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Andrew New

Chief Executive Officer
NHS Supply Chain

NAO Report

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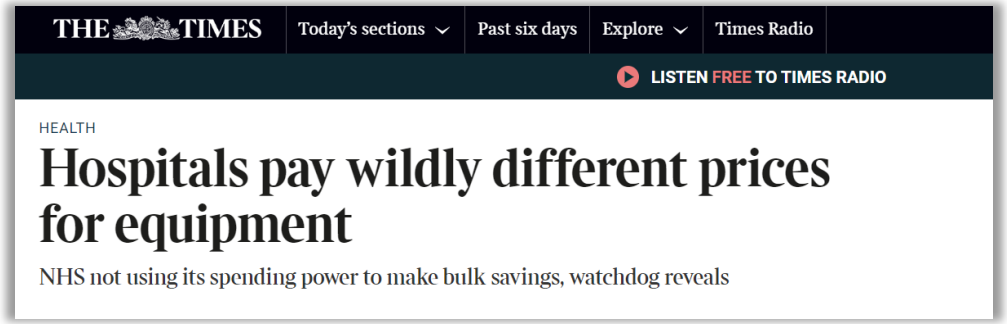
National Audit Office reveals disparities in UK hospital medical equipment prices

The National Audit Office (NAO) has disclosed significant price variations among UK hospitals for identical medical equipment.

By ELLA PICKOVER

00:00, Fri, Jan 12, 2024



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Hospitals pay wildly different prices for equipment

NHS not using its spending power to make bulk savings, watchdog reveals

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NHS 'not using its spending power to the full' – report

A report has highlighted that the service is not making the most out of its collective spending power.

Ella Pickover • Friday 12 January 2024 00:01 GMT

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Hospital bosses are wasting millions with some paying double the amount for medical equipment as others, damning report finds

By SHAUN WOOLLER

PUBLISHED: 00:52, 12 January 2024 | **UPDATED:** 08:04, 12 January 2024

NAO Report Into NHS Supply Chain and the NHS's Efficiency in Procurement

National Audit Office

The NAO is the UK's independent public spending watchdog.

- Supports Parliament in holding the government to account.
- Helps improve public services through its audits.

https://www.nao.org.uk/reports/nhs-supply-chain-and-efficiencies-in-procurement/

Conclusion on value for money

22 While Supply Chain has the potential to secure further savings for the NHS, it is not yet fulfilling that potential. Delivering the right products for the NHS at the cheapest sustainable price is essential to make every pound count for patients.

Supply Chain should be in a very strong negotiating position. If it can persuade as many trusts as possible to purchase as much as possible through Supply Chain it can aggregate a large majority of NHS spending power.

23 Supply Chain recognises that its systems and processes do not work well for all its customers and that it needs to do more to become, and demonstrate that it is, the best-value option for NHS procurement. To do this, it needs to optimise prices for customers, make ordering as straightforward as possible and deliver reliably on orders placed. Trusts in turn need to make the most of the purchasing efficiencies that Supply Chain offers. While NHSE has started to take some positive steps to encourage and, where it is able, require trusts to make better use of Supply Chain, it recognises that it could do more in some areas, such as providing clinical sponsorship and standardisation of prices. NHSE also needs to be clear on the roles and responsibilities of all parties in the system and ensure that they are aligned.

Report Recommendations

"**24** We make the following recommendations to assist NHS Supply Chain (Supply Chain) and NHSE with working towards greater efficiencies in procurement."

a) NHSE should draw on the new HM Treasury guidance The Government Efficiency Framework, to set up a system of validation and assurance of Supply Chain's reported savings towards the £1 billon target. This should include agreeing the relevant elements of Supply Chain's reported savings with trusts so that there is one version of the truth with regards to savings.

b) NHSE should set out how it will incentivise and steer trusts to make best use of procurement through Supply Chain.

c) NHSE should work with the trusts that do not submit data on their spending to help them overcome the barriers to submitting, with the aim of making data on spending through and outside of Supply Chain as complete as possible.

d) NHSE should proactively and directly use its data on trusts' spending through different procurement routes to understand why trusts are not using Supply Chain and to encourage trusts to make greater use of Supply Chain.

e) Supply Chain should run its transformation as a structured programme for its full duration, identifying and reporting on costs, benefits, dependencies and risks.

f) By the end of 2024, Supply Chain should improve its understanding of why customers are unsatisfied with its services and develop a targeted action plan to make substantial improvements in satisfaction.

g) As far as they are able to do so, NHSE and DHSC should speed up the appointment processes for Supply Chain's recruitment of senior staff.

