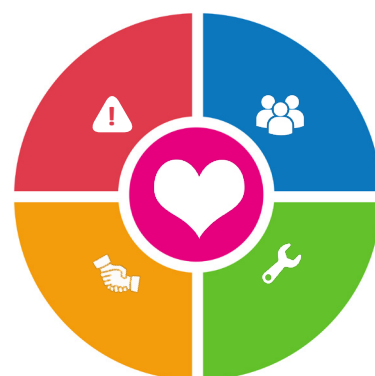




Procurement Strategy

2019-2022



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Purpose

This Procurement Transformation plan replaces the Trusts previous Procurement Strategy and sets out the Trust's priorities and approach for achieving best value for money from our procurement and supply chain activities over the next three years.

Reflecting the Trust's Strategic Direction 2017-2022 and national procurement guidance and standards this procurement transformation plan is intended to enable Doncaster and Bassetlaw Teaching Hospital NHS Foundation Trust to:

- Develop a strong focus on the delivery of accessible, high quality and responsive service for our patients by procuring products and services that improve care.
- Continuously develop skills, innovation and leadership of our staff to provide high quality, efficient and effective care to our patients.
- Evidence it is a financially stable and viable organisation that ensures best value for money is achieved within a robust procurement governance framework.
- Evidence it meets and will continue to meet the Department of Health's NHS Procurement and Commercial Standards.

Procurement has a key role to play in supporting the delivery of high quality patient care whilst ensuring value for money is achieved. The demands on procurement and expectations of the efficiencies required are increasing and organisations need to be able to respond to these challenges. The scale of the challenge facing NHS Trusts under the reforms of Five Year Forward View, the Department of Health guidance in Better Procurement, Better Value, Better Care and the review of productivity and efficiency by Lord Carter is significant against a backdrop of continued financial restraint and a national savings target of £22 billion.

This procurement transformation plan applies to all procurement activity within the Trust and is a commitment to take action on all areas of non-pay expenditure to ensure that the procurement of all goods, services and works required by the Trust is handled in a transparent, timely, cost efficient and effective manner with due regard to procurement best practice and standard financial instructions. It is intended to be a three year rolling transformation

plan with progress being reported at least annually as part of the Trust's business and financial planning processes to the Trusts Board. The Trust will have this Procurement Transformation plan peer reviewed by its Integrated Care System (ICS) peers to ensure alignment of core procurement objectives between all ICS member organisations.

Locally there are challenging times ahead for the NHS and the Trust is required to meet the national requirement to reduce costs and become more efficient in the way we provide our services whilst ensuring national targets and our established control totals are met.

In developing this procurement transformation plan we have taken into account the procurement requirements of other key national and local initiatives including:

- The Sustainability and Transformation Plan for the South Yorkshire and Bassetlaw Area
- Better Procurement, Better Value, Better Care
- The requirements of the Lord Carter productivity and efficiency review of February 2016
- The Five Year Forward View into action and Next Steps
- NHS e-procurement Strategy
- Getting it Right First Time (GIRFT)

Procurement recognises the need to keep pace with the changing NHS environment and the following sections detail how Procurement will implement those changes and monitor adherence with the service it provides over the next 3 years. There are a number of key themes that will make up this transformation plan and these are:

Procurement Resources and Performance

This will include Standards of Procurement, staff training and development, monitoring and improvement of performance indicators within both the Carter Metrics and the Model Hospital Review.

E Procurement

This will include P2P, GS1, Peppol (E-invoicing), catalogue management, contract management, electronic tendering and Scan4Safety.

Logistics (Inventory Management and Stores)

This will include stock control, stock reduction, reduction in wastage and expansion of influence on the inventory management team. Logistics will also include our stores and distribution service including just in time deliveries, virtual stores and flexibility of demand.

Efficiencies

This will include cost improvement projects, cost avoidance, demand management, contract management, standardisation, rationalisation, national and local efficiency drivers.

Influence and Control

This will include increasing influence with internal and external stakeholders, extending the scope of procurement, improving compliance developing and reviewing policies and procedures.

Collaboration and Partnership Working

This will include working with Supply Chain Co-ordination Limited (SCCL) to deliver the national procurement transformation programme, the Working Together Programme (WTP) and Integrated Care System (ICS) partners to find innovative regional solutions for achieving savings and achieving process efficiencies. We will also work with other NHS providers to deliver efficiency savings where there is an alignment of core activities.

Supplier Management

This will include contract management and development of a supplier engagement plan, supply chain resilience planning and business continuity planning for key suppliers that are not captured as part of the national procurement transformation programme.



