

# Procurement Transformation Plan (PTP) for Surrey and Sussex Healthcare NHS Trust

## 1. 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. Recommendation 5 of the Carter Report states that Trusts were required to have a Procurement Transformation Programme (PTP) in place. It includes metrics that measure the performance of the procurement function and compares it to the performance of other Trusts. The focus of the PTP is to meet to Model Hospital benchmarks within agreed timescales while focusing on collaboration with other Trusts and NHS bodies.

The Surrey and Sussex Healthcare NHS Trust (SASH) Procurement Team has 2 sections. The first section is the procurement office that includes a Head and Deputy Head of Procurement, Contracts Manager, 3 Buyers and an Invoice Query Clerk. The second section is the Materials Management Team, it consists of a Supervisor, 3 Materials Management officers and a Receiving Clerk, this team does all of the receiving and distribution of goods round the hospital. SASH is supported by our local Procurement Hub NHS Commercial Solutions.

There are 3 key areas that we want to focus on for our PTP; the first one of these is the transition of the Procurement Team from a transactional based function to a more strategic, proactive department enabling the team to build relationships with internal and external stakeholders and to add value to the process. The key to achieving this is by increasing the number of catalogues available to our end users and therefore reducing the number of manual transactions the department are completing and automating the complete process. Secondly we will develop and ratify a procurement strategy based on NHS standards, Lord Carter's recommendations and the Trust's objectives. Once we have developed the strategy we will gain acceptance from the Executive Team to embed the ethos throughout the Trust.

Our third key area is improving our communication with the rest of the Trust, whilst the Procurement Team have good relationships with our primary stakeholders we need to develop the way we communicate with the rest of the Trust. To do this we will update the procurement intranet page so it contains more relevant and up to date information and as the Procurement Function transitions to a more strategic function the Buyers will communicate more with clinical staff to achieve better buy in for the projects they are working on.

Our overall aim is to achieve NHS Standards level 1 by October 2017 and level 2 by October 2018.

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## 2. Trust Procurement Performance (RAG rating against Carter targets<sup>1</sup>)

MEASURES		PERFORMANCE			COMMENTARY
		CURRENT SEPT 16	TARGET SEPT 17	TARGET SEPT 18	
1	Monthly cost of clinical and general supplier per 'WAU'	£	£	£	Awaiting further instruction from NHSI
2	Total % purchase order lines through a catalogue (target 80%)	84%	88%	90%	This includes the NHS Supply Chain Catalogue
3a	Total % of expenditure through an electronic purchase order (target 80%)	70%	75%	80%	
3b	Total % of transactions through an electronic purchase order (target 80%)	83%	86%	90%	
4	% of spend on a contract (target 90%)	79%	85%	90%	This is currently being targeted by increasing our catalogue usage
5	Inventory Stock Turns	14 Days	14 Days	14 Days	We believe this is safe level of inventory stock turns for the Trust
5	NHS Standards Self-Assessment Score (average total score out of max 3)	0.69	1.52	2.17	Target date for level 1 completion – Oct 2017 (Carter's recommended target)
6	Purchase Price Benchmarking Tool Performance	TBC	TBC	TBC	Information submitted, awaiting training on PPIB tool (rolled out in September)

<sup>1</sup> RAG Rating Definitions:

Green = better than the Lord Carter or Trust target

Amber = Up to 10% less than Carter target

Red = More than 10% below Carter target

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## 3. Procurement Transformation Plan - Summary

### People & Organisation

As previously mentioned the main aim for us is to decrease the number of manual transactions the Procurement department currently undertakes allowing them to focus on the more strategic, value adding activity. In order to achieve this we are increasing the number of electronic catalogues that are available and thus making it a more automated process. This will allow the Buyers to work in a more category management based structure enabling them to build expertise in clinical areas and work closely with clinical teams as well as benchmarking our prices to ensure best value is achieved for the Trust.

