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## Effective Procurement in the Health Sector



Milton Keynes Walk In Centre

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## NHS FACILITIES





**Primary  
Care**

**Community  
Hospitals**

**General  
District  
Hospitals**


**Facts:**

- the largest employer in Europe;
- Estate replacement value £76bn;
- Capital (works, equipment and IT) Programme £5.5billion pa (07/08).

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## NHS FACILITIES

THE PRIMARY  
OBJECTIVE IS THE  
PROVISION OF  
HEALTHCARE TO  
PATIENTS



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## NHS FACILITIES

**Investment delivers:**

- Improvements to the patient environment and experience in terms of more single rooms and better designed hospitals;
- Modernising services - Trusts have to reshape and configure their services and patient pathways, taking on board the provision of new IT, new equipment and new clinical areas;
- Improving access and offering better choice by delivering a whole new generation of facilities so patients have more control over when, where and how they are seen.

(Rebuilding the NHS: A new generation of healthcare facilities: DH, 5<sup>th</sup> June 2007)


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## STRATEGIC CONTEXT

- Support "Construction Commitments" signed up to by MS (H) etc;
- The OGC Common Minimum Standards do apply to all Public Sector Clients and set out current best "procurement" practice;
- Changing NHS landscape resulting from developments such as:
  - Shift towards Primary Care;
  - NHS Constitution – meeting the needs of the patients;
  - Co-located services with Health and Social Services.

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## Are you ready for the Challenge!



# Procurement Evolution

Where do you think you are???

## Effective Procurement in the Health Sector

ADD VALUE  
and  
REMOVE WASTE  
by  
APPLYING BEST "PROCUREMENT" PRACTICE

### "Effective Procurement - Some of the Challenges that exist for all"

Improvements required in areas such as:

- Integration of Teams;
- Transparency in all areas NOT just Costs;
- Sharing of Information;
- **Standardisation/Modular/Offsite Fabrication;**
- Lean Principles;
- Early Input by those that can "Add Value";
- Design Co-ordination;
- Design Quality;
- Quality Control - Reduction in Defects;
- Efficiency on Site;
- Health and Safety;
- Deliver Solutions;
- Sustainability.

### Empire State Building, New York (1930).

- "One storey per day completed – a rate of completion that has never been repeated since anywhere";
- Modular assembly type construction – sections of the steel frame were prefabricated off site, transported into the city and lifted into position.

### Example of what can be Achieved!

#### Worcester Hospital – ABB (M/E Instlln. only)

- Price at 10% below previous similar project;
- Further 27% reduction on the labour cost;
- 8 weeks reduction on time;
- Best safety record on site
- Low impact on overall project.

"HOW WAS THIS ACHIEVED???"

### ProCure21 Workload in 2009?

- Total Estimated Value: £3.7bn
- Projects Complete: 271 at £1.63bn
- Projects on site: 52 at £444m
- Projects at earlier stages 177 at £1.63bn

- 165 NHS Trusts use ProCure21
- 45% have more than one scheme
- 70% of Trusts use the same PSCP for all schemes

- There has been no litigation on P21 Schemes, 3% of capital programme spent on litigation in 2005

South Staffs PCT  
Samuel Johnson Community Hospital

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## ProCure21 Performance

KPI	Measure	Year on Year Performance				
		2004	2005	2006	2007	2008
Client Satisfaction - Product	Average Score	86%	85%	87%	84%	85%
Client Satisfaction - Service	Average Score	80%	81%	83%	79%	78%
Defects	Average Score	84%	79%	82%	79%	77%
Safety	% achieving zero accident incident rate	86%	71%	86%	84%	85%
Predictability Cost (GMP)	% to budget or below	100%	97%	94%	93%	97%
Predictability Time	% on time or early	88%	91%	89%	84%	97%

**Footnotes**

- Cost and time predictability takes account of the effects of client changes (compensation events).
- Results based on an analysis of completed P21 Schemes over £1 million GMP.

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## P21 Performance Comparison

Key Performance Indicator	Central Government 1999	Central Government 2003/04	P21 2007 (latest full year figures)
Percentage delivered to budget	25%	55%	93%
Percentage delivered on time	34%	63%	84%



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- Additional Information:**
- [www.nhs-procure21.gov.uk](http://www.nhs-procure21.gov.uk)
  - [www.dh.gov.uk](http://www.dh.gov.uk)
  - [www.ogc.gov.uk](http://www.ogc.gov.uk)
  - [www.nao.gov.uk](http://www.nao.gov.uk)

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# Thank You