Background

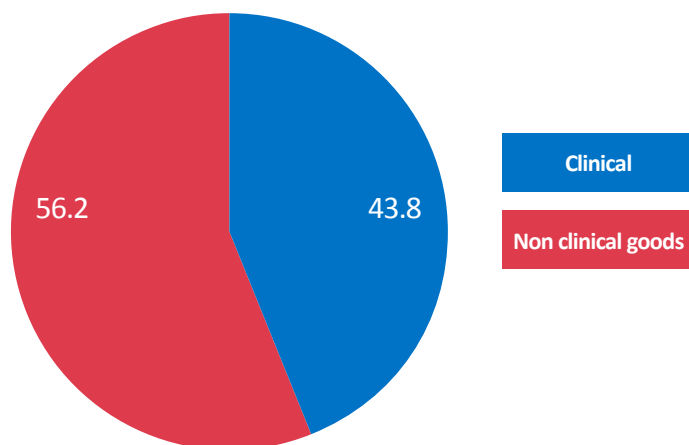
In September 2018 the Trust restructured from seven to four Care Divisions plus Corporate (See figure 1). The table below shows the previous care group structure and the annual spend per care group in 2017/18.

Figure 1 – 2017/18 Care Group & Corporate Spend



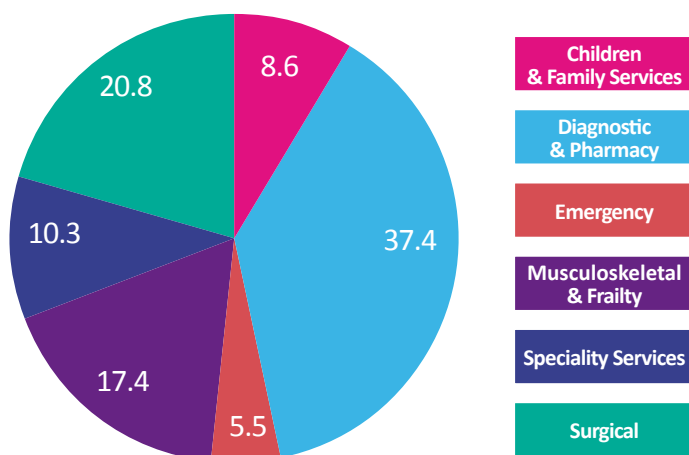
Doncaster and Bassetlaw Teaching Hospitals NHS Foundation Trust spent circa £81m in 2017/18 on Non-Pay spend and Agency (excluding drugs). Figure 2 below shows a breakdown of spend into clinical and non-clinical expenditure. Figure 3 shows the non-pay spend split by Care Group excluding Corporate.

Figure 2 - DBTH Non Pay Split



The non-pay spend has been broken into care groups Divisions.

Figure 3 - DBTH Spend by Care Group

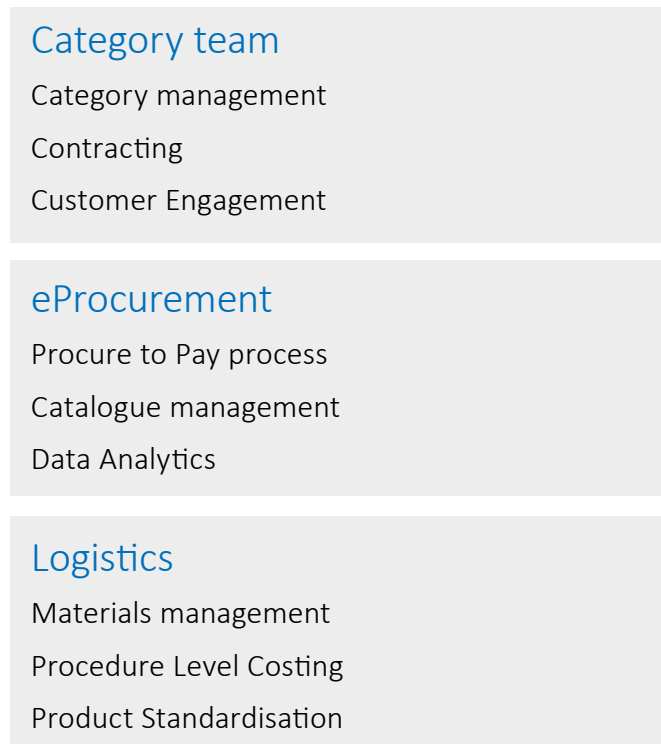


The Trust has a supplier base of 2440 with nearly 80% of spend with the top 43 suppliers. All requisitions are raised electronically and 100% of orders are placed via the SBS finance system including those that punch out to NHS Supply Chain electronic ordering system. The Trust has in place a no PO no Pay policy which ensures all our non-pay spend is regulated. However, some non PO exceptions exist with the majority falling within utilities, FP10 providers, agency staff and commodities with limited approval requirements.

The SBS finance system contains products and pricing for over 56,000 product lines which are managed consistently via our GHX cataloguing system.

The Team within Procurement are split into three core areas of responsibility as detailed below in Figure 4.

