

## UK

# Realising more than £1m of savings through an effective inventory management improvement programme

<p><b>Challenge</b> Following a trust-wide review of supply chain processes, practices and systems, Taunton and Somerset NHS Foundation Trust realised that there were areas where they could be operating with greater efficiency.</p> <p><b>Approach</b> The success of the programme was central to the procurement of an effective inventory management system that would enable the automation of inventory management processes. After reviewing their options, they decided to implement Ingenica Solutions' 360 – the first GS1-certified inventory management solution in the NHS.</p>	<p>More than 30 hours per week of time saved from manual stock control, realising a saving of <b>£36,000</b></p>	<p>More than <b>£426,000</b> one-off cost savings</p>
	<p>Product recalls took on average <b>48 hrs</b> Now staff are able to locate the product within two minutes</p>	<p>A total saving of <b>£1m</b>, by reducing stock by <b>34%</b></p>

**Taunton and Somerset NHS** NHS Foundation Trust National Health Service (NHS) trusts in England are being driven to improve operational efficiencies in order to achieve greater cost savings amidst the growing financial pressures on the sector.

The procurement team at Taunton and Somerset NHS Foundation Trust, realised that they were experiencing unwarranted levels of wastage, stemming from the lack of a robust inventory management system. By automating their inventory management processes, the trust has been able to realise more than £1m of cost savings to date, as well as saving more than 30 hours a week of clinical staff time.

## Introduction

In 2015, the then secretary of state for health and social care, the Rt Hon Jeremy Hunt, commissioned a report conducted by Lord Carter of Coles into the operational productivity of acute trusts in England's NHS.

Lord Carter estimated that the acute trusts could save £5bn by 2020 by reducing unwarranted clinical variation. He estimated that £1bn of this could be achieved by non-clinical teams, with a portion of these savings attributed to procurement<sup>1</sup>.

## Challenge

One of Taunton and Somerset NHS Foundation Trust's key principles is to run as efficiently as possible, at a cost of 10% less than the average

hospital in England. However, following a trust-wide review of supply chain processes, practices and systems, they realised that there were areas where they could be operating with greater efficiency.

The trust's inventory management system was largely reliant on clinical staff spending considerable amounts of time ordering and managing products manually on a daily basis.

There was no reliable electronic stock or inventory management system in place, and inaccurate data collection caused much of the problem.

Inventory was often duplicated across multiple storage locations causing unnecessary product wastage due to overstocking, and without any effective track and trace processes in place, product recalls often took 48 hours to complete when required.

Monika Nott

<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/499229/Operational\\_productivity\\_A.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/499229/Operational_productivity_A.pdf)

It was at this point in 2014, that the trust procurement team began work on an inventory management improvement programme (IMIP). The aim of the programme was to improve clinical consumable availability, reduce costs and enable traceability for product recalls, as well as to allow products consumed to be tracked to patients and to support improved financial reporting at service-line and patient level.

## Solution

The success of the programme was central to the procurement of an effective inventory management system that would enable the automation of inventory management processes. After reviewing their options, they decided to implement Ingenica Solutions' 360 – the first GS1-certified inventory management solution in the NHS, and an enabler for GS1 standards<sup>2</sup> and Scan4Safety<sup>3</sup>.

A three-phase implementation plan was developed to begin trialling the programme. Phase one started in 2016, centring on high-value departments – head and neck theatres, general theatres, central stores, orthopaedic theatres and day surgery.

Ingenica's 360 solution was fully integrated into existing systems within each of these departments, linking into the trust-wide product catalogue, Oracle. Clinical teams were also provided with portable hand-held scanners capable of scanning multiple product Global Trade Item Number (GTIN) barcodes or data matrices at any given time.

This integration meant that inventory consumption could be monitored in real time, from the shelf to the patient, improving end-to-end traceability throughout the supply chain.



Products could also be tracked and traced easily, improving visibility for both clinical and procurement teams. Product GTINs, and trust locations mapped to Global Location Numbers (GLNs), enabled merchandise to be tracked to shelf level, so staff could have sight of what stock they had, how much was in stock and exactly where it was.

