

The future of NHS Procurement

HFMA Procurement Forum - 24th May 2018

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Good Morning



“Procurement is the business management function that ensures identification, sourcing, access and management of the external resources that an organisation needs or may need to fulfil its strategic objectives”.

The context

- The NHS spends £30bn on Non-Pay
- £9bn is spent on Goods & Services
- £5.7bn is spent on Goods alone
- Procurement as a function has 4000 staff and costs £179m
- Dispersed across 200+ organisations
- Difficult attracting and retaining talent, with high level of interims.
- Circa 9% contract value leakage occurs due to poor contract management

So far

- £271m of Procurement CIPs delivered in 2017/18
- £17m of savings from Nationally Contracted Products across 21 categories
- Reduction in product variety in categories of up to 90%
- Category towers awarded and the new NHS Supply Chain is here
- 66 trusts have achieved Level 1 procurement standards

Did we meet our plans

£11.73 per second

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Plan: **£11.73** per second

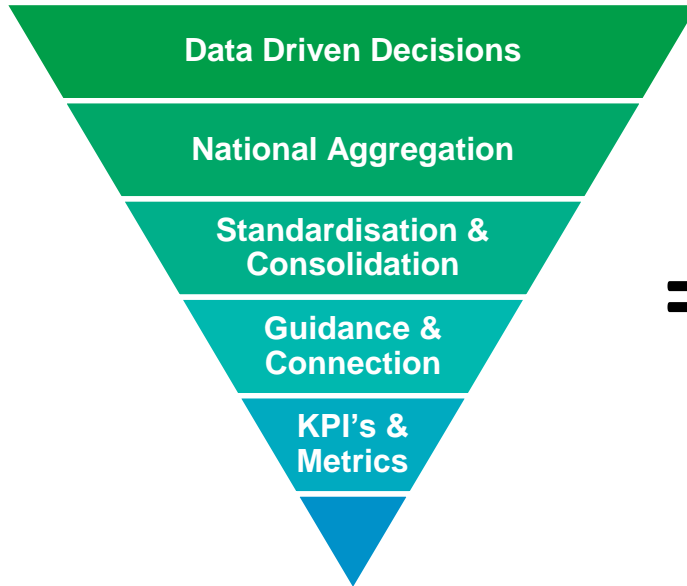
Actual: **£8.59** per second

Thinking forward

- Contracting nationally for products is just what we do.
- NHS Supply Chain are purchasing products nationally on behalf of trusts and managing suppliers.
- Trust focus is on contract and strategic management, materials management & supply chain and service value; to deliver better commercial outcomes, reduce value leakage and contribute to patient safety.
- Trust procurement functions consolidate to fewer locations, introducing a “one to many” service model in clusters of trusts
- Highly digitised and integrated supply chain and procurement function
- A more capable, talent rich, supply chain, procurement and commercial organisation.

Moving forward

Principles



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Outcomes

A better connected and more capable NHS Procurement service.

Significant (£810m) savings by 2021, and changes in place that drive further savings beyond 2021

How?

Data Driven Decisions

National Price Benchmarking & Comparison Tool as well as Performance Benchmarking data within the Model Hospital.

Ensuring all of the NHS is seeking the best possible value for money.

National Aggregation

Aggregate demand and procure nationally for the NHS. Nationally Contracted Products programme and new NHS Supply Chain.

Removing price and product variation and refocusing trust facing procurement.

Standardisation & Consolidation

Restructuring NHS procurement to increase capability and savings. Move away from one trust/one procurement department. To fewer, larger organisations; more capable, attractive to talent and delivering more value for less.

Guidance & Connection

Distribute and share good practice and innovation. Establish guidance for cost improvement and set the standards for procurement organisations.

Regional network and working groups.
Support those in need of it and set the targets for improvement.

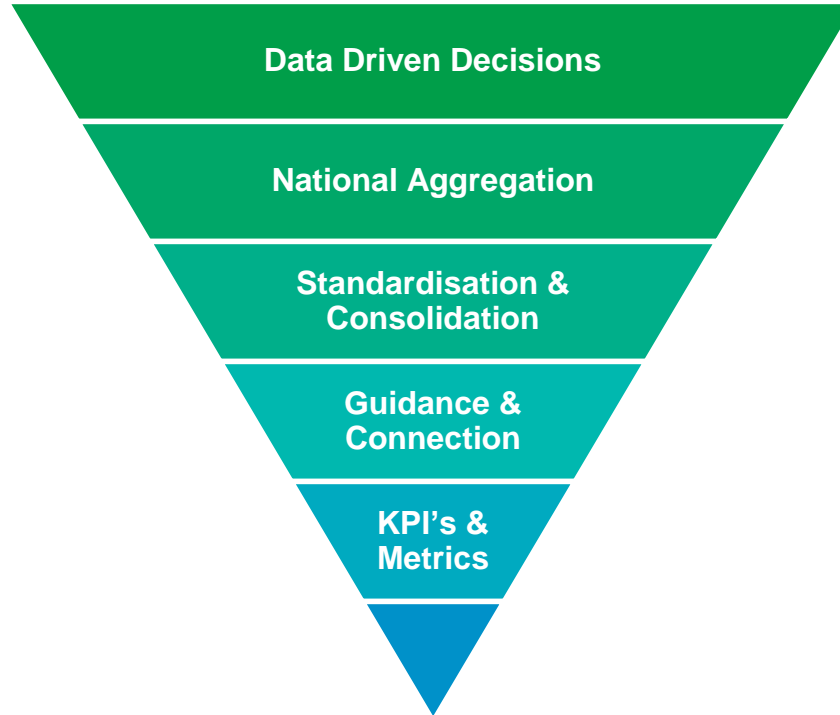
KPIs & Metrics

Trusts report against metrics that track their capability and maturity. NHSI use this to target interventions for the trusts and place support where it is needed most. Supporting the growth in digital and automation. Also, acts as peer benchmarking for trusts.

What does this mean for you

- Use the Price Benchmarking Tool
- Establish and deliver procurement CIPs
- Commit to National Aggregation
- Strive to hit and exceed KPI's & Targets
- Digitise and standardise processes and outputs
- Repurpose excess capability when it becomes available on Contract Management; 9% contract value leakage occurs due to poor contract management.
- Use your regional NHSI procurement leads for support
- Engage with and support the procurement restructuring activities when they commence in 2018/19

Remember the principles



Questions?