

# **PROCUREMENT STRATEGY FOR SHERWOOD FOREST HOSPITALS NHS FOUNDATION TRUST**

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# PROCUREMENT DEPARTMENT

## MISSION STATEMENT

We will develop a high performing integrated team that manages markets to actively support the Trust's Quality and Financial objectives

We will provide timely, innovative and **best value** solutions to our customers.

We will have a direct or indirect influence over **every** purchase made by the Trust.

We will act as a commercial advisor to Trust staff

We will play a leading role in facilitating commercial collaborations with external partner organisations

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# PROCUREMENT STRATEGY

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## **1.0 EXECUTIVE SUMMARY**

Lord Carter was asked by the Secretary of State for Health to report on how the NHS could improve efficiencies in hospitals in England. As a result, Sherwood Forest Hospitals was asked to produce a Procurement Transformation Plan (PTP).

The PTP includes metrics that measure the performance of the procurement function and allow for benchmarking against other Trusts. The focus of the PTP is to meet Model Hospital benchmarks within agreed timescales whilst focussing on collaboration with other Trusts and STP partners.

This Strategy uses the Procurement Transformation Plan as its foundation and builds on it to show the roadmap to excellence.

The Strategy focusses on three key areas:

- People and Organisation
- Process, Policies and Systems
- Partnerships

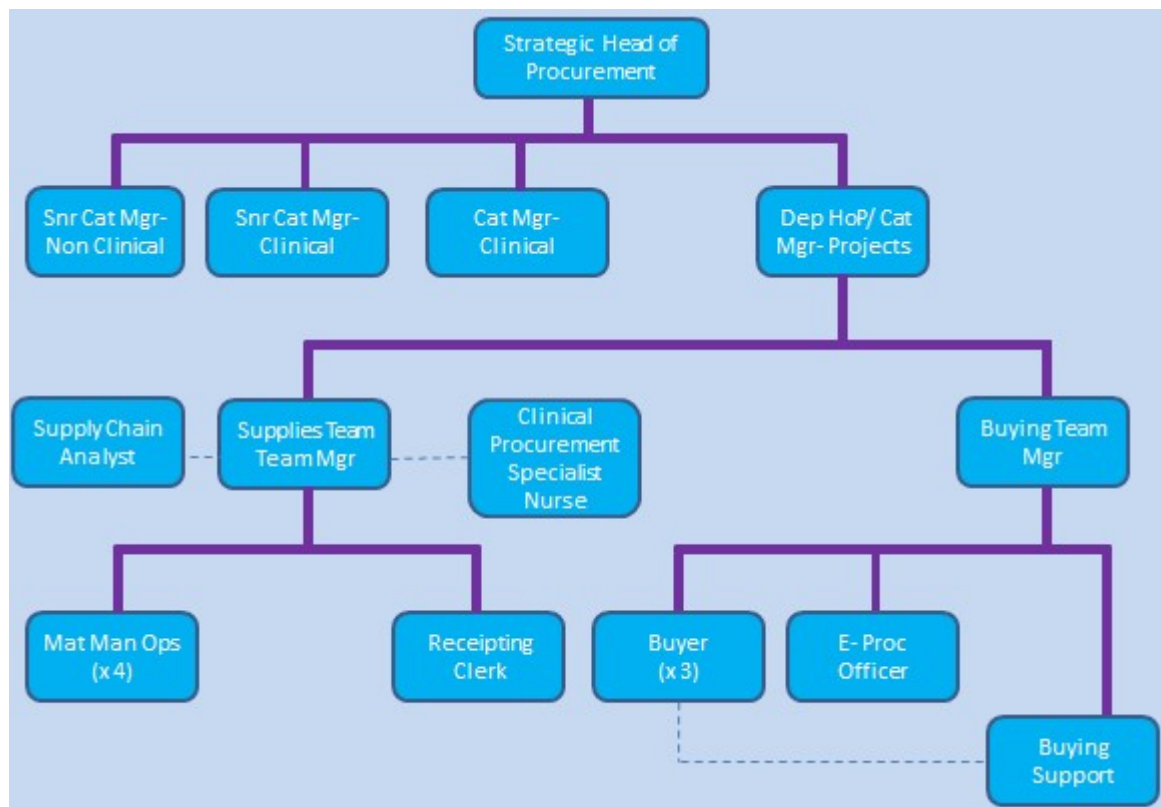
The Strategy also considers multiple external drivers that will affect the role of Procurement over the next three years. These include our role within the developing Sustainability and Transformation Partnerships (STP), the use of technology, and the re-let of the NHS Supply Chain contract that will produce the Future Operating Model (FOM).

