

**NHSBT Board**  
January 28 2016

**Logistics Functional Review**

**1. Status – Public**

**2. Executive Summary**

An annual report of the activities of the Logistics function within NHSBT is provided. A presentation will be made at the Board meeting to highlight the function's support of NHSBT's strategy.

**3. Action Requested**

The NHSBT Board is asked to:

- To review the report and supporting presentation; and consider the need for any further assurance, or action required, in respect of the function's capability to support NHSBT's strategy.

**4. Purpose of the paper**

The purpose of this paper is to give an overview of the Logistics function and to provide assurance regarding the capability and capacity of the Logistics function in support of NHSBT's strategy, particularly in light of the scale and complexity of change currently being planned across the directorate.

**5. Background**

- 5.1 Logistics is a function under Manufacturing & Logistics Directorate. Logistics encompasses the activities of the transport and warehousing functions providing direct operational integration, support and service delivery for each of the operational Directorates ranging from intercentre movements of blood stocks to mail. Whilst wider organisational requirements are also served, this is generally (although not exclusively) achieved through the utilisation of third party contract management services. The function was established under Blood Supply Directorate in 2014, previously been a separate Directorate.
- During August 2014, the function was restructured prior to coming under Blood Supply. As part of this restructure a number of senior posts were made redundant or retired. At that point, a senior member of Finance was appointed to maintain continuity and support for both the Logistics function, TMS project and to support the external appointment of an Assistant Director in November 2014, reporting to the Director of Blood Supply.
  - In financial year 2015/16, the directorate has an annual operating budget of £20.5M, of which £12.1M (59%) is represented by staff costs. There is a budgeted income of £2.45M through charges for adhoc deliveries.
  - The Directorate has a total budgeted headcount of 361wte staff (391wte 13/14), 327wte of which are associated with transport operations, 33wte staff employed within the warehousing function, and the remaining 1 wte with directorate wide responsibility. Currently the directorate is operating on 338 wte of which 254 are drivers.

## 5.2 Transport

- The primary role of the Transport department is to provide a 24/7 transport service throughout NHSBT as a service provider to other directorate stakeholders. Transport operations are based at the 15 NHSBT issuing (Stock Holding Units [SHU's]) centres, which are strategically key locations serving both hospital customers and the remote blood collection locations.
- Integral to the Transport department is a Fleet services department which provides and maintains the contracts for over 400 liveried vehicles and also maintain the NHSBT lease and Grey fleet car scheme.
- Resource Planning and National Standards departments provide the scheduling and route planning details for fleet operations, manage Transport for Tissue Services & ODT, National Courier contract, recent Genomics contract and maintain the new Transport Management System (TMS).
- The current fleet extends to some 403 vehicles (13/14-461). Transport activity comprises of approx 138,000 Hospital deliveries a year.
- For economic and operational efficiency reasons, some elements of the operation are outsourced to third parties:
  - TNT is currently contracted to provide couriers to deliver ad-hoc orders to hospitals, collections from blood donation teams, and “next day” deliveries for Tissue Services (£2.5M annual contract value included in Transport budget 2015/16).
  - ODT activity is currently outsourced to Amvale for moving organs, samples and internal air movements, TNT who undertake specialist nurses, organ donation (SNODs) requirements, and, NHSBT/TNT who are responsible for tissue transfers (excluded from Transport budget). Overall management of this outsourced activity is undertaken by NHSBT’s Transport Resource Planning Department and has an annual budget of £1.5M.
- The transport fleet of vehicles travels approximately five million miles per year, whilst the non-transport fleet of vehicles travels approximately 2.5 million miles per year. Over 2.5million blood and non-blood units are delivered to hospitals annually with 80% of this volume being undertaken directly by NHSBT Transport.

## 5.3 Warehousing

- Warehousing operate from seven sites, four of these being stand alone warehouses and the three remaining stores being located in main blood centres. The warehouses are responsible for the receipting, storage and distribution of all stock and non-stock supplies onto the Oracle procurement system. The annual budget is £1.6M of which £552,000 is Estates costs.

## 6. **Organisation/ Recent Change**

- The Logistics function has been through its largest changes in the last 15 months having largely been untouched by major changes previously. In particular the driver’s roles have not been affected for a long time. These changes include:
  - Integration within Blood Supply as a Function.
  - Directorate restructure at senior level.
  - Implementation of Transport Management System (TMS).

## 6.1 Transport Management System

- The most significant initiative is the introduction of a Transport Management System (TMS). This is to deliver:
  - A web fleet system including Vehicle Tracking, Vehicle Telematics, along with Tom-Tom units to all NHSBT vehicles involved in logistic activities.
  - The cTMS solution to all Transport/Logistics, Ops and Hospital Services units across 15 key NHSBT sites across the country – including ePod devices to all drivers.
  - The DPS strategic planning module is in its infancy but will support the rota reviews which are currently commencing and will provide a strategic view on vehicle and delivery optimisation.
- NHSBT was the first Blood Supply organisation to install a TMS system and representatives were invited to present the planned project to the European Blood alliance meeting in October 2014.
- Now implemented, the TMS will yield significant improvements in operational efficiency within the Transport function (i.e. increased vehicle/driver utilisation levels, improved responsiveness to customer demands, etc.) and also reduce core operating costs. The improved utilisation levels will allow a reduction in the size of the fleet and in the complement of full-time driving staff.
- The Business Case included anticipation that implementation would be completed by March 2015 and yield recurring savings of £1.1M per annum once all implementation costs had been expended. The Project was not completed by March 2015 and extended to end October 2015.

