



Bradford Teaching Hospitals
NHS Foundation Trust

Procurement Strategy

2022

Fair

Open

Compliant

Transparent

Social Value

Accountable

Value for Money

Non-Discriminatory

Vision

be an outstanding provider of healthcare, research and education, and a great place to work

Values

we care, we value people and we are one team

Contents

Contents.....	2
Introduction.....	3
The Value of Procurement.....	4
Context.....	5
People & Organisation	6
The Legacy of the Carter Report.....	7
Looking to the Future – Challenges & Opportunities	8
Health & Care Bill & Integrated Care Systems.....	8
Procurement Bill	9
E-Procurement Systems.....	11
COVID 19	11
Service Accreditation	13
Scan4Safety.....	14
Non Purchase Order Expenditure	17
Procurement Oversight Group.....	18
Estates Procurement.....	18
Organisation-Wide Procurement Awareness	19
Resourcing	19
Concluding Thoughts	21

Introduction

The Trust's mission is "to provide the highest quality healthcare at all times".

Patient care, however, is not provided in abstract; it requires a significant amount of facilitation and enablement. Procurement is one of the key enablers of patient care. NHS Procurement facilitates the delivery of patient care by making sure that the right products and services essential for the delivery of high quality patient care are available at the right time and in the right place.

Procurement is the purchase of goods and services. The manner in which the Trust must carry out procurement is governed by the Trust's Standing Financial Instructions and the Public Contracts Regulations 2015 (PCR 2015). As a general rule all procurement must be conducted in an open, transparent and non-discriminatory manner and so as to promote economy, efficiency and effectiveness in the Trust's expenditure. Increasingly, procurement processes are expected to also deliver wider social and environmental objectives.

In a tight fiscal environment, it is especially important for the Trust to ensure that all expenditure provides value for money thereby benefitting both the taxpayer and our patients. Value for money is traditionally a balance of cost and quality. However, in order to support wider policy outcomes, environmental and social criteria are also now being included in this equation.

The way in which the NHS has responded to the Covid-19 Pandemic (Pandemic) has been admirable. The Pandemic has also served to shine a light on NHS Procurement which, despite international shortages caused by a sudden increase in demand and a disruption to supply chains, managed to procure significant amounts of PPE to enable clinical colleagues to work in a safe environment.

Whilst the need to provide safe and effective care for patients is a constant, the environment in which the NHS operates is constantly changing. Less than a decade after the introduction of the Lansley reforms, legislation undoing or, in many cases, completely reversing those reforms is in the pipeline. In short, competition is out and collaboration is in. This presents both challenges and opportunities for Procurement. At the same time, the Procurement Transformation and Commercial Delivery unit at NHS England is in full swing with its own series of reforms to the way in which procurement is undertaken at Trust level.

In this complex and changing environment, the vision for the Corporate Procurement Service is to continue to procure high quality, fit-for-purpose goods and services which provide value for money in an open, fair and compliant manner.

Throughout all of this, the Corporate Procurement Service must not lose sight of the Trust's mission "*to provide the highest quality care at all times*". Whilst the role of the Corporate Procurement Service is not patient facing it must never lose sight of the critical role it plays in the delivery of patient care and must therefore have as its mission the aim *to provide the highest quality service at all times*.

The Value of Procurement

The most obvious contribution of Procurement in the NHS context derives from the fact that it is responsible for sourcing the many thousands of clinical and non-clinical goods, services and items of equipment (and their maintenance) required to safely operate a modern healthcare facility.

A high performing Procurement Team can also have a significant impact on a Trust's financial performance by ensuring that maximum value is extracted from NHS funds. Good financial performance, in turn, has a direct bearing on the care the Trust can provide to its patients.

However, the role and impact of Procurement is significantly greater than the provision of goods and services and of improving financial performance. In addition, Procurement:

- can support the delivery of broader Trust objectives, such as the extraction of Social Value (including environmental targets) from the supply chain;
- is a driver of open, fair and transparent purchasing decisions;
- performs a key assurance and risk management function;
- is a tool to provide demonstrable value for money;
- is a buffer against fraud and corruption;
- promotes efficiency and effectiveness;
- provides an additional tier of control;
- is a key element of good governance; and
- supports openness and accountability.

Good Procurement practices are therefore critical to the success of a well-run NHS Trust.

Context

The NHS spends over £20 billion every year on goods and services which typically accounts for around 30 per cent of the operating costs of an NHS Trust. The Trust's spend on goods and services (other than pharmaceuticals) is circa £100m each year.

Nationally, for several years now, rising demand has been coinciding with stringent funding settlements to create an unprecedented financial challenge for the NHS. There is, therefore, likely to be an ongoing need to achieve savings and identify further improvements in efficiency. To this end, the Corporate Procurement Service has an important contribution to make – we must maximise value for money and make sure that every penny counts – for the benefit of taxpayers, patients and the Trust.

