

Annual Report 2016/17



Delivering real value for
the NHS in the East of England



Chief Executive's Introduction

David John, Chief Executive Officer



Welcome to the 2016/17 Annual Report of the East of England NHS Collaborative Procurement Hub, which provides an overview of our tenth operational year.

Once again, the Hub exceeded its forecast and this year delivered a benefit to customers of £10.48m, which was 11% more than the previous year. That figure does not include substantial savings on agency staffing which the Hub helped its members achieve following the introduction of stringent rate caps. (Further information on agency staffing later in this report.)

The NHS continues to face very difficult times and increasingly tough savings targets, which are made all the more challenging in the face of rising demands on its resources. The Hub continues to support its members in achieving savings and providing a wide range of added value services which contribute to cost avoidance, increased efficiency and patient safety.

For the seventh year running, the Hub has achieved this without increasing fees to customers and there are no planned fee increases for 2017/18. Details of our financial results and other activities can be seen later in this report.

Partnership and Collaboration

The Hub continued to work very closely with colleagues as part of the NHS Collaborative Procurement Partnership (NHS CPP) which includes the other three NHS procurement hubs - namely NHS Commercial Solutions, North of England NHS Commercial Procurement Collaborative and NHS London Procurement Partnership.

This Partnership has already delivered a number of effective and award-winning joint projects and framework agreements across a range of areas. The portfolio was extended in summer 2016 with the launch of the National Clinical Staffing Framework, which has been influential in helping Trusts across the country get their agency staffing costs under control.

The increased collaboration and cooperation has augmented the number of framework agreements available for NHS CPP member organisations to use, which has benefited Trusts in the East of England and elsewhere within the Partnership.

As well as working with the wider NHS CPP on national projects, the Hub continued to work closely with NHS Commercial Solutions as part of the NHS Commercial Alliance, which is committed to sharing best practice in a range of key areas and working together on joint initiatives.



Future Operating Model

The Department of Health took the decision to shake up the way certain goods and services are made available to the NHS following the expiry of DHL's ten year contract to run NHS Supply Chain. This has led to the development of the Future Operating Model for the NHS, which will be a new way of delivering procurement, logistics, IT and transactional services.

Following the announcement that this would involve the creation of a number of 'Category Towers' to manage the procurement of some goods and services, the NHS CPP partners took the decision to bid to run a number of these Towers, utilising our combined knowledge, and unrivalled collaborative procurement expertise within the NHS. It was the logical next step in taking our collaborative relationship to a higher level.

The creation of the Category Towers is an exciting initiative and a positive move in the market place, which is designed to help deliver some of the multi-billion pound savings which the NHS needs to achieve. The Hub is keen to play a key role in maximising the opportunity.

With this goal in mind, the Hub and its partners have been working in even closer unison to put together a compelling bid to run six of the Category Towers, covering a number of clinical services. Bids closed in May 2017 and the award announcement is due in August 2017. At the time of writing, the results of this process are unknown but we are hopeful of a positive outcome.

Sustainability and Transformation Partnerships (STPs)

In 2016, the NHS and local councils in England started forming Sustainability and Transformation Partnerships (STPs) designed to improve health and care, with each area developing proposals based on the needs of the whole population in that locality, not just of those individual organisations.

The Hub has been supporting Trusts in the development of these partnerships in the East of England, particularly in relation to four key driven themes:

Aggregation – to support regional, multi-regional and national aggregation of spend and achieve cash releasing savings.

Benchmarking – to identify and prioritise opportunities which offer the greatest possible return, highlight areas of risk and achieve national targets.

Collaboration – to facilitate STP and cluster procurement related opportunities and partner working to drive maximum benefit.

Efficiency – to access solutions which address unwarranted variations in spend and reduce the duplication of effort through the provision of shared service solutions.

The Hub will continue to support members in the coming year and the definition of 'customer' is evolving to encompass groups and clusters of Trusts as well as individual organisations. We look forward to working with our members to make best use of the opportunities which STPs present.



