

Health and Social Care Supply Chain Strategy – PPE Products June 2020

Options for Supply Chain Strategy

Broadly speaking there are three options for a supply chain strategy under the current circumstances:

- 1) Maintain Local Stockholding at 4 weeks with “Just in time” weekly deliveries.

This option reflects BSO PaLS business as usual average stock levels for all products albeit the PPE stock would need to reflect revised modelling. This option would require additional storage requirements.

It provides limited resilience in the event of further surges resulting in the same behaviours from countries as took place during the first surge i.e. restrictions on exports, products being seized at borders and months of production being procured exclusively for large countries.

Any of these behaviours taking place and restricting supply will inevitably lead to product shortages and result in spot-buying as took place during the first surge. Spot buying will create variations in products deployed for use and subsequently impact in the workforce as well as risk in the supply chain.

This option offers no significant advantages to HSC in managing PPE for the next 2 years, other than a lower cost than option 3.

This option offers the following disadvantages:

- Risk to continuity of supply through limited stock availability alongside the risk of disrupted supply chains.
- Impact of spot buying on confidence of workforce in products supplied.
- The depletion of PIPP stockpiles during first surge leaves no means to supplement shortages in supply.
- No resilience in the supply chain

- 2) Outsource PPE Supply to Supply Chain Co-ordination Limited and Clipper Logistics

This option would see HSC outsource the supply of PPE to NHS England’s providers, Supply Chain Co-ordination Limited (SCCL) and Clipper Logistics with PPE being supplied on a Just in Time basis either direct to HSC organisations or to BSO PaLS warehousing. PPE would be deployed based on areas of greatest need across UK (based on operating principles during first surge).

SCCL and Clipper managed supply of PPE to NHE England during the first surge and continue to do so. Trusts submit information daily and modelling developed by McKinsey is used to determine daily requirements for each Trust. Any shortfall between supply and need is locally purchased by Trust procurement teams if goods can be secured (in NI this would fall to BSO PaLS).

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PPE for the independent sector and primary care sector is supplied by SCCL to commercial suppliers who sell on to these sectors where those suppliers are unable to secure PPE products.

The challenges faced by NHS England in supply of PPE to the frontline have been well publicised although much work is being undertaken to improve supply chains and prevent unsuitable products entering the supply chain.

The advantages of this option are:

- Leveraging volume in the market place should aid securing supply
- Lower additional warehousing costs
- Lower additional procurement costs

The disadvantages of this option are:

- Deployment of PPE according to greatest need across UK may cause a breakdown in supply to NI.
- No contingency within NI other than at Trust level
- Variability of service from SCCL – based on inability to supply any contracted product to HSC during Covid-19
- No opportunities to test products before they are put into use
- Lowers control of HSC Organisation over supply of PPE
- Significant liaison with Trade Unions required

This is a high risk option due to the lack of control HSC would have over supply of PPE.

3) Maintain Local Stockholding at 12 weeks with “Just in time” weekly deliveries

This option would build local stockholding under HSC control through BSO PaLS to 12 weeks and maintain it at that level for a two year period (subject to regular review based on actual Covid-19 and BAU usage). Weekly demand would be met through regular weekly drops shaped to meet that demand, the stock holding would be accessed only where demand outstripped supply.

The advantages of this option are:

- Stability of supply
- Supply Chain resilience through stock in hand
- Opportunities to develop on-shore / near-shore supply chains with the surety of stock in hand to underpin regular supply.
- Reduction in variety of product brands

The disadvantages of this option are:

- Cost

Option 3 is the option recommended by BSO PaLS and the following sections of this strategy set out the operation of that model in practice. Please note that the figures