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Jodi Chapman

Customer Executive Director
NHS Supply Chain

Our Intent

Buy Smart Excellence in Sourcing	• Insource procurement activity across the clinical areas • Launch the procurement centre of excellence • Increase resource across the Supplier Relationship Management team including Innovation • Embed Clinicians across the category teams • Redesign Customer Voice in Category Strategy
Supply Right Excellence in Supply Chain and Inventory management	• Retender the logistics contract • Restructure the entire organisation, underpinned by technology • Strengthen the Sustainability Team • Further resource the Resilience team • Enable in-trust **Inventory** Management & Point of Care capabilities
Partner Expertly Extend our coverage to support wider parts of the health system	• Reshape the Customer Directorate, building capability across the teams • Develop Out Of Hospital solutions • Expand Voice of the Customer Team • Introduce a Care Pathway Team • Further focus on data insight technology and capabilities

Schedule - Morning

Arrival and Registration	Arrival - Refreshments and Registration	All
Welcome	We are ONE	Andrew New
Welcome - Set the Scene	We are ONE Purpose of the session Our Intent	Jodi Chapman
Partnering Expertly with Care Systems	Partnering with Care Providers as ONE NHS	Rowan Mulvey Natalie Royston Hamish Makanji Emma Lowry Tom Neilan
Designing a Future of Supplying Right	Future Service Offer Development Plan	Sara Ford
Technology Transformation		Matthew Wynn
Sustainability Overview		Heidi Barnard
Lunch - 12.30pm	Lunch and Networking	All

Schedule - Afternoon

Return to Auditorium	All to be seated ready for next item to start promptly	All
Buying Smart to Meet the Needs of the NHS	“Buying Smart to Meet the Needs of the NHS” Theme-based breakout discussions led by Category Directors. • Future ICS Engagement • Future Category Management • Value Based Opportunities	Bilal Shaykh Simon Smith Beth Loudon Steve Vandyken Antonia Marks Chris Hassall
Conference Close		Heather Tierney Moore Jodi Chapman

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Partnering Expertly With Care Systems

