NHS eProcurement Strategy -
A Hospital Perspective

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Provide Secondary and Tertiary care for c1.2M Population

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Plymouth Hospitals NHS Trust

- Largest hospital on the UK South West Peninsula
- 2013/14 Turnover £408m
- 5300 employees
- Delivered 4,854 babies
- Operated on 38,696 patients
- A&E attenders 88,815 of which 53,435 admitted
- Completed 355,794 X-rays and Scans
- 2200 suppliers
- 175,000 unique items
- £7.5m owned inventory
- 115 deliver to locations
The Major Tertiary Centre in the South West of England

- Over 900 Beds
- Teaching Hospital
- Major trauma
- Cardiothoracic
- Specialised Gastro and Liver
- Specialised Long Term Conditions
- Tertiary Cancer
- Neonatal Intensive Care and High Risk Obstetrics
2014 /15 Acute Provider Contractual Obligation

“The 2014/15 NHS Standard Contract has been amended to include a requirement that the Provider **must** comply with eProcurement guidance if and when applicable. From April 2014, the eProcurement guidance and requirements will be applicable to NHS acute trusts\(^1\)”

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1 Dept of Health *NHS eProcurement Strategy April 2014*
Why eProcurement Strategy?

“Patient care is directly affected by the success or failure of procurement processes.”

2 Dept of Health NHS eProcurement Strategy April 2014
eProcurement Strategy will deliver £’s

The McKinsey report, *Strength in Unity* has identified recurring annual savings of £3m-£5m for a 600 bed acute NHS provider from the application of GS1 global standards to hospital procurement activity.*

<table>
<thead>
<tr>
<th>Recurrent savings (600 bed Trust)</th>
<th>Savings forecast (£)</th>
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<tbody>
<tr>
<td></td>
<td>Low range</td>
</tr>
<tr>
<td>Reduce adverse drug events</td>
<td>1,366,460</td>
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<tr>
<td>Reduce obsolescence</td>
<td>1,366,460</td>
</tr>
<tr>
<td>Reduce data cleansing</td>
<td>248,447</td>
</tr>
<tr>
<td>Reduce inventory financing</td>
<td>223,602</td>
</tr>
<tr>
<td>Reduce recall processing</td>
<td>136,646</td>
</tr>
<tr>
<td>Purchase software, maintenance</td>
<td>-285,714</td>
</tr>
<tr>
<td><strong>Net recurrent savings</strong></td>
<td><strong>3,055,901</strong></td>
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*www.mckinsey.com/client_service/operations/latest_thinking

3 Dept of Health NHS eProcurement Strategy April 2014

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Key Actions for Acute Providers (Hospitals)

- All Trusts will be **required** to develop a Trust Board approved **plan** for **GS1** and **PEPPOL** compliance by **31st March 2021**
- All Trusts **should** have a **Catalogue Management** system that accesses Master Data from a nationally established Product Information Management (PIM) system.
- NHS Providers should include plans for **UDI** in their Trust Board approved **GS1**/Peppol adoption plan
- Regularly provide procurement data to the UK Government to enable National price benchmarking
eProcurement System Complexity!

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Hospital System Volume & Complexity!

138 Different Systems!
How Long for a GS1 Compliant Supply Chain – The Inventory Challenge

58% of Orthopaedic SKU’s have no annual consumption!
Our Next Steps and Milestones

- Board approved GS1 / Peppol plan by March 15
- Supported by GS1, establish a Trust GS1 Governance structure
- GHX Peppol compliance Dec 14
- Genesis VMI GS1 roll out in Orthopaedics, Cardiothoracics Apr 2014
Our future eProcurement System Map?

Supported and developed with GHX

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