New Members

We are delighted to welcome two new members to the Hub, namely Luton and Dunstable University Hospital NHS Foundation Trust and Southend University Hospital NHS Foundation Trust, and look forward to working with them to achieve a range of benefits and savings.



Summary

Working collaboratively with other NHS organisations to deliver savings and efficiencies is the Hub's raison d'être, and the past year has seen this collaboration taken to a new and unprecedented level. As well as working with its many different partners and the new groups which have emerged this year, the Hub team has continued to deliver substantial rewards for its key customer base of member Trusts in the East of England.



Business as usual has carried on uninterrupted and new initiatives have been fitted around our core business model. As such, we are delighted to report another set of excellent results for our members across clinical, non-clinical and pharmacy areas and further information on our achievements and highlights of 2016/2017 can be found below.

Highlights of the Year



Non-Clinical Projects

Lord Carter of Coles' final report set out how non-specialist acute Trusts could reduce unwarranted variation in productivity and efficiency across every area of a hospital to save the NHS £5 billion per year by 2020/21. One key area that was highlighted was Estates and Facilities, which has been a major focus for the Hub's Non-Clinical team.

To give one example of the potential, the NHS spends around £725m per annum on cleaning services and if all Trusts achieved the median benchmark, the Carter Report suggests that £93m could be saved.

Huge sums can also be saved in other areas, so in order to highlight the range of framework agreements which Hub members have access to in those fields, a dedicated Estates and Facilities (E&F) Information pack was developed. The pack included the Hub's own frameworks and a range of other framework agreements which are now available as a result of our collaboration with our NHS Collaborative Procurement Partnership partners. These frameworks can support Trusts in delivering savings targets and reduce time and resources required for tendering by providing a fully EU compliant route to market.

As well as compiling a pack of E&F specific information, the Hub hosted an E&F legal training seminar, which attracted Trusts from around the country. The seminar was led by law firm Trowers Hamblins LLP and looked at risks and challenges, as well as sharing best practice and lessons learned.



In addition, there was a separate, focused training on E&F Dynamic Purchasing Systems (DPS) available for use by members. Via DPS arrangements, local suppliers can be added after the DPS has been launched and included in regional competitions. There are three DPS agreements available that are of specific interest to E&F departments.

Through the partnership with NHS London Procurement Partnership, the Hub can also provide customers with access to a range of other DPS arrangements. The offering is likely to grow over the next financial year as contracts are reviewed and re-scoped to incorporate the specific requirements of the Hub's members. The Hub is now able to offer the following DPS frameworks to its members: Apprenticeship Training Providers; Building & Engineering Maintenance; Minor Building Works; Professional Services (Construction and Advisory) and Language Services.

The Non-Clinical team has been active in STP collaboration, particularly around the facilitation of a further competition for Remote Teleradiology Reporting. This opportunity involved services operated by three Trusts who are part of the Essex Success Regime (ESR), namely: Basildon and Thurrock University Hospitals NHS Foundation Trust, Mid Essex Hospital Services NHS Trust and Southend University Hospital NHS Foundation Trust.

The Essex Success Regime is one of three current programmes nationwide which are overseen by NHS England and NHS Improvement working closely with the Care Quality Commission. The Success Regime is part of the NHS Five Year Forward View and is concentrating on certain areas in the country where there are deep-rooted, systemic pressures. The overall aim is to improve health and care where these systems are managing financial deficits and/or issues of service quality.

The objective of the Essex project was to implement an optimised, safe, robust and cost effective reporting service to support the three acute Trusts. The Hub acted as an independent third party procurement advisor and facilitated a further competition on behalf of all three Trusts. Savings from this initiative are expected to be significant. Other areas we are supporting in Essex include Apprentice Training Providers and Language Services.

Agency Staffing

The launch of agency staff pay caps in November 2015 put increased national focus on the subject of spiralling agency staffing costs. The NHS CPP responded by launching its own National Clinical Staffing Framework launched in the summer of 2016. It was one of the first to be approved by NHS Improvement and has around 400 awarded suppliers.