Rowan Mulvey
Hamish Makanji
Natalie Royston
Tom Neilan
Emma Lowry

How We Are Organised To Deliver:
Customer Engagement Leadership Team

Jodi Chapman
Executive Director

Hamish Makanji
Head of
Hospital Care

Emma Lowry
Head of
Digital Commerce

Philip Nettleton
Head of Solutions
Development

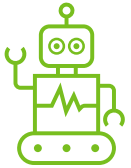
Rowan Mulvey
Head of
Customer Voice

Natalie Royston
Head of
Out of Hospital Care

Tom Neilan
Head of
Care Pathways

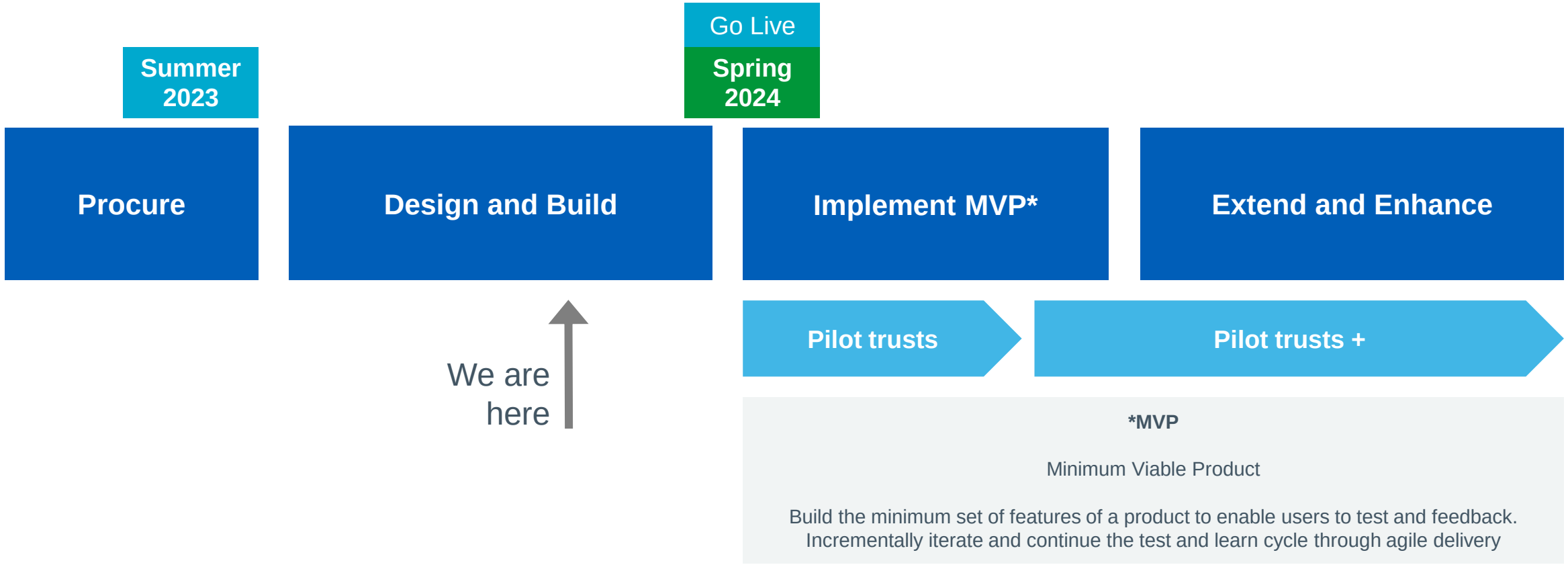
Customer Centric Digital Strategy

Our priority is to develop strong foundations, ensuring our capability to deliver meaningful impact

Team Capabilities	Insights and Knowledge	Ways of Working	Landscape View	Technology and Platforms
				
Develop our team with a comprehensive range of digital skill sets, experience, capacity	Utilising various sources of data to challenge ourselves and drive fact-based decisions	Collaboration and co-design with our customers as a BAU way of working	Design for the experience for real life, across multiple touchpoints and changing needs	Implement new, digitally flexible technology to enable faster delivery and optimisation

Delivering with Priority and Pace

We have an urgent need to replace our catalogue, so this has been our immediate priority



Learn Fast and Deliver Impact

We want to get the new digital platform into the hands of those that use it sooner

- Co-designed with 6 partner pilot trusts
- Iterative feature by feature drops to prove out designs in real life whilst mitigating change risk
- Contemporary and intuitive design, with mobile responsive view from day 1
- Faster, more resilient technology platform

Additional ‘early access’ pilot trusts to be invited and onboarded from Summer 2024

Hospital Care Strategy

Partner expertly with our customer - holding influence and key relationships internally to source expert support

Deliver value to the NHS	• Focus on end-to-end value, including, but not limited to cash releasing savings • Identify opportunities for increased value based on projected demand and benefit for the whole ICS system, rather than on historic usage, tailoring the opportunities based on the needs of the ICS and its population and priorities
Align our structure to ICS	• Scale our activity and focus to ICS level • Develop our reporting capabilities to provide greater insight and potential opportunities
Develop ICS wide relationships	• Developing relationships beyond finance and procurement to support ICS priorities moving to a mutually beneficial partnership model
Develop capability of our people	• Embed the 'Customer Academy' building capability across the team to support the evolving needs of our NHS partners and care providers
Articulate our value offer	• Develop a baseline of service delivery to our customers with clear demonstrable value

Out of Hospital Care

Develop our strategy to support providers Out of Hospital

Understand customer requirements	Work with the customer group to evaluate market feasibility enabling the build of the operational requirement to expand into new areas
Expert customer relationship development	Establish and develop solid relationships and establish a cadence of engagement with key stakeholders (Clinical and Non-Clinical) across the Out of Hospital Care landscape to inform strategy development
Collaboration across the system	Working in partnership with the Medical Technologies Directorate at the DHSC and NHS England, to reduce variation to ensure that best value is delivered to the NHS across Part IX Appliance areas
Focus on end-to-end patient pathway	Establish patient pathway innovation to instigate early access to healthcare products in the Out of Hospital environment presenting opportunities for early discharge and admission avoidance for patients enabling patients to remain at home
Articulate our value offer	Develop solutions that focus on creating equitable access to NHS Supply Chain for Out of Hospital Care customers which deliver savings and efficiency across the entire health ecosystem

Care Pathway Team Strategy

Partner expertly with our customer to unlock clinical value through enhanced patient outcomes and system efficiencies

Embed Care Pathway Team	Launch team, develop and communicate strategy
Identify value opportunities for our customers	Drive the adoption of clinical practice change management featured in published Value Based Procurement (VBP) Case Studies within systems
Bring innovation to care providers	Drive the adoption of MedTech Funding Mandate (MTFM) programme and innovative products (recommended via the NHS Innovation Service) within systems
Focus on pathways	Develop system-led VBP Case Studies which addresses unmet care pathway clinical need
Collaborate at a systems level	Partner with systems on care pathway re-design activities and enable the adoption of best value products to transform patient outcomes whilst driving efficiencies and productivities

Customer Voice

Ensuring the customer voice is embedded in every decision made across the organisation

Champion the customer voice	Continue to facilitate customer working groups capturing the customer needs within a particular group or speciality providing informed customer insight to support decision making
Base our decisions on customer needs	Collate customer Insights ensuring customer needs are at the core, enabling the organisation to focus on areas having the biggest impact on our NHS partners
Customer centric approach	Increasing the voice of our customers in our activity, making it easier for them to share their insight
Improve communication	Working closely with our communications and marketing colleagues we will refine our communications strategy ensuring it is aligned to our customers' needs.
Enhance Customer Voice in Category Strategy Development	Launch and embed the new process in collaboration with our commercial teams ensuring the needs of the NHS are embedded in our strategy

Partnering Expertly to Deliver Greater Value

We recognise the need to develop our partnership working with you as ICSs mature.

