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07/07/2014

**IMPORTANT NOTICE - ZERO INFLATION POLICY**

Dear Supplier

As a valued supplier to the NHS you will be aware that the NHS is facing unprecedented financial challenges. We have been asked by the Government to achieve savings totaling £20 billion over a four year period and the Department of Health has advised of the need to resist blanket price increases from suppliers.

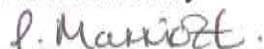
At a local level we must address our own significant financial pressures as a matter of urgency, and as a consequence we are unable to accept annual price increases from our suppliers.

It is acknowledged that the private sector also has its own pressures and that this zero inflation policy will potentially have an impact on your business. We would like to take this opportunity to emphasise that we are keen to explore ways we can work together to reduce our mutual costs. We are open to receiving any suggestions you may have for facilitating better cost management, such as reducing the number of deliveries that you make to us, consolidating invoices, and early payment discounts.

Please could you confirm in writing your agreement to hold prices and/or to discuss available options for moving forward by contacting Clairemarie Allen using the above e-mail address.

Thank you for your co-operation and support in this matter.

Yours sincerely



Pat Marriott, Supplies Manager

Simon Morritt  
Chief Executive



Nick Jeffrey  
Chairman