

Procurement Strategy
2014 – 2017

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Executive Summary

The purpose of this strategy is to reach the objectives of Yeovil District Hospital NHS Foundation Trust (YDHFT) and associated Trusts to which the service is provided through development of strategic aims and objectives, which are measured using key performance indicators. These indicators provide focus for benchmarking, learning and continuous improvement. Further, to embed a vision and aim for the direction of Procurement at YDHFT.

The strategy applies to all individuals in the employ of YDHFT and has been produced to present the corporate vision and strategic aims of YDHFT. Its underlying purpose is to positively influence procurement in the delivery of high quality healthcare to patients and the community, through a philosophy of best value and practice. It has been developed to address the total supply chain and:

- provides the strategic vision and initiatives for the next three (3) years
- is flexible to meet the changing needs of the local health community and wider NHS
- recognises regional collaboration opportunities
- satisfies legislative compliance and public sector policy
- will deliver savings and efficiencies recurrently, contributing to annual business planning

This strategy is based on the overarching aim of delivering best value for money, which will be achieved through the following objectives:-

- Stakeholder Engagement
- Promoting Collaboration and Partnership
- E-enablement
- Supply Chain Optimisation
- Raising all Procurement Standards to Excellent
- Business Development

The full benefits of the Strategy will be realised from the commitment and priority given to it and through the positive support and contribution of all key stakeholders. The measurable outcomes will be:

- Improved commercial performance, best procurement practice and minimal process costs to deliver best value.
- Adaptability to meet and respond effectively to changing needs in a dynamic business and healthcare environment through effective management and control. Common solutions to shared problems will emerge as a result.
- A more robust service provision from an integrated and category focused team approach that provides flexible resources more efficiently with commitment to collaboration across Trusts within the South West Region and broader supply community.

- On-going development of e-procurement technology to enable YDHFT and associated organisations to develop their business and trading relationships with improved management information.

The strategy has been developed in line with relevant legislation and guidelines, and its implementation will ensure a consistent, automated and successful approach to all procurement carried out by the Trust.

The Strategy is submitted for approval by the Trust Board, following which it will be shared with associated organisations and cascaded to those staff involved in the procurement process.

Procurement Department Vision

Our vision is to provide all users of the procurement service with the benefit of an excellent, highly efficient and effective procurement team. Our staff will have access to the best training and development appropriate to support achievement of their roles and continuous professional development. It is our aim to add value to the organisations to which the service is offered and be valued by everyone within these organisations.

We aim to create an effective Procurement function capable of supporting the future changes faced by the NHS as it manages internal and external factors, and be in a position to create a sustainable procurement function capable of fully supporting the modernised NHS. By doing so we will offer our customers access to best practice procurement with collaboration and process modernisation. Further developing a mature procurement function and optimising the supply chain will deliver greater efficiencies and benefits to our organisation and customers.

To summarise, we aim to deliver value for money, focusing on connecting procurement practice to the successful delivery of high quality patient care.

Section 1

Introduction

- 1.1 YDHFT currently spends approximately £30 million on goods and services essential to the running of the health service locally. In addition to meeting regulatory requirements, increased efficiency in procurement and supply management will maximise the money available to fund direct patient care. The Procurement Department also provides a comprehensive service to Somerset Partnership NHS Foundation Trust (SPFT) which, following the recent acquisition of the Primary Care Trusts Community Hospitals and other medical facilities, manages a further spend of approximately £35million.
- 1.2 The department, in line with the new YDHFT Strategic Business Units has been structured into three (3) core teams. The focus of each team is to identify all influenceable expenditure where procurement can add value, to scope this work and thereafter propose tendering/contract management activity and resultant savings. The teams will work with key stakeholders to implement each work stream. In all possible and appropriate cases procurement activity will be managed on a collaborative basis to ensure that all portfolios of expenditure are considered not only between the two Trusts but also with other like-minded organisations. This offers the once off approach and the subsequent benefits of larger opportunities to manage costs down.
- 1.3 In light of the recently published Department of Health (DoH) Procurement Development Programme for the NHS (Better Procurement, Better Value, Better Care), the department is currently reviewing its position and processes with the aim of raising the standards of procurement. The Development Programme follows the publication of three (3) other recent reports: -
 - NHS Standards of Procurement
 - World Class Procurement in the NHS – call for Evidence and Ideas
 - NHS Procurement – Raising our Game
- 1.4 The fundamental message from the DoH is that procurement should be recognised and promoted internally as a strategically critical function that supports and enables the organisation in achieving its objectives of reducing expenditure and improving quality.
- 1.5 Effectively engaging all staff in the procurement process and forming better relationships with both internal and external stakeholders is paramount to the success of this strategy; it will require a change of culture, and recognition that it affects all employees who influence purchasing decisions or spend money with suppliers.
- 1.6 Procurement Department Core Values are: -
 - Patient centric
 - Ethical
 - Support and value staff
 - Respect confidentiality