This Strategy also documents the continuing changing role of Procurement staff. We are now moving more into the role of “commercial advisors”, rather than gatekeepers policing tactical spend.

## 2.0 BACKGROUND

The Trust strengthened its Procurement Department in 2014. A conscious effort was made to move away from traditional transactional procurement into more strategic realms. A Strategic Head of Procurement was appointed and a Category Management structure was set up, staffed by experienced Procurement experts.

An organogram of the Procurement Department is shown below:



<b>Buying Team</b>	Source goods and services direct from suppliers. Process requisitions. Advise on policy and procedure
<b>Supplies Team</b>	Manage the £6m spend on goods from NHS Supply Chain. Contract manage the agreement. Product switches
<b>Materials Management</b>	Manage the ward consumables process, from order, receipt, putting away and stock control. Advise on alternative products
<b>Category Managers</b>	Involved in more strategic long-term projects. Often partially embedded within other Corporate Departments.

The total non-pay spend for the Trust in the year to September 2017 was approximately £200m. Of this, approximately £90m is open to influence by Procurement. Large chunks of spend within areas like Estates, Pharmacy and IT have traditionally been off limits and these form a large part of the spend not currently open to Procurement influence.

### 3.0 PEOPLE AND ORGANISATION

Good people are the driving force behind a successful Procurement Department. We need a strong, experienced, energised team to drive forward delivery of the CIP, both for Procurement and assisting with Divisional projects

<b>Issue</b>	Category Management
<b>Aim</b>	There will no longer be a defined split between “Clinical” and “Non-Clinical” categories. The split will now be “Strategic” (dealt with by Category Managers) and “Acquisition” (dealt with by Buying Team). This will produce a more robust, multi-skilled team who are more responsive to the requirements of internal and external stakeholders.
<b>Action</b>	Reorganisation of the Category Management structure and reallocation of workload

<b>Issue</b>	Category Manager
<b>Aim</b>	A new Band 5 Category Manager has been appointed on a spend to save basis to add greater knowledge and depth to the team. This role will act as the bridge between Buying Team and Category Managers and will largely deal with Clinical projects.
<b>Action</b>	Integration of the new Category Manager into the team and development of a robust work plan.

<b>Issue</b>	Training (Procurement Staff)
<b>Aim</b>	The Procurement Team will continue to undertake formal CIPS exams and also Continuing Professional Development (CPD) courses. This is coupled with participation in “networking” events such as the NHS East Midlands Heads of Procurement group and the Local Authority Nottinghamshire Procurement Forum.
<b>Action</b>	Encourage attendance on courses and also at networking events

<b>Issue</b>	Training (Trust Staff)
<b>Aim</b>	We will implement a brand new structured and themed training program for non-procurement staff. This will be a three-pronged approach: <ul style="list-style-type: none"> <li>• a monthly presentation at the Managers Induction event</li> <li>• the production of an e-learning package on purchasing rules.</li> <li>• work with Finance colleagues and deliver a slot on Procurement in their training package “Finance for Non-Finance Managers”</li> </ul>
<b>Action</b>	Work with Training and Development and Finance to develop and deliver these courses. Continue to review and refine the content to make the courses fresh and relevant.

<b>Issue</b>	Clinical Procurement Specialist Nurse
<b>Aim</b>	We will work with the Chief Nurse to second a clinical member of staff for 1.5 days per week to work directly with the Procurement Team and act as liaison point with the Clinical Consumables Group.
<b>Action</b>	Finalise job description and recruit to the post in conjunction with the Chief Nurse

<b>Issue</b>	Job Re-evaluation
<b>Aim</b>	We have identified that many job descriptions are out of date and many staff are going “above and beyond” in their daily work. All Procurement Team job descriptions at Band 5 or below have now been re-written and are being re-evaluated to ensure that staff are being rewarded appropriately for the jobs they are doing.
<b>Action</b>	Complete the job re-evaluation process so staff are banded appropriately for the job they are actually doing

<b>Issue</b>	Spend Analysis / Stakeholder Engagement
<b>Aim</b>	We will continue to promote these fundamental cornerstones of the Procurement Team. We will run a rolling twelve monthly Spend Analysis on the first day of every month. We will continue to encourage staff to get out into the Trust to engage face to face with stakeholders so they can be active participants in procurement decisions and we can build up excellent working relationships with them.
<b>Action</b>	Produce a monthly spend analysis spreadsheet and share the results with internal stakeholders in face to face meetings.