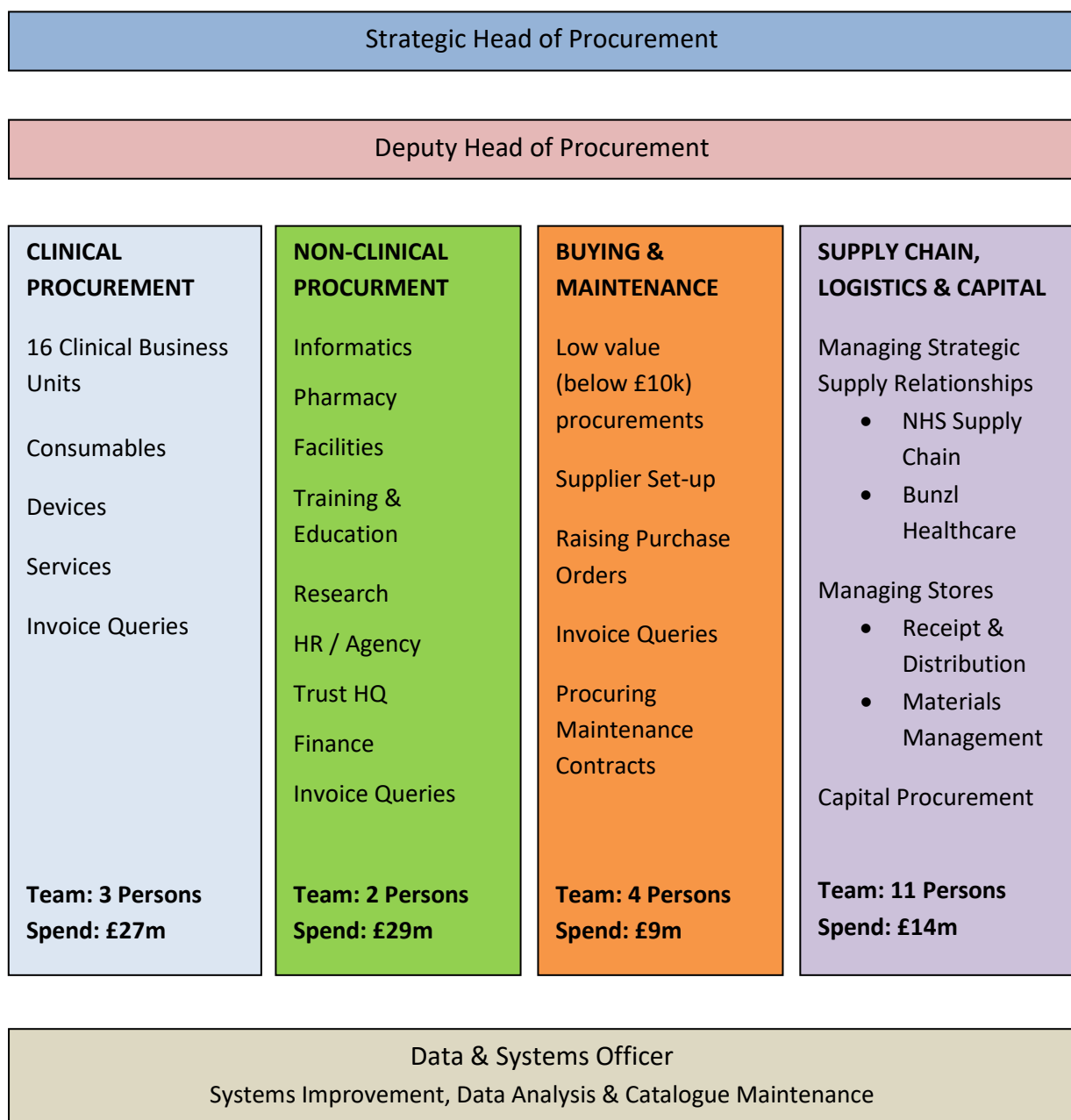
The Department of Health & Social Care (DHSC) published the NHS Long Term Plan in 2019, setting out its ambitions for the NHS for the next 10 years. One of the key objectives of the Plan is to get the most out of the taxpayer's investment in the NHS by making better use of the NHS's buying power. The Plan also underlines the role of the NHS as an 'anchor institution' and also in delivering environmental improvements given its significance as a major employer and as a purchaser. The Corporate Procurement Service will therefore need to play a much broader role than has traditionally been the case and extract 'social value' from NHS expenditure.

In recent years there has been a significant focus on NHS procurement at a national level with various strategy documents and reports being produced. The first of these was a 2012 report by the Department of Health - *NHS Procurement: Raising Our Game* in which the then NHS Chief Executive, Sir David Nicholson, acknowledges that "*Procurement should be central to driving quality and value in the NHS, but for many years it has simply not been a priority*". More recently, we have had the 2016 report by Lord Carter - *Operational Productivity & Performance in English NHS Acute Hospitals*. The key thrust of this report was that the NHS should seek to reduce unwarranted variation and aggregate demand to improve leverage over suppliers and thereby extract improved value.