Figure 4 – Procurement Structure



Procurement resources and performance

Development

The team is the best asset that we have and developing their knowledge, expertise and experience through training and development is the only way to ensure we can meet this transformation plan. We have already begun to identify opportunities to enhance the team's skills through the National Procurement Skills Development Network which was launched in April 2016. We also have 2 members of staff on the Chartered Institute of Procurement & Supply (CIPS) certificate in procurement and supply operations which will help support these staff improve their knowledge and understanding of Procurement. The Trust also supports staff to attend training events run by various providers in order to maintain continuous professional development.

Each team has a clear set of objectives and deliverables that flow through all members of the team via 1-2-1 meetings, appraisals and mid-year reviews. Achievement is continually monitored during individual monthly meetings between staff and their line managers and barriers to achievement are discussed and resolved with personal developments plans being agreed and implemented.

Additionally, we are aiming to grow our own workforce by investing in the training and development of two Modern Apprentices who are completing an OCR level 3 in Business and Administration and an NVQ2 in Warehousing. Previous Modern Apprentices working in the department have secured full time procurement roles within the Public Sector domain.

Standards of Procurement

In 2015 the Trust developed a programme of transformation for the Procurement Department. That transformation programme concentrated on 6 domains of the NHS Procurement and Commercial Standards. The standards launched in 2013 were revised and re-launched in June 2016 and aligned on the following domains.

- Strategy & Organisation
- People and Skills
- Strategic Procurement
- Supply Chain

- Data Systems & Performance Management
- Policy and Procedure

The standards are split into 3 levels with Level 1 being about the Procurement function, Level 2 about the wider organisation and how Procurement has influence across the Trust and Level 3 which is excelling in world-class procurement and commercial performance.

The Department of Health has acknowledged that Level 3 is extremely aspirational and as such would like the majority of Trusts to have achieved Level 2 by October 2018. The standards require that Trusts complete a self-assessment against a number of individual criteria against each of the 6 domains and collect evidence to use as proof. Once Trusts are confident of achieving a Level in each of the criteria then they have to be peer assessed to have the evidence independently verified and agreed. At this point the Trust is then able to claim achievement against a specific Level. Doncaster and Bassetlaw Teaching Hospital NHS Foundation Trust achieved Level 1 in February 2017 and Level 2 in May 2018 and will continue to demonstrate that it meets this level. Whilst the Trust recognises level 3 is aspirational it will work towards achieving the level 3 standards by the end of this transformation plan period.

As part of the same publication that developed the standards one additional area that is linked to the Standards of Procurement is the use of Performance Indicators (PI's). This set of PI's identifies some key criteria to manage procurement performance which can be benchmarked with other NHS organisations to provide comparison and identify areas for improvement against peers. A copy of the Carter Metrics is attached at Appendix 1 showing the Trust's performance against the national measurements it is likely that these metrics will change over the next 12 months and Procurement will work towards meeting any new metrics introduced.

As part of PI monitoring NHSi has published a procurement league table which provides an assessment of the relative performance of procurement departments in non-specialist NHS acute providers. It highlights where there are opportunities for improvement and which providers are setting an example and helping others identify

improvement opportunities. The league table is derived from nationally available data and reports on two aspects:

- Process efficiency
- Price performance.

Each aspect is rated individually and there is also an overall assessment. Process efficiency is measured based on the extent to which each provider uses national product price comparison information, available via an online tool called the purchase price index and benchmarking tool (PPIB – the national price comparison tool), to inform its decision-making about what products to order. The two elements that make up the efficiency assessment are the proportion of non-pay expenditure in the price comparison tool and the number of times procurement staff at each provider trust have accessed the information in the tool. Price performance is measured on the prices paid for the goods ordered. There are three definitive measures:

- the % saving if all goods had been purchased at the minimum price paid by any provider.
- the % saving if all goods had been purchased at the median price paid by any provider.
- the % saving if the provider's top 100 products based on expenditure had been purchased at the average of the median and minimum price.

At the time of writing this plan Doncaster and Bassetlaw Teaching Hospital met all expectations and were in position 28 out of 136 Trusts in England and the highest placed procurement function in the Yorkshire Region. The Trust will seek to improve on the league table performance on a year on year basis.

Model Hospital

Lord Carter's report recommends that all Trusts should report their procurement information monthly to NHS Improvement to create an NHS Purchasing Price Index, collaborate with other trusts and NHS Supply Chain, and commit to the Department of Health's NHS Procurement Transformation Programme (PTP), so that there is an increase in transparency and a reduction of at least 10% in non-pay costs delivered across the NHS.

In order to support the recommendation, the Model Hospital was developed and contains an element dedicated to procurement. The Procurement element presents Trusts with a set of national metrics which have been agreed and defined by a working group of procurement analysts and Heads of Procurement with the purpose of:

- Assessing the relative capability of the procurement function of each trust.
- Facilitating benchmarking between trusts to identify opportunities for improvement.
- Helping to achieve the collective aspiration of securing the best products for the NHS at the best prices.