<b>Issue</b>	Increase Scope of Influenceable Spend
<b>Aim</b>	We will work with Departments such as Estates and Pharmacy to apply procurement expertise to current practices, to ensure that best value is achieved in all areas,
<b>Action</b>	Assign category managers to Departments to run a deep dive on spend and explore options for process change



#### 4.0 PROCESS, POLICIES AND SYSTEMS

Carter recognises that the model Procurement Department needs to have robust systems in place. Procurement is not an island. These systems must integrate seamlessly with other Departments to ensure a smooth service across the Trust.

<b>Issue</b>	“No Purchase Order, No Pay”
<b>Aim</b>	The Procurement Team needs to actively work with the Finance Team to promote a message (internally and externally) that suppliers without a valid Purchase Order will not be paid. This message will be delivered through group training courses and conversations with individual stakeholders and managers
<b>Action</b>	Promote the message that suppliers without a valid Purchase Order will not be paid.

<b>Issue</b>	E-Catalogues
<b>Aim</b>	We will introduce a new e-catalogue system called “Insight”. This will become a cornerstone of the GS1 / Scan4Safety project but will also mean that catalogues can be used for far more items. This will dramatically reduce opportunities for “non-PO” spend.
<b>Action</b>	Work with NHIS to ensure the smooth implementation and roll out of Insight

<b>Issue</b>	Clinical Consumables Group
<b>Aim</b>	The Procurement Team will participate in the Clinical Consumables Group chaired by the Chief Nurse. The team will bring ideas for rationalisation and cost saving and will lead projects as part of “task and finish” breakout groups. The agenda of the Clinical Consumables Group will inform the Procurement Team clinical category work plan.
<b>Action</b>	Work closely with the Chief Nurse to inform the agenda of the Clinical Consumables Group and support the group in implementation of projects

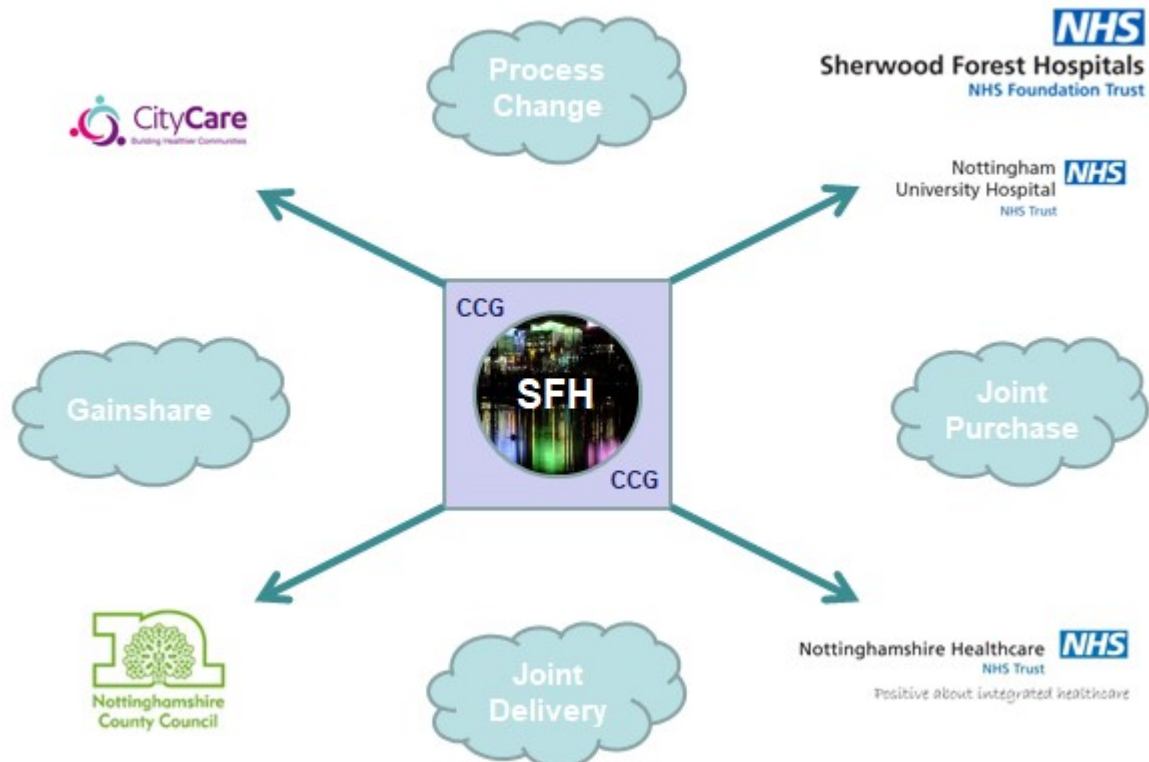
<b>Issue</b>	Standards of Procurement (Level 1)
<b>Aim</b>	The Strategic Head of Procurement will pull together an evidence file for submission to an external evaluator. This will be used to determine when the Trust has hit “Level 1” of the nationally recognised Standards of Procurement. This assessment will verify good practice and procedures
<b>Action</b>	Submit the Standards of Procurement evidence file to the external evaluators for review and assessment.