Whilst the procurement landscape in the NHS has changed immeasurable in the decade since Sir David Nicholson made the observation mentioned above, the findings and recommendations of that report and the more recent Carter Report remain relevant and will continue to inform this Procurement Strategy. One of the common threads between these reports is the requirement for Procurement in the NHS to become, and be recognised as, a core strategic function and driver of value for money, accountability and transparency.

People & Organisation

The Corporate Procurement Service has a total headcount of 23 full time equivalent employees. The Service is led and managed by the Strategic Head of Procurement, supported by a Deputy and a Data & Systems Officer. The remainder of the Service can be broadly categorised into 4 core areas. A high level team structure is illustrated below together with key activities/ areas served, the number of staff and the approximate influenceable spend of each team.



The scope of the activities carried out by the Corporate Procurement Service is therefore extremely broad – they are not limited to ‘procurement’ in the strict sense of that term. For example, the Receipt & Distribution team do not engage in any ‘procurement’ activity as such – their role is limited to receipting and distributing deliveries that arrive at the central Store.

Each team is lean given the scope of their activity, the levels of spend that they influence and the degree of responsibility they carry. It is undoubtedly a very efficient Service with a collegiate atmosphere where colleagues are flexible and supportive of each other. However, the balance between efficiency and resilience can be a difficult one to get right. Although the Service has weathered the Pandemic and its ensuing impacts remarkably well, it has done so in large part due to the commitment and flexibility of colleagues. It is proposed that a review of the structure, the functions and the associated resourcing needs of the Service should be carried out in light of both the current demands and the future aspirations of the Trust.

The Legacy of the Carter Report

As a consequence of Lord Carter’s Report, NHSI required all NHS Trusts to produce a Board approved ‘Procurement Transformation Plan’. Accordingly, the Trust produced its Procurement Transformation Plan in October 2016 with the aim of improving its performance against a set of national measures and targets. The improvement in performance can be seen in the table below.

MEASURES		PERFORMANCE		
		2016	TARGET	ACTUAL 2020
1	Cost of supplies and services per Weighted Average Unit	£689.58	-	£284
2	% purchase order lines through a catalogue	76%	80%	96%
3a	% of expenditure through an electronic purchase order	58%	80%	82%
3b	% of transactions through an electronic purchase order	77%	80%	91%
3c	% Purchase Order lines sent through EDI	27%	-	91%
3d	% e-Invoice lines matched to EDI Purchase Order lines	15%	-	84%
4	% of spend on contract	55%	90%	85%

Other notable achievements over this period include:

- Recorded total savings of over £4m (in the 4 year period to April 2020);
- Accredited with Peer Review Level 1 since August 2017; and
- Consistently holding our position in the top half of acute trusts in national procurement league tables.

It is clear therefore that the legacy of the Carter Report and the Trust's 2016 Procurement Transformation Plan is a significant improvement in performance across the full range of KPI metrics. Data submissions to NHSE were suspended in April 2020 due to the Covid-19 Pandemic but we expect them to resume in the near future – these KPI's will therefore continue to provide nationally comparable data on the performance of the Service. Looking forward, the Service must ensure that the disruption and shift in focus caused by the Covid-19 Pandemic does not disrupt its momentum and that it continues the progress it has made in recent years. It is envisaged that the Procurement Transformation and Commercial Delivery unit at NHS England will review these performance targets/ metrics and will replace or supplement them with a new set of metrics in the near future. Failing this, the Trust may need to consider its own adjustments to the targets though the Service will, in any case, seek to continue to make further progress against these.

Looking to the Future – Challenges & Opportunities

Health & Care Bill & Integrated Care Systems

The NHS Long Term Plan confirms a fundamental shift in the relationship between Healthcare Providers from 1st July 2022 – a move away from competition to collaboration.

In November 2020 NHS England and NHS Improvement published *Integrating Care: Next Steps to Building Strong and Effective Integrated Care Systems across England*. It described the core purpose of an Integrated Care System (ICS) as being to:

- improve outcomes in population health and healthcare;
- tackle inequalities in outcomes, experience and access;
- enhance productivity and value for money; and
- help the NHS support broader social and economic development.

In February 2021 NHS England and NHS Improvement made recommendations to Government to establish ICSs on a statutory basis. These proposals were adopted in the Government's White Paper on Integration and Innovation: *Working Together to Improve Health and Social Care for All*, and the enacting legislation is currently being debated in Parliament. Whilst the details of the structure and governance of ICS's is yet to be fully developed, it is clear that their development will be rooted in the principles of subsidiarity and collaboration. At a local level, it is likely that the Trust will need to be creative to adapt and build upon its existing collaborative structures and partnership working arrangements to align with the new statutory requirements.

