations and promote a single, standard 'one NHS category management' process while aligning to best practices as defined in the [Commercial Continuous Improvement Assessment Framework \(CCIAF\)](https://www.gov.uk/government/publications/commercial-operating-standards-for-government) (<https://www.gov.uk/government/publications/commercial-operating-standards-for-government>).
- The NHS will influence and align to wider applicable Government Commercial Function playbooks to give access to the latest techniques and ensure that relevant best practice is shared across government.

## **Manage the NHS Core List**

- We will ensure full leverage of the NHS's national buying power by commissioning the national supply management organisation, NHS Supply Chain, to manage the sourcing and supply of a core range of standard commodities (to be known as the NHS Core List) on behalf of all NHS providers.
- This will achieve high levels of compliance, cost containment and supply resilience.
- Key supply markets will be managed and co-ordinated through effective NHS-wide collaboration including across key clinical networks.

## **Align operating models with long-term strategies**

- An efficient supply chain operating model will be established, aligned to a long-term national logistics and warehouse strategy, and similar to many other leading industries, synchronising core national and regional logistics capabilities with specialist distributors to deliver an integrated supply chain service to NHS organisations.

## **Adopt integrated inventory management**

- Aligned to Scan4Safety, NHS Supply Chain will accelerate the adoption of integrated inventory management capabilities across providers to deliver demand insight and optimisation, improve operational resilience and reduce patient risk.
- A new digital commerce platform will enable the omnichannel capabilities to deliver a modern, retail-style customer experience.

## **Regional collaboration**

- We will define and implement optimum regional collaborative commercial organisations for procurement and supply chain management (at ICS level as a minimum).
- These will operate as group procurement organisations in providing the necessary system leadership, capability and capacity to deliver strategic commercial outcomes and supply chain efficiencies, and be designed against a national blueprint to ensure consistency.
- Every NHS provider will be expected to be a member of a collaborative organisation; and a senior, experienced, qualified commercial leader, at VSM level, will be appointed to run and promote each organisation at an executive-level, with ownership for commercial strategy and all non-pay spend.

## **Implement NHS-wide supply risk management**

- We will implement an NHS-wide approach to supply risk management and resilience. COVID-19 exposed the importance of near real-time insights into supply risks and proactive management of supply disruption across global healthcare supply markets.
- This will include:
  - comprehensive risk analysis using leading commercial intelligence platforms combined with insight and intelligence from stakeholders across the NHS
  - a co-ordinated approach to resilience, involving key partners including NHS Supply Chain, to provide a national approach to continuity planning
  - a co-ordinated approach to managing and mitigating emerging issues to achieve best outcomes, particularly those risks that impact on patient care
  - ensuring that future national category development focuses on opportunities to improve both value and system resilience.

## **Ensure continuous improvement in commercial/procurement practices**

- The Commercial Continuous Improvement Assessment Framework (CCIAF) will drive continuous improvement in procurement and commercial practices across the NHS by:
  - embedding a continuous development cycle, benchmarking the maturity of procurement functions against increasingly higher standards
  - ensuring best practice in procurement is established and maintained in all NHS organisations in England
  - enabling transparent benchmarking across all NHS functions with direct correlation to the wider Government Commercial Function.

## **Influence and scale**

**Leveraging our unique influence and scale to strengthen partnerships, foster healthy supply markets, develop and shape new markets, unlock benefits from innovation, and deliver wider social value and economic benefits through public procurement.**

We will do this by taking these actions:

## **Establish category councils**

- We will ensure effective alignment across all national, regional and local procurement organisations and activities through a national commercial blueprint.
- In aligning to best practice, the CCF will formally establish cross-functional, multidisciplinary category councils comprising senior representatives from clinical, procurement, finance and operations groups.
- These will sponsor and govern national category strategies, including related standards and specifications, and any necessary incentives, levers and policies to encourage providers to fully pursue and achieve the targeted outcomes.
- They will also commission new national centres of expertise (acting as category sourcing groups) to orchestrate NHS-wide collaboration and influence all non-pay spend in all related key supply markets.

## **Optimise framework agreements**

- We will seek to optimise the number of framework agreements promoted and exploited across the NHS – currently estimated to be 1,200, incorporating thousands of lots – to secure significant efficiencies for both buyers and suppliers.
- A new accreditation model governed by the councils will be implemented.
- The councils will also be responsible for commissioning any new framework agreements required to address significant areas of unmet need, including, for example, reducing complexity, friction and cost in the adoption of innovation.

## **New strategic supplier relationship management (SSRM) strategy**

- We will establish an SSRM strategy for the NHS in England in supporting contracting authorities to embed a professional process and approach to supplier segmentation and management.
- Its prime focus will be partnership development, strategic alignment, value, quality, risk, innovation, outcomes, total cost and efficiencies.
- There will be closer links to the government's Crown Commercial representatives, and we will review and assess a dedicated Health Crown Commercial representative model for the most strategically important suppliers to the NHS.

## **New NHS SSRM and contract management playbook**

- A new NHS SSRM and contract management playbook will be implemented across all NHS organisations to address the need to actively manage strategic supplier relationships and all commercial contracts.

## **Reduce trade barriers between small and medium sized enterprises (SMEs) and the NHS**

- We will lead structured engagement with industry bodies and, shaped by this, provide specific support and interventions to reduce the barriers for SMEs to trade with the NHS; and to enable identification and efficient spread of relevant innovations across the NHS.

## **Embed NHS Net Zero Supplier Roadmap**

- We will embed the [NHS Net Zero Supplier Roadmap \(https://www.england.nhs.uk/greenernhs/get-involved/suppliers/\)](https://www.england.nhs.uk/greenernhs/get-involved/suppliers/) and modern slavery policies into all commercial practices.
- We will use the NHS Evergreen Sustainable Supplier Assessment on Atamis to measure and track supplier performance against the roadmap.
- The roadmap sets the expectation for all suppliers to join the NHS in its ambition to be net zero by 2045.

## **Measure NHS Commercial's cumulative effort**

- We will measure the cumulative effort of NHS Commercial in securing significant, demonstrable efficiencies and value.
- A value and benefits tracking capability will be deployed, aligned to the NHS value and savings methodology, to regularly and accurately capture the return on investment from all NHS Commercial initiatives and activities.

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