- Collaborate
- Learning
- Integrity and respect

1.7 This strategy will focus on delivering value for money and efficiencies over the next 3 years, taking into account policy changes, innovation and best practice. To support this, we will provide professional procurement leadership and governance to ensure a coordinated approach across the organisations to which procurement is provided.

Section 2

Strategic Aims & Objectives

2.1 The strategy is based on the overarching objective of delivering best value for money. It is this principle of value for money that is to be at the heart of all procurement decision making in YDHFT.

2.2 In order to ensure that value for money is at the heart of our activity, Procurement will always consider best practice procurement, by focusing strongly on the following key objectives:-

- Stakeholder engagement
- Collaborative opportunities
- E-enablement
- Supply Chain Management
- Raising all Procurement Standards to excellent
- Business Development

Section 3

Objective 1 - Stakeholder Engagement

3.1 Procurement will continuously analyse each area of non pay expenditure and will proactively engage with stakeholders in determining what is required and what opportunities exist. By engaging early in the process, we will ensure complete buy in and support to each project.

3.2 Seeking to establish the right level at which to contract, we will undertake market analysis of each area of expenditure in order to determine the type and level of contracting available and necessary, consideration being given at national, regional or local level and where possible and appropriate ensure collaboration with other like minded organisations to ensure that our buying power is enhanced.

3.3 The assessment will focus on such criterion as: total value analysis, potential commitment, supply chain dynamics, market dynamics and nature and criticality of product or service.

- 3.4 Delivering value for money from procurement is not a stand-alone objective as it is internally linked with patient centered objectives for better health and well being and better care. It will not be about working harder but working smarter to maximise opportunities. In an environment of continual improvement, YDHFT Procurement shall identify and deliver changes in the way that services are organised and delivered, which will improve patient care and health outcomes and at the same time provide better value for money.
- 3.5 Changes and innovation in product and service will always be based on best clinical evidence to meet the needs of wards, departments and most importantly patients to ensure that clinical risk is reduced or removed.

Section 4

Objective 2 - Collaborative Opportunities

- 4.1 Procurement will determine opportunities to enhance its purchasing activity by seeking and assessing all opportunities to work collaboratively with other organisations. By doing this, benefits will arise for a once only approach to market and a reduction in the resource required. This in turn will support the effective use of economies of scale, enhance purchasing power to manage markets and deliver greater value.

Section 5

Objective 3 - E-enablement and transparency

- 5.1 The DoH guidelines clearly stipulate that Trusts need to invest in Electronic Sourcing Technology in order to be able to improve their visibility of spend, have real time stock information and be able to share information and compare themselves with other Trusts.
- 5.2 Procurement is actively enhancing its use of e-enablement tools, as recommended and is progressing the use of e-enablement by implementing: -
- Full use of P2P system within YDHFT and associated Trusts including electronic requisitioning and ordering;
 - Being actively involved in the South West e- enablement Board activity
 - Electronic Catalogues and Catalogue Management
 - Electronic exchange facilities to be able to send orders to and receive e-invoices from suppliers

- Tactica Contract Management System for all tendering and quotation activity carried out by the Department.
- 5.3 The overall aim is to streamline back office processes and implement national data standards, which will enable better use of technology such as e-procurement, data and contract management.
- 5.4 The Procurement Department needs to review its procurement against published standards. In addition there is a need to collaborate and share data with other organisations to be in a position to consider a better transparency on prices being paid to suppliers by individual Trusts.
- 5.5 The Department will ensure that all staff aim to reduce transactional costs within the full procure to pay cycle by continuing to develop the use of e-business solutions as stated above. The Department will strive to collaborate with other Trusts in order to share data and to understand its market position. In addition to this, the Department will promote the use of Electronic Catalogues together with robust catalogue management and will further roll out product masking across the Trust in order to assist in product rationalisation and tighter controls.