On a more practical level, the new statutory ICS framework will mean more integrated working between NHS Trusts in the Bradford District and also between NHS Trusts and other local stakeholders such as the local Council. It will also entail more integrated working with Healthcare Providers and Councils across the ICS, which for the Trust covers the geographical area of West Yorkshire and Harrogate. As the Trust adjusts to this new way of working, Procurement must not only adapt to mirror that change but also lead that change through increased Procurement collaboration with partners across our ICS. For Procurement, working on an ICS footprint provides the opportunity to build the scale required to maximise value in the market, to mitigate supply risks and to provide greater learning and career development opportunities for colleagues. It would be naïve to overlook the challenges of greater cross organisational working but, noting these, the Trust must ensure that appropriate governance and communications arrangements are incorporated into our working methodology from the outset to minimise and mitigate these challenges as much as possible.

Procurement Bill

The UK Government played a leading role in the development of the EU Procurement Regulations which form the basis of the UK's current legislative framework for Procurement, The Public Contracts Regulations 2015. Nonetheless, they contain a number of compromises necessary to accommodate the range of opinion across EU Member States. Having exited from the European Union, the Queen's Speech on 11th May 2021 confirmed that a Procurement Bill will be introduced and though there have since been some delays to its passage, it is expected to be on the statute books before the end of this Parliament.

The main changes that the Procurement Bill is seeking to enact are outlined below but perhaps the most significant one is to allow public procurement to deliver greater Social Value benefits. Though the Social Value Act has been on the statute books since 2012, it has hitherto not sat entirely comfortably with procurement legislation; it is expected that the

Procurement Bill will ensure greater alignment between the two. This is important because it will allow the power of NHS expenditure, through procurement, to support the delivery of wider social, economic and environmental benefits such as requiring suppliers to invest in local communities and provide environmental improvements.

The key changes are expected to centre upon:

- the introduction of a new competitive flexible procedure which will replace a number of the existing procedures;
- a new open framework, which will allow the introduction of new suppliers at set points in a framework, and over a longer term (currently framework agreements are closed and are limited to four years' duration);
- the ability for authorities to take a wider view on what constitutes 'Value for Money' when awarding contracts;
- reforms to the process for challenging procurement decisions in order to speed up the review system and make it more accessible;
- the establishment of a new Cabinet Office unit to oversee public procurement which will have powers of intervention;
- the introduction of a new National Procurement Policy Statement (NPPS) to which authorities will have to have regard; and
- further transparency requirements.

While the planned Procurement Bill is a welcome step in reforming public procurement in the UK, the detail of how the Procurement Bill or the NPPS will operate remains to be seen and will need to be accompanied by clear guidance to support the transition. The greater emphasis on transparency and compliance is welcomed but it is unclear whether it will be accompanied by a commensurate increase in resource and what the impact might be of, for example, the proposed unit to oversee public procurement or of the proposals to make procurement challenges more accessible. The Corporate Procurement Service will, nonetheless, need to adapt its processes to meet the requirements of the new legislation. The challenge is whether the Service will have the resources to truly capitalise on the new flexibilities and deliver on the wider policy objectives it is expected that public procurement will be required to deliver.

E-Procurement Systems

The Trust's current procurement platform, Delta, provides the Trust with the ability to advertise its requirements and thereby meet its minimum transparency obligations. In technology terms, our current system is several generations old. In order to consistently report on and improve the efficiency, effectiveness, sustainability and resilience of our procurement operations, the Trust will need a new source-to-contract technology with the functionality to provide a fully electronic and auditable route to market combined with an ability to manage contracts and suppliers. The benefits of such a system will be magnified if we can source a single system across our ICS.

Though there are existing governance arrangements that support the identification, prioritisation and delivery of collaborative procurement initiatives across our ICS, there is a gap in the source-to-contract technology landscape to effectively support this. Currently, Trusts have their own duplicative instances of the same or similar technology, which does not effectively meet the requirements for either joint procurement or joint contract and supplier management. An ICS wide commitment to transition from the current disparate legacy procurement systems to a single system will help to mitigate the licence costs of a new system but the bigger benefits will come from the clear view it will reveal of the pipeline of procurement activity and commercial opportunities across the whole ICS and even between ICS's in a way which is currently not possible.

To date, NHSE have identified a preferred system, Artemis, and all healthcare organisations in our ICS have agreed to procure and implement this system. The next stage of this project is to embed the new technology into our processes in a way that not only supports the management of procurement activity at individual organisation level but also supports collaboration procurement activity across the ICS.

COVID 19

The Government requisitioned the NHS's usual PPE supply channels at the outset of the Pandemic in order to centrally manage the supply and distribution of PPE for the UK Health & Care system as a whole. Notwithstanding the efforts of the Government, given the massive and sudden increase in worldwide demand for PPE caused by the Pandemic, the availability of PPE was subject to significant supply side constraints, especially in the early months of the Pandemic. It is fair to say that the NHS could not have managed to avoid significant equipment and consumable shortfalls without the work of local procurement teams.