Deliverables

The procurement department's transformation plan will be to achieve the following by 2022.

- Assess the Weighted Activity Units or other Model Hospital metrics to improve the Procurement performance and comply with national guidance/mandate. (see appendix 1).
- Improve on the NHS Procurement Dashboard in each of the 6 domains from the same time 12 months earlier.
- Review the governance arrangement in place across the Working Together Group to scope the potential for harmonisation to one set of governance arrangements.
- Review policies and procedures across the ICS with a view to having one standard set of policies and procedures.
- Review job descriptions and person specifications across the ICS with a view to having aligned job functions.
- Undertake a skills audit of the team to identify specific development opportunities for the future and ensure continuous development opportunities are accessible.
- Ensure all staff attend courses based on the needs identified by the skills audit.
- Have this Procurement Transformation Plan peer reviewed by its ICS peers to ensure alignment of core procurement objectives.

- Aim to have undertaken a peer review assessment of Level 3 of the Standards of Procurement.
- Review working practices and category management integration with all Working Together trusts.
- Assess how Procurement monitors and measures its performance in light of the changes brought by the operating model.
- Develop a programme of engagement with the Trust to outline the impact of the operating model on day to day practice.
- Report and summarise progress on an annual basis.

eProcurement

E-Procurement is an enabler for Procurement to understand what it is buying, from whom and at what frequency. It allows Trusts to utilise business analytics and provides an insight to help monitor and prove the value for money it obtains.

Suppliers generally have a wealth of information and analysis that they can use to understand their business dealings with the Trust but historically Procurement did not capture or utilise this data in the same way. However, since 2015 the Trust has implemented the following:

- A fully electronic finance and procure to pay system (SBS Oracle).
- An electronic cataloguing system linked to the Trust finance system (GHX).
- A GS1 compliant stock and inventory management system with Scan4Safety capability (Genesis).
- An ICS wide e-tendering suite (In-tend).
- An ICS wide Contracts database (In-tend).
- Data analytics allowing for identification of CIP opportunities (PPIB).

This has allowed us to drill down into our non-pay expenditure and develop a 3 year rolling work plan.

E-Procurement is also an emphasis on the Scan4Safety, GS1 and PEPPOL work which informs the Lord Carter report around reduction in variation and is subject to the current 6 pilots being run in the acute sector nationally. The Trust, despite not being a pilot site has embraced the principles of Scan4Safety, GS1 and PEPPOL and is working towards achieving the standards set out in the NHS E procurement Strategy.

As GS1 and PEPPOL requirements become better defined and more widely adopted Procurement will engage with clinical colleagues ensuring patient safety benefits remain at the forefront and procurement systems support this vision.

As part of the Model Hospital requirements outlined in Appendix 1 we have also now been asked to provide our PO data to the national Purchase Price Index Benchmark portal (PPIB) and will receive data back to us which will rank us against all Acute and Specialist Trusts across a number of items in terms of prices paid.

Deliverables

The focus of this transformation plan will be a mixture of focussing on our internal processes and transitioning into supporting regional and national initiatives. Procurement will

- Cleanse electronic catalogues to ensure they only hold information on items contracted by the Trust or available via the operating model.
- Ensure items held within catalogue are identified using GS1 compliant GTINs.
- Increase the coverage of the GS1 compliant stock and inventory management system to enable the Trust to demonstrate compliance with the Scan4Safety Initiative.
- Increase the number of e-invoicing suppliers via our PEPPOL gateway (GHX System) or Tradeshift.
- Continue to monitor and improve on performance on the Carter Metrics.
- Continue to share Procurement data with the Regional and National Partners and ensure benchmarking and comparison can be undertaken.
- Work with colleagues in the Trust implementing PEPPOL and Scan4Safety/GS1 standards for goods and services.
- Increase training to the wider Trust on the use of the P2P system.
- Increase coverage of information on the Trusts Contract Database.
- Decrease number of orders with blank MPC's.
- Increase the number of orders attached to a contract.
- Review the use of Procurement systems by the Working Together Group and ICS to scope the potential of integrating onto a single catalogue and ordering system.
- Report and summarise progress on an annual basis.

Logistics

Logistics in the Trust is broken down into Inventory Management and Stores and Distribution. Inventory Management is well established in the Trust and has been working well for a number of years. Stock is checked on an on-going basis and there is an electronic stock and inventory management control system in place called Genesis Automation which consists of software and a hand held device with a bar code scanner to capture point of use information. Genesis Automation provides accurate information regarding stock on hand figures.

The Inventory Management system incorporates Scan4safety, GS1 and Procedure level data in MSK and Frailty and there are plans in place to roll out the system further to improve the functionality and data.

