

# **Procurement Strategy**

**2020-2025**

# Introduction

This strategy describes our aspiration to become a leading public body Procurement team striving to provide an excellent service to our Trust and other stakeholders in our community in order to face the current challenges on the health and care system. It relies on the building blocks achieved and described in our 2016-2019 Procurement Strategy.

NHS Procurement is a vital, strategic function. It is one of the few strategic functions that can have a positive impact upon every product, every service, every supplier and every member of staff and is critical to the success of running a safe, effective, productive and efficient hospital.

Our new strategy shall align with the Trust's *Our Future FHFT* strategy and national NHS Procurement direction including the Procurement Target Operating Model.

This document describes our priorities and goals in line with the Trust's six key strategic ambitions. Supplementary to this strategy, a detailed plan for achievement will be developed.

As well as traditional cash releasing savings we shall develop how we look at other ways of delivering benefits, including process efficiencies, talent management, value-based procurement and robust contract and supplier management.

## Scope

This paper sets out the strategy for the Trust's Procurement Department from 2020 to 2025. It covers the procurement of goods and services carried out within the Procurement Department in the following areas:

- Medical & Surgical consumables and equipment.
- Pathology goods and services for Berkshire and Surrey Pathology Services (BSPS).
- IT hardware, software, systems and services.
- Furnishings, fittings, office equipment and stationery.
- Major capital services and equipment purchases including fitting out of new clinical and non-clinical areas.
- Procurement of services such as Grounds, Financial (Audit) services.

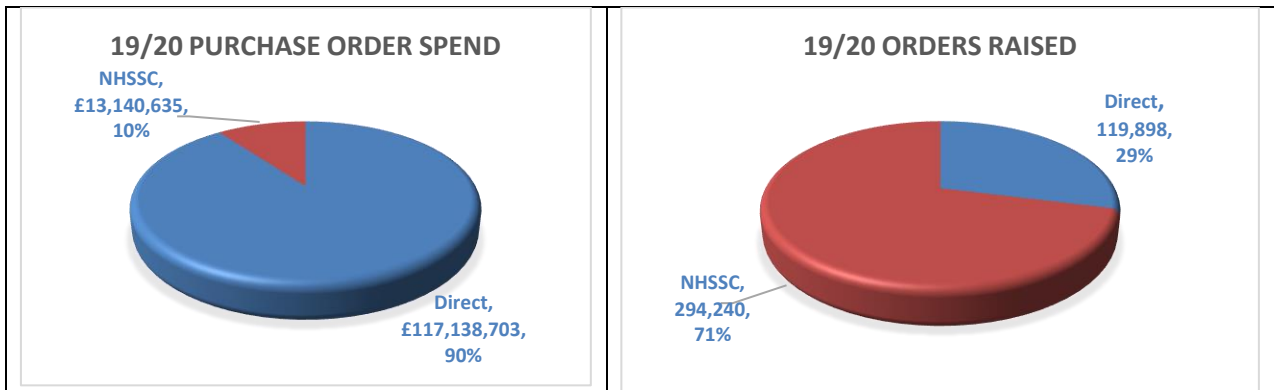
The Procurement team provide an end to end procurement service and is formed of the following teams



## Department overview - Statistics snapshot



During 19/20, the Department raised purchase orders with 1,803 suppliers with an order committed value of £161m. The largest transacted supplier was NHS Supply Chain who supply approximately 100 roll cages per night to all of our sites from their Bridgwater depot. NHSSC accounts for a disproportionate (compared to spend) volume of transacted orders, such orders being largely fast-moving consumables.