The framework provides access for members to a wide range of staff roles at rates in line with pay caps, and was instrumental in helping NHS Trusts in the region reduce their agency costs, which has led to cost avoidance of over £40 million in the region for the financial year 2016/17.



This figure is based on 14 Trusts alone as we are still awaiting figures for another 10 Trusts, which is likely to push this figure up significantly, potentially in the ballpark of £60 million or more.

Clinical Projects

Clinical highlights of the year have included the launch of two major framework agreements - procured in collaboration with our NHS CPP partners - in the areas of clinical consumables and theatre consumables.

The need for a new contract to cover Clinical Consumable Products was identified by the NHS CPP as being of benefit to members and the framework was established to enable Trusts to award contracts for a wide range of products from leading suppliers in the market.

The framework went live in February 2017 and under this framework, NHS organisations have the option to award to any supplier to achieve direct delivery. Service options such as bulk delivery are also available by conducting a price benchmarking exercise or further competition. The lots covered include everything from drapes, gowns, masks and gloves to instruments, procedure packs and other essential clinical consumables.

The new Theatre Surgery Consumables went live early in FY 2017/18, but the main preparatory work, engagement and tender process took place in FY 2016/17. The aim of the framework is to provide a single solution for a wide range of related products used in operating theatres.

Like the Clinical Consumables Framework, it was developed by the NHS CPP for the benefit of all members. It covers the following product areas: Minimal Invasive Surgical Stapling and Laparoscopic Surgery (including energy devices); Wound Closure, Sutures and Tissue Glues; Haemostats; Surgical Mesh; Gynaecology Implants and Surgical Consumables (TVT); Urology, including Stents, Implants and Consumables; Breast Implants.

The Hub is supporting member Trusts in maximising the potential of both these frameworks, which have significant savings potential, as well as contributing directly to enhanced patient safety.

Commissioning and Project Support

The role of procurement in the NHS came under intense scrutiny in 2016, with Lord Carter's Procurement Transformation Plan, and other publications such as the Carter Review and 'Next Steps on the Five Year Forward View'.

These initiatives preceded the commencement of the Category Towers procurement alluded to in the Chief Executive's introduction. All of these have had implications for Trusts and many Hub members have sought assistance from the Hub's commissioning and project support team for initiatives arising out of them.



The financial year was another interesting and diverse one for the Hub's commercial and purchased healthcare project team in its work of supporting commissioners and Trusts. The team successfully delivered and provided assistance with a number of projects such as:

- Supporting NHS England with GP Services provision in the Cambridgeshire area. The Hub provided liaison support - in partnership with NHS England - to the Patient Participation Group, acting as the main point of contact, assisting with the specification review and providing commercial advice.
- Assisting NHS England with its Independent Investigation Service provision. This involved participating and supporting the market engagement event, developing service specification delivery requirements and the evaluation approach. It also included successful delivery of a fit for purpose multi-provider framework with improved call-off arrangements and flexibilities, to fully support all four NHS England regions responsible for independent investigations.

The team has also been busy managing its existing portfolio of frameworks, creating scenarios to help understand the possible future direction for the NHS and other publicly funded entities, developing a suite of new service frameworks to support health and social care providers and commissioners. As a result, a number of new frameworks are due to be issued during 2017/18.

In addition to bespoke work, the team has provided advice and guidance on a variety of requests from customers, such as previously awarded tenders, commercial advice on payment of service provision, clinical service measuring and call-off order contract awards from the perspective of best practice.

The Hub provides flexible resources to customers, offering a range of bespoke and generic support services including advice, project management and strategic procurement, e-procurement process management, as well as introducing customers to our Commissioning Framework partners who can offer additional skills and support.

Pharmacy Service

The financial year has been a busy one for the Hub's dedicated award-winning Pharmacy Team. Membership of the Hub's Pharmacy Service has continued to expand and now covers virtually the entire health economy within East of England, offering a tailored service to individual healthcare sectors.