We will also aim to benchmark the size and remit of our Procurement team against other Trusts to help us understand if our structure is delivering best possible value for money and maximum value. Once we have the results of this benchmarking we can develop a plan regarding staffing and roles within the team to allow us to meet the NHS Standards.

We aim to develop our staff to ensure we meet level 1 of the NHS Standards by October 2017 and level 2 of the NHS Standards by October 2018. Every member of staff will have an annual achievement review which will include a skills gap analysis, from this each staff member will have at least 1 training aim each year. SASH has a number of training tools available to staff including HFMA courses, CIPS (Chartered Institute of Procurement and Supply), internal courses and SBS training allowing this to be accessible for all members of staff. Currently the strategic procurement team are CIPS qualified.

One of our key aims is to develop a procurement strategy that provides structure and focus for the team to achieve the NHS Standards and Carters recommendations. The strategy will complement the Trusts objectives.

### Processes, Policies & Systems

The Trust's Materials Management function currently has a robust process, the goods are delivered overnight by NHS Supply Chain and then the cages are delivered by the Materials Management team between 7 and 8am when there is reduced traffic in the hospital corridors. Our aim is to gain feedback from the individual departments that receive this service (through surveys) in order for us to develop and agree any improvements that can be made.

We aim to improve our procurement website to ensure it contains useful relevant information and process maps that provide an initial overview of procurement processes that stakeholders can access. We will train members of the procurement team to keep this up to date to broaden their skills and ensure we can update the website at regular intervals.

The strategic procurement team produce a monthly report for the Chief Finance Officer updating them on projects that procurement are involved in as well as some metrics on the performance of the team including catalogue usage and the reduction on PO invoices. After completing this Procurement Transformation Plan we will now include the NHS Standards in this report each month to track and report on our improvements.

The Trust is currently looking at a new system (Medical Industry Accredited) to monitor and manage the presence of supplier representatives on site. The aim of this is to control maverick

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spending by reducing the access the reps have to clinical staff without procurement involvement. We use an e-tendering system called In-tend for all of our tenders (achieving this part of the NHS Standards) to develop this we have decided to use the contract management side of the software and aim to have this fully implemented by October 2017.

Procurement are committed with the role out of GS1 standards and have met with GS1 to discuss the process.

## **Partnerships**

The Procurement team at SASH are committed to forging new value adding partnerships as well as building on current ones. We currently have a close collaboration with NHS Commercial Solutions and aim to improve this by increasing the number of different project meetings we attend with them. We currently attend the Category Management Planning Meetings however we will develop this by attending the specific project meetings that are organised as part of this. The Head of Procurement attends the Heads of Procurement development meetings to gain a more recognised position within the NHS Procurement forum and form relationships with other hospitals so that we can build on these as a department.

The Strategic team are also members of the NHS Centre of Procurement Excellence and regularly use the forums to gather information and clarify any information we have received.

SASH Procurement are leading the collaborating procurement with BSUH to merge its pathology services. We are currently finalising the outline business case which will be agreed by both boards and then NHSI. The plan is to go live with the service in September 2018.

## **4. Risks and issues**

There are a number of risks and issues that may affect us delivering our plan; firstly the Trust needs to invest in effective information technologies to meet the GS1 targets. To mitigate this risk we need to keep up to date with information released from the Department of Health regarding the on-going trials at their 6 demonstrator sites and liaise with IT to ensure we have technology available.

We also need to ensure our skills are fully up to date, as mentioned above each team member will have a skills gap analysis and a formal plan will be put in place to support learning. As well as this the strategic procurement team will provide training in the form of shadowing and assistance with projects.

To address the risk that the Procurement team faces relating to clinical choice/preference, we are undertaking a blind product evaluation and we will have the results later in the year.

The final risk is maverick procurement, whilst overall we have good control (especially in some key departments e.g. theatres) there are some areas that company representatives will visit without contacting procurement first. This is being addressed with the implementation of our new system MIA.

**Paul Simpson**  
**Chief Finance Officer**  
**October 2016**