## Financial Context and the Importance of Procurement

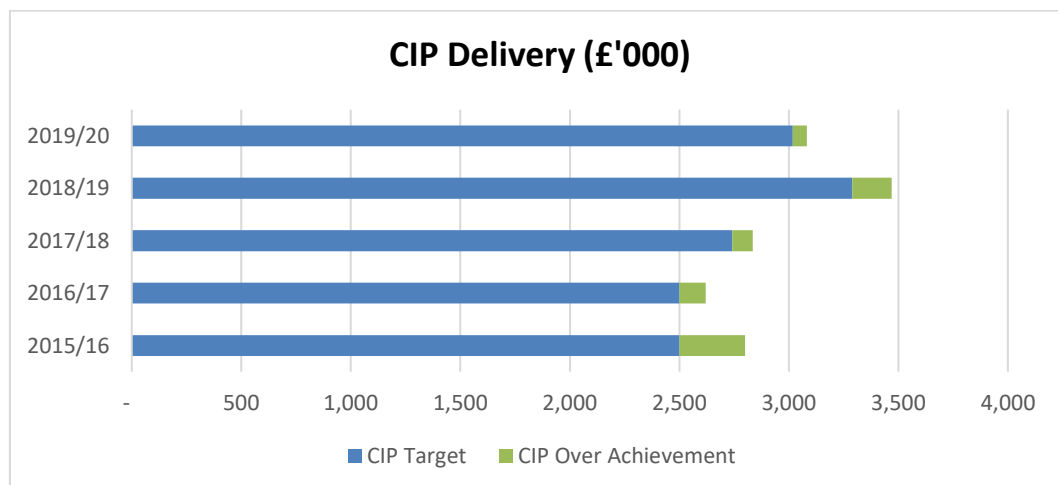
Procurement has a key role to play in ensuring value for money is achieved within a framework of consistent approach and practices whilst fundamentally supporting the delivery of high quality patient care.

From analysis of spend through the Trust’s Procurement and Finance systems we know that the Trust has an annual invoice commitment (exc VAT) of £250m for goods and services. Although not all spend is influenceable, a significant proportion of this spend gives us an opportunity to drive out cost. How we manage this spend is therefore a critical part of addressing the Trust’s deficit and creating a financially sustainable organization whilst delivering best value.