Historically there have been a number of areas that Inventory Management have not been involved in and there is an opportunity to bring existing good practices to these areas to aid in stock control measures and better understand product usage and potential standardisation and rationalisation.

At present the Inventory Management team cover 40% of Trust requisition points but manages over 70% of all catalogue items purchased.

Inventory Managements focus will be on increasing the stock turnover across the Trust. As part of the Lord Carter report we will have produced a baseline stock turnover in Year 1. The aim will be to increase the stock turnover in year 3 by 10% from the year 2 position.

Inventory Management will continue to improve management of demand particularly, as longer term there will be limited scope for significant CIP programmes on non-pay through “cheaper” prices. Inventory Management will need to manage the use of goods and services to ensure waste is eliminated and goods and services which are needed are procured. To do this they will need to engage with our stakeholders to question and challenge their requirements and use the data and benchmarking we obtain to highlight where inefficiency still exists and helping manage users to change practices.

The Inventory Management system has the capability to monitor wastage by identifying expiring or obsolescent stock. The team uses stock rotation as

a means of reducing wastage however this is not presently communicated and no formal obsolescence policy exists.

Deliverables

The focus of this transformation plan will be on our internal processes to drive efficiencies through our Inventory Management and Stores and Distribution functions. We will:

- Increase areas managed by Material Management.
- Produce a baseline stock turn over figure.
- Review optimum stock levels against actuals.
- Reduce the value of overstocked items.
- Work with the operating model on demand capture figures and ordering trends .
- Rationalise product lines.
- Reduce waste by deploying recognised stock rotation practices.
- Put in place and communicate processes to monitor and report wastage and overspend, including developing a formal obsolescence policy.
- Capture demand management efficiencies by way of price breaks.
- Increase just in time deliveries.
- Develop advanced shipping processes to monitor potential shortages in stock.
- Report and summarise progress on an annual basis.

Efficiencies

A key component of any Procurement function is ensuring that best value is achieved from the money spent on goods and services. Traditionally this has been solely in the area of non-pay but increasingly this needs to look at the broader opportunities available as services need to transform including staffing resources and methods of working.

Whilst total non-pay expenditure in the Trust sits at £81 million Procurement will never be able to influence all of this in any one year due to a number of factors including existing or renegotiated contracts, commitment deals and lack of influence. Conventional wisdom indicates that usually only around a third of all non-pay spend is available for efficiencies in any one year which limits the spend to around £27 million. However when it comes to reporting we will use the total non-pay spend of the organisation as this is the total spend incurred and allows us to be consistent across our metrics.

Procurement have historically only measured cash releasing savings and do not currently track any cost avoidance or demand management efficiencies as part of its day to day activities.

As the focus reduces on the pure prices paid, Procurement will need to focus more on standardisation and rationalisation of products to drive commitment volume and will look at how we can influence demand to control and reduce the amount of goods and services used. Some of this will stem from improved stock management controls introduced but Procurement will need to work with service areas to review processes and how goods and services are consumed to offer support and alternatives ways of working.

National Procurement Landscape

There are a number of national changes taking place over the next three years that will affect the work of Procurement but should bring efficiency benefits. The changes include the replacement of the NHS Supply Chain (DHL) contract, which expired in September 2018. There has not been a direct replacement for the contract but instead the Department of Health and Social Care have put in place an Operating Model. The Operating Model has involved dividing the

current contract into a number of 'Category Towers' which were competed through a European tender. No one provider won any more than 3 Towers and as such there will be major changes in how medical and surgical consumables are supplied in future years. Figure 5 shows the previous operating model and the anticipated outcomes of the new operating or operational model.

Figure 5 – NHS Procurement Operation Models

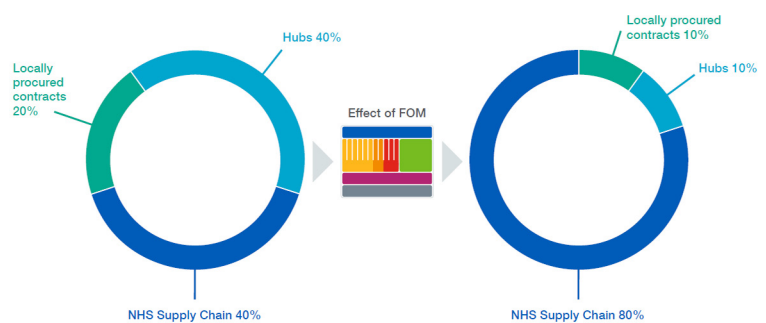


Figure 6 gives an overview of the Category Towers and the Service Providers that have been awarded the contracts. For clarity all references now made to NHS Supply Chain include the Category Tower Service Providers. (CTSP).

