66 years on......

THE NEW
NATIONAL
HEALTH
SERVICE
### The NHS resilient and popular

<table>
<thead>
<tr>
<th>COUNTRY RANKINGS</th>
<th>Top 2*</th>
<th>Middle</th>
<th>Bottom 2*</th>
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<td></td>
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Current Financial Squeeze

Annual Percentage Change in real terms NHS expenditure

Source: NHS Funding and Expenditure, House of Commons Standard Note SN/SG/724
Increase in demand

A&E Attendance and Admissions
(2002-03 to 2012-13)
Index (100 = 2002-03)

Increase in demand

999 Calls and responses (Millions)

- Emergency calls
- resulting in an emergency response
- Category A incidents
- responded to within 8 minutes

Drivers of increased demand?

• **Technological advances** in diagnosis and treatment are the biggest driver of increased cost of care delivery.

• **Increased prosperity and expectation** along with medical price inflation and increased cost of delivering care account for much of the rest of the increase in demand.

• **An ageing population**, though a contributor, is a relatively small driver by comparison.
NHS England Projected resource Vs Projected Spending Requirements 2014-2021 (£ Billions)

Source: NHS England

Total projected shortfall in the period is £114Bn
The King’s Fund asked “Looking ahead, how confident are you that your organisation will achieve financial balance in 2014/15 and 2015/16?” (74 responses)
## Reported Deficits 2013/14

<table>
<thead>
<tr>
<th>Surplus (£M)</th>
<th>Plan</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trusts (acute only) ¹</td>
<td>(142)</td>
<td>(311)</td>
<td>(169)</td>
</tr>
<tr>
<td>Foundation Trusts ²</td>
<td>134</td>
<td>(144)</td>
<td>(285)</td>
</tr>
</tbody>
</table>


² Source: Performance of the Foundation Trust Sector, Year Ended 31 March 2014, slide 4.1
Staff numbers post-Francis

- The Francis report explicitly states that poor staffing levels at Mid Staffordshire led to poor quality care.

- “An extra 2,400 hospital nurses hired since the Francis report, with over 3,300 more nurses working on NHS hospital wards and 6,000 more clinical staff overall since May 2010” – HSJ Feb 2014

- “In its response to the Francis report in November, the Government announced that NHS trusts are planning to employ 3,700 more nurses by the end of the financial year. The RCN welcomes this announcement but warns that the recently published Frontline First report revealed there are nearly 20,000 nursing posts left unfilled.” – RCN March 2014
NHS procurement snapshot

- NHS PASA established 1 April 2000
- NHS purchasing and supply competencies published 2002
- DH Procurement Capability Review
- NHS procurement – Raising our Game
- Purchasing and Supply Controls Assurance Standards 2002
- NAO report published 2011
- PAC report published 2011
- Necessity not nicety 2009
- NHS PASA abolished March 2010
- First CPHs established 2005
- SCEP launched 2004
- NHS Shared Business Services established 2005
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NHS procurement – NAO report issues

• “Limited data on what is purchased by individual trusts”
• “Trusts pay widely varying prices for the same items”
• “No immediate way of examining variation in prices”
• “No mechanism to secure commitment by hospital trusts”
• “Trusts are often paying more than they need to, even for basic supplies”
• “Some hospital trusts buy much wider range of key commodities than others”
• “NHS….frequently establishing new contracts and framework arrangements which overlap and duplicate each other….”
• “Variation between the highest and lowest unit price paid was around 10%”
• “Much larger savings of up to 30 per cent in some categories”
• “We [NAO] estimate that if hospital trusts were to rationalise and standardise product choices and strike committed volume deals across multiple trusts, they could make overall savings of at least £500 million…”
Acute sector non-Pay spend

Contract & Agency Staff (£3.5bn)

Clinical Supplies & Services (£5bn)
Includes: medical devices and consumables, dressings, x-ray materials, laboratory and occupational therapy materials

Premises (£3.3bn)
Includes: Rates, electricity, gas, oil, furnishings & fittings

Establishment (£1bn)
Administration expenses e.g. printing, stationery, advertising and telephones

Transport (£0.5bn)
Includes: vehicle insurance, fuel, materials and external contracts

Rentals under operating lease (£0.6bn)

Miscellaneous (£0.6bn)

Consultancy Services (£0.3bn)

Clinical Supplies & Services from non-NHS bodies (£0.2bn)

Miscellaneous

Non-clinical Supplies & Services (£1.3bn)
Includes: cleaning materials and external contracts, food and contract catering, hardware & crockery, uniforms & patient clothing, laundry, bedding linen

Drugs & pharmacy (£6.5bn)
Includes: generic and branded drugs, medical gases and other pharmacy delivered supplies

Training (£0.3bn)
A balance between the need to improve local capability, data and leadership for the longer term, and the need to drive savings in the short-term.
NHS procurement – Strategy

Short term:

• Develop a proposition to help NHS trusts deliver £1.5-2bn savings
• Increase transparency

Medium/long term:

• Create a new national ‘enabling’ function (NHS Centre of Procurement Efficiency) - home of professional development, data, analytics, diagnostics, benchmarking, best practice, and networking

• e-Procurement strategy
Enablers

- Board level recognition and sponsorship
- Executive authority and influence
- Organisational alignment
- Category management and sourcing strategies
- Supplier Relationship Management
- Rigorous risk management
- Operating Process Management
- Performance management with KPIs
- Data, information and knowledge
- People strategy
- Excellence in governance, planning, programme and change management

Support for NEDs, Execs and HoPs
National strategy and landscape alignment
The Centre for Procurement Efficiency
National Delivery initiatives
National Category Strategies
Key Supplier programme
e-Procurement Strategy (GS1)
NHS Standards of Procurement
NHS Procurement Dashboard
Academy for procurement Excellence
Diagnostics and Benchmarking
HCSA will continue to........

• Act as a voice for the NHS procurement profession
• Input to the development of strategy
• Support the development of future talent
• Engage with industry bodies, suppliers and other bodies. eg GS1
• Champion the good work of NHS procurement
• Maintain an effective professional procurement network
• Arrange high profile Conferences and other events
  - Annual Conference and Exhibition 19-20 November 2014
  - Hilton, Deansgate, Manchester [http://www.hcsaconference.co.uk/](http://www.hcsaconference.co.uk/)

• **HCSA – promoting and supporting NHS procurement across the UK** [http://www.healthcaresupply.org.uk/](http://www.healthcaresupply.org.uk/)
International Comparison of Spending on Health, 1980–2009

Average spending on health per capita ($US PPP*)

* PPP=Purchasing Power Parity.

Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2011.

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