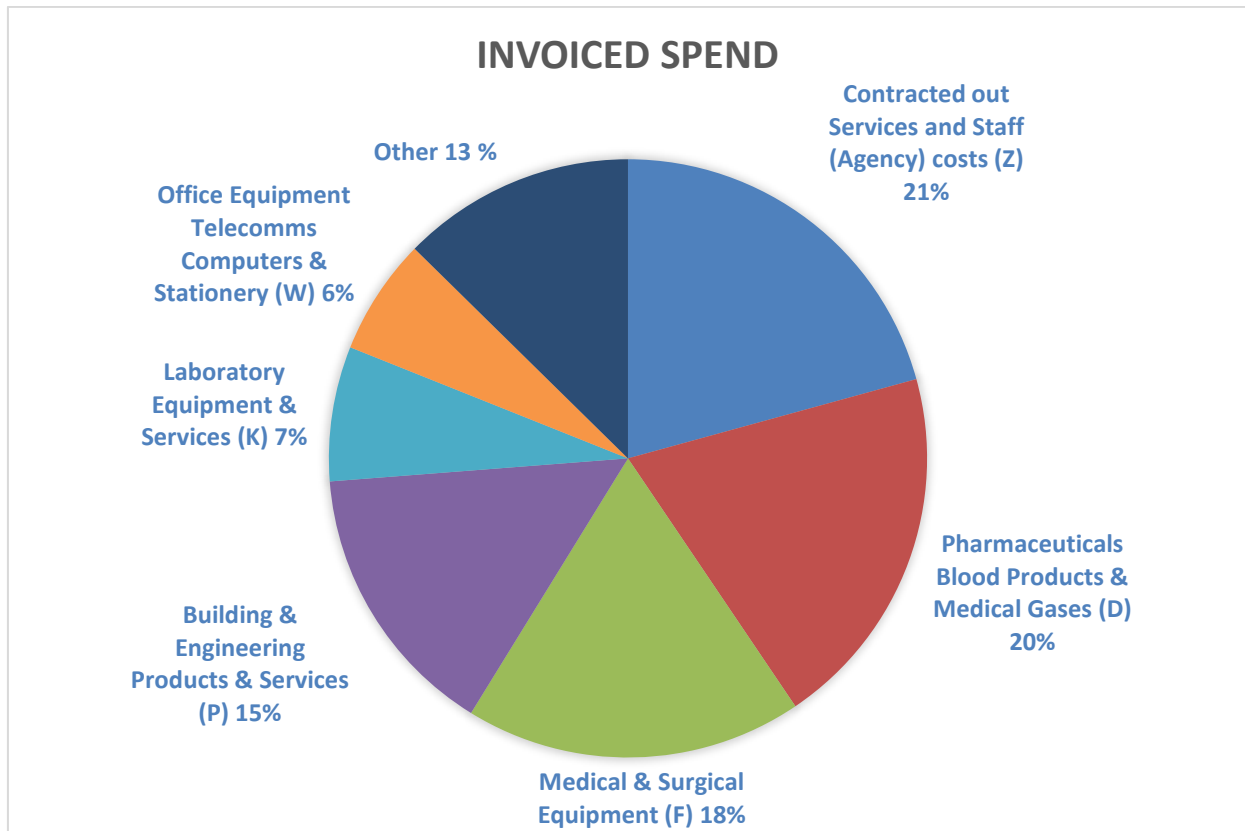
### Cost Improvement

Although a key priority for Procurement is the delivery of cash releasing savings, a strong focus of the department is to source products that improve efficiency, quality and the patient outcome and journey.

CIP delivery has been consistently achieved



The breakdown of annual invoiced spend by category during 2019 was as follows:



## Our Strategic Goals



The Procurement team are committed to support clinical services in order to provide the most appropriate quality goods and services that ultimately benefit our patients.

### What are our priorities

- We shall explore different ways of contracting for goods and services that offer value-based procurement. This includes areas of spend which may not realise cash releasing savings but offer quality or other benefits to our patients and end users.
- Continue to drive product standardisation between our sites and promote standardisation across our Integrated Care System. We shall continue to champion and support engagement with the Trust's Product Selection Groups and national

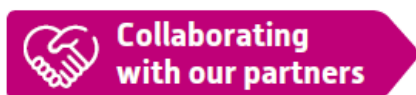
Groups such as Trusted Customer, GIRFT, the Nationally Contracted Programme and support the Category Towers.



We recognise that our staff are our greatest asset. In a small pool of professional Procurement experts, we know that we need to attract and retain excellent staff by our reputation and team ethos but also to homegrow our own talent.

### What are our priorities

- We recognise that advanced professional skills are vital in key areas such as commercial management, contract management and supplier relationship management. We shall continue to develop our staff by promoting access to training and professional development including supporting our staff to achieve Chartered Institute of Purchasing and Supply qualification
- We shall listen to our staff and ensure there are regular opportunities to feedback and suggest alternative ways of doing things.
- We shall support the local Procurement and Finance Skills Development networks and encourage our staff to broaden their experiences through the courses offered by these Groups.
- We shall support and encourage the employment of apprentices within our Department.



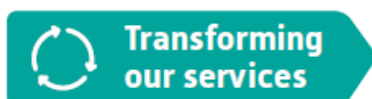
Within the Department we recognise that we have a wide range of partners including suppliers, other health and care organisations, national procurement bodies and our internal stakeholders. As well as a commercial relationship we believe it is important to offer a responsible and ethical partnership.

### What are our priorities

Therefore, our priorities over the next 5 years are to:

- Proactively engage in procurement opportunities within our ICS and with neighboring Trusts and Collaboratives.

- Make it easier to do business with us by improving the information publicly available to external partners and simplifying our processes where allowable.
- Improve how we engage with clinical staff and key stakeholders and inspire them to want to work with us more closely.
- Adopt a constructive supplier relationship management approach to working with our suppliers.
- Become a better partner by developing a Sustainable Procurement Policy including consideration to Social Value.
- Promoting the use of local suppliers within the community where appropriate within the procurement regulations.
- Support the National Procurement agenda by
  - Proactive engagement with the Supply Chain Customer Board
  - Support the development of the NHS Standards of Procurement through the DH Centre for Procurement Excellence.
  - Full engagement and adoption of the PTOM principles and guidance



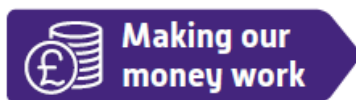
The profile and structure of Procurement in the NHS is not immune from the changes that are taking place across the system and the Department must remain flexible to address the requirements of the service. We shall enthusiastically support the national direction including the Procurement Target Operating Model but shall also develop our team in order to help deliver the strategic ambitions of the Trust.

### What are our priorities

- We shall complete the roll out of an Inventory Management system across all our clinical areas and transform the way that the supply of goods and services are made to the end user thus releasing clinical time, contributing to patient safety, improving efficiency and reducing costs.
- We shall take steps to reduce the amount of clinical time spent on Procurement and Supply Chain activities building on the approved business case developed whilst options for a wholly owned subsidiary were considered. We shall utilize the Inventory

Management system to do this and look to change the scope and focus of our Supply Chain team.