As part of our enhanced engagement model, we have developed a new '**Partnership Way of Working**' approach that can deliver value at scale and pace, driven by greater commitment and resource from an ICS and NHS Supply Chain.

We are seeking two pilot ICSs to work with us as pilot customers over the next three months. If you are interested, please contact hamish.makanji@supplychain.nhs.uk to arrange a scoping call.

Technology Transformation

Matthew Wynn

Technology Transformation at NHS Supply Chain

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Where are we today?

- Complex suite of legacy systems
- Lack of investment over an extended period means a larger gap to bridge through modernization
- Interlinked with Service Offer - technology is a key enabler for our future plans and strategy
- A mix of ‘big boulder’ programmes and multiple ‘smaller rock’ initiatives needed to move us forward
- Continues to be complex and will require ongoing focus and investment for the next three to five years to deliver
- Not just an NHS Supply Chain challenge as change also needed across the wider system

FY 2023 / 2024: Key Priorities and Technology Changes

Catalogue, EDC and EDI improvements

New WMS and Gorsey Point

Savings Reporting

Direct Shipment Stability

Finance Cloud Platform

Digital Platform

This year our focus has been on embedding the implementation of new Oracle solutions for eDirect, commissioning the new Warehouse Management System (WMS) and Digital Platform and modernising our financial systems and savings reporting solutions.

In parallel, we've delivered multiple changes to improve customer facing tools and systems, driven by your feedback.

Technology Modernisation - Looking Ahead

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	FY 2023 / 2024	FY 2024 / 2025 to FY 2027 / 2028
Catalogue and existing channel resilience	**Digital Platform roll out** Trust by trust transition to new platform from legacy catalogue	**HDS re-platforming** Transaction and order system modernisation
	EDI and eDC: ongoing platform improvements and channel migration	
	New WMS and Gorsey Point	**Logistics modernisation:** Network redesign, transport and fulfilment model Demand and supply planning, Network wide deployment
		Digital service channels
Direct Shipment Recovery	**Supplier Integration Programme:** Improve integration with suppliers and customers leading to real time accuracy on product, contract, lead time, price and real time data. Supplier inventory data for non stock	
Finance Fusion	**Back office simplification:** Process reengineering, pricing simplification and automation across our organisation. Using real time data to run operational processes - delivering consistency and more efficient ways of working	
	Reporting: Migration of legacy reports to new technology including TR reports	
NHS Supply Chain TOM	**Commercial platforms and analytics tools**	**Capital and diagnostics:** End to end systems re-platforming
		Direct framework: migration off Resus

Key outcomes:

- Single digital front end for customers (microservice led)
- Modern supply chain systems and capability
- Real time data driven decision making and analytics
- Eradication of off system (Excel and Access) solutions
- Critical systems (Resus, SCDB, eCommerce) decommissioned
- Infrastructure and network transformation enabled

Headlines:

