

Publication: Gov Today: Health and Social Care Reform
<http://www.hscreformseries.co.uk>
Publication Date: 25th March 2013
Periodicity: Daily



Financial Management

Health & Social Care Reform

Procurement in 2013: Transforming NHS procurement through inventory management



Written by Nicola Hall

As part of a series of articles across all three portals, Govtoday invited three industry experts to give their opinions on how technology can assist the government and public sector in meeting their efficiency and green targets. Here Nicola Hall of Ingenica discusses Inventory management within the NHS

In response to the 'NHS Raising Our Game' paper, and an associated call to evidence in 2012, a new procurement strategy is due to be released shortly. This is set to radically change the NHS procurement landscape.

The NHS is a world class clinical organisation, and yet inherently inefficient processes combined with a dysfunctional supply chain present key challenges to the sector. The lack of appropriate inventory management systems as a core to providing accurate supply chain information, is having profound cost implications for the NHS, both in hard cash and green targets.

Issues to overcome

To date, procurement has been undertaken without the necessary quality of data to ensure that best value for money is obtained. Even in the event that a good buying price is agreed, the ordering, storage and consumption is not effectively managed which results in waste, multiple deliveries and a myriad of hidden additional costs.

Furthermore NHS procurement services are fragmented, and NHS purchasing power is not currently harnessed to best effect. This is partly due to procurement being Trust based, and thus inherently inward facing.

There is also a lack of data, an inability to price compare nationally, and even an inability to compare internally within a single Trust. Poor pricing history with no ability to truly monitor supplier performance reduces the capability to minimise product holding, replenishment cycles and deliveries. This lack of data disables an organisation from standardising product lines and streamlining purchasing procedures.

Additionally there are many different processes and manual systems in the clinical workplace, often existing without any real accountability. This means that ingrained behaviour patterns and old processes can break local and national objectives, both one by one and cumulatively.

Existing strategies

Strategies to address these issues have been deployed at national and local level. While at the clinical point of use, staff develop individual systems or solutions in their own areas in order to manage any issues.

The introduction of electronic catalogues, in association with e-procurement platforms, was intended to ensure improved contracting of products, better prices and improved visibility.

The original aim was to eliminate paper and free text ordering, as well as the need for 'order checkers' and processing of orders through the procurement department.

The real result of this strategy is that the NHS now has an army of clinical buyers purchasing online, generating small orders. This has led to multiple small orders, multiple deliveries and delivery charges, higher order processing costs, and higher invoice processing. Ultimately, this creates waste and inefficiency throughout the supply chain.

Empowering trusts

Implementing best practice inventory management enables organisations to take control of the processes, releasing valuable clinical time back to the patient. It enables increased visibility, effective management of inventory and a reduction in cost.

Implementing inventory management is about change management; utilising effective ICT locally to replace repetitive electronic ordering, and producing good information about the products usage.

This step for many Acute Trusts is huge, but crucial in ultimately allocating costs to patients, procedures to clinicians, and eventually product usage to patient outcomes. To achieve smarter, more efficient procurement practices, inventory management is the way forward for the NHS.