



**Golden Jubilee
Foundation**

Patients at the heart of progress

Procurement Strategy

1 April 2016 to 31 March 2018

The Golden Jubilee Foundation is the new brand name for the NHS National Waiting Times Centre.
Golden Jubilee National Hospital Charity Number: SC045146

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Overview

The professional management of procurement activity is an important factor contributing towards the delivery of the Boards objectives and vision. It is of extreme importance to staff and patients that high quality supplies and services are delivered on time to GJF within optimum commercial arrangements.

This Procurement Strategy annual update positions procurement activity visibly within the organisation establishing Board level commitment to and involvement in the management of the Board's procurement deliverables.

This builds upon the work undertaken during previous years and identifies the work plan for the next 24 months.

The strategy recognises that NHS Scotland Procurement was the subject of a formal national review process approved by both the Efficiency Portfolio Board and Chief Executives Group to be completed by March 2015. The anticipated outcome of the review was not released however it has been superseded by the wider series of 16 shared services reviews being undertaken within the NHS in Scotland that includes Procurement Services.

The presentation of the review on Procurement Services is planned for consideration by the Chief Executive Group in the first quarter of calendar year 2017. This strategy document will be reviewed and updated to reflect the impact to the GJF Board of any service changes approved by the CEO Group.

The strategy will be reviewed regularly through the line management accountability structures with clear targets and timescales being established in relation to improