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**N HS Supply Chain and efficiencies in procurement**

Press release

Date: 12 Jan 2024

**The NHS is not making the most of its spending power** to save money in purchasing medical equipment and consumables. It has continued to spend more than £3 billion outside NHS Supply Chain, its purpose-built procurement route, as customer satisfaction with Supply Chain has declined, a new National Audit Office (NAO) report has found.

The UK's independent public spending watchdog examined how effectively Supply Chain Coordination Limited (NHS Supply Chain) is making efficiencies across NHS procurement, and whether it has achieved its objectives of saving money and increasing its share of products (medical equipment and consumables) bought through it by the NHS.

The Department for Health and Social Care (DHSC) established NHS Supply Chain in 2019 as part of efforts to identify savings through aggregating the NHS's significant purchasing power. Responsibility for Supply Chain moved to NHS England (NHSE) in 2021. For 2023-24, NHS Supply Chain estimates that annual NHS spending on products is around £8 billion (see Notes to Editors).

At its inception in 2019, DHSC set NHS Supply Chain a target to deliver £2.4 billion savings by 2023-24. As of 2022-23, it told the NAO that it had exceeded its £2.4 billion savings target but although NHS Supply Chain reported progress against this target to NHSE on a quarterly basis, neither NHSE nor the DHSC has validated or checked these savings.

NHS Supply Chain has used different methods to report savings to different audiences, which could cause confusion. Some NHS trusts themselves said that they did not recognise NHS Supply Chain's claimed savings and this issue is causing frustration and mistrust. In summer 2023, NHSE, NHS Supply Chain, trusts and stakeholders worked together to develop a new methodology for reporting savings which should be ready from April 2024. Supply Chain is now pursuing a new savings target of £1 billion from January 2022 to 2030 (£500 million by 2026).

There is no reliable baseline against which to estimate whether NHS Supply Chain achieved its 80% market share target. Supply Chain reported progress against this target until 2021-22, however DHSC and NHSE did not reassess the value of the market during this period. As a result, the market share figure was most likely overstated. Supply Chain did not report a market share figure for 2022-23 as it no longer had confidence in the original total market value. Supply Chain has established a new baseline for estimating its market share, although this is based on incomplete data from trusts.

Trusts spend approximately £3.4 billion outside of NHS Supply Chain's function. Trusts are largely free to purchase goods outside Supply Chain, but in order to achieve its objective to harness the NHS's spending power NHS Supply Chain needs to persuade them to use it to purchase goods. There is a still lot of variation in the prices trusts pay. For example, for each hip replacement stem part purchased by the NHS in 2022-23, individual trusts paid up to £490, with a median price of £333. Supply Chain's price for the same product was £258 which was the lowest price for that product (see Notes to Editors).

In Supply Chain's latest customer satisfaction survey, 71.8% of customers asked noted that they use other supply routes because the products they wanted were not available through Supply Chain (see note 3 to editors). Supply Chain estimated that the amount of money that trusts had spent when buying products through Supply Chain, or using its commercial terms, increased from £3.4 billion in 2018-19 to £4.5 billion in 2022-23 (in cash terms).

Customers' levels of overall satisfaction with NHS Supply Chain are below target and in long-term decline. Supply Chain recognises that it needs to improve how trusts view its performance if it is to incentivise trusts to use it more.

NHS Supply Chain also needs to improve the performance of eDirect, a procurement route accounting for around £1.5 billion of orders via Supply Chain in 2022-23. Orders via this route were delivered on average 22 days late between June 2022 and March 2023.

NHS Supply Chain is working to address these challenges and is implementing a transformation programme. However, there are weaknesses in how it is managing this transformation, with an over-reliance on the Chief Executive Officer and slow recruitment of senior staff. Supply Chain has set out what it considers it needs from NHSE for transformation to succeed and to achieve £1 billion savings. While NHSE is making progress towards most of these asks', it could do more.

The NAO recommends that NHSE should use its data on trusts' spending to understand and challenge why trusts are not using NHS Supply Chain and incentivise and encourage greater use of NHS Supply Chain, and that NHS Supply Chain should improve its understanding of why some customers are unsatisfied with its services and develop a targeted action plan to make substantial improvements in satisfaction.

**Plans for PCNs and GP practices to become 'lead employers' for trainee pharmacists** risk wasting money and deepening workforce problems in general practice and community pharmacy.

[**Practices are required to give all patients online access to their new health record entries**](https://emea01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fprimarycarebulletin.cmail19.com%2Ft%2Fd-l-vuizkt-jlddojhjt-t%2F&data=05%7C02%7C%7C72bbb38f924b49d1a00e08dc18cf4ba1%7C84df9e7fe9f640afb435aaaaaaaaaaaa%7C1%7C0%7C638412525802424282%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=71FF0W2iOyToO0TJqM9qbR4oEOoWhsNingJeJGp%2B8IA%3D&reserved=0), with 82% of practices now providing full online prospective record access by default. EMIS practices that have not bulk enabled their patients will need to manually enable individual patients in order to meet contractual obligations.