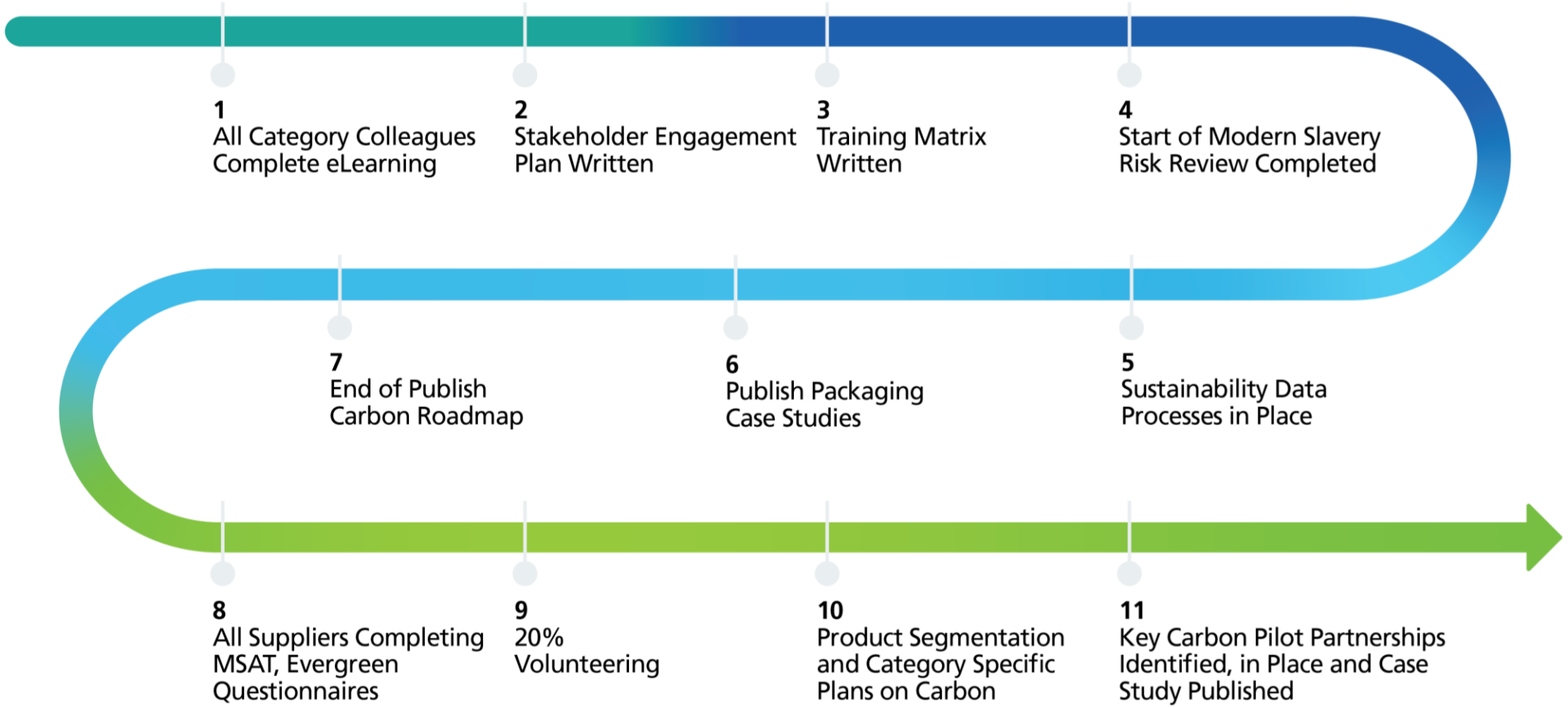
- Our IT modernisation agenda is complex and spans the breadth of NHS Supply Chain
- Key customer requested improvements can only be enabled with the move away from legacy IT
- The ongoing support of the wider NHS to adopt new standard solutions and adapt existing interfaces is critical
- Multi-year investment and funding is needed to deliver as planned

Sustainability Overview

Heidi Barnard

Sustainability Milestone Plan

Business Plan 2023 / 2024



Sustainability Strategy

2024 - 2025

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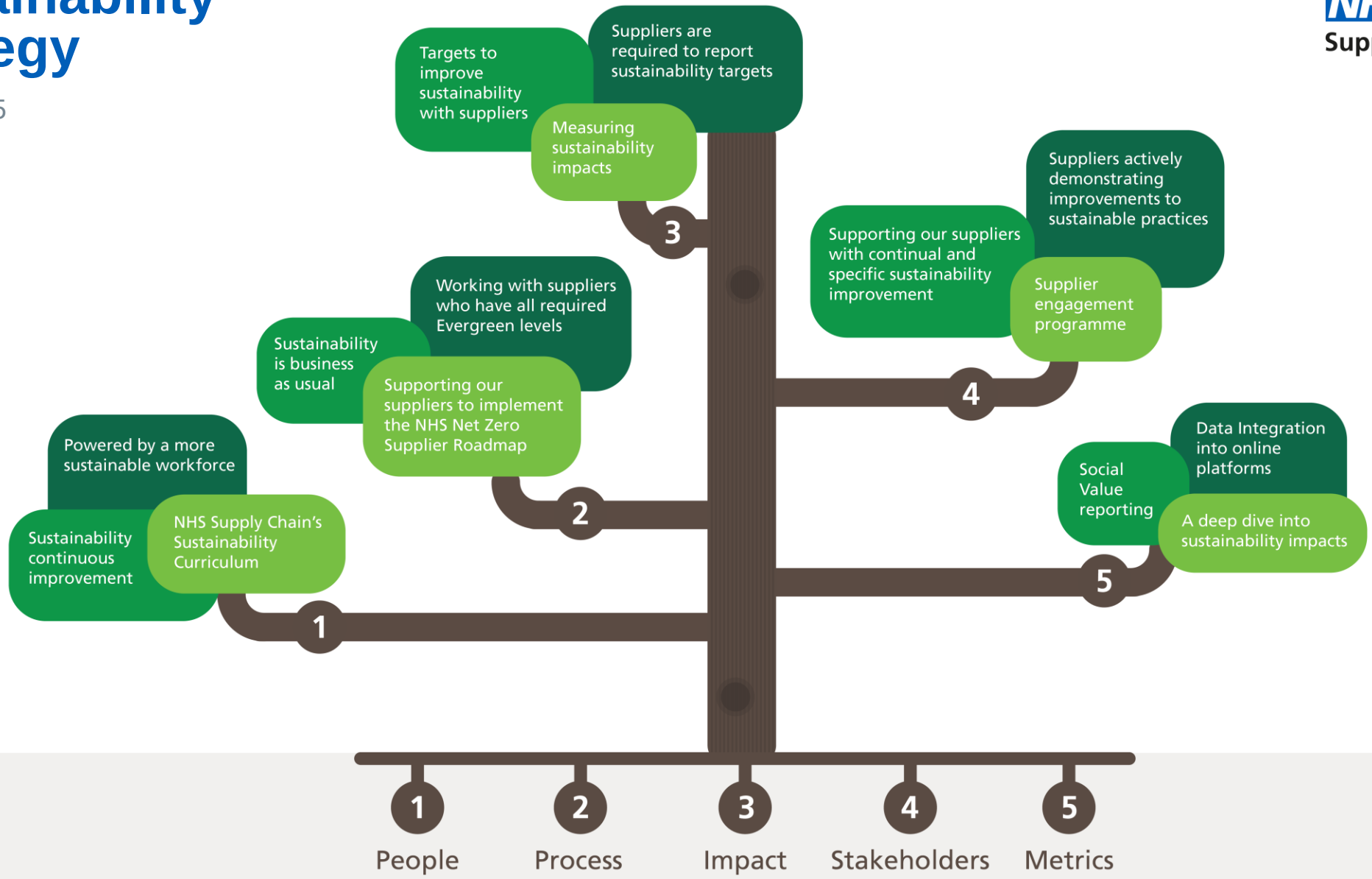

