Healthcare provider implementation

Lancashire Teaching Hospitals NHS Foundation Trust inventory management solution leads to £3 million in cost savings

Lancashire Teaching Hospitals NHS Foundation Trust (LTH) provides health services for more than 1.5 million people in Lancashire and South Cumbria, and employs approximately 6,500 clinicians and staff. Based on the need to cut costs and improve its supply chain, the Trust decided to focus on inventory management processes for its operating theatres. LTH now uses GS1 standards for greater control and visibility of inventory levels, resulting in less product waste, reduced costs and dramatically fewer out-of-stock situations. In addition, more than 7,100 hours each year in clinical staff time has been re-allocated to patient care.

Lancashire Teaching Hospitals **NHS**
NHS Foundation Trust

By Ian Britcliffe

Make the best use of resources

With a vision designed to provide the latest in healthcare developments, LTH continues to improve the lives of the people it serves. Essential for the Trust's success is its continual transformation of services. Year-after-year, LTH continues to deliver quality improvements and productivity efficiencies, recently averaging 4 percent each year in savings.

One of the Trust's key aims is to make the best use of all resources—and this is where its focus on inventory and supply chain management began.

Targeting tangible savings

Under mounting pressure to cut costs and discover new, better and more efficient ways of working, Trusts are facing unprecedented financial challenges and the need to develop their supply chains.

After assessing its own supply chain processes, LTH decided that change was needed: to advance the hospital from a very basic supply chain model to a much more mature position.

Inventory management based on best practices is key to supply chain improvements. With this in mind, the initial focus was to introduce new inventory management processes in the highest spend area: operating theatres. LTH's goal was to provide an organisation-wide view of inventory levels with the ability to assign costs to both the individual patient and service provided.

"Our key challenges included a lack of stock control and visibility along with a shortage of management information," explains Ian Britcliffe, Head of Supply Chain and E-Commerce for LTH. "We also needed to reduce waste in consumables and the costs associated with disposal and reordering. Finally, we needed better control of consignment stocks."

One of the main drivers of change was the Trust's need to realise tangible cost savings. "This had the greatest impact on our desire to transform our inventory management processes," says Britcliffe.

The Trust was also experiencing significant issues with stock management in its operating theatres. Stock was poorly controlled and there were recurring out-of-stock conditions. Clinical staff primarily managed the inventory with support from a small team of supply chain staff—a situation that was both ineffective and inefficient.

The absence of inventory control and visibility led to a shortage of management information, which created issues including product waste, excel stock levels leading to limited storage space, and the inability to trace products.

Taking control of inventory

The Trust worked with Ingenica Solutions to implement a GS1 standards-based inventory management system in the Trust's operating theatres. By using GS1 standards in its inventory management activities, LTH was able to take control of the processes, secure efficiency savings, and release valuable clinical time back to patients.

The new inventory management system uses GS1 Global Trade Item Numbers (GTINs) on most products used in operating theatres. Scanning the barcode as inventory is received, moved and used around the Trust enables key product data to be electronically captured and exchanged without manual intervention into patient administration and purchase order processing systems.

Saving clinical hours for more time with patients

The new inventory management system has helped reduce waste and inefficiencies by giving the Trust greater transparency and improved stock and data management.

> "The data generated by the solution has helped us in many ways. Now, consumption of stock is recorded at points of use and ordering is based on actual consumption, resulting in a reduction in stock levels. In turn, this has allowed several rooms to be cleared of stock, and reassigned for clinical usage."

Ian Britcliffe, Head of Supply Chain and E-Commerce, Lancashire Teaching Hospitals NHS Foundation Trust

There is also better control and visibility over consignment implants, which as one of the most expensive items in the Trust. Costs have been cut and the likelihood that these items will become obsolete has declined. In addition, the Trust's new centralised theatre stores have made keeping track of stock much easier with automatic stock replenishment.

With greater than anticipated benefits, LTH's operating theatre department is at the forefront of effective and efficient inventory management. "One notable example is the transformation of our stock control functions that have transitioned from clinical staff to supporting materials management staff," advises Britcliffe. "This change alone has saved the Trust more than 7,100 clinical hours annually—time that has been re-allocated to patient care."

The programme has also encouraged increased communication between Trusts across the North West, not just sharing experiences of GS1 standards' implementation but also looking at additional steps that could be taken, together as a region.

£3 million

The Trust has reported £3 million in costs savings from increased stock visibility.

7,100

hours each year in clinical staff time have been re-allocated to patient care.

Next steps

LTH continues to set "stretch" targets for increased clinical quality, operational developments and operational effectiveness.

To date, key benefits realised by the Trust include:

- ✓ £3 million of balance sheet adjustments recovered through stock visibility
- ✓ More than 7,100 clinical hours saved annually—the equivalent of four full-time employees
- ✓ Several rooms cleared of stock that are now available for clinical use
- ✓ Improved reliability and increased visibility of the Trust's supply chain
- ✓ Reduced inventory levels
- ✓ Minimised inventory waste
- ✓ Greater transparency – ability to view stock holdings in real time, using a dynamic system
- ✓ Improved stock and data management

Following this successful implementation in the operating theatre department, the Trust has already initiated a programme to deploy the solution across both Chorley and South Ribble Hospital and Royal Preston Hospital with the goal to consolidate buying all sites.

About the Author

Ian Britcliffe *is the Head of Supply Chain and E-Commerce at Lancashire Teaching Hospitals NHS Foundation Trust. He has 30 years of experience in NHS procurement and supply chain with various Trusts and has led many procurement projects, from capital purchasing to contracting, mainly in theatres and surgery. In the past four years, Ian has led a dedicated team to implement a state-of-the-art inventory management system that is providing substantial savings for LTH and recognition from all areas of the healthcare sector.*

About Lancashire Teaching Hospitals NHS Foundation Trust

Lancashire Teaching Hospitals NHS Foundation Trust is one of the largest and highest performing trusts in the UK, providing district general hospital services to 370,000 people in Preston and Chorley, and specialists care to 1.5 million people across Lancashire and South Cumbria. The Trust aims to be recognised as the centre for acute and specialised hospital services in Lancashire and South Cumbria, providing the highest standards of compassionate, safe care that gives patients a positive experience, excelling in research, innovation and teaching, developing staff to reach their potential, and improving the health and wellbeing of its diverse communities.

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