

NHS Procurement & Commercial Standards : Level 1

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Introduction

- ***NHS Procurement & Commercial Standards*** launched in May 2012, to support recommendations from Public Accounts Committee (April 2011)
- Reviewed / relaunched July 2016

- 6 key domains

- Strategy & Organisation
- People & Skills
- Strategic Procurement
- Supply Chain
- Data, Systems and Performance Management
- Policies & Procedures

- 3 levels

1

Building : Awareness and building blocks in place

2

Achieving : Making good, strong progress

3

Excelling : Outstanding procurement and commercial performance

Context

- SW PSD Chair and L1 peer reviewer
- NHSI Regional HoP (south)
- NHS Standards reviews could dovetail into NHSI procurement reviews
- L1 deadline October 2017
- L2 deadline October 2018
- Varied progress, north 😊 south 😞
- Included within Carter Metrics for procurement

1. Strategy & Organisation

Clearly identified responsibility and accountability for all areas of non-pay spend. Clear understanding of spend which is addressable by the Procurement team.

Governance / structure

Procurement strategy in place and developed in support of the organisation's strategy.

Procurement annual work plan agreed.

Plan evidenced : how informed ?

Flow down from Trust strategy, relevant (FOM, Carter)

Clear accountability at Executive level for the Procurement strategy.

Identified Non Exec Director and/or Governor link to provide challenge/scrutiny for Procurement activity.

Named lead : define their role

The Procurement leader is involved in some strategic decisions; mainly focused around procurement activity.

Membership of key procurement / commercial forums

Evidence that the Procurement leader communicates regularly with customers, stakeholders and suppliers.

Engagement with senior peers

The Procurement leader is an integral part of the directorate senior management team (SMT).

1. Strategy & Organisation

Informative and useful procurement communication channels in place (e.g. intranet, newsletter, directorate team meetings etc.)

Mechanisms are in place to ensure that staff understand the procurement processes within the organisation.

Guidance, procurement manual

Evidence that staff know when to engage and who to involve from the Procurement team e.g. through colleague survey results.

Procurement marketplace ?

The Procurement team work closely with other departments on specific projects.

Co-opted onto clinically-led groups, capital groups

Procurement team can evidence collaboration with other NHS bodies.

Neighbouring Trusts, hubs, STP footprint engagement

Procurement team attend regional network events to gather learning from other organisations.

Legal training, NHSI NPf, STP groups, regional PSD, hub Boards, NHSSC, CCS, HTE

2. People & Skills

Procurement skills/competencies clearly documented in job descriptions.

Skills gap analysis and training plans in place for all staff in the Procurement Team. Evidence that the Procurement team maximises training opportunities available.

Objectively evidenced

How are PDPs informed ?

Training plan in place for all new staff involved in procurement activities; this should be tailored to the amount of time expected to be spent on them.

Clear induction programme

Clearly defined annual objectives and appraisal process in place for all Procurement staff. These should be up to date and support commercial competencies.

The Procurement team has the appropriate mix of skills enabling transactional and strategic working as required.

Team structure / responsibilities

Procurement staff know how their role fits within the organisaitonal objectives.

Procurement team influences some but not all areas of the organisations non-pay spend.

Detailed in strategy ? Informed via data analysis ?

Procurement strategy articulates the scope and influence of the Procurement team.

BC to support delivery of strategy

Balance of skills (e.g. strategic versus tactical) optimised within Procurement. Where relevant a business case for appropriate staff requirements developed and submitted to for approval.

3. Strategic Procurement

Evidence of Procurement category expertise utilised in some but not all categories (this can be either in house expertise or via another route e.g. a procurement hub).

In house or bought-in expertise

FOM, hubs, partnerships

Category experts used have a good understanding of the core supply markets of their categories.

Business cases, PIDs

Database of contracts managed by the Procurement team, tagged for renewals with action plan.

Up to date database, expiries informing work-plan

Expenditure is categorised and analysed to identify and prioritise opportunities to pursue through contract management.

Data analysis : Carter 100, PPIB, Bravo

Basic contract management processes are developed and implemented with key suppliers. For example ad hoc management of contract key performance indicators (KPIs).

Procurement-led contract reviews

KPIs for key strategic accounts

3. Strategic Procurement

An assessment process has been undertaken to identify key suppliers.

Expenditure and risk analysis / Kraljic

Evidence that Procurement are involved in the performance of some key strategic suppliers.

KPIs for Pharmacy, retail, hotel services ?

Procurement team reactively supports innovation within the organisation when requested.

...or pro-actively supports ? eg – Theatre User Groups, swap shops, Medical Device Groups

Procurement risk register in place and regularly reviewed.

Procurement register feeding into organisational one (Datix)

Critical goods and services and/ or suppliers are identified by assessing the impact of supply failure.

Business Continuity plans in place (included within evaluation criteria ?)

Emergency process in place – there is a named lead for co-ordinating responses to disruptions in supply of critical goods and services.

Emergency PO arrangements

3. Strategic Procurement

Standard sourcing approach used periodically/for certain key categories and major procurements.

FOM, NCP, STPs

Evidence that all sourcing options are identified and evaluated for all major procurements.

(Sourcing options to be considered

Consideration of national and regional strategies

include the use of hubs/ national frameworks and other collaborative routes. Where an organisation specific tender is undertaken the reasoning will be made clear including use of e-auctions/DPS.)

Collaborative sourcing opportunities explored and used as appropriate.

Cat Towers, hubs, CCS joint planning

E-Sourcing system in place and utilised for all EU level tenders as a minimum.

