

NHS Camden Procurement Cooperative Addresses NHS Reform and Saves £2.7M in its First Year with UNIT4

In 2008 NHS Camden Shared Procurement Service, the organisation which provided procurement services to NHS Camden Commissioning, NHS Camden Provider Services, NHS Islington Provider Services, NHS Islington Commissioning, Camden and Islington NHS Foundation Trust and Commissioning Support for London, realised that its own fragmented systems typified the much criticised NHS back-office stereotype.

It acted to address the shortcomings, implementing a Procurement Platform from UNIT4 which has helped it deliver impressive cost savings, increase customer satisfaction by 200% and address on-going change with minimal cost and without disruption. It has been so successful that NHS Camden is now considering spinning out the procurement service as an independent social enterprise, so that other organisations can benefit from its expertise. This is the story of how they did it.

The Need

“We needed to change the scope from buying to sourcing value for money on behalf of the NHS,” said Jeffrey Nielsen, Head of Procurement Cooperative at NHS NCL (North Central London) Procurement Cooperative. “We needed to position ourselves to adapt to the NHS reforms we knew were coming, we had to act.

“As it stood purchases were being made outside the Procurement Department and that led to disjointed purchasing with lost buying power from too broad a range of products and suppliers. This resulted in reduced opportunities to consolidate demand, manage suppliers, rationalise products used and control usage by standardisation.”

The Cooperative's vision was to combine the purchasing power of all organisations in the shared services and build a function that could adapt to the expected change.

This meant moving all six organisations, with 1400 requisitioners across 200 locations away from a mass of antiquated paper based systems to a single, standardised, modern procurement solution. It was therefore crucial to select the right technology to underpin the new structure.

The Solution

“As you would expect we underwent a rigorous evaluation process to select the right technology partner,” said Nielsen. “Eventually we chose UNIT4 and its Agresso Business World Procurement Platform as the core to this service because it was best suited to helping us make the leap to a modern procurement organisation and also accommodating the continuous post implementation change as reform gathered pace.”

Now organisations served by the cooperative can access the Procurement Platform via Agresso Web Self-Service, enabling them to interact with the service in a fully electronic, auditable way, using the highly configurable ABW workflow functionality. The solution is complemented by other best-of-class solutions that seamlessly interface into Agresso, including eMarketplace from UKProcure, eContracts and eTendering from Due North, and Multiquote from ADB. By leveraging niche technology the Platform meets all of the needs of the procurement cooperatives and its clients by the most effective means.

The Procurement Platform facilitates the tendering, contracting, and acquisition of facility related services and goods and the contract management thereof. It also supports the day-to-day procurement requirements of the

organisation via eProcurement (pre-negotiated) Catalogue Management and the eSourcing (and tendering, as required) of non-stock items thus standardising and maximising full savings potential while providing full procurement and financial accountability.

Post Implementation Agility

Change has, in recent times, been relentless in the NHS. "We are in the midst of the most deep-rooted and extensive restructuring of the NHS ever undertaken in England," remarked Nielsen. "The project wouldn't have been the success it has become without the post-implementation agility of UNIT4's Procurement Platform and its capability to integrate with the new way of doing business, all of which provide considerable savings to our clients."

The Benefits

The restructured cooperative underpinned by the Procurement Platform from UNIT4 has become a symbol of public sector modernisation and provides a long-term solution to support ongoing change.

The initiative is precisely aligned to the new government's reform initiative with the participants in the NHS NCL Procurement Cooperative releasing significant resources through efficiencies that are being reinvested in frontline services.

"We have, with the help of the UNIT4 Procurement Platform and our other business partners, demonstrated the ability to make considerable cost savings," Nielsen commented. "The Platform has enabled the cooperative to realise a wide variety of strategic benefits and saved nearly £2.7M in just six months.