The Pharmacy Legal Training Programme was launched in 2016/17 and the Hub hosted its first seminars on the topics of Outsourcing Pharmacy Services and VAT Issues in the Pharmacy Sector. This training programme is now an integral part of the service and continues to be well received by members.



The Pharmacy team's strong relationship with industry has continued to enable it to highlight innovations in various pharmaceutical markets offering cost effective and clinically effective products.

The team has an established offering to Clinical Commissioning Groups (CCGs) and has delivered in excess of £1.6 million in savings over the last two financial years, delivering on average a 24:1 return on investment. The Pharmacy team has supported commissioners on a range of complex projects where products and services are directly linked. The team's on-going stakeholder engagement and networking resource has enabled us to increase understanding of the issues faced by the NHS in these markets, thus facilitating a platform to negotiate better. We have also demonstrated that improved levels of engagement lead to higher returns on investment.

The Hub's Pharmacy Service has raised the profile of requirements for homecare management resource in local Trusts. It has developed a template activity tariff model to support members to introduce sustainable funding arrangements which allow appropriate management of services at a local level. The Hub continues to support members through provision of a monthly Key Performance Indicator (KPI) benchmarking dashboard report and regional review of manufacturer funded homecare medicines service contracts. The team has also played a pivotal role in the delivery of a number of national projects, including the development of further guidance on managing complaints and incidents and a renewed standard template registration and consent forms for homecare patients.

In the next financial year we will continue to work towards the delivery of the Pharmacy Service annual work plan, some of which will carry forward from last year's initiatives.

Clinical Product Specialists

The Clinical Product Specialist (CPS) team achieved savings in excess of £588k for the financial year and continued to work closely with member Trusts across a range of projects. These projects are helping to change the NHS landscape and the team has supported Trusts through various work streams. These include working with the NHS Clinical Evaluation Team (CET); NHS Improvement's Nationally Contracted Products Programme (NCP); NHS Supply Chain (NHS CS) NHS Core List and on new NHS SC frameworks with revised terms such as price breaks and supply arrangements.

The Acute Hospital /Ambulance Project is an NHS Business Services Authority project being led by East of England Ambulance Trust's Director of Nursing and Clinical Quality Lead. The Hub's CPS team is working closely with the two pilot Trusts in the East of England, namely Cambridge University Foundation NHS Trust and Princess Alexandra NHS Trust. The project aims to remove duplication of cost, drive efficiencies and improve patient comfort when patients arrive at hospital by ambulance. The first product line to be worked on is ECG electrodes which are common/compatible to both services.



E-Enablement, Communications and Business Support

Improving customer reporting was a focus in 2016/17 and the business support team went live with revamped customer reports. The revamp was a result of consultation and feedback from members and the new look reports are tailored to each customer. The reports have been very positively received and have led to development of a full suite of bespoke reports for our Pharmacy, CCG and Ambulance members.



In a first of its kind, the Hub undertook a joint venture with our NHS CPP partners to procure and deliver an eCatalogue and eContent Management System. The new system answers the requirements of Lord Carter and enables the sharing and distribution of framework content between Hubs and Trusts of large and complex national frameworks.



The Hub acted as an advisor regarding the eProcurement Strategy – now known as Scan4Safety - and continues to maintain close links with the Department of Health and GS1. It regularly updates members through newsletters and stakeholder meetings of the current Scan4Safety status and practice. A GS1 knowledge event is being planned for autumn 2017. The team also hosted a training session on improving NHS IT security architecture – a timely session on the dangers of hacking, ransomware, data breaches and other potential IT security risks, as well as a Bravo spend analysis workshop.

Overall, the Hub's e-enablement and business support team, which also covers communications, business analysis and business issues, was active in supporting the Hub's procurement teams deliver their objectives. It was instrumental in setting up numerous training and events, which our members benefited from, some of which have already been alluded to and more information follows.



Hub Conferences Training and Events

The Hub's training and events programme for 2017 was its most extensive ever, with over 900 stakeholders, including member Trust staff, NHS personnel from all over the country and suppliers getting involved over the course of the financial year.