<b>Issue</b>	Declarations of Interest
<b>Aim</b>	The Procurement Team will support the roll out of the Trust-wide “Declarations of Interest” system. Any clinician put forward to evaluate products will be checked against the system for any conflicts. Clinicians will not be allowed to engage in evaluation events until they have completed an online Declaration of Interest form
<b>Action</b>	Work with the Company Secretary and Internal Audit to ensure the full and complete roll out of the Declarations of Interest system

<b>Issue</b>	Rep Credentialling
<b>Aim</b>	The team will implement an IT system that will manage access to the site for sales representatives. This will ensure that reps only approach appropriate members of staff and that all interactions can be monitored. The Rep Credentialling system will work hand in hand with the new corporate electronic “Declaration of Interest” system.
<b>Action</b>	Work with the Clinical Consumables Group to ensure the smooth and swift roll out of an approved Rep Credentialling system

## 5.0 PARTNERSHIPS

Carter encourages Procurement Departments to work with like-minded Trusts and to not sit in isolation. The arrival of Sustainability and Transformation Partnerships (STP) provides a great opportunity to co-operate with partners and to work across the health economy to drive out savings. This could be via Joint Purchasing, but also by more innovative solutions such as Process Change, Joint Delivery or Gainshare



<b>Issue</b>	Strategic Partnership Forum (NUH)
<b>Aim</b>	The procurement workstream was the first non-clinical service to be reviewed by the Strategic Partnership Forum. The Head of Procurement will attend the forum as and when necessary to update on joint work with Nottingham University Hospitals.
<b>Action</b>	Attend the Strategic Partnership Forum when invited to share good practice and ideas.

<b>Issue</b>	Clinical Procurement Specialists Network (CPSN)
<b>Aim</b>	The category managers will continue to participate in this network and attend national meetings on a quarterly basis. The meetings will provide best practice and innovation for us to bring back to SFH.
<b>Action</b>	Ensure regular attendance at CPSN events to share ideas and best practice

<b>Issue</b>	Clinical Evaluation Team (CET)
<b>Aim</b>	Procurement will work with the national Clinical Evaluation Team and use their reports when considering product switches / rationalisation of products. CET reports provide an objective clinical view of products and overcome localised subjective objections to product switching
<b>Action</b>	Ensure regular contact with the CET via their website and promotional events to remain up to date with current product reviews and process change

<b>Issue</b>	Sustainability and Transformation Partnership (STP)
<b>Aim</b>	The team will work with STP partners, including (but not limited to) Nottingham University Hospitals, Nottinghamshire Healthcare and Notts County Council. This work will include joint purchase and rationalisation of products, but will also explore joint delivery of services and process change. The STP Heads of Procurement will meet on a monthly basis to review projects and develop new ideas
<b>Action</b>	Participate in the monthly meetings with STP partners to compare work plans and develop opportunities for joint procurement in a number of guises

<b>Issue</b>	Future Operating Model (FOM- evaluation)
<b>Aim</b>	The procurement team will assist the Department of Health with the evaluation of tender submissions from suppliers wishing to be part of the new FOM. Experienced SFH procurement staff will form part of the national evaluation team and will contribute to moderation meetings and scoring panels
<b>Action</b>	Work with the Department of Health to ensure timely evaluation of tender submissions