"Requisitioners find it easy to order whatever they need whilst the Procurement Department can maintain control and ensure purchases are made within the various protocols outlined by the NHS and the European Union, minimising the risk of any allegations of fraud, corruption, mis-governance or legal breach. The system also allows the use of our Standing Financial Instruction Budget Holder approval levels so as to maintain a complete audit trail and enforcement of who is able to approve what."

Requisitioners have at their disposal a marketplace which contains 227 catalogues of items carefully sourced by the Procurement Department. Workflow ensures a standard process so that the procurement department and right budget holders are involved in sourcing and buying decisions when required through the Procurement Liaison Advisory Panel.

"Bureaucracy has all but been eliminated with the Procurement Department focussing on strategic activities like sourcing best value for money - the optimum combination of whole life cost and quality to meet the customers' requirements," remarked Nielsen. "We have for instance had the opportunity to change the catalogue printer toner supplier 4 times in the last year and a half. In that category alone, there has been a 27% savings over the previous supplier."

The cooperative expects to make additional savings through the improved processes as has subsequently been suggested by the November 2010 QIPP (Quality, Innovation, Productivity and Prevention) report commissioned by the Department of Health.

"The QIPP report refers to various independent reviews that conclude savings in the order of 20-30 percent can be achieved through the rationalisation of back office functions in the NHS," reflected Nielsen. "Given the previous state of the procurement department and its current efficiency I think we have easily achieved equivalent operational savings and will continue to do so."

The Platform also provides a new level of visibility; custom reports, for instance, can be produced within the hour. Whereas previously only 32 percent of spend was captured that figure has risen to an almost unheard of 90 percent by enforcing the use of eProcurement alongside Procurement and SFI Training. This auditable transparency allows detailed analysis of spend to be made, patterns identified and opportunities for further savings highlighted.

Customer satisfaction has also skyrocketed from 30 percent to 90 percent as most items are now ordered and delivered within 24 hours.

For the future the cooperative wants to take advantage of the flexibility of the Platform and extend services to other public sector and not-for-profit organisations. This way the economies of scale will perpetuate savings and reduce of operational costs.

The Future

Public sector reform is gathering pace, with the government calling for new public service delivery models that move the cost and risk of running services away from taxpayers. The NHS Camden Procurement Cooperative is looking to take a lead in this matter by "spinning-out" the shared services operation to create a social enterprise that other organisations can commission to manage their procurement more efficiently.

The vision, using years of sector specific procurement experience, is to provide best practice procurement services to PCTs and GP consortia. "We can remove the red-tape culture that comes with working in the public sector," continued Nielsen. "This means we will be able to react faster to market conditions and customer requests. We can also use the surplus revenue that comes from sharing and greater efficiency to improve services further."

The plans are aligned to the recommendations of the QIPP report and the NHS, providing greater choice and an alternative to the existing private sector providers and the Shared Business Services joint venture.

The Cooperative has signed a Memorandum of Understanding (MoU) with UNIT4 and social enterprise

specialists Aperio Group to further evaluate and develop the business plan for the new entity. UNIT4 hopes to support the venture as a key technology partner, delivering a highly innovative solution for this new type of operation.

Benefits

- £2.7 M savings in first year
- 20-30 percent operational savings
- Post implementation agility supports sector change simply, quickly, cost-effectively, without disruption and the reliance on external consultants
- 200 percent improvement in customer satisfaction rating
- Low cost of system ownership
- Most goods procured are delivered within 24 hours
- 90 percent of spend captured

ABOUT UNIT4

UNIT4 is a global business software company that creates, delivers and supports adaptable software and services worldwide, to help dynamic organisations manage their business needs effectively. We strive to set the global standard for business solutions that help dynamic organisations to embrace change – simply, quickly and cost effectively.

We have a broad portfolio of solutions that address different markets, requirements, technologies and types of organisation; the UNIT4 group incorporates a number of the world's leading change-embracing software brands, including the Agresso Business World ERP suite and CODA financial management software. UNIT4 has offices in 17 European countries and 7 countries across North America, Asia Pacific and Africa (as well as sales activities in several other countries) for easy, local access to service and support.

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