

# BEYOND THE ISLANDS OF EXCELLENCE

**Andy McMinn** is one of the leading lights in NHS procurement, having brought a wealth of experience and insight with him from the manufacturing sector. As chief procurement officer he heads up procurement and logistics at Plymouth Hospitals NHS Trust and is regional coordinator for the Health Care Supply Association. NHE spoke to him about some key trends and innovations.



There are approximately 8,000 chartered qualified finance professionals in the NHS, but only about 600 chartered qualified procurement professionals. That's roughly 2.5 per trust.

Plymouth Hospitals NHS Trust, by contrast, has seven chartered qualified staff among its 12-strong strategic sourcing team, with another three to qualify in the next year.

"Knowledge is the bedrock of our teams, because knowledge equals performance," according to their boss, Andy McMinn. "I demand it of my team – that they are constantly developing themselves, even those people who are MCIPS qualified."

The Chartered Institute of Procurement & Supply says its MCIPS qualification is the "internationally recognised gold standard of achievement for procurement professionals". But even that achievement is secondary to relationship building, McMinn says – it's a skill and attribute that he'd take over technical procurement knowledge any day.

Plymouth sees itself as being one of the few 'islands of excellence' in NHS procurement, alongside a handful of others – some of whom have been interviewed in recent editions of NHE. These include trusts like Leeds Teaching Hospitals, Central Manchester University Hospitals, Guy's & St Thomas's, and a select few others.

McMinn joined the NHS from the private sector seven years ago, having seen world-leading procurement and supply chain systems in the manufacturing sector. He said: "That sector was far more technically able than the public sector, in procurement. Their business philosophies led to extraordinary performance. For me, those

are the skills the NHS needs, and that's why pretty much all of my team have got some private sector background.

"Plymouth is a pioneer within the NHS without a doubt, and within the trust the procurement function does have a strong brand."

## **Locums and agency staff**

Most procurement teams focus on non-pay spend, and some of the more proactive also have influence in areas like estate and pharmaceuticals. But McMinn's team is getting involved in the world of staffing too.

"We are leading on agencies and locum [staff]," he said. "It's a high-rising spend area for the trust. We spend £13m a year on bank and agency staff and locums; I need to influence that."

Across England, there was a 30% jump in spending on temporary and locum staff from 2011-12 to 2012-13, then a short period when it plateaued, and recently another 30-40% jump. A Royal College of Nursing study suggested the NHS in England has spent about £1bn on agency nurses during 2014-15, with the cost for all agency staff and locums estimated at up to £4.3bn.

McMinn said: "Temporary labour is now the highest driver of spend, above pharma – which is just unprecedented. We have a market that is out of control and holding the NHS to ransom."

Plymouth has been determined to do something to get a grip on these costs. "There is powerful, opportunistic supplier behaviour," McMinn said, "which needs a procurement solution – a governed process, a supplier relationship strategy. These are

procurement tasks."

Last May, it began championing a regional market-influencing approach, for nine trusts from Cornwall to Salisbury. Contracts were awarded in mid-March 2015, and they are now working on implementation, having taken £20m of temporary locum spend to the market.

McMinn – who said the whole thing was achieved "remarkably quickly", all things considered – would not be quoted on a specific savings figure, but promised "significant efficiencies" while maintaining a supply of skilled, qualified staff.

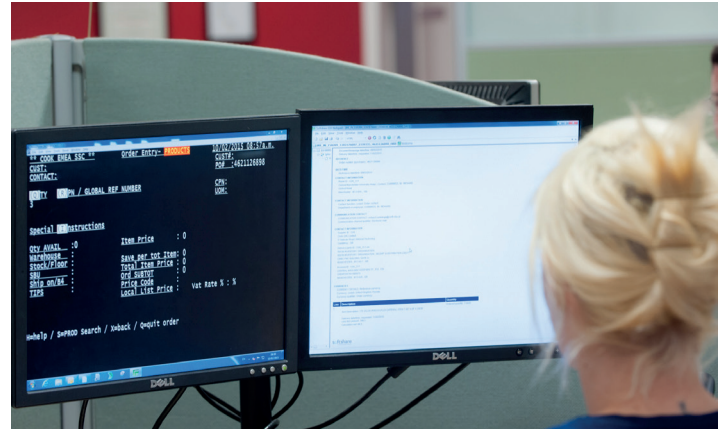
"We're just about to agree standardised rates," he said. "We've appointed a master vendor who will manage the supply chain for us, and now it's about maximising fill-rates and minimising the price we pay."

The work being done in the region was recently praised during a visit by NHS procurement tsar Lord Carter (*who is interviewed on page 58*), and health minister Earl Howe has asked for more information. "We're trying to solve a problem for the whole NHS, and people want to be associated with us," McMinn said.

## **Not just transaction-oriented**

Unfortunately, few NHS procurement teams would have the wherewithal to take a lead on a staffing issue, because they remain transaction-oriented, McMinn said, and have little influence over wider commercial issues.

"At Plymouth, everything that's commercial, we touch it, including temporary labour. We've got a light touch in pharmacy, but apart from that – some [areas] we lead



on, some we enable – but we touch it all. There'll be literally a handful of us doing that nationally, at those centres of excellence where the teams have the right expertise.

"We've delivered so much money, year-on-year, that when we are asked to deliver more savings, we have got to keep 'turning over more rocks' in the organisation to find that cash."

Plymouth has a turnover of £420m, of which McMinn's team influences a spend of about £120m. It has thousands of suppliers, and buys 175,000 unique items a year.

