

# Excess Stock Management & Asset Recovery

## The Challenge

- The Covid-19 pandemic created massive demand for personal protective (PPE) & vaccination equipment. The DHSC & NHSE procured significant volumes of equipment to ensure sufficient availability to healthcare workers & vaccination centers
- Equipment was stored in containers and warehouses and consisted of 3.5k unique Stock Keeping Units (SKUs) across a range of product categories, consumables, class 1 medical devices and protective equipment. Surplus equipment cost the taxpayer c.£5m in storage costs per week
- £3.7bn of equipment was later deemed excess, did not pass quality/ usability testing or was surplus to demand, as Covid-19 impact declined
- The DHSC & NHSE exhausted donation efforts and engaged us to identify, procure and implement an asset recovery strategy

## The Programme

We were commissioned to:

- Ensure NHS Trusts could continue placing orders and receive stock FOC
- Ensure OGD's and devolved administrations had access to stock
- A repatriation model for NHS supply chain
- Asset recovery auction capability delivering £1M+ return
- Engage and procure large scale capability to recycle over 500k+ pallets ensuring correct ESG governance in line with central government's net zero targets
- Build a capable and resilient organisation to deliver the above, establishing robust governance and operational processes, with the capability to hand back to SCCL & NHSE as the program reaches conclusion.

## Our Approach and Methodology

- We mobilised a team of Subject Matter Experts using our vast network industry & public sector contacts with wide ranging Supply Chain, Asset Recovery & Government governance experience at pace to build and implement the solution
- Short term VfM activity was implemented immediately such as improved donation routes and cross government working whilst a longer terms strategic strategy and plan was built to ensure over delivery of planned savings and cost reduction
- The team was required to work across with many public sector organizations, e.g. DHSC, SCCL, NHSE as well as multiple third-party providers
- To ensure VfM for NHSE & DHSC, all available exit routes were explored using NHS Act powers & DHSC Powers such as donations to devolved administrations, other government departments, primary care networks and overseas as part of humanitarian aid



- Additionally, we worked across government departments to use existing contracts via a MOU to auction products to rapidly reduce storage costs and deliver additional income for NHSE & DHSC
- To align with NHSE / DHSC's net zero carbon emissions targets stock was also identified for raw materials recycling and waste to energy that could not be exited via other channels
- We engaged with the UK waste industry to develop the role of the Lead Waste Partners, allowing for the exit of PPE at significant volume whilst ensuring PPE was analysed for repurposing or recycling where possible, and disposed of safely and responsibly if it couldn't following the DEFRA Waste Hierarchy
- We collaborated with the Environment Agency to have a Regulatory Position Statement published, which allows for certain waste regulation exemptions to maximise the rate at which PPE could be recycled, allowing for storage savings to be realised sooner

## The Impact

- From a standing start in March 22, we are now exiting PPE at a rate of 14,000 tonnes per month and have achieved storage cost savings to date of £19m
- 38% of the PPE exited through waste routes has been recycled, estimated to have saved 63t CO<sub>2</sub> equivalent from avoiding producing plastic from raw materials. The remainder has been incinerated to generate energy from waste
- As of Mid-April 4.5K pallets with an estimated saving of £20M+ were donated to Trusts. 5.6K pallets donated via other routes
- As of Mid-April, approx. 30KK pallets sold via auction houses generating an income of £1M+

## Conclusion

We have been instrumental in supporting the DHSC's & NHSE's need for a controlled, auditable, and efficient exit of excess PPE and medical equipment since March 2022. Since the start of the programme, over 300k pallets of stock have successfully been auctioned, recycled, or processed as waste to energy. This has ensured tens of millions of pounds have not been spent on storing this stock.

Our role covered all elements of an operational supply chain – Performance Management, KPI implementation and monitoring, procurement, stock management, asset recovery, inventory and warehousing across multiple locations and outbound distribution.

The programme has continually developed as it's team, processes and understanding has matured to the point where the original completion date of Dec 26 will now be significantly brought forward.

This has been achieved through strict program governance, which was required due to the numerous touch points, data models across the supply chain and demonstrates why partnering with us will bring proven experience of delivering sustainable solutions to any organisations.