Figure 6 – NHS Supply Chain Category Towers and Service Provider

| | | | |
|-------------|---|----|--|
| Medical | DHL | 1 | Ward Based Consumables |
| | NHS Collaborative Procurement Partnership | 2 | Sterile Intervention Equipment and Associated Consumables |
| | DHL | 3 | Infection Control and Wound Care |
| | NHS Collaborative Procurement Partnership | 4 | Orthopaedics, Trauma and Spine, and Ophthalmology |
| | NHS Collaborative Procurement Partnership | 5 | Rehabilitation, Disabled Services, Women's Health and Associated Consumables |
| Capital | Health Solutions Team | 6 | Cardio-Vascular, Radiology, Audiology and Pain Management |
| | DHL | 7 | Large Diagnostic Capital Devices incl. Mobile and Consumables |
| | Akeso & Company | 8 | Diagnostic Equipment and Associated Consumables |
| Non Medical | Crown Commercial Services | 9 | Office Solutions |
| | Foodbuy | 10 | Food |
| | NHS North of England Commercial Procurement Collaborative | 11 | NHS Hotel Services |

In order to support the delivery of the operating model Supply Chain Coordination Limited (SCCL) went live on 1 April 2018. It is designed to be the management function of the new NHS Supply Chain operating model and is targeted to achieve savings of £2.4 billion over a five year period by leveraging the collective buying power of the NHS and providing clinically assured products at the best value which meet the diverse needs of NHS organisations. Initial indications of savings for 19/20 through the operating model is £187m and the Trust will prioritise with SCCL were “quick win” maximum savings can be obtained and align them to our work plans.

The primary driver of SCCL is to engage with customers and support them to achieve the target of 80% of influenceable non-pay spend on goods through the operating model. At present the Trust places 48% of relevant non-pay spend on goods through the operating model. The Trust will work in conjunction with SSCL to develop a SMART objective engagement strategy in order to reach 80% by 2020.

Deliverables

The focus of this transformation plan will be to

- Develop a 3 year rolling work plan (aligned to the CTSP work programme where relevant) with estimated savings and achievement dates.
- Align our resource to enhance the delivery of the NHS operating model.
- Explore options for delivering procurement function efficiencies with our ICS partners.
- Work with Division to identify divisional CIPS.
- Capture all cash and non-cash releasing savings.
- Continually benchmark supplier price performance against other acute Trusts.
- Continue to reduce its % to median performance on price within PPIB.
- Develop with Divisions a programme of rationalisation opportunities.
- Work with the Working Together Group on rationalisation and standardisation opportunities.
- Implement a cross-functional non-pay expenditure group which reports to Medical Devices sub-committee and then to Board.
- Report and summarise progress on an annual basis.

Influence and control

Although good relationships exist between Procurement and Divisions there are further opportunities to improve. To help influence key stakeholders Procurement should be pro-actively working with them on savings opportunities and contract renewals. At present this does not happen in a co-ordinated or pro-active way and leads to delays in Procurement engagement along with being reactive around some contract renewals. This does not allow time to see what other opportunities exist, what the supply market looks like, analyse information about the current contract (e.g. supplier KPI information) or plan effectively to maximise best value.

Procurement will act as relationship managers for the operating model as it begins to be embedded across the NHS provider sector. This will involve working with services and key stakeholders to make sure national products are being used or the Trust is obtaining better deals for alternative goods and services. This will become particularly relevant towards the end of this transformation plan as the potential national strategy to drive this is to reduce tariff pricing where national pricing deals are implemented.

Procurement will also look to train key procurement staff in the areas of influencing people and managing change to ensure we continue to develop our most valuable asset, our staff, but also to ensure they are prepared to act as leaders in these particular procurements and we will use the Commercial & Procurement Skills Development network to fulfil any training needs identified.

Procurement will also undertake a review on all non-pay spend during year 3 to ensure that this plan has delivered the required increase in influencing the whole spend of the Trust and ensuring no areas of non-pay sit outside of Procurement control.

Deliverables

The focus of this transformation plan will be to:

- Develop a 3 year rolling work plan to support the pro-active engagement with stakeholders and to give structure to future procurement work streams.
- Prepare service areas for any changes as a result of the Operating Model and national pricing strategy.
- Ensure staff are taking the work done at a national

level into services leading and supporting change to ensure efficiencies for the Trust are maximised.

- Develop information pack on procurement for the wider Trust.
- Engage and prepare Divisions on the impact of working practices as a result of the operating model.
- Work with Trusts within the ICS to review and align Procurement Policy to ensure relevant to national landscape and procurement best practice.
- Ensure all relevant non-pay expenditure is influenced by procurement.
- Report and summarise progress on an annual basis.

