

BRISTOL & WESTON NHS PURCHASING CONSORTIUM

"WORKING SMARTER WORKING BETTER WORKING TOGETHER"

PROCUREMENT STRATEGY

Period: 01 April 2014 to 31 March 2019

Constituent Organisations

North Bristol NHS Trust (Host Organisation)

University Hospitals Bristol NHS Foundation Trust

Weston Area Health NHS Trust

Client Organisations

Bristol Community Health CIC

North Somerset Community Partnership CIC

REFERENCE DOCUMENTS

NHS Procurement Raising Our Game, Department of Health May 2012

NHS Standards of Procurement (June 2013)

Better Procurement Better Value Better Care – A Procurement Development Programme for the NHS (August 2013)

NHS Procurement Dashboard: Overview (November 2013)

DOCUMENT CONTROL

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1. STRATEGIC OVERVIEW

The NHS is facing an unprecedented challenge to meet the rising demands of healthcare driven by an aging population and a background of tighter budgetary control. This means that we cannot continue as we have always done and as such need to transform the way in which procurement is seen and delivered by the constituent organisations that form the Bristol and Weston NHS Purchasing Consortium (BWPC).

Procurement is about making a valued and measurable contribution towards an organisations performance in concert with its strategic direction and business imperatives. There remains substantial scope for cost savings through the application of best practice and high standards, collaboration and process modernisation. Whilst there has been significant improvement in attitude towards procurement over the past 5 years from which member organisations have benefited, the pace of change must improve if we are to continue to influence a challenging non pay agenda.

Procurement can clearly deliver much more. The financial challenge can only be met by more innovative and wider spread procurement process. By harnessing relationships with key suppliers, BWPC will continue to deliver quality, value and innovation; however, it will be vital that member organisations and clients are responsive to creative ideas received internally from staff and externally from procurement partners and the market place.

It must be recognised that procurement is not an activity that is restricted to procurement professionals. Everyone involved in the end to end procurement process has the responsibility for ensuring that the products and services that are selected, bought and used represent value for money, provide the right outcome for the patient and are not wasted.

This Procurement Strategy focuses on delivering world class procurement from a world class clinical brand and settings that benefit both patients and staff and which meet the aims and objectives of all organisations and the local health economy. It will define the actions to continue the journey of continuous improvement in procurement over the next five years, cognisant with the national strategy and standards that are considered to be best in class and deliver value into patient care.

2. INTRODUCTION

Procurement has a key role to play in supporting the delivery of high quality patient care whilst ensuring value for money is achieved. The new Procurement Strategy has been framed around 8 key components:

- i. Delivering cost efficiencies and productivity gains
- ii. Improving outcomes at reduced cost through clinical procurement partnerships
- iii. Improving leadership and capability of procurement across the constituent organisations
- iv. Strengthening procurement governance
- v. Improving data, information and transparency
- vi. Sustainable procurement policy and practice
- vii. Fair and equitable trading
- viii. Corporate and social responsibility

To support the above, BWPC has redesigned its service away from a 'Catalogue Management' approach to market, to a structure that is aligned with the constituent organisations divisional and directorate service lines. Our route to market will see the deployment of different commercial

models and more partnership working that is underpinned by stronger commercial contract management with the supplier base.

3. KEY PROCUREMENT THEMES

Consistent with the NHS Procurement Strategy ‘Better Procurement Better Value Better Care’ (August 2013) and the NHS Standards of Procurement (Revision 2 June 2013), four key themes underpin the components of the new Strategy. (See figure 1 below)

Figure 1.



The Strategy aims to transform procurement over the next five years by delivering value for the constituent organisations and clients with sustainable savings that are underpinned by compliance, controls and commercial viability (See Figure 2 below).

Figure 2.



4. COST EFFICIENCIES AND PRODUCTIVITY GAINS

Aim: Deliver procurement best practice, initiatives to combat inflation and a proactive supplier engagement programme.

- To deliver the best commercial outcomes and sustain quality, professional sourcing will focus on the total cost of acquisition and full life costs not simply the cheapest.
- Reduce the range and variety of goods purchased through product standardisation and supplier rationalisation programmes.
- Understand the market dynamics and conditions through strong and early signals about strategic direction and future investments.
- Be more responsive to innovative ideas from industry.
- Develop strategies and initiatives that manage suppliers and combat inflation.
- Escalate details of resistant suppliers for national intervention where appropriate.
- Look to remove any barriers to exploiting quick win opportunities.
- Outcome based specifications for contracts will be used where appropriate.
- Working with the Department of Health and NHS England to support the initiatives in the National Procurement Strategy, 'Better Procurement Better Value Better Care'.

5. IMPROVING OUTCOMES THROUGH CLINICAL PROCUREMENT PARTNERSHIPS

Aim: Embed clinically led procurement programmes that are developed to drive out waste and unnecessary cost, whilst maintaining and improving the quality of care to our patients.