<b>Issue</b>	Future Operating Model (FOM- transition)
<b>Aim</b>	The procurement team will work with the Department of Health and Business Services Authority to ensure the smooth transition from the current NHS Supply Chain operation to the Future Operating Model (FOM). This transition will formally take place in October 2018.
<b>Action</b>	Work with the Business Services Authority to ensure the smooth transition into the new FOM

## 6.0 ACTION PLAN

Area	Action	Target Date
Category Management	Reorganisation of the Category Management structure and reallocation of workload	<b>Dec 2017</b>
Category Manager	Integration of the new Category Manager into the team and development of a robust work plan.	<b>Dec 2017</b>
Training (Procurement Staff)	Encourage attendance on courses and also at networking events	<b>Ongoing</b>
Training (Trust Staff)	Work with Training and Development and Finance to develop and deliver these courses. Continue to review and refine the content to make the courses fresh and relevant.	<b>Ongoing</b>
Clinical Procurement Specialist Nurse	Finalise job description and recruit to the post in conjunction with the Chief Nurse	<b>Oct 2019</b>
Job Re-evaluation	Complete the job re-evaluation process so staff are banded appropriately for the job they are actually doing	<b>Dec 2017</b>
Spend Analysis / Stakeholder Engagement	Produce a monthly spend analysis spreadsheet and share the results with internal stakeholders in face to face meetings.	<b>Ongoing</b>
Increase Scope of Influenceable Spend	Assign category managers to Departments to run a deep dive on spend and explore options for process change	<b>June 2018</b>
"No Purchase Order, No Pay"	Promote the message that suppliers without a valid Purchase Order will not be paid.	<b>Sep 2018</b>
E-Catalogues	Work with NHIS to ensure the smooth implementation and roll out of Insight	<b>April 2018</b>
Clinical Consumables Group	Work closely with the Chief Nurse to inform the agenda of the Clinical Consumables Group and support the group in implementation of projects	<b>Ongoing</b>
Standards of Procurement (Level 1)	Submit the Standards of Procurement evidence file to the external evaluators for review and assessment.	<b>Nov 2017</b>
Declarations of Interest	Work with the Company Secretary and Internal Audit to ensure the full and complete roll out of the Declarations of Interest system	<b>Apr 2018</b>
Rep Credentialling	Work with the Clinical Consumables Group to ensure the smooth and swift roll out of an approved Rep Credentialling system	<b>Apr 2018</b>
Strategic Partnership Forum (NUH)	Attend the Strategic Partnership Forum when invited to share good practice and ideas.	<b>Ongoing</b>
Clinical Procurement Specialist Network (CPSN)	Ensure regular attendance at CPSN events to share ideas and best practice	<b>Ongoing</b>
Clinical Evaluation Team (CET)	Ensure regular contact with the CET via their website and promotional events to remain up to date with current product reviews and process change	<b>Complete Dec 2018</b>

Sustainability and Transformation Partnership (STP)	Participate in the monthly meetings with STP partners to compare work plans and develop opportunities for joint procurement in several guises	<b>Quarterly meetings</b>
Future Operating Model-evaluation	Work with the Department of Health to ensure timely evaluation of tender submissions	<b>Dec 2017</b>
Future Operating Model-evaluation	Work with the Business Services Authority to ensure the smooth transition into the new FOM	<b>Oct 2018</b>

## 7.0 KEY PERFORMANCE INDICATORS

The Procurement Department will report on the Carter “Model Hospital” Key Performance Indicators.

An update on progress against the KPIs will be reported to Finance Committee every four months (every second meeting)

Measures		Carter Target	SFH Jan 17	SFH Jan 18	SFH Sep 18
1	Monthly Cost of Clinical and General Supplier per “WAU”	TBA	TBA	TBA	TBA
2	% on E-Catalogue	80%	94%	95%	96%
3a	EPO – PO (Value)	80%	100%	100%	100%
3b	EPO – PO (Transactions)	80%	100%	100%	100%
3c	End to End EPO (Value)	80%	77.43%	80%	85%
3d	End to End EPO (Transactions)	80%	89%	90%	90%
4	Spend on Contract	90%	73%	80%	90%
5	Inventory Stock Turns	N/A	14 days	14 days	14 days
6	Standards of Procurement	Level 1 (assessed Oct 17)	Level 1 (self-assessed)	Level 1 (peer assessed)	Level 2
7	Purchase Price Benchmarking Tool	TBA	TBA	TBA	TBA