## Benefits

From the first phase alone, Taunton and Somerset NHS Foundation Trust achieved more than £426,000 of one-off cost savings.

The number of procurement transactions were reduced as they had access to accurate inventory data, providing details of actual stock requirements. This saved a valuable 10.3 hours of time per week – an annual productivity saving of £5,200.

Approximately 7,000 lines consumed could instead be automatically ordered via Oracle to pre-approved levels based on actual consumption. In turn, this meant that 99.6% of required product was in stock and available to clinicians as and when needed.

Aside from the compelling financial savings, the new system released valuable clinical staff time.

**%**

Time traditionally spent on manual stock control could instead be spent directly on patient care. In head and neck, this equated to a **90%** reduction, **81%** in orthopaedic theatres, **86%** in general theatres and **98%** in day surgery.

In real terms, this amounted to a total of more than 30 hours per week of time saved, realising a saving of £36,000.

These time savings were also translated to time saved executing product recalls. With the previous process, product recalls took an average of 48 hours on each separate occasion. With effective track and trace measures in place, staff were able to locate the product within two minutes, with a further 30 minutes to quarantine the item.

The consistent real-time data capture enabled the trust to forecast stock levels based on product usage information that supports patient-level costing. This has had a dramatic effect on consignment stock management and space utilisation, preventing clinicians and procurement professionals from over-ordering.

<sup>2</sup> <https://www.ingenicasolutions.co.uk/why-ingenica/gs1-standards>

<sup>3</sup> Scan4Safety is the initiative led by the Department of Health and Social Care in the UK that is enabling the delivery of better patient care, improved clinical productivity and supply chain efficiency in the NHS by using GS1 standards. More information is available here: <https://www.scan4safety.nhs.uk>

“  
”  
**Monika Nott**  
IMIP project lead  
Taunton and Somerset NHS  
Foundation Trust

We now know what we need, not what the supplier thinks we need. The results we have achieved so far have made a huge difference to clinical staff as well as wider trust teams, and we look forward to sharing our learnings with other trusts in the same position.”

## Next steps

Phase two of the programme is currently being rolled out to a further seven departments – intensive care unit, high-dependency unit, surgical assessment unit, maternity theatre, audiology and ED, sterile services department and endoscopy. Upon completion of phase two, the trust plans to start phase three, centring on the wards.

Following completion of all the phases in 2020, the trust intends to implement additional functionality using RFID to manage assets and also plans to interface it with the joint registry for reporting.

The team at Taunton and Somerset NHS Foundation Trust are working closely with the Southern Adoption Group for Scan4Safety, sharing their learnings to translate these invaluable benefits to neighbouring trusts, improving operational efficiency and patient care and safety for the wider population.

## Conclusion

%

Since starting the project in 2014, the trust has proudly achieved a dramatic total project saving of **£1m**, by reducing stock in live sites by **34%**.

The trust has increased operational productivity and more clinical time is now spent treating patients instead of managing inventory.

The benefits achieved have provided great value to the teams involved, the wider trust and, most importantly, the population of 340,000 patients they serve.

## About the author



**Monika Nott**  
IMIP project lead  
Taunton and Somerset NHS Foundation Trust

Monika Nott has been a senior manager in both private and public sector, with 12 years of experience in the private sector before moving to the public sector.

She has held various supply chain and digital project and implementation roles during this time. From 2016, Monika has been leading the implementation of the inventory management improvement programme (IMIP) across the trust.

Monika has taken private sector experience and best practice into the public sector, and helped to add value and improve efficiencies through IMIP, with patients at the centre of all that Monika and the project team do.

Having the right product at the right time and in the right place for the right patient is paramount.

## About the organisation



**Taunton and Somerset NHS Foundation Trust** is an acute trust in a rural part of the UK, with an annual spend of £65m.

Musgrove Park Hospital Taunton is the largest hospital in the trust and is also the largest in Somerset, serving a population of 340,000 people.

Musgrove Park has 630 beds across 34 wards and 15 operating theatres, employing 4,000 staff to enable them to deliver care to the population it serves. [www.tsft.nhs.uk](http://www.tsft.nhs.uk)