Evidence that ad hoc price benchmarking activity is carried out with other organisations (formally/informally).

PPIB, Bravo, MH metrics

Clear evidence that action plans based on variances identified through benchmarking with other organisations are being implemented (e.g. the Lord Carter top 100).

PPIB variation – conversion to savings ?

Price variation actions on workplan ?

3. Strategic Procurement

Procurement team has some involvement in the specifying process and looks to standardise certain purchases and make sure the specification allows for reasonable competition.

Stakeholder input into specs,
category knowledge informing
generic specs

Standard specifications used within the organisation where possible.

“Standard” = Generic ?

Whole life costs are assessed as part of the strategic sourcing process (for example taking in to account consumables and maintenance costs).

Included within evaluation criteria, informing
Business Cases ?

4. Supply Chain

There is documentary evidence of/strategy in place outlining an agreed approach for inventory/materials management.

Included within main strategy /
separate strategy – GS1 / PEPPOL

Where appropriate there is a materials management service in place (top up and put away service).

Rationale for what's in / what's
out ? MM visits

Store locations have a regular cycle (minimum annually) of stock checks in place (including a review of min/max levels).

Annual stock take. Evidence value

The organisation knows the estimated value items held in stock.

Where in place Receipts and Distribution (R&D) are responsible for matching receipts to orders and arranging the internal delivery schedule.

Goods usually distributed the day they arrive, except where there is a clear policy of goods to be stored centrally.

5. Data, Systems & Performance Management

Measures in place (including Lord Carter metrics as appropriate) which are reported within the Procurement teams and to the agreed Board member (e.g. Director of Finance).

Agreed definitions with Finance on calculation of savings with audit trail on their reporting.

NHSI submissions. Savings definitions.

All cash releasing savings are validated by agreed stakeholders and Finance.

Validation process : local, hubs, national ?

Electronic catalogue system in place and regularly used for key areas of spend.

Strategy agreed on range of products/services to be included in the catalogue with plans to increase coverage to circa 80% of the addressable transaction volume by September 2017. Agreed process in place to respond to purchases made off catalogue.

Electronic ordering system in place and utilised.

All objective.

Strategy in place as to which goods and services should be undertaken via PO, NHS SC, free text etc developed (includes procedures for orders placed not following process).

Eg – no PO, no PAY

Plan in place to ensure that 90% of the addressable transaction volume is on an electronic ordering system by September 2017.

5. Data, Systems & Performance Management

Some cost assurance activities undertaken (reconciliation audits).

Invoice variations – how flagged and managed ? SBS ?

Invoice tolerances are in place with % and maximum value. Effective process for challenging price queries evidenced.

& tolerance +£ value

Spend analysis tool available for use by Procurement staff who regularly review key suppliers and categories by spend with a strategy for improvement.

PPIB, Carter 100, Bravo, other

Procurement team understand and support the organisation's approach to patient level costing and GS1 compliance.

6. Policies & Procedures

Published Standing Orders

(SOs) and Standing Financial Instructions (SFIs) and scheme of delegation.

Published and communicated Procurement processes in place to relevant staff across the organisation.

Procurement Manual

A published Procurement manual is in place, incorporating processes, policies and procedures (EU compliant) which clearly describe how all procurements are governed and managed.

Evidence that compliance to preferred suppliers, contracts and catalogues items is strong in some targeted categories.

Category Management approach – outsourced activity / KPIs

Maverick spend is measured, with plans in place to follow up non compliance.

Evidence that Procurement team is linked in to the capital asset/equipment replacement programme.

Capital planning process engagement & forums

Evidence that all aspects of CSR are considered during the procurement process (as appropriate).

The case for engaging 'encouraged enterprises' (SMEs) is documented and can be identified by staff with procurement responsibilities.

Documented in Strategy ? Meet the Buyer events, PQQ : ease of process

Procurement documentation, including terms and conditions are proportionate and not excessively burdensome so as to exclude "encouraged enterprises" (e.g. levels of insurance cover, terms of payment).

Assessors (Peer Reviewers)

LIST OF ASSESSORS (EAST OF ENGLAND)

Organisation	First Name	Surname
Mid Essex Hospital	Richard	Whiteside
Papworth Hospital	Bernadette	Weaver
West Suffolk Hospital	Debbie	Stevenson
Hertfordshire NHS Procurement	Sventlana	Opacic

LIST OF ASSESSORS (SOUTH CENTRAL)

Organisation	First Name	Surname
University Hospital Southampton NHS Foundation Trust	Steve	Vandyken

LIST OF ASSESSORS (SOUTH EAST)

Organisation	First Name	Surname
Kent Community Health NHS Foundation Trust	Anabelle	Smith Wibley
Brighton and Sussex University Hospital NHS Trust	Shirine	Davies
Medway NHS Foundation Trust	Dan	Small
Maidstone and Tunbridge Wells NHS Trust	Preeya	Bailie
Surrey and Sussex Hospital	Lee	Edwards
Western Sussex Hospitals NHS Foundation Trust	Andrew	Boxall
East Kent Hospitals	Sarah	Charman

LIST OF ASSESSORS (SOUTH WEST)

Organisation	First Name	Surname
Salisbury NHS FT	Simon	Dennis
Royal United Hospital Bath	TBC	
South Central and West CSU	Andrew	Rudd
Plymouth Hospitals NHS Trust	Steven	Carter
Great Western Hospitals NHS Foundation Trust	Jennifer	Hykin
NHS Improvement	Mark	Gronow

Thank you

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NHS Improvement