## 6.2 TMS current position

- All three systems are now installed and operational and project has closed and moved to Business as Usual:
  - Webfleet is giving vehicle telematics and as a result of installation has shown a dramatic reduction in speeding events. Fuel efficiency has increased to c.36mpg from c.31mpg. £80,000 of fuel cost was taken out of 15/16 budgets.
  - CTMS A series of reports is being produced and used on a daily and weekly basis to show the system operation and ePod usage by drivers running at c.85%. Whilst there is still some work to be done the data is now of an accuracy that enables it to be used for consideration on rotas and hospital deliveries.
  - Rota reviews have commenced in key sites and some savings have been realised & removed from 2015/16 budgets.
  - As part of 2015/16 vehicle fleet savings a reduction of 19 vehicles c. £200,000 was made.

## 6.3 Fleet Services

- The Industry health & safety standard for number of number of Lost Time accidents per 100000hrs worked is 'industry leading' with a frequency rate of 0.39, which is on target for 2015/16 and is against 2014/15 baseline of 0.72. A target below 0.90 is considered a good standard in Transport.

## 7. Transport Culture

7.1 By the nature of not having had any major changes over a period of time, the Transport function has developed a culture of no change and any change is seen as a threat. Contracted overtime is a feature in the pay of the drivers and announcement was made in 2015 to Staffside of NHSBT intention to reduce the reliance on contracted overtime through rota reviews. The evidence of the prevalent culture is shown in:

### **For drivers:**

- Drivers feeling unappreciated resulting in high absence.
- Poor Your Voice survey response and scores
- Anonymous letters to Senior team in NHSBT.

### **For some of management:**

- Reluctance to push and make changes due to lacking confidence.
- Its not broken don't fix it mentality.

### **For organisation:**

- Rotas are not consistent with Hospital delivery requirements
- Increase in complaints due to increased use of couriers
- No member of Logistics was trained in Continuous Improvement.

7.2 What have we done and are doing about it? Some examples;

- Using the Your Voice survey a workshop was held in every site with drivers and a plan produced that the drivers own, it is their plan. The plan is published.
- Working closely with HR on absence cases top progress.
- Sending 100% attendance certificates to 134 team members.
- Success of Oxford Transport winning team of the year which was also in the wider press domain.

7.3 It is widely acknowledged that cultural change is not a quick fix and takes time however we have started the journey. This is the biggest challenge to making changes in Logistics.

## 8. Strategic plans for Logistics

8.1 **Intercentre;** An initiative has commenced, supported by Laura Hontoria Del Hoyo, to identify the reasons for increased intercentre movements, Initial findings & recommendations will be presented at Manufacturing & logistics SMT January 2016.

8.2 **Workforce;** Implement Culture change through increased engagement and development of all colleagues. Increased engagement will lead to greater efficiency as colleagues see the requirement and not only support but suggest opportunities for change:

- Review of more flexible workforce through rota reviews and reduction in overtime and moving more work back onto core fleet from couriers.
- From the Webfleet reports regarding driving style a Driver Award scheme is being planned to celebrate improved driving styles. Categories to be confirmed by centre, region & National. This will help to deliver continuous improvement and continue to improve fuel efficiency.

- 8.3 **Hospital Logistics review;** This review is to address key concerns from Hospitals regarding scheduled delivery times and adhoc delivery charging. The workshop is being held with key stakeholders in January.
- 8.4 **Warehousing;** It remains the Warehouse strategic intention to further consolidate both our footprint and headcount through taking advantage and exercising contract break clauses opportunities as they arise within the 'stand alone' sites, whilst the sites housed within the current centres will be consolidated in conjunction with NHSBT's facilities strategy. A review of the outsourcing option by Kurt Salmon in 2009 will take place to consider if still viable.
- 8.5 **Blood Bikes;** Continue to develop relationship at National and Regional level. This is to understand each organisation, develop local relationships at sites which are strained to say least in some locations. Blood Bikes collect less than 1% of the Blood Units delivered.
- 8.6 **Cross Leadership Exchange;** Both the AD logistics and Senior Finance Accountant have represented NHSBT & Logistics at events with other Public Sector organisations. Ideas discussed and being pursued include supporting West Yorkshire Police with cost saving ideas guidance, discussing the opportunity to use public sector buildings free of charge for Donor session and collective use of vehicle fleets.

## 9. Conclusion

- The NHSBT Logistics function has been through major changes in both a senior team restructure and the implementation of a Transport Management System impacting on all areas of the business. The culture in Transport has impacted on the delivery of changes. Cultural change is the biggest challenge and is not a quick fix however whilst we have started the journey there is still a long way to go.
- Plans are in place to move the function forward to being leaner and more agile, through the delivery of the Hospital logistics review, ongoing rota reviews and continued use of TMS which will improve customer satisfaction scores and delivery of benefits over and above the business case.
- Logistics will pursue further continuous improvement and support Operational Directorates in ensuring that NHSBT is considered to be the best organisation of its type in the world.

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