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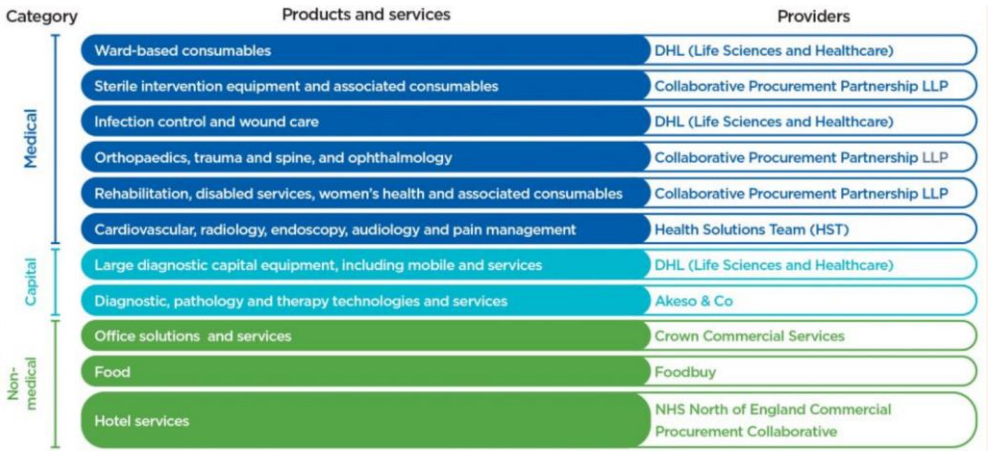
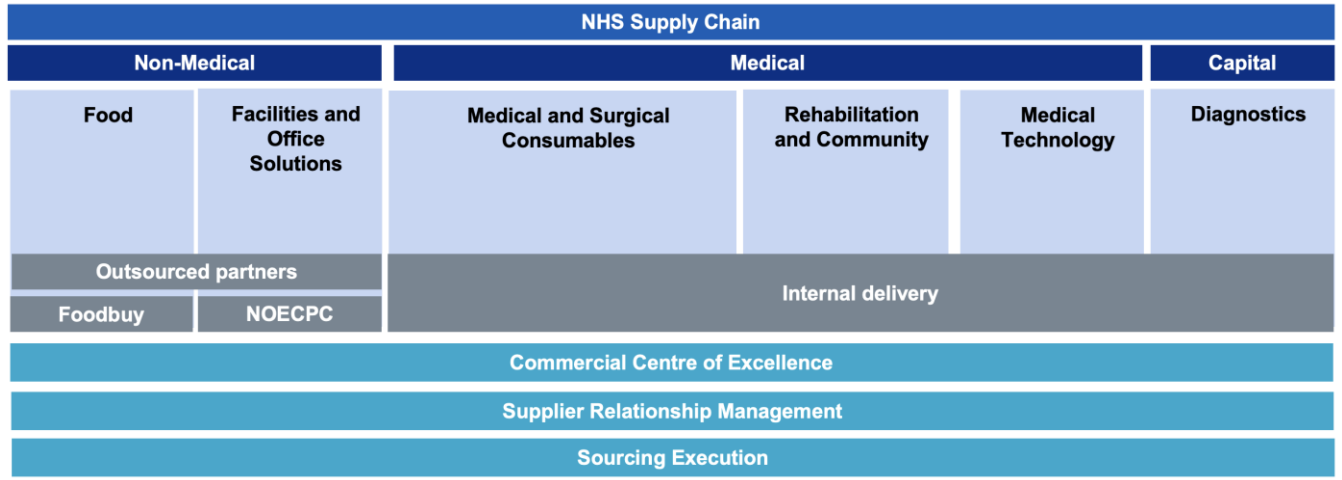
Buying Smart To Meet The Needs Of The NHS