Section 6

Objective 4 - Supply Chain Management

- 6.1 An effective supply chain is critical to the success of every modern and successful organisation. If the supply chain is ineffective, the organisation will not only lose money but, the front line services it supports will also suffer.
- 6.2 By rationalising its supply base, and working more effectively with fewer suppliers, stronger partnerships will be forged. On a longer term basis, working with suppliers to encourage and embrace innovative solutions will be of benefit to both parties. This work will often lead to rationalisation of the products and services used by the Trusts.
- 6.3 As a more demanding and intelligent customer, we can work with our suppliers to deliver better services more effectively to patients and act as a catalyst for growth. In addition to enhance product management, we aim to share our Capital Plans early so that National bodies on our behalf can aggregate all Trusts requirements and purchase on a larger scale.

Section 7

Objective 5 - Raising all procurement standards to excellent

- 7.1 In light of the recently published DoH Procurement Development Programme for the NHS (Better Procurement, Better Value, Better Care), public sector procurement is under scrutiny, and improved performance is key to us meeting our objectives. We will use the DoH Procurement Standards and Dashboard Metrics to compare ourselves to others and measure our improvements and performance in working towards World Class Procurement.
- 7.2 We will ensure that the Procurement Team continually develop and improve in line with National Guidelines. The NHS Standards of Procurement will be adopted and embedded and by constant benchmarking we will raise procurement standards to excellent, in line with the following guidelines: -
- Engaging in a joined-up approach, providing better focus for communication and inclusive strategic development with PPSA and other agencies.
 - The provision of 'once only' IT solutions for the adoption of e-business. P2P, spend analysis tool and Tactica
 - Continuous improvement and consistency in applying better practices to raise the standard of procurement services throughout the PPSA.
 - Introduce controls to ensure that where we add value and governance to all non-pay expenditure that goes through a formal procurement process. This can be formally demonstrated by reporting activity to the Audit Committee

Section 8

Objective 6 - Business Development

- 8.1 Using its knowledge of the Tactica portal and recent outsourcing trends, Procurement will work as part of a cross functional team to identify the potential for income generation to the Trust for the provision of services which the Trust may wish to bid for in order to expand its activities.

Section 9

Mechanisms that will enable the overarching aims to be met:-

- Annual Procurement work plans agreed with Divisional Managers and Accountants
- Annual Supply Chain Risk Assessment (as above)

- Procurement policy adherence
- Implement local procurement procedures and systems
- Participate in Capital Planning meetings
- Membership of the Peninsula Purchasing and Supply Alliance to maximise sharing of services, knowledge and collaborative contracting processes
- Board level lead for procurement
- Contracts database and e- procurement tools such as spend analysis and Tactica
- Adherence to Standing Orders and Standing Financial Instructions
- Utilising the use of frameworks and contracts awarded by NHS Supply Chain, PPSA and GPS and other collaborative organisations.
- Best practice procurement systems
- Staff development strategy implemented to ensure all staff have appropriate development, succession planning, promote CPD, qualifications etc.

Section 10

Performance Measurement

- 10.1 YDHFT will measure the value for money delivered for both Trusts over the next three (3) years and provide an appropriate level of assurance that the reported gains are robust, sustainable and credible. These will comprise:
- Cash releasing savings in the procurement of bought-in goods and services
 - Cost avoidance in the procurement of bought-in goods and services
 - Social, economic and environment benefits pertaining to corporate and social responsibility and sustainable procurement
- 10.2 YDHFT is aiming to build on the savings opportunities available during the next three (3) years. This will be achieved from:
- i) Expanding the scope for further rationalisation/standardisation of products and services across the local health community
 - ii) Robust catalogue and contract management delivered with the latest e-procurement functionality
 - iii) Re-engineering the supply chain based on “lean” principles with a focus on process improvement, demand and consumption management

Section 11

Corporate and Social Responsibility

- 11.1 As part of sustainable procurement, YDHFT Procurement on behalf of its client organisations, will be working with its suppliers to pursue opportunities for delivering environmental improvements in the consumable supply chain through consolidation and the removal of waste. YDHFT shall continue to develop partnerships with NHS Supplychain and other organisations in order to deliver a comprehensive range of

healthcare products through a high quality end to end supply chain service. This in turn will contribute to a reduction in the carbon foot print due to less suppliers delivering into the health community.

- 11.2 YDHFT will continue to work with its suppliers to look at ways to reduce supplier miles in relation to larger consolidated deliveries and the amount of packaging on products. YDHFT has already started to partner with other public sector bodies in tendering exercises so it can aggregate demand, increase leverage over suppliers and secure best value for money for the health community.

Section 12

Recommendation

The Trust Board is asked to approve the Yeovil District Hospital NHS Foundation Trust Procurement Strategy 2014- 2017