In addition to the Estates and Facilities, Pharmacy, and IT specific training sessions mentioned earlier, the Hub also hosted a number of training sessions on different aspects of procurement as well as health and social care. Topics covered included: A refresher and update on the Procurement Regulations 2015; Contract Management; Running Frameworks; Bidding for NHS Contracts; Public to Public Contracting; Procurement Legal Challenges; Legal Aspects of Commissioning; Evaluating Tenders and the Challenges of Integrated Social Care.

The Hub actually hosted two agency conferences within the financial year – one at the beginning of April 2016 and the second at the end of March 2017. Each attracted over 300 people from the length and breadth of the country.



The Hub's NHS National Temporary Staffing Conference has become an annual fixture in the calendars of key stakeholders involved in the recruitment of agency staff. Such events provide NHS customers with an opportunity to share best practice with peers in other parts of the country who are facing similar issues.

Conclusion



The financial year 2016/7 was another highly successful one for the Hub, which has provided members with a range of added value services, in addition to contributing to significant cost avoidance and achieving cash releasing savings.



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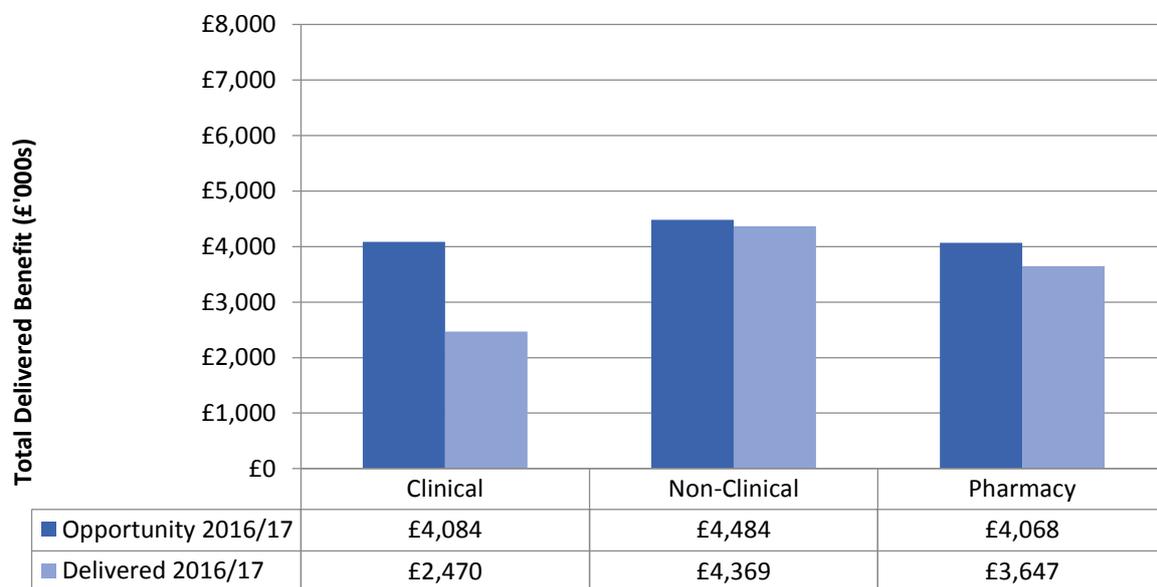
Hub Financial Overview 2016/17



Hub Overall	Planned 2016/17		Actual 2016/17	
Total Delivered Benefit¹	£6.909m		£10.486m	
Gross Income/Expenditure	Income £1.834m	Expenditure £1.817m	Income £1.708m	Expenditure £1.678m

¹ The total delivered benefit consists of both Cash Releasing and Cost Avoidance Savings

Total Delivered Benefit* opportunity against actual



* Consists of both Cash Releasing and Cost Avoidance savings

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Working to deliver procurement benefits for NHS Trusts in Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk

East of England NHS Collaborative Procurement Hub
Victoria House, Capital Park, Fulbourn, Cambridge, CB21 5XB
Tel: 01223 597746 Email: cphenquiries@eoeoph.nhs.uk

www.eoeoph.nhs.uk