Clinical leadership is critical to improving and sustaining effective non pay management. It is pivotal in leading the debate around standardising care and providing challenge to inequalities in practice. This will be achieved by:

- Demonstrating that clinically-led procurement can deliver efficiency savings with improved health outcomes.
- Involvement of, and leadership by clinicians to become accepted practice in setting the procurement agenda and providing input into procurement decisions. The imperative will be to ensure that clinical engagement starts at the beginning of the procurement process.
- Considering the balance between clinical benefit and value for money, including product rationalisation to identify cost and service efficiencies.
- Harvesting ideas through joint clinical and commercial forums, whilst developing new relationships with the medical devices industry that are built on partnership and value rather than price and sales.
- Adopting a patient centric approach to procurement to maintain that quality and safety remain at the forefront of procurement decisions.
- Clinically led negotiations in the areas of strategic importance, using the strong 'Bristol and Weston Clinical Brand', commitment of business and growth in market share to leverage prices and deliver value.
- Understanding the cost of clinical variation to inform our approach to product standardisation, supplier rationalisation, savings delivery and improving safety in clinical practice.

6. INTEGRATED AND COLLABORATIVE PROCUREMENT

Aim: Working together to consolidate purchasing requirements to drive greater cost efficiencies from the market.

- The 8 stage framework for a collaborative relationship applies a lifecycle model that is structured on three phases (Strategic, Engagement and Management), with the objective of creating a robust platform to maximise the benefits of collaborative working but supporting the culture and behaviours necessary to optimise integration. (See Figure 3 below)

Figure 3.

STAGES	COLLABORATIVE RELATIONSHIP MODEL
A. STRATEGIC	
1. Awareness	Efforts focused on those relationships where collaboration will deliver real value.
2. Knowledge	Strategies that are focused on business objectives and recognise the risks associated with greater integration including knowledge management and business continuity, underpinned by an exit strategy.
3. Internal Assessment	Recognising and acknowledging the strengths and weaknesses of our own organisations to enter into collaboration which includes processes, skills and experience compatible with desired outcomes.
B. ENGAGEMENT	
4. Partner Selection	Understanding the profile of the partner and evaluation of their capability to collaborate.
5. Working Together	Establish joint governance for collaborative projects or programmes and integrating this with effective contracting arrangements.
C. MANAGEMENT	
6. Value Creation	Ensure that the relationship remains current and drives innovation to bring additional value to the partners through continual improvement programmes.
7. Staying Together	Monitoring the performance and behaviours of the collaborative to ensure effective outcomes.
8. Exit Strategy	Having clear rules for disengagement.

By adopting this framework, BWPC will:

- Challenge the decentralised system and fragmented approach to procurement within the NHS by making better use of NHS buying power through collaboration.
- Build capability and capacity for working with partners across the NHS (e.g. NHS Supply Chain, Government Procurement Service, Regional Cohorts (e.g. Southern Procurement Partnership), Central Medicines Unit etc. and wider public sector, to enable greater leverage on common areas of spend, create a more resilient resource model and supporting the sharing of skills in order to maximise service efficiency.
- Establish joint governance for collaborative programmes and integrate this with effective contracting, considering the joint objectives of the individual partners to ensure that incentives and measurement will support collaborative behaviours.
- Reduce price variation through standardisation with a common and collective approach to market.
- Use collective buying power to negotiate better deals with suppliers.

- Shape markets around our current and future requirements and improve our supplier management capabilities.
- Develop better and more efficient partnerships with industry with the aim of reducing the cost to serve.

7. SUPPLY CHAIN MANAGEMENT AND EFFICIENCY

Aim: To eradicate wastage and inefficiency in the supply chain.

- Reduce stock levels using lean methodology based on 'Just in Time' supply and 'KanBan' storage principles.
- Remove waste in the supply chain to drive down costs, whilst maintaining and improving clinical outcomes.
- Secure savings from demand and consumption management through a managed inventory solution that informs patient level costing and service line reporting.
- Supply chain development to be both flexible and responsive to changes in the clinical models of care and the way in which support services are delivered.
- Remove inefficient supply chain methods and processes, addressing disproportionately high 'cost to serve' e.g. cost of consigned inventory, sales, technical support and instrumentation, where analysis suggests these areas collectively represent as much as 40% of the price of the product.

8. PROCUREMENT LEADERSHIP AND CAPABILITY

Aim: Facilitate executive leadership in the transformation programmes to delivery efficiencies and build procurement capability for now, and in the future.

- Improve leadership in procurement at all levels from the Trust Boards, Executive and Non-Executive Directors through to clinicians and budget holders. Procurement must be seen by the organisation(s) as a strategic priority and in doing so recognising the importance of good procurement practice to the business.
- Staff involved in procurement non-pay and contract management to become capable and accountable.
- Actively engage in the Department of Health 'Centre of Procurement Development Programme' to ensure at local level all relevant staff groups are equipped with the tools and techniques to deliver effective procurements and contract management.

9. STRENGTHENING PROCUREMENT GOVERNANCE

Aim: Strengthen management, control and compliance in the purchase to pay process.