Bilal Shaykh, Simon Smith

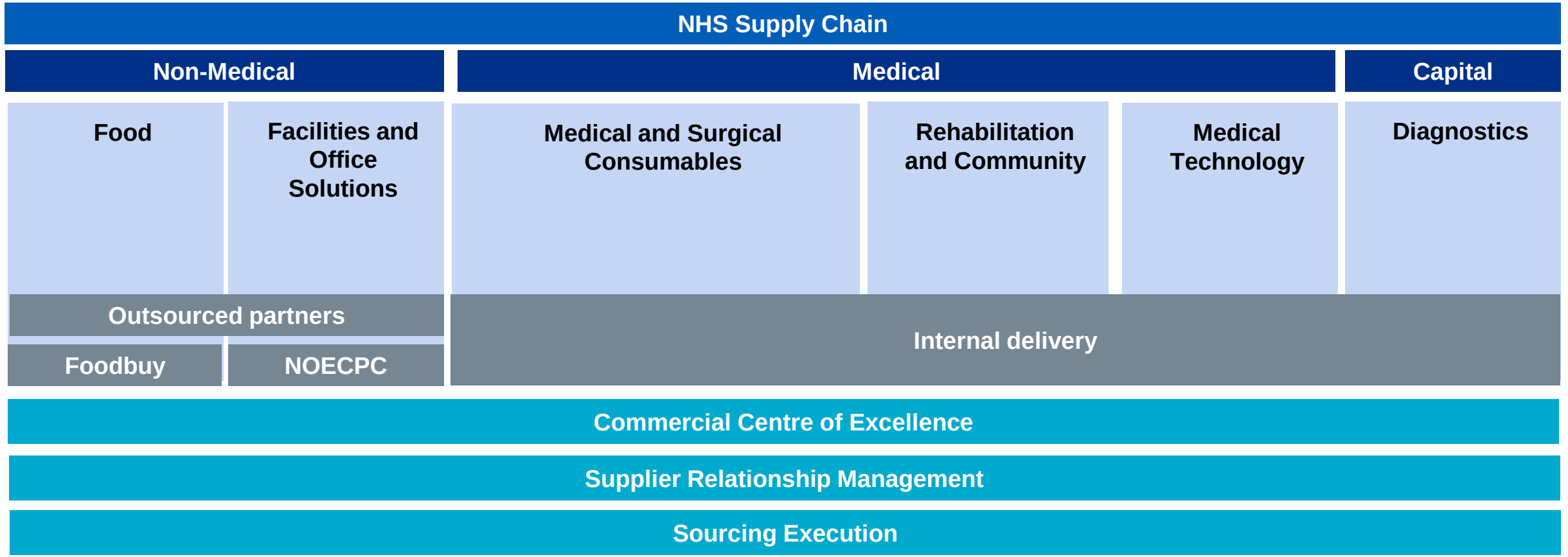
Commercial Team Evolution

Creation of a standardised and consistent approach to ways of working for procurement, irrespective whether in-house or outsourced, to drive commercial and procurement excellence and development of a ‘One NHS Supply Chain’ culture.





Commercial Team Overview



Our Commercial Strategy

Our People

- Train, equip and develop our people
- Create the capacity to allow our people to make the biggest impact
- Create the culture and operating environment that retains and attracts talent

Digital Transparency

- Enable our aspirations through creating the foundations of strong source data
- Capitalise on all opportunities to use data as a strategic asset
- Identify and implement the tools that will drive efficiency and excellence in our commercial activity

How We Work

- Evolve and simplify our ways of working to drive best practice
- Optimise our supply chains to build in resilience, sustainability and cost transparency
- Focus our category strategies and commercial planning at a system level
- Embed the clinical voice throughout our commercial activity
- Drive compliance within an expanding regulatory framework

Influence and Scale

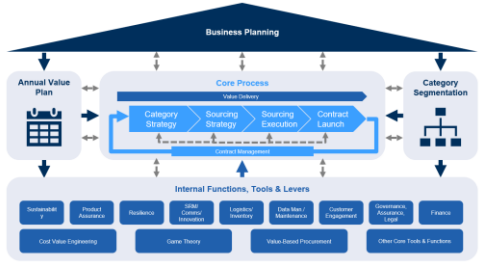
- Utilise all levers at our disposal to manage budgetary pressure, drive system value and innovation
- Ensure we leverage our scale to drive resilience in all our commercial activity
- Use our influence and scale to re-balance the market and our relationships
- Lead the development of a core list

