



NHS Procurement briefing paper

Background

Millions of pounds of tax payers money could be saved if more efficient waste management practices were adopted in the public and private sector, the majority of savings coming from the NHS, according to Anenta, the independent environmental services contract management partner.

Unnecessarily complicated procurement and contract management processes lie at the heart of the issue and today, as Brexit looms, while there will be no immediate impact on the procurement legislation assuming the EU Withdrawal Bill is passed along the lines indicated, some practical issues will inevitably arise. And of course in the longer term, public procurement legislation will be heavily influenced by the nature of any future trade agreements between the UK and the EU.

But with change and the many challenges ahead, comes opportunity.

Procurement in the NHS – The challenge

1. Poor specification

Anenta's analysis of waste management contracts across the NHS has highlighted a serious disconnect between those responsible for procuring waste management contracts and their understanding of the NHS's waste management requirements.

Contracts are therefore incorrectly specified from the start and the result is that many Trusts are paying for waste management services which are either not fit for purpose financially, or do not deliver the specific requirements including innovative efficiencies, adding further strain to an already stressed system.

Correct specification of waste management contracts equates to improved operational efficiency and is a real alternative to cuts which impact directly upon front line services.



2. Limitations of procurement framework

The provision of high value services where contracts are greater in value than £118,133pa, are subject to a Supply, Services and Design Contract standard framework.

This framework works against the very thing it is designed to secure – best value for the Trust.

Typically the public sector issue standard and out-dated specifications resulting in recycled tender responses being returned. These out-dated responses therefore do not take into account any new industry efficiencies as they do not form part of the specification.

Bidders are always cautious of being innovative within their bids as there could be the possibility that the evaluation teams could score them negatively for not directly responding to the requirements within the specification.

In effect it means there is a catch 22 situation where the bidder feels they meet the specification could go beyond, demonstrating real innovation, but are unwilling to risk losing the opportunity by thinking outside the box.

On paper, innovation can therefore be seen to be requested, but there is no challenge when it is not delivered leading to a repeat of previous mistakes.

3. Ineffective contract management

Anenta's analysis of NHS contracts has highlighted that in the majority of cases, once the service has been procured, it is not managed effectively and in significant number of cases, it is not managed at all by the customer.

Many Trusts rely upon contractors to self-manage and indeed, for some, there is no viable alternative. A lack of waste contract management expertise combined with a lack of ownership within the NHS means that in many instances it falls to inexperienced staff, to handle waste



management contracts – something which they have neither the time nor appropriate expertise to do.

Another unfortunate reality is the overriding perception that once a service has been procured, the job is complete. That can only lead to low levels of efficiency at best and high levels of waste, or front line cuts, at worst.

4. Poor collaboration

Despite the fact that within the NHS, channels such as forums exist to facilitate discussions on new ideas, specific issues and share best practice, change is not forthcoming.

A lack of contract management expertise or knowledge of how poorly some waste management contracts perform in reality is only part of the problem. Clear ownership is required to drive effective collaboration between departments and Trusts and of course, with contract management partners.

The solution

To help tackle these challenges and enable the NHS realise the benefits and savings that are possible, Anenta has already invested more than £1m developing a proprietary online waste management platform.

The goal was simple: to provide every customer with an easy to use system which delivers a bespoke service and provides best value. Technology was the enabler while the team's experience in the health sector continues to provide the know how.

Key to the success of the new system, is the empowerment of all stakeholders, an integral component of Anenta's vision – creating and maintaining trust between the customer and service provider, underpinned by a correctly specified service.

Results

In four years, this new way of working has enabled Anenta to save the NHS over £3.2m on existing contracts across 19 CCGs. When extrapolated across England, potential savings of £8.75m annually



become apparent. Procurement of new contracts will see this figure increase dramatically by implementing contract control and accountability through the use of Anenta's management platform and expertise.