### Building relationships

Procurement functions sometimes have to fight to impose their efficiency agenda on reluctant members of staff, such as time-poor clinicians who might value flexibility and autonomy in purchasing over trust-wide efficiency, when push comes to shove.

Overcoming that resistance takes time and strong relationship building, McMinn said, and at Plymouth at least it's virtually a thing of the past. "If you're getting resistance from any client, clinician, or service line manager, or a nurse, or a healthcare assistance, or somebody who works in finance or HR, it's linked to the relationship you have. We focus on strong relationship building, with a light touch, taking the work to them, doing it where they work, making it an efficient process – those are the bedrocks."

Martin Matkin, director of the Healthcare Business Solutions team at Cook Medical, a supplier to Plymouth and many other trusts, agreed that good relationships are the way forward. He said organisations like his can help procurement professionals in the NHS to 'do more with less', but worries that not all procurement teams in the NHS have the forward-thinking and long-term vision demonstrated by Plymouth.

However, for those willing to embrace a proper partnership rather than fighting over every penny, new opportunities emerge to find much more radical cost savings (for both parties) through transformation.

This could be through e-invoicing – Matkin cited Cook's work with LKH-University Hospital Graz in Austria, which saved more than €22,000 a year by consolidating its invoices, representing a big chunk of its overall spending with Cook – or stripping out waste, or reducing background costs that add to product price without adding to product value.

McMinn praised Cook, and other organisations his trust works with like cloud-based technology providers BravoSolution and Genesis VMI, but said that when dealing with the wider NHS, "creative suppliers with great IT and ideas will still find themselves wading through treacle" if the procurement team they're dealing with isn't positioned to help them. "It's important to get more stories that show what change looks like and how quickly it can be delivered," he added.

### National strategies

Asked about some of the initiatives coming from the centre that are meant to improve procurement practice, McMinn said the Atlas of Variation was a "a great idea with poor execution", with flawed data used as the basis for evaluation too often, while the eProcurement strategy is "ambitious" and perhaps beyond the capabilities of some of the more 'transactional' NHS procurement departments.

McMinn says it is vital that procurement professionals "know what they are spending", and he is an advocate of guided spend analytics. Plymouth is now on its third generation analytics system, provided by BravoSolution.

McMinn said: "I'm a data-driven individual. Strategic and tactical decision making is founded upon good data. If you've got poor data, you'll make poor decisions."

"When I first came into this sector I was staggered by the lack of data tools – it was all static, out-of-date spreadsheets and it was a drain on resources to try to analyse spend data to unlock ideas and strategies."

"We're a thought leader nationally on this

subject at Plymouth, and the private sector could learn from us. But in the NHS, again it's only the 'islands of excellence' investing in guided spend analytics and the challenge is to broaden this capability to all NHS procurement teams."

### HCSA

McMinn has been fully involved with the Health Care Supply Association (HCSA) for nearly three years, and he said it's been a great way of getting professional procurement support – something that's rare within NHS organisations.

In the last few years, the HCSA has been professionalising and is determined to spread best practice, building on its decades of work as a network and membership organisation. Matkin, who spoke at the 2014 HCSA conference, said: "The HCSA will be vital in helping our procurement base understand where it needs to go in the NHS. It will let us broaden the range of conversations we can have and the outcomes we can achieve."

McMinn said it was "frustrating" that the Academy of Procurement Excellence, championed by the Department of Health, "seems to have gone on the backburner".

"We're still pushing for it – we need this centre of excellence to develop procurement professionals, and to complement that with the national and regional structure of HCSA," he added.

The Academy is meant to support the work of the NHS Centre for Procurement Efficiency.

Department of Health spokesman Solomon Schonfield told NHE: "We are tackling financial waste and inefficiency in the NHS and believe smarter procurement could save £1.5bn, which we want to see ploughed back into patient care. More than 1,200 procurement experts are using the NHS Centre for Procurement Efficiency, helping to support and spread innovation and we are helping trusts save hundreds of thousands of pounds on everyday items through better

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**Professor Gordon Ferns**, head of the Division of Medical Education at Brighton and Sussex Medical School, looks at meeting the training needs of the changing healthcare environment

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procurement, saving the NHS vital cash."

## Attitude

McMinn said many trusts retain an attitude that all suppliers are out to fleece the NHS – which leads to a confrontational approach focusing simply on cost. But the real transformations he saw in the manufacturing sector in the mid-1990s were centred on a "partnership breakthrough in the supply chain".

That includes sharing the proceeds of savings with suppliers, McMinn said, especially from costs in the supply chain from which neither party makes any profit. In the NHS, examples include poor inventory management, stock-take costs, insurance, obsolescence, and physical waste. He knows of a leading supplier that recently scrapped £12.5m worth of prostheses in a year.

Some manufacturers have suppliers based on site with them at factories and depots, helping integrate the supply chain in a physical way. "That's the sort of change we need," he said.

But some categories need the traditional "strong-arm" approach, he acknowledged. With generic, simple consumables, competitive tension can keep costs down if the NHS acts as a savvy buyer. But strategically important and technically complex categories with fewer suppliers need more intertwined relationships and innovative approaches.

McMinn told us: "If you can presuppose a different relationship, different behaviours then occur and relationships will change for the better. It's about partnerships based on mutual trust and mutual outcomes."

## FOR MORE INFORMATION

W: [www.plymouthhospitals.nhs.uk](http://www.plymouthhospitals.nhs.uk)

W: [www.cookmedical.com/KGcasestudy](http://www.cookmedical.com/KGcasestudy)

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