*Fully aligned to both the GCF and NHSE Strategic Framework

Commercial Centre of Excellence

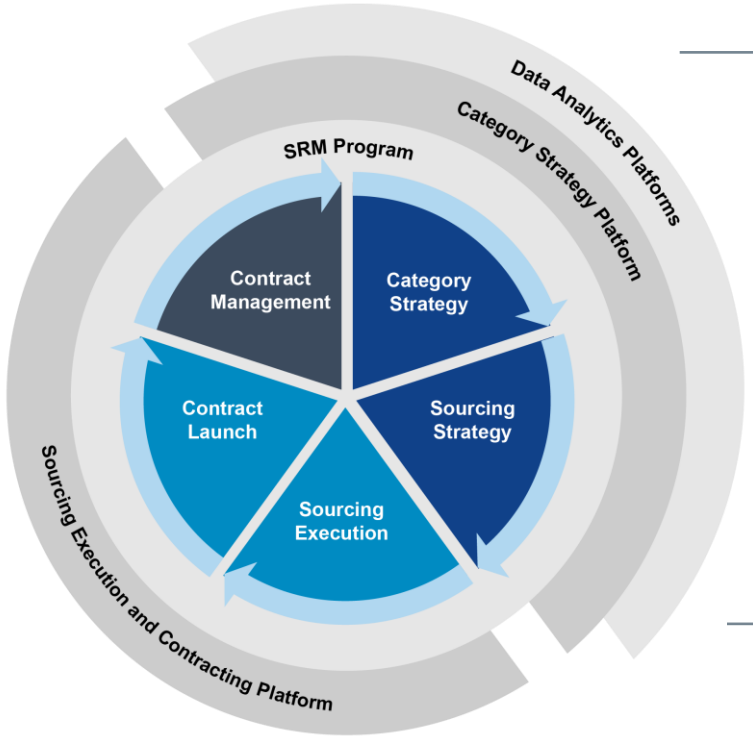
The purpose of the CoE is to provide the Commercial function with the means to drive world class standards:

- What we do best
- What external benchmarks do best, that we can adopt
- What works for the NHS



Developing our processes and Governance

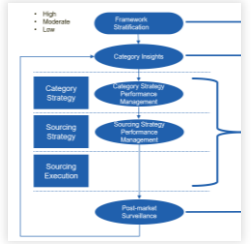
Building our capability



Driving consistent standards and performance measures

Maximising opportunities to utilise data

Transforming our approach to product assurance



We Are Navigating a Complex Operating Environment

Our operating environment is continually evolving, and as we flex to manage this, and meet the growing needs of the NHS, we need to balance short term affordability, with investment in the longer term to drive further efficiency and value from our end-to-end supply chain into the NHS.

Geopolitical stability

Challenges to globalisation and traditional resilience models through instability and trade issues

Regulatory pressure

Increasing requirements to align to legislation and meet regulatory demands

Sustainability

The increasing drive to deliver Net Zero by 2045 and reducing globally inequality

Economic performance

Economic headwinds to gather momentum with systemic impacts on commodities, pricing, our people and the health care system

Offering Wider Commercial Value

Through our unique position as the **national provider to the NHS** we are working to give you the assurance that:

- Our customers will have absolute confidence that when they need a product, it or a clinically assured equivalent product will be there.
- The products we provide will be clinically assured and only be from suppliers whose sustainability aspirations on net zero align to those of the NHS, that modern slavery shall be eliminated from their supply chains and that the products we provide will be provided at the optimum cost.
- We will be at the forefront of enabling innovation, removing any blockers to bringing the best products to market for our customers as quickly as possible.
- We are using our influence and scale to shape supplier relationships and behaviours as well as leading conversations with policy makers at a system level.
- Through our category teams and Centre of Excellence we are actively benchmarking ourselves to raise standards and drive commercial best practice.

How We Are Organised To Deliver:
Commercial Leadership Team

Bilal Shaykh
Executive Director

Antonia Marks
Director Diagnostics, Equipment and Services

Beth Loudon
Director Medical and Surgical Consumables

Steve Vandyken
Director Medical Technology

Chris Hassall
Head of Rehab and Community

Matthew Griffin
Head of Indirect Categories and Sourcing Execution

Lindsey Ward
Head of Supplier Relationship Management

Simon Smith
Director Centre of Excellence

Zoe Avis
Head of Change

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Round Table Session

Value Based Procurement

ICS Engagement

Category Management

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Heather Tierney-Moore OBE

Chair of the Board
NHS Supply Chain

NHS Supply Chain

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