

NHS Purchasing Challenges

The East Midlands re:source procurement Hub¹ speak to Emma Brooks about the challenges they face when promoting their services and getting the Trusts and their suppliers on board.

The NHS re:source procurement hub in the East Midlands has made some major headway in managing what is a highly complex network of organisations. The hub was set up in 2006 so is very much in its infancy and one of the major challenges for the team is publicising its very existence. So how have the hub managed to engage with the 23 trusts throughout the region? Ian Shepherd, the Chief Executive at re:source was appointed at the same level of seniority as the CEOs in the trusts which they serve; this has enabled the team to engage with senior management and obtain an ear to various boards. This along with specific procurement related public sector initiatives has catapulted the team's profile, although they still have a long way to go.

Major quick wins such as PC's and Laptops have raised the team's profile. All Trusts had been purchasing PC's and Laptops individually, with vast differences in prices even though all of them were using the same supplier. The hub tendered on behalf of all the Trusts and produced one framework agreement and saved £2 million out of a £7 million spend. In addition to this the contract is now monitored and managed by the hub to ensure on going service delivery is achieved.

NHS procurement is very complex. Other organisations such as the Purchasing and Supply Agency (PASA) the Office of Government Commerce (OGC) and the NHS Supply Chain offer a number of procurement solutions, contracts and framework agreements which make it difficult for their internal customers to know which way to turn. This coupled with the costs associated with engaging with these frameworks and services creates a competitive market for these centralised resources, so promoting the

benefits of the function has never been so important. By setting up category specific working parties the procurement teams have created previously non existent communication channels in order to engage with their customers. As you might expect, some category groups have proved to be more successful than others which is a common theme for P&SM professionals in most organisations. There is a perception that complex spend areas such as marketing and HR for example require specialist knowledge and therefore procurement can add little or no value. The procurement team at re:source have had similar challenges with their clinical spend area. The challenge is to promote the benefits that P&SM can bring to the process, such as contract management, supplier appraisal and rating, combined with working with the departmental specialists. It's about striking a balance between providing guidance and a robust structure for the trusts to operate in, along with preserving a sense of ownership and retaining specialist knowledge. For further examples refer to the CIPS Magic and Logic research www.magicandlogic.co.uk where procurement, marketing and marketing agencies work more effectively together.

Historically suppliers have held a high degree of power when dealing with the NHS. Procurement activity has been disjointed and there has been little evidence of contract management in order to ensure what was negotiated was in fact delivered. This has become one of the main unique selling points for re:source as each project is delivered end to end from the specification, through to implementation and on-going contract management. The lack of visibility on volumes has also swayed the power position with the suppliers. This has made leveraging the best deal difficult as often spend

volumes are estimated based on an assumption that trusts will buy into the services – this is not always the case and suppliers have become more than aware of this and used it to their advantage during negotiations.

The biggest challenge to date is the disjointed structures between the trusts that the hub serves. Procurement activity is not mandated to these centralised resources, and some trusts have legacy procurement teams with varying degrees of skills and competency. This combined with a lack of management information and no uniformed systems to obtain a baseline has provided re:source with a rocky playing field to kick off from. The senior management team have identified that leading and influencing skills in the team will help to launch its profile to the next level. Members of the team have been signed up to a three month leadership training programme, which will hopefully enable the team to strengthen and explore new and existing communication channels in order to promote their good work and influence a wider spend remit going forward.

The re:source procurement hub was formed on 1st April 2006 as an agency of Sherwood Forest Hospitals NHS Trust. It is funded by shareholder organisations, all of which are NHS Trusts and PCTs within the geographical area of the Trent and Leicestershire, Northamptonshire & Rutland Strategic Health Authorities.

For further information on Promoting the Purchasing Function see the CIPS Knowledge How To at www.cips.org under Professional Resources/ Knowledge Works.

¹The re:source procurement hub was formed on 1st April 2006 as an agency of Sherwood Forest Hospitals NHS Trust. It is funded by shareholder organisations, all of which are NHS Trusts and PCTs within the geographical area of the Trent and Leicestershire, Northamptonshire & Rutland Strategic Health Authorities.