- Ensure that procurement governance is clearly defined and communicated.
- Procurement policy and processes to be clearly defined, accessible and visible to all staff.
- Produce relevant metrics to track compliance and performance.
- Provide greater visibility of the performance of our top contracts which will help to improve the management of our major suppliers and ensure that they are meeting their contractual obligations and delivering against the agreed performance indicators.
- Compliance with procurement catalogues and processes to ensure good results e.g. eradicating off contract spend and non-purchase orders.

- Embed robust contract management in the constituent organisations to improve dialogue between the parties and manage supplier performance to ensure that all contracts deliver their expected outcomes.

10. DATA INFORMATION AND TRANSPARENCY

Aim: Improve data, information and transparency including the adoption of GS1 coding standards

- Access to non-pay management information to be timely, and accurate and analysed on the basis of continuous improvement.
- Invest in the latest purchasing, sourcing and contract management technology to ensure that we have effective systems to help deliver savings, lower our process costs and which offer greater opportunity for all businesses (national and local) to bid for our work, which may include the use of social media to communicate with suppliers.
- Procure a spend analytics tool(s) to compare pricing across a wider range of goods and services that will inform annual procurement non-pay plans.
- In accordance with NHS eProcurement Strategy, progress the adoption of common global standards; GS1 standards (for product coding, location coding and data synchronisation) and PEPPOL standards (for purchase order, shipping note and invoice messaging).
- In accordance with the Government Transparency Agenda, increase transparency by publishing all procurement data including opportunities, expenditure and contracts in Contracts Finder and other local media.
- Support internal management and governance by implementing a dashboard of the 7 core procurement metrics presented in the National Procurement Strategy, “Better Procurement Better Value Better Care. These core metrics focus on three key areas of procurement performance, namely: **enabling business continuity, procurement efficiency** and **mitigating risk**. (See Figure 4 below)

Figure 4.

Doing it Well
1. Number of instances where patient outcome, experience or safety has been adversely affected by a lack of product or service availability
2. Percentage of non-pay expenditure captured electronically through purchase to pay systems
Doing it Efficiently
3. Value of contribution to cost improvement as a percentage of non-pay expenditure
4. Cost to procure as a percentage of non-pay expenditure
5. Percentage of non-pay expenditure through national and/or collaborative purchasing arrangements
Doing it Right
6. Progress against the NHS Standards of Procurement
7. Percentage of recognised procurement staff with an appropriate formal procurement qualification(s)

11. SUSTAINABLE PROCUREMENT

Aim: In the context of broader sustainability, maintain the balance between financial, social and environmental factors, focusing on energy efficiency, carbon reduction and recycling and to ensure social justice and equity. Integrating environmental, health, social, political and economic issues into procurement decisions to embrace the founding principle of healthcare, 'first to do no harm'.

BWPC has an important role in delivering sustainable value from its procurement, which will evidence the organisations commitment to patients, staff, local community and society in general. This approach supports the core values of member organisations including quality and excellence, equality and diversity, working responsibly and with respect for each other and best environmental practice.

By embedding good sustainable procurement practice we can enhance value for money by ensuring long term cost effectiveness, as well as reducing waste, protecting biodiversity, and supporting sustainable economic growth that is underpinned by a stable and resilient supply chain, operational excellence and cost savings.

The aim for BWPC is to lead by example by removing barriers to sustainable development, by engaging with a mix of small, medium and large businesses and enterprises, whilst simultaneously driving innovation, cost efficiency and responsible procurement practice.

BWPC will produce a Sustainable Procurement Strategy and Policy that is focused on the outsourced products and services that it acquires on behalf of its constituent members, underpinning supply chains and which should be read in conjunction with each organisations individual environmental management policy, namely :-

- Environmental Policy
- Carbon Management Plan

12. FAIR AND EQUITABLE TRADE

Aim: To produce a policy that ensures procurement compliance with the principles of 'Fair and Equitable Trading'.

BWPC's Ethical Procurement Policy will assist in managing risk associated with labour standards, ensuring compliance with relevant legislation, fostering transparency through the supply chain, providing for some level of due diligence in supplier approaches to managing labour standards and promoting continual improvement in this respect.

13. CORPORATE AND SOCIAL RESPONSIBILITY

Aims: Adopt the Good Corporate Citizenship Model whereby all staff maintains the highest standards of personal integrity and that the business affairs of the organisation are conducted in a moral, honest manner and in full compliance with all legal requirements

- All procurement shall be non- discriminatory and will comply fully with the Equality Act 2010.
- The Standards of Business Conduct will be followed by all staff.
- Staff who work with suppliers shall act with integrity, transparency and fairness.

- The organisations recognise their role in contributing to sustainable development. The organisation will annually assess itself against the Good Corporate Citizenship model and plan for continuous improvement of performance.
- Procurement shall support the Government transparency agenda by publishing organisational spend data publicly and supporting transparency initiatives both intra NHS and public sector.