

Nationally Contracted Products programme notification: Sealed Bid Mini Competition Outcome

Copier Paper

NCP procurement activity achieves

3.67% (£256k)* national savings opportunity



The Nationally Contracted Products (NCP) programme

Nationally Contracted Products (NCP) initiative is strategically co-led by NHS Improvement and the Department of Health and is being operationalised by NHS Supply Chain.

NCP is a procurement tool that aims to implement the Carter Report recommendations to harness the national buying power of the NHS, remove “unwarranted product variation” and improve efficiency. The initiative is focused on driving savings through reducing variety at a sub category level and channelling national commitment to this reduced product range. Using a NHS Supply Chain Framework Agreement, this volume commitment will then be put through a mini competition process. Upon award, unsuccessful suppliers will be delisted from the NHS Supply Chain online catalogue for the duration of the contract.

Supply chain resilience is essential and so all participating suppliers are required to provide assurance of their capability to fulfil volume requirements before they enter the eAuction/ sealed bid. Quality patient care is paramount and all NCP products are procured from suppliers who have been awarded on existing Framework Agreements, meaning suppliers have already been assessed and have met the pre-qualification requirements. Additional product assurance is via the Clinical and Product Assurance (CaPA) team and the NHS Trusted Customer programme, where trusted customers provide input throughout the process to ensure outcomes meet customer requirements.

Summary

Within the Office Supplies and Solutions Framework the sub category of Paper and Card was selected to go through a procurement exercise as part of NCP.

Virgin fibre copier paper subject to 21% cost increase

Over the last 18-24 months, paper mills have been capping supply of virgin fibre copier paper into the UK market. Initially this was linked to exchange rates, but more recently is due to global factors including paper mill closures in China; rising costs of pulp, utilities and distribution and rising demand from Africa, the Middle-East and China.

In the last 24 months, these factors have led the mills to impose quarterly price increases on the UK market, with further price increases expected in July 2018.

NHS Supply Chain has been able to maintain the catalogue sell prices until July but cannot continue beyond this date. This will lead to a considerable increase in prices and therefore cost pressures to the NHS.

The NCP activity has been designed to mitigate this risk by avoiding the 21% virgin fibre copier paper cost increase, and delivering 3.67% savings against the annual total cost of virgin fibre copier paper. By introducing 80gsm recycled paper we will deliver a 1st year saving of £256,000 (3.67%) and a cost avoidance to the NHS of £1,410,000 (21%).

Recycled paper is not subject to the same price increase pressure

As recycled paper is not currently facing the same challenges as virgin paper, it has been specified within the mini competition as a comparable product to both 80gsm and 70gsm A4 virgin fibre copier paper products, with the grammage, micron and opacity being specified directly against the 80gsm virgin fibre copier paper.

Northampton General Hospital, as the Trusted Customer, has run a successful recycled paper product trial which showed no printer issues with the product change. The only difference between products is that recycled paper is less white in colour than virgin fibre copier paper.

It is anticipated that the recycled paper market will continue to have strong, competitive pricing and sustainability over the next 12-18 months. This is supported by evidence of more prominent recycling approaches across Europe and the UK and the recent ban on selling recycling materials in China.

NCP procurement to deliver savings and mitigate impact of virgin paper cost increase

This NCP mini competition is focused on the two fastest moving lines, 80gsm (WHO120) and 70gsm (WHO119) A4 grade C virgin fibre copier paper. These two lines are currently supplied by Premier Paper and will be rationalised to one 80gsm recycled paper product, to deliver savings and avoid the cost pressures that these two products currently face. The new NCP code for 80gsm recycled paper will be WHO264.

This will not impact the current supply arrangement of any of the other paper products supplied under this framework agreement.

The aim of the sealed bid mini competition was to aggregate national demand to deliver optimum efficiencies and a single national price to support the upfront national pricing strategy and provide savings to the NHS.

Category	Copier Paper
Sub Category	<ul style="list-style-type: none"> ▶ 70gsm virgin fibre A4 copier paper ▶ 80gsm virgin fibre A4 copier paper ▶ 80gsm recycled A4 copier paper
Winning Supplier	Premier Paper
National Savings Opportunity	First year saving of £256,000 (3.67%)* and a cost avoidance to the NHS of £1,410,000 (21%)
Date trusts will receive trust impact statement – highlighting the local savings opportunity	These are being worked on currently and will be available soon
Launch Date	1 August 2018
Length of commitment	12 months with the option to extend for a further 6 months
Catalogue Codes to be delisted	2 NPC codes will be delisted
Is the product currently in use within the NHS	Yes. 97% conversion to recycled paper in NHS Scotland. Also widely used in Central Government, including NHS England, HMRC and Cabinet Office
NHS Supply Chain current market share	50% of virgin white paper supplied into the NHS
Estimated expected growth in the market share	The aim is to maintain the current 50% market share

NCP Supplier Impact

Premier Paper is the successfully awarded supplier for the Recycled Copier Paper NCP (see above detail).

No suppliers are being delisted as part of this NCP exercise.

The following two NPC codes will be removed (delisted) from the online catalogue for a minimum period of at least 12 months:

- ▶ WHO119
- ▶ WHO120

Next Steps

- ▶ An ICN containing the full list of NPCs impacted by this change and list of the new NPCs will be available shortly.
- ▶ For further information on the NCP programme please visit: <https://www.supplychain.nhs.uk/savings/nationally-contracted-products/>

* Anticipated annualised savings figures are calculated following conclusion of the award process and are based on national banded pricing using the last 6 months volumes. Please note these are subject to change after Trust Impact Statements are produced due to further pricing reconciliation. For further details please contact NHS Supply Chain.