- We shall continue to offer a consistent highly professional service to the Trust and strive to be recognised as high performing excellent service provider within our region.
- We shall achieve Level 2 of the NHS Standards of Procurement and begin working towards accreditation to Level 3.
- We shall strive to increase our Model Hospital and Carter Metric scores month on month through analysis of our lower performing areas and the development of action plans to target these.



More than ever the Trust must spend its money wisely. Procurement have a key part to play to help the Trust achieve financial equilibrium.

### What are our priorities

- We shall expand and improve our Contract and Vendor Management service in order to drive out further savings, efficiencies and innovation. We shall develop engagement in the programme with our internal stakeholders and work side by side to manage our key suppliers and contracts.
- Through our Inventory Management project, we shall proactively analyse and review the information available to drive down stock levels, harmonize storage areas and feed the standardisation workstream. We shall also use our IM system to collect procedure costings to contribute to a reduction in the variation in the cost of similar operations.
- Using our spend analytics platform we shall proactively develop and maintain a 3-5-year comprehensive workplan including worked savings opportunities. Using effective planning in this way we shall seek to further reduce the number of waivers raised.
- To consistently meet and deliver the Trust Procurement CIP target (£2m per year or as directed).
- We shall support and actively contribute to the Trust's Spending Well campaign.





We recognise the enormous benefits that the use of appropriate and well-designed tech can bring to our organization. We shall continue to be a proactive partner of the Digital Services team but shall also look to make full use of tech within our own team.

### What are our priorities

- We shall continue to lead on the Scan4Safety agenda and expand the use of GS1 coding (*Global Standards 1* – international standards for business communication best known for universal barcoding standards) for patient, product and place across our Trust through the roll out of the Inventory Management System. We shall be the Trust expert on the adoption of GS1 coding and assist with the deployment of other GS1 coding as required.
- We aim to implement an internal stock tracking system to allow electronic and automated receipt and both at our main delivery location and secondary locations.
- We shall develop and improve digital evaluation forms as part of our ongoing support of the Trust's Product Selection Group.
- We understand the importance of good data and analytics to inform key decisions. We shall continue to advance our Business Intelligence maturity including the development of dashboards to provide continuous reporting, Supplier Relationship Management (SRM) dashboards and improving our data to aid forecasting and support of contract management.