Supplier relationship management

Managing our suppliers and the marketplace is a key skill for a strategic Procurement function and is an area that is currently under developed. Supplier relationship management (SRM) is about the performance management of our key suppliers as well as development of non-incumbent suppliers to ensure we can foster competition for our goods and services. It is also about developing suppliers in terms of sustainability and environmental issues, ethical sourcing, use of local suppliers where possible and identifying new solutions. The Chartered Institute of Procurement & Supply (CIPS) identify 3 levels of management and the aim is to move the Trust through all 3 during this transformation plan. The 3 levels are:

Contract Management

Managing the process of developing a contract and post-contract administration, including ensuring both the quality and price performance of the contract is delivered.

Supplier Management

This includes the aspects of contract management but additionally involves a focus on improving the performance of the supplier in fulfilling the needs of the buying organisation.

Relationship Management

This includes aspects of contract management and supplier management, but additionally both parties actively seek to become sufficiently familiar with each other so that they can predict how each other will react even in situations that have not so far been experienced.

Procurement will aim to be better informed of contracts that have previously been arranged outside of Procurement and the Category Management Teams will look to understand current performance of key suppliers and work to improve performance and the efficiency of those key suppliers.

Procurement will work to consolidate the number of suppliers used to rationalise these down from the current number to a more manageable level with an increased focus on key suppliers. This allows us to work more efficiently on performance management especially as we look to move towards true supplier

relationship management. By having a smaller set of trusted suppliers this allows us to invest the time and resources needed to work together to review how changes to both organisations can help support better value being obtained from the contract.

Deliverables

The focus of this transformation plan will be to:

- Baseline the number of suppliers and establish the target for a reduction in year 2 and 3.
- Produce an up to date procedure for conducting business with new suppliers.
- Have a fully populated contracts database.
- Develop a Supplier Relationship Management Toolkit.
- Embed the use of performance management considerations where appropriate into smaller value contracts.
- Train key staff on supplier performance management.
- Review the top 5% of suppliers and implement performance management processes and meetings with key suppliers.
- Implement continuous improvement criteria into contracts where performance management has made improvements to the contract.
- Lead on all SRM processes and systems within the Trust.
- Report and summarise progress on an annual basis.

Collaboration and partnership working

Procurement is a key work stream of the Working Together programme with the other acute Trusts in the area. This collaboration is another key theme of the Lord Carter report around collaborating and aggregating our demand to be more attractive to the marketplace and also standardising and rationalising goods and services used. Through the Working Together programme we are part of the national strategy to increase savings through increased commitment and a reduction in variation. This national programme consists of around 20 categories which aim to deliver £150 Million in savings for the NHS in the next 2 years. Procurement will continue to actively engage with this process and provide data and resources to ensuring we support this national initiative to obtain savings. The working together programme may also include other resource efficiencies over time as it may be that by working closely together we can identify new ways of working and these may include how we manage efficiencies both in terms of savings but also in terms of resource savings within procurement by removing duplication of effort, harmonising working practices or sharing resources across the Trusts.

The Trust is committed to working in collaboration with the Trusts within the Working Together Programme/ICS Footprint. The key focus areas for collaboration in the next 3 years will be to:

- Review job descriptions and person specifications across the ICS with a view to having aligned job functions.
 - Determine the feasibility of aligning front end ordering systems in order to achieve a standard approach to cataloguing and ordering.
- Develop a joint 3 year rolling work plan to support the pro-active engagement with stakeholders and to give structure to future procurement work streams.
 - Review the governance arrangement in place across the Working Together group to scope the potential for harmonisation to one set of governance arrangements.
 - Map the skills audit results to use the collaborative skills available across the Working Together Programme within a networked model.
 - Review policies and procedures across the ICS with a view to having one standard set of policies and procedures.

Risk

Whilst this Procurement Transformation Plan has been developed taking into account as many factors as possible there are always potential risks which may affect the ability to meet all of the milestones included throughout the 3 year timeframe. Identified below are the main risks that we can foresee:

Efficiencies - Delivery of CIPs.

Procurement have had a good track record in recent years of achieving the savings targets set by the Trust, however, the ability to make simple changes to save money (i.e. buy the same product cheaper from a different source) is increasingly difficult. Savings will increasingly rely on increasing standardisation and looking at alternative products to deliver savings. There is a risk, as there is a bigger requirement to change clinical preference and operational practices that potential savings are not realised or are delayed due to resistance to change or extended trials/consideration. This is why Procurement staff need to ensure that they have close working relationships with key stakeholders to ensure where possible the engagement identifies what opportunities will be progressed as well as which ones will not be considered due to clinical risk etc. Influencing these decisions will be one of the key skills of Procurement staff over the next 3 years and is why it has an emphasis in this plan.

