

One year on and how the new NHS Supply Chain operating model is transforming the NHS landscape



Jin Sahota, CEO, Supply Chain Coordination

On 1 April 2018, a new management function, Supply Chain Coordination (SCCL) went live following a multi-year programme, one of the largest transformation programmes in the public sector.

The aim was to deliver a new operating model for NHS Supply Chain by changing the procurement landscape from one which was largely fragmented, highly complex and confusing to one which helps the NHS deliver clinically assured, quality products at the best value, through a range of specialist buying functions.

In its first year of operation, 13 new specialist contracts were awarded and embedded worth £1.5bn, in addition £2.2bn of services and assets was transferred to SCCL, the new commercially astute, government owned, management function.

The objectives of the new model were to harness the spending power of the NHS across Acute, Community and Home Care customers, delivering £2.4bn in savings directly to NHS trusts over a five-year period. Two key challenges in achieving this were to deliver a compelling offer to our customers that would bring together the collective buying power of the NHS to procure products and services through the NHS Supply Chain and transform the organisation, ensuring a seamless experience for both customers and suppliers.

One-year on, it's clear that the challenges are being met:

Delivered savings

The business case setting out the rationale behind the new model was that there would be a £68 million annual saving. In the financial year 2018/19, savings of £286 million were achieved by elements of the new model, such as category towers, and the previous model.

Enhanced clinical engagement

Greater clinical involvement with the introduction of a new Clinical and Product Assurance (CaPA) team, providing clinical oversight to the procurement process to ensure products procured are of the appropriate quality, are fit for purpose, are safe and meet patient needs. The CaPA team are also working in collaboration with partners to improve Patient Safety.

Invested in functions

Additional investment into Account Management with increasing levels of support across all sectors of the NHS, helped to achieve the highest Customer Satisfaction survey score of 8.5 in January 2019, the highest rating since 2015. Customer satisfaction is a key measure particularly as price alone is not the sole differentiator in a competitive market.

Grew market share

NHS Supply Chain's share of the NHS procurement market grew from 40% to 53%.

On time and in full delivery

98.5% of ordered products were successfully delivered with 99.83% delivered on time.

Better price transparency

Previous model was funded through a margin application to products with lack of transparency over the pricing of the products. New approach funds the model centrally with all products now being sold to the NHS on a buy price = sell / price basis.

Insight and analytics

Connecting with partners in the wider health and care system together, including organisations such as NICE, NHS England and NHS Improvement, GIRFT, HealthTech Connect, Accelerated Access Review and Office of Life Science as a whole, specifically in relation to innovation and delivery of the 10-year forward view.

Innovation

Category Tower Service Providers are incentivised to deliver product price savings and lower total system cost, which could be via innovation.

Resilience

Reducing reliance on a single service provider has allowed for greater resilience in the model. The NHS Supply Chain infrastructure is critical to the NHS and maintaining the resilience and continuity of service has been and continues to be critical.

EU Exit uncertainty

Ongoing contingency planning of supplies amid EU exit uncertainty working with the Department of Health and Social Care to ensure that any supply disruption is mitigated.

What next...

2019/20 is a key year in the lifecycle of the business. Priorities for the year reflect a balanced set of objectives that will accelerate progress towards:

Delivering a minimum of £150 million incremental in year savings by March 2020

Grow revenues and attain market share

Clinically assure all new or re-procured frameworks

Balance investment and operational expenses within the resource allocation

Proactively engage colleagues to achieve Investor in People

Embark upon a three-year strategy to transform information technology systems to support delivery and improve data

To achieve our objectives of £2.4bn and 80% market share, we need to recognise that the health system is reconfiguring around us and its bold plans to change how care is delivered - if we simply do more of the same, we risk not meeting our goals - so we need to respond to the changes around us.

STP's (Sustainability and Transformation Partnerships) and ICS' (Integrated Care Systems) reflect the way the system is evolving; our need is to bring new propositions to different stakeholders.

A move towards a uniform incentivised approach to Value Based Procurement across all Towers, increasing value and quality. 'We are leading discussions and pilots with our valued partner suppliers to establish how we can contract for outcomes and the benefits this could bring. This is important to ensure ongoing value extraction and creation across the NHS.'

Opening a new Regional Distribution Centre (RDC) located in Bury St Edmunds scheduled to go live in May 2020. This investment will provide additional warehouse capacity.

Continue to work closely with other national programmes, such as the national wound care and excellence in continence care strategies.

Our aim is to become a "world class" category management organisation, that delivers value and provides products which are high quality, clinically sound and fit for purpose.