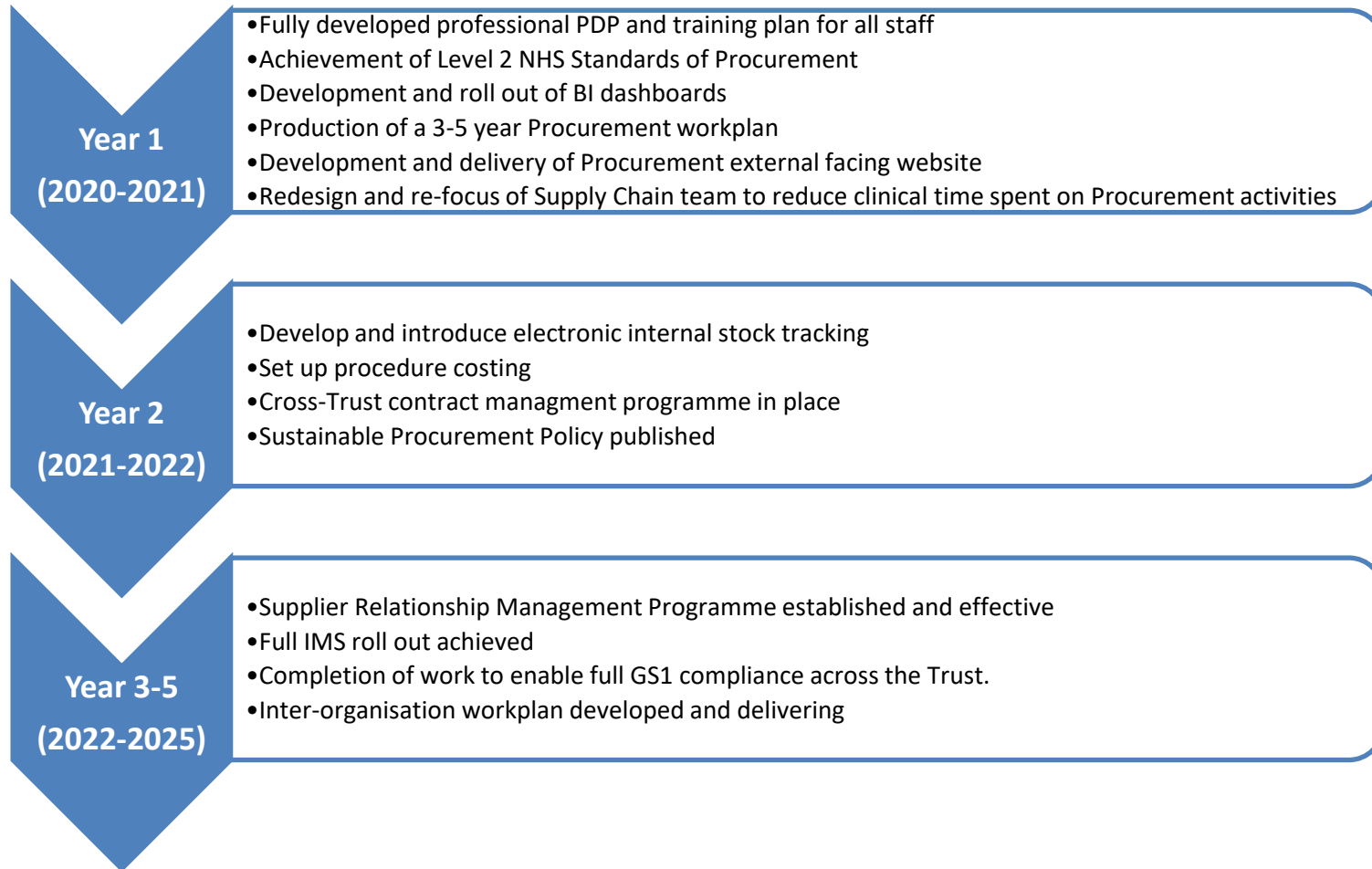
## Tracking our Progress

We shall track our progress through the following metrics, predominantly drawing from the Model Hospital (MH) Metrics and the Procurement Transformation Plan.

Measures		Performance			Commentary
		Carter Target	Current	Goal	
1	MH Metric 2 - Total % purchase order lines through a catalogue	80%	94%	Maintain	
2	MH Metric 3a - % of invoice value matched to an electronic purchase order	90%	94%	Maintain	
3	MH Metric 3b - % by count of invoices matched to an electronically generated purchase order	90%	82%	90%	
4	MH Metric 3c - % by number of transactions of electronic purchase order lines	NA	92%	Maintain	
5	MH Metric 4 - % of spend on a contract	90%	77%	90%	
6	NHS Standards of Procurement Level	1	1	2	
7	NHS Procurement League Table – Price Performance Score	NA	53.6%	75%	Metric made up of 5 sub-categories including variance from national pricing and best pricing
8	Cost Improvement	NA	100%	Maintain	Maintain full delivery of annual CIPS targets
9	Clinical Time spent on Supply Chain activity	NA	25 WTE	5 WTE	Subject to approval of Supply Chain Strategy - Clinical time released tracked as areas go live.
10	Scan4Safety (GS1) – GLN roll out	NA	<5%	90%	% of in scope Supply Chain areas

## High-level delivery plan highlights

Delivery of our strategy will be further detailed in our implementation plan. Parts of our strategy (especially workforce and data) will form the building blocks to achieve the strategy as a whole and these will be our initial focus. Our five year plan is summarised below.



## Summary

This strategy builds on the achievements of the 2016-2019 strategy and the Lord Carter themes around excellent operational productivity and value for money Procurement. It aspires to develop the professionalism and effectiveness of the Procurement support to the organisation.

We believe it's important to be a responsible Procurement partner and we shall develop a Procurement Sustainability Policy and seek to embed this in our day to day activities.

Our key themes of the strategy are to maximise use of our IMS technology to transform the services provided to the Trust thus driving out cost, improving efficiency and reducing clinical time unnecessarily spent on Procurement activities. IMS will be the single largest transformational project that the Department has undertaken which we are committed to successfully deliver.