

Case study: £82,000 savings on milk for East Midlands trusts

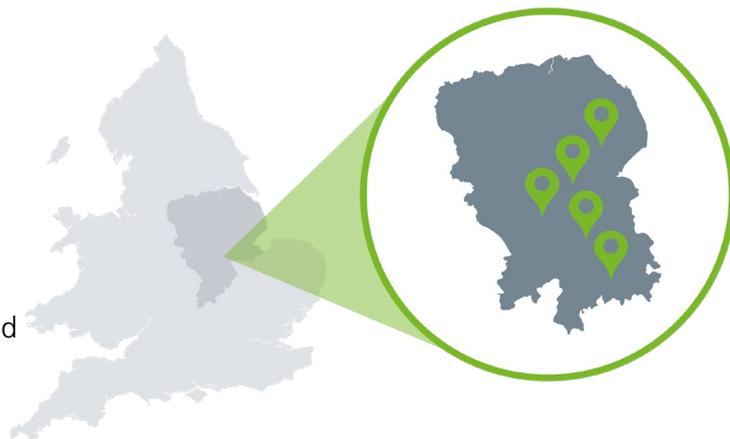


Key Achievements

- £82,000 annual savings delivered on milk
- Five NHS Trusts in the East Midlands now working together to leverage their collective scale
- Local dairy supplier awarded business
- Quick and hassle-free process from tender through to implementation in just 12 weeks

Overview

Five NHS Trusts in the East Midlands have committed to working collaboratively in order to combine purchasing volume to drive local food savings. Nottingham University Hospitals, United Lincolnshire Hospitals, University Hospitals of Derby & Burton, University Hospitals of Leicester and Northampton General Hospital have all been working with NHS Supply Chain: Food to make this happen. Collectively, the five trusts provide treatment and care across 13 sites.



The challenge: Driving savings for key commodities

Milk is a core commodity for the NHS, and previously, the five East Midland trusts were all using different milk suppliers with each trust paying different prices for similar products. And with a combined milk spend of more than £579,000, this also meant they were not leveraging their collective scale and purchasing power.

The solution: Reopening competition

NHS Supply Chain work in line with the Operational Productivity Review by Lord Carter of Coles, whereby national demand is aggregated, in order to purchase products on behalf of the whole of the NHS to optimise value and support high quality patient care.

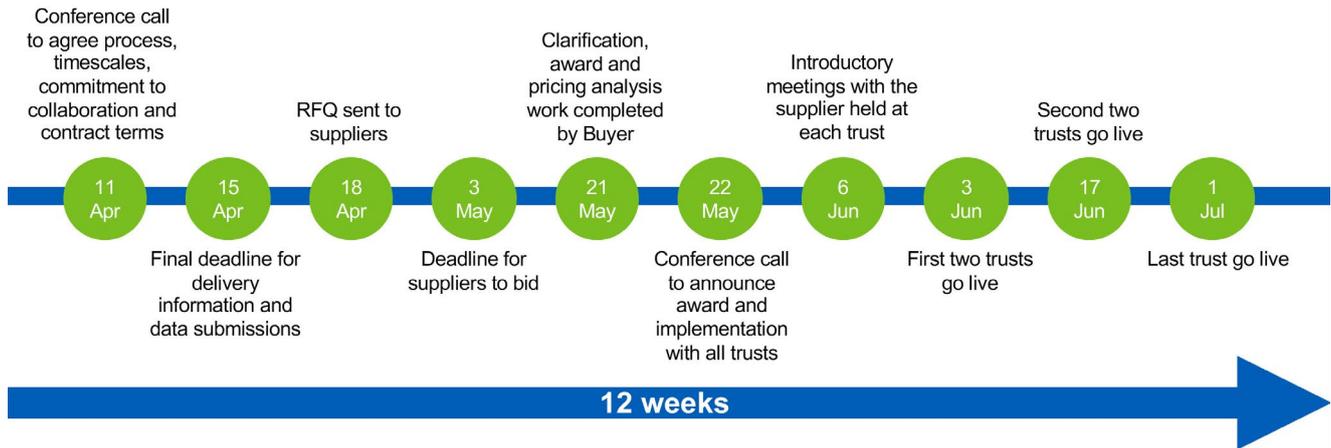
In April 2019, NHS Supply Chain: Food identified an opportunity to deliver significant savings on milk for these trusts by reopening competition. By focusing on milk specifically we are able to apply the above principals at a regional level in the East Midlands - standardisation is designed to remove unwarranted variation through commitment to procure from an appropriate number of suppliers.

Reopening competition is a procurement exercise where NHS Supply Chain: Food runs a tender for a specific trust or group of trusts. Using existing approved suppliers and recognising the trusts' specific needs, suppliers bid in a competition for the opportunity to win the combined business available of the trust or group of trusts.

Laura Jurczak, NHS Supply Chain: Food Account Manager for the East Midlands region, along with Paul Randell, NHS Supply Chain: Food Fresh Food Buyer, recognised the opportunity to make significant savings on milk by initiating this activity.

All that was required from each trust was a simple data set showing current milk volumes and delivery requirements. Paul then liaised with the appropriate approved suppliers based on the needs of all the trusts.

East Midlands reopening of competition



NHS Supply Chain: Food makes the process simple and easy for everyone involved. The process took just 12 weeks, from identifying the opportunity through to implementation. Our dedicated team of Food Account Managers co-ordinate the activity, working closely with our expert procurement team. This includes organising regular meetings and conference calls, analysing data, awarding contracts, arranging introductory meetings with suppliers and providing support with implementation.

The result: £82,000 annual savings generated

The reopening of competition resulted in £82,000 of annual savings for the five East Midlands based trusts involved. In total, four suppliers bid to win the business, and we are pleased to have awarded the business to Capital Dairy, a specialist dairy supplier based in Lincolnshire.



“ In a time where savings are paramount, I’m delighted to have achieved over £18,000 of savings on milk for my trust. We were supported throughout the process, it was easy to enter, the results were fantastic, and the implementation was smooth and successful. We’re delighted to be working closely with NHS Supply Chain: Food and have many more projects in our joint workplan. ”

Bernard Shoebridge, Catering Manager
University Hospitals of Derby and Burton

Contact

If you'd like to understand how we can support your trust to deliver food savings by reopening competition, please email food@supplychain.nhs.uk or speak to your NHS Supply Chain: Food Account Manager.