The national strategy

There are currently a number of national initiatives being undertaken which are all at various stages of maturity and indeed the requirement for this Procurement Transformation Plan is a result of one of these initiatives. There is a risk that these national initiatives reduce the ability of Procurement to be flexible and achieve the goals set in this document. This could be as a result of delays to work nationally as has been the case recently with the Purchase Price Index Benchmarking (PPIB) tool which was delayed by 6 months. There is also a risk of resistance to obtaining savings deals locally or regionally in favour of obtaining a national price for products and this may limit our ability as a Trust or via the Working Together programme to make savings. There is also potential for the national schemes to be contradictory or to

introduce additional targets which may not meet with the goals of this plan and force Procurement to divert resources to meet the plan on other targets or goals which nationally become important. The Head of Procurement is involved in a number of national groups which does give access to most of the national thinking and potential directions of travel over the next 3 years and this helps ensure that any potential issues can be assessed whilst they are still at a development stage and any impact within our Trust can be considered and where possible accounted for.

E-Procurement

There are a number of risks associated with the delivery of the e-procurement deliverables. Success is predicated on suppliers engaging with the Trust in achieving its objective of having a fully electronic, end to end Procure to pay system. The Trust will need to support and encourage suppliers to do the following

- Maintain their own catalogues through our Peppol Gateway (GHX).
- Support suppliers to engage with sending invoices via Tradecraft if not enabled via GHX.

Without supplier engagement within these areas the Trust deliverables against the Carter Metrics and our plans for SRM process will be compromised.

Additionally, the achievement of e-procurement deliverables remains heavily reliant on available sources of funding. The Trust will need to ensure that it is fully aware of any national or regional funding streams and have plans in place for applying for and securing such funding.

Conclusion

The Trust has experienced financial difficulties in the past with a breach to its licence conditions, however, the Trust worked hard to address these with a 2016/17 year-end deficit significantly below our control total. The Trust continues to experience challenges with this given its significant underlying deficit, efficiency requirements and increasing demand for services. The Procurement Team will assist the Trust in achieving its efficiency and effectiveness plans and will identify procurement activity to close any further gaps in income and expenditure.

In order to achieve this Procurement must focus on the key themes identified in this report and the implementation of the standards of procurement and achieving the recommendations of the Lord Carter report will go a long way towards achieving this goal over the next 3 years.

Procurement must lead on developing performance management routines with key stakeholders which hold suppliers to account for their performance and embed a culture of managing our supply chain now and into the future, without this emphasis on contract and then supplier management we will never achieve best value from our non-pay spend.

Procurement also need to review how it engages with suppliers and builds market knowledge which is then used to ensure whatever contractual mechanism is ultimately used Procurement have ensured this is the right method based on achieving the best value for the Trust.

Appendix Carter Metric

Executive Summary

This section should include a short updated trust position statement on procurement performance, summarising the key findings and next steps.

Trust Procurement Performance (RAG rating against updated Carter targets)

Please complete the following table:

| Measures | | Performance | | Commentary (including what has been implemented since submission of original ptp and consideration as to what support is required) |
|----------|--|---|---------|---|
| | | Carter target | Current | |
| 1 | Monthly cost of clinical and general supplier per 'WAU' | £380 | £277 | |
| 2 | Total % purchase order lines through a catalogue | 80% | 95.6% | |
| 3a | % of invoice value matched to an electronic purchase order | 90% | 72.8% | |
| 3b | % by count of invoices matched to an electronically generated purchase order | 90% | 96.2% | |
| 4 | % of spend on a contract | 90% | 87% | |
| 5 | Inventory Stock Turns | N/A | Days | |
| | NHS Standards Self-Assessment Score (average total score out of max 3) | Please complete NHS Procurement & Commercial Standards template (section 3.2) | | |
| | Purchase Price Benchmarking Tool Performance | N/A | | |

Procurement Transformation Plan - Summary

This section should summarise the measures which have been implemented since the completion of the original PTP, and any impediments you have experienced, and the support you require to overcome these.

For consistency we have split out the key activities into the sections as per the original PTP.

People & Organisation

Examples could include:

- Procurement & Supplies team structure and resourcing,
- Overall Procurement strategy,
- Executive oversight and leadership,
- Team development and training.

Measures Implemented

(200 words max)

Impediments and support

(200 words max)

Processes, Policies & Systems

Examples could include:

- Metrics – key actions around the metrics which will drive the improvements. For example this might include changes to trust policies,
- NHS Procurement & Commercial Standards – progress against levels 1 and 2 (Please complete embedded template below),
- Implementation of new systems,
- Any changes to the inventory management processes in the trust.

Measures Implemented

(200 words max)

Impediments and support

(200 words max)

Please complete the embedded NHS Procurement & Commercial Standards template via [this link](#).



Partnerships

Examples could include:

- Collaborations – explanation of Trust plans to collaborate in support of the PTP.
- Supporting the National Agenda – updated explanation of how the Trust will support and work with the national agenda.

Measures Implemented

(200 words max)

Impediments and support

(200 words max)

Risks and issues

Explanation of any further risks and issues in delivering your plan as identified by your trust.