While the Corporate Procurement Service was focussed on sourcing PPE and other Covid related kit and consumables essential to provide safe patient care, it was not carrying out 'business as usual' procurement activities. The Service is now facing a backlog of procurement activity not dissimilar in principle to the elective backlog faced by clinical colleagues. Recognising this, the Trust approved some temporary additional funding but securing the human resource necessary to deliver the work has proved difficult. Again, the challenge is analogous to that which our clinical colleagues face. At the same time, the Service is supporting the Trust to ramp up clinical activity through the procurement of clinical services on a scale that was hitherto unusual.

Across the NHS, the Pandemic has forced Providers to review what they do and how they do it. Indeed, one could argue that the Pandemic has provided an opportunity for the NHS to re-assess the 'norms' of how it has conducted business in the past and has produced an environment in which change has been accepted and adopted far more readily. Procurement is no different. Whilst the essential role of Procurement - to source the goods and services which are fit for purpose; value for money and which have been sourced in a manner that is open, transparent and fair - will not change post Pandemic, the manner in which we conduct our business, our approach and our strategic priorities is worthy of reflection.

- **Value for Money versus More Local and More Resilient Supply Chains** – Hitherto, with a focus on value for money i.e. a balance between cost and quality, the marketplace has effectively been worldwide. However, the Pandemic has revealed the inherent risks with supply chains crossing borders and traversing continents. Looking forward, the question is whether, and to what extent, we put some emphasis on more local procurement? This would also tie in well with the social value and sustainability goals of the NHS. However, the extent to which the NHS is willing and able to meet the value for money shortfall (i.e. greater cost) that is likely to be associated with this remains unclear. Decisions will likely need to be made locally to achieve the balance that best reflects the needs and priorities of the Trust.
- **Just in Time Inventory versus Stockholding** – Over the years, the Trust has developed stock ordering and materials management processes which reduce stockholding; this has improved efficiency and reduced the need for storage space, improving cash-flow and reducing wastage. However, it also means that in times of crisis – whether a sudden increase in need or a disruption in supply, the Trust lacks the flexibility of having the capacity to handle or store a greater volume of goods or the ability to fall back on stockholdings. The Trust needs to consider how best to minimise and mitigate this risk. Greater collaboration and mutual aid is likely to play a key role in this.

- **Service Resilience and Flexibility versus Service Efficiency** – The Pandemic has served to shine a light on the critical role of Procurement to the effective functioning of the NHS. The demands placed on the Trust's Corporate Procurement Service as a direct result of the Pandemic have been significant and sustained. Much like colleagues throughout the NHS, members of the Corporate Procurement Service have displayed high levels of dedication, resilience and flexibility to help the Trust navigate the Pandemic. However, it must be recognised that a model heavily biased towards efficiency will inevitably lack the flexibility and resilience required to deal with sudden surges in demand and externally driven situations such as the Pandemic. Whilst temporary additional resource has been approved to help support the Corporate Procurement Service, the challenges of recruitment (see 'Resourcing' section below) means that a longer term approach, one which aligns expectations with resources, is needed. Any resulting risks must be acknowledged and managed appropriately.

Service Accreditation

Until very recently, maturity and excellence in procurement was measured against 3 Levels which denoted performance against the NHS Procurement & Commercial Standards (NHS P&CS). The Trust achieved Level 1 accreditation in August 2017, proving that the Service has robust procurement systems, policies and processes in place. The Corporate Procurement Service can therefore be objectively said to be 'good'.

The Service was in the process of accreditation for Level 2 when the COVID 19 Pandemic arrived in early 2020. Ordinarily, we would now have needed to re-accredit for Level 1 given the time that has elapsed since we secured Level 1. However, the NHS P&CS have recently been replaced by the Commercial Continuous Improvement Assessment Framework (CCIAF).

The CCIAF has been created through the alignment of the NHS P&CS with the Government Commercial Function standards. The aims of the CCIAF are to:

- ensure best practice in procurement is established and maintained in all NHS organisations in England;
- encourage the continuous development of the maturity of a procurement function through increasingly higher standards; and
- enable transparent benchmarking across all government commercial functions by applying the same metrics.

The CCIAF has therefore been designed to help drive continuous improvement in commercial and procurement practices throughout the NHS by enabling organisations to benchmark their operations against good practice.

The CCIAF has four levels – ‘in development’; ‘good’; ‘better’; and ‘best’. At present, it is unclear how our current Level 1 NHS P&CS accreditation will align with the new CCIAF levels. The expectation is that Level 1 will equate to ‘good’. Once the Service has re-accredited to ‘good’, work will need to be undertaken to identify any improvements and developments that may be needed to move towards the next level, ‘better’.

The main difference between the now defunct NHS P&CS Level 1 and Level 2 was that Level 2 required evidence not only of sound procurement knowledge, systems and processes in the Corporate Procurement Service but also a high degree of procurement awareness throughout the organisation. The CCIAF builds on these requirements to also require evidence of supplier relationship management and commercial awareness. These are areas in which, historically, NHS organisations, including our Trust, have not been strong. Therefore, it is likely that progress against the CCAIF will require a degree of organisational change and development. Though the Corporate Procurement Service is not currently set up to support the Trust’s supplier relationship management and commercial portfolios, it is envisaged that it will need to adapt and develop to support the organisation in these areas. Indeed, conversations in this respect have already started.

In addition to service specific accreditations, the Corporate Procurement Service must also support Departmental and Trust wide service development programmes. For example, the Finance Department is working towards the ‘Future Focussed Finance’ accreditation and the Trust has introduced a Trust wide ‘Moving to Outstanding’ programme which is aligned to the CQC’s ‘Use of Resources’ assessment.

Scan4Safety

In 2014, the DHSC mandated that all NHS Trusts in England and their suppliers must adopt Global Standards (GS1) to identify products.

Following a successful pilot by Leeds Teaching Hospitals, the West Yorkshire Association of Acute Trusts (WYAAT) were successful in securing funding from NHSE to develop and implement a programme - “Scan4Safety” - that will embed GS1 and related digital standards across the partner Trusts. Airedale NHS Trust and Bradford Teaching Hospitals have taken the WYAAT collaboration a step further by establishing a joint programme team to deliver Scan4Safety across both Trusts simultaneously.

Scan4Safety will digitise the identification of Patients, Products and Places to capture and process greater amounts of data more accurately and quickly than is currently possible. Batch numbers of drugs, serial numbers of implants, unique ID's of medical devices used can all be added to the patient record or entered on systems to manage inventory and assets across the Trust.

Pooling and analysing data that links people, products and places around the patient within NHS settings has demonstrated a number of positive outcomes, including:

- Improved traceability and risk reduction;
- More efficient inventory management and reduced wastage; and
- Increased clinical efficiency and reducing clinical variation.

Once the foundations of the Scan4Safety programme are laid, allowing Patients, Places and Products to be digitally identifiable, other initiatives become possible, such as:

- Inventory Management – this will allow high cost surgical products to be tracked throughout the entire supply chain, from production to the patient record. It will also provide full and quick traceability of medical products for product recall purposes, improve stock control and reduce wastage;
- Equipment Tracking – a system that provides real time location data of any “tagged” device or product making it easy to locate a product when it is required;
- Point of Care Capture – simple scanning of barcodes will allow increased patient centred clinical data to be captured. This will result in reduced variation in clinical practices and improved patient care and costing information; and
- Medicines Management – Closed Loop Medicine delivers real time awareness of the purchase/ storage / use of medicines down to a batch-number and part-pack level of detail recorded in EPR.

Scan4Safety is currently in the early stages of its implementation but has the potential to make a significant impact both in terms of patient safety and the improved management of high cost inventory/ devices.

The Corporate Procurement Service must work with the Scan4Safety Programme Team, Scan4Safety Project Board and other stakeholders to ensure the successful delivery of the programme. In particular, the Corporate Procurement Service must support the implementation of the new Catalogue and Inventory Management Systems and thereafter

manage its ongoing delivery in order to ensure that their benefits are maximised and their delivery is sustained.

Bunzl Healthcare & NHS Supply Chain

The new NHS Supply Chain Operating Model came into full effect on 1 April 2019. The New Operating Model makes a number of fundamental changes to the way in which NHS Supply Chain operates, is organised and is managed. The most significant change is that NHS Supply Chain is now part of NHSE. NHSE is therefore the ultimate commissioner of NHS healthcare services, the regulator of NHS healthcare services and also the single biggest supplier of medical products to NHS Providers.

Under the previous model, NHS Supply Chain applied a margin to the goods it sold to cover its running costs. Under the new model, all Trusts have a fixed proportion of their income 'top-sliced' to cover the running costs of NHS Supply Chain. The Trust's contribution is significant and fixed (no matter our usage); in return the Trust is able to purchase goods from NHS Supply Chain for the same cost as NHS Supply Chain buys them. While the mandate of NHS Supply Chain specifically excludes it from seeking to become the sole supplier for the NHS, its 'top sliced' funding model aims to incentivise greater spend through it to enable it to leverage the purchasing power of the NHS on a national scale to thereby secure improved value for money.

The Trust typically purchases approximately one third (by value) of its clinical supplies from NHS Supply Chain each year. A similar proportion of spend is through a strategic relationship with Bunzl Healthcare. In addition to being price competitive, purchasing from Bunzl offers the Trust a variety of additional benefits – the key ones being that they sell in small quantities and they deliver to numerous individual supply points throughout the Hospital on a daily basis. Given that the Hospital operates within a largely Victorian era estate where storage space is very limited, the value of small and regular deliveries to multiple locations throughout the Hospital cannot be understated.

One of the key challenges for the Corporate Procurement Service is to periodically review the value of maintaining the Trust's strategic partnership with Bunzl against the potential benefits of further aggregating our spend and channelling it through NHS Supply Chain. This entails reviewing and assessing the potential benefits and savings (if any) of moving this spend to NHS Supply Chain and also the likely costs and practical challenges this is likely to involve. The Trust cannot transfer significant spend from Bunzl to NHS Supply Chain without fundamentally reviewing and increasing warehousing space and distribution capacity. Increasing warehousing will be very challenging not only because of the obvious financial implications but also because the Trust has very limited space on the Hospital site.

The Trust is not alone in using a third party supplier (such as Bunzl Healthcare) for the provision of a combined supplies and services solution. In parallel, therefore, there may be some value in seeking to develop proposals, in conjunction with NHS Supply Chain and third party suppliers, which could potentially accommodate third party suppliers within the new NHS Supply Chain solution. The Corporate Procurement Service will therefore engage with NHS Supply Chain and Bunzl Healthcare on this matter to explore potential solutions that could accommodate third party suppliers alongside the new NHS Supply Chain operating model.

Whilst the reduction of unwarranted variation, rationalisation of products and aggregation on a national scale does provide NHS Supply Chain with significant bargaining power, it must still extract improved deals from suppliers. Despite its bargaining power, we have seen that NHS Supply Chain cannot avoid product shortages or prevent price increases, especially where there are international market forces at play. At the same time, NHS Supply Chain must also ensure that it does not inadvertently force out too many smaller suppliers, thereby creating monopolistic markets, as this would create significant risks and challenges for the NHS in the longer term.

The benefits of aggregation also need to be balanced against more recent policy drivers such as the need to extract 'social value' from procurement processes, to improve environmental sustainability and to promote supply chain resilience. These policies can be difficult to reconcile with aggregation which more often than not leads to reliance on one or a small handful of very large suppliers with manufacturing facilities in far-away places. The Trust must therefore continue to take an approach that best balances these policy objectives in light of its particular circumstances and priorities.

Non Purchase Order Expenditure

Purchase Orders (PO's) provide a description of goods or services required (quantity, quality, price etc.) in advance of being provided. The use of PO's allows organisations to monitor and control expenditure in advance of it being incurred. Invoices are then matched to the PO prior to payment being authorised. The pre-authorisation that a PO requires, provides a critical element of control. The Trust's Standing Financial Instructions require a PO for all purchases (except those specifically exempted).

We have undertaken an analysis of the use on the 'non-PO' route to pay for invoices and have found that there is extensive use of the non-PO route. Whilst there are some areas where the non-PO route would be considered reasonable and acceptable (typically where it is impossible to know the invoice value in advance such as for utilities), the analysis

identified that there was extensive use of the non-PO route where there was no obvious reason to do so.

In light of this, it is proposed that we introduce and enforce a 'No PO; No Pay' policy. Under such a policy, every invoice would require a PO for payment, except for those falling within an approved 'PO exemption list'. However, in order to avoid a major disruption to the Trust's supplies, before we introduce a No PO; No Pay policy, we will need to undertake an extensive programme of communication, engagement and education of key stakeholders i.e. suppliers, budget holders, requisitioners and NHS SBS (the provider of our accounts payable function). The Corporate Procurement Service will need to plan and lead this project but will require the support of colleagues across the Trust. Whilst a No PO; No Pay policy will be difficult to implement and give rise to a significant increase in demand on the Corporate Procurement Service, such a policy should be introduced to harness the significantly improved level of procurement compliance and financial control that it will provide to the Trust.

Procurement Oversight Group

It is unclear whether the new Cabinet Office unit to oversee public procurement, as proposed in the Procurement Bill, will make its way into law. However, borrowing from this concept, it is proposed that a new group or sub-committee of the Trust's Board is established to oversee the work, and support the further development, of the Corporate Procurement Service. The Procurement Oversight Group will also provide a direct link between the Corporate Procurement Service and the Board and ensure that the work of the Corporate Procurement Service is championed, better understood and supported at Board level. It is expected that the membership of the Procurement Oversight Group will include the Non-Executive Lead for Procurement, the Director of Finance, the Deputy Director of Finance and the Strategic Head of Procurement. It is envisaged that membership will be extended to include clinical and operational representation; this will ensure that the Corporate Procurement Service develops in a way that continues to meet the needs of users and also support the Service to deliver the requirements of the Commercial Continuous Improvement Assessment Framework.

Estates Procurement

The procurement aspects of estates projects and purchases continue to be managed by the Estates department with only limited technical support from the Corporate Procurement Service. There is clear logic in having all procurements to be undertaken corporately, by a

single, specialist service. The Trust is very much an outlier in this regard and the reasons for the current structure are largely historic.

The benefits of a unified procurement function which mirrors both national best practice and the model of all of our ICS partners means that we cannot continue to overlook this anomaly in our organisational approach. Therefore, the Corporate Procurement Service must work with Estates colleagues to review the current model and determine the best approach for the Trust going forward. As a minimum, the new model will need to facilitate specialisation and Corporate Procurement Service oversight of the Estates procurement team and also ensure there is a sufficient degree of segregation of duties within the Estates procurement team to create an appropriate degree of independence between them and the users/ budget holders they support.

Organisation-Wide Procurement Awareness

Organisational awareness of the role of procurement is important not only to support procurement compliance but also, as discussed above, it is an important element to maintain and improve the Corporate Procurement Service's accreditation against the Commercial Continuous Improvement Assessment Framework (CCIAF). The Service must therefore be more proactive in this regard than it has hitherto been – specifically, it must design and deliver training to support operational management teams better understand the role, function and benefits of procurement compliance.

Resourcing

The People & Organisation section of this Strategy illustrates the wide scope of activities that are carried out by the Corporate Procurement Service and the relatively sparse resource allocated to deliver it. Resource limitations notwithstanding, the Service has developed its systems and processes to allow it to operate effectively within the resource envelope allocated to it. For example, the Trust's Clinical Procurement Team consists of 3 individuals; under our current structure, the Trust has 16 Clinical Business Units (CBU's). The amount of time and attention that the Clinical Procurement Team can devote to understanding the specific needs and priorities of each CBU is therefore limited and undoubtedly sub-optimal for both the CBU's and the Clinical Procurement Team themselves. Other corporate functions provide a more dedicated service, for example, through a 'business partnering' approach – it is proposed that this is something we should consider.

Since resourcing for the Corporate Procurement Service was set the standards and expectations required of it have increased significantly. There have been a plethora of

reports and initiatives over the last decade designed to ensure that more value is extracted from the NHS's non-pay spend. These will undoubtedly be supplemented by further initiatives from NHS England, the Cabinet Office and the Department of Health & Social Care, amongst others. There have been more than a dozen Procurement Policy Notes over the last two years alone. Whilst every initiative which seeks to improve what we do in Procurement and how we do it, is welcomed, each brings with it a requirement for additional input from the Corporate Procurement Service. The Service has been gamely rising to the challenge but it is now spread thin which gives rise to concerns over service resilience and the wellbeing of staff.

This Strategy outlines a number of further initiatives. The delivery of these initiatives will help not only to maintain our current level of accreditation but also help to improve it from 'good' to 'better' and beyond. These initiatives do, however, have resource implications.

The issue of resourcing is not simply one of funding. While many young people may have an aspiration to work in the NHS as a doctor, a nurse or an allied health professional, few, if any, will aspire to work in NHS procurement. In the absence of a public profile or a clear career structure, there is a dearth of suitably qualified and experienced procurement personnel to draw upon. There is no real option in procurement to fall back on a pool of short term or agency staff to meet new, sometimes short term, demands and challenges. It is worth noting that these issues are not unique to our Trust, though there are some local factors which exacerbate the problem. In many ways, the recruitment and retention issues in NHS Procurement are similar to those in other areas of the NHS such as the well documented shortages in many clinical disciplines. Long term planning and a more flexible and innovative approach to recruitment and development of our human resources, with support from Human Resources colleagues, is required to attract, train and retain staff.

It is necessary to develop a long term resourcing strategy to meet the current demands and deliver on the future aspirations of the Trust. Therefore, a fundamental review of the Corporate Procurement Service's structure and resourcing will be undertaken. The level of the resource will depend on the level of the ambition and the speed with which the Trust wishes to achieve it.

Concluding Thoughts

Although the role of the Corporate Procurement Service is not patient facing, it is nevertheless a key enabler in the delivery of patient care.

The focus on NHS procurement as a driver of value and an indicator of good governance is likely to continue and the Trust's Corporate Procurement Service will need to continuously improve and evolve as a consequence. The initiatives identified in this Strategy will help the Service to further develop and improve. In particular, the Service will need to respond to the changing NHS landscape which will be introduced by the Health & Care Bill and the Procurement Bill. The Service will need to introduce new systems to harness the power of technology to provide further insights on the Trust's expenditure patterns, support further improvements to our processes and enable more collaboration. The Service will also need to adapt its processes to deliver additional policy outcomes such as, for example, social value contributions and environmental improvements. In addition to ensuring legal compliance, the Trust's procurement processes must also ensure that public expenditure is carried out through processes that are as open, fair, transparent and accessible as possible to all potential suppliers and which deliver demonstrable value for money.

The vision for the Corporate Procurement Service is to facilitate the provision of the highest quality care by procuring high quality, fit-for-purpose goods and services which meet the needs of clinical and operational colleagues and provide value for money for both the Trust and the taxpayer. The Service must never lose sight of this core purpose in an increasingly complex and fast changing environment.