

Inflationary Price Pressures

Industry Position Statement



British In Vitro Diagnostics Association (BIVDA)

8 July 2022

BIVDA (British In Vitro Diagnostics Association) is the national industry association for manufacturers and distributors of in vitro (IVD) products in the UK, representing over 200 organisations including multi-nationals, SME's and micro companies.

BIVDA members supply IVD products, equipment, tests, quality controls, pre-analytical consumables and service to the NHS and other health institution laboratories within a highly regulated environment.

The NHS, NHS Supply Chain and other public contracting institutions have undertaken a zero-inflation policy for contracts for upwards of 10 years, with some contracts with NHS Trusts allowing capped or limited inflationary increases for longer term agreements.

BIVDA members are committed to minimising the impact of the global and domestic cost pressures for their customers, and they will continue to do all they can to limit excessive price rises. However, this is no longer possible through a blanket zero inflation policy which is unsustainable and poses a risk that companies will no longer be able to supply in both the short and long term. This could reduce innovation, supply chain resilience, choice and patient safety at a time the government seeks to strengthen the UK IVD industry.

It is undeniable that the cost pressures that are affecting the global and domestic economies and the cost-of-living increases for consumers are also affecting UK businesses. This is now at the point that suppliers cannot absorb all the costs and continue to provide products and services at the same prices to the NHS whilst the NHS continues to refuse cost increases.

If a BIVDA member believes it necessary to increase the price of their contracted goods or services, they will be able to demonstrate the cost pressure in a clear, open and transparent manner, and will upon request provide a breakdown of the inflationary pressures facing their individual business. BIVDA members will not increase prices unnecessarily or without due cause.

Inflationary pressures for IVD member companies include but are not limited to.

- Raw materials incl. plastic, chemicals, biological materials.
- Sectoral Regulation introduction across the EU and UK for example IVDR, CTDA, UKCA.
- Transport, fuel, distribution costs.
- Manufacturing and Warehouse costs.
- Net Zero and Social value obligations, including the plastics packaging tax and reporting.
- Staffing and wage costs, including the additional National Insurance and business rate increases recently introduced by the government.

In accordance with procurement and contractual best practice, BIVDA members should be able to provide customers with a breakdown of the percentage increase facing their business in each of these areas. They should be able to indicate the percentage level of price increase required to retain an economically profitable business to the same or otherwise acceptable levels to the business as the time when the contract price was first agreed. Suppliers want to avoid being in a position where a contract is no longer economically viable to continue to perform.

The NHS may not determine the level of profitability to a business, nor is the information relating to profit margin mandatory or expected to be provided. This would be solely at the discretion of the supplier and provided only if appropriate.

BIVDA members should share the factual information highlighted above to demonstrate the real and evidenced increase in costs to serve, to ensure that the NHS is satisfied that all actions have been taken by member companies to minimise the passing of any increase on to customers and be confident that only an increase that is absolutely necessary is applied.

In order to continue providing the best products, services and care to patients, the NHS must be prepared to receive some increase in cost to ensure long-term stability for UK IVD suppliers and enable them to continue to support economic growth and scientific leadership for the UK.

For further information, please contact Helen Dent, Chief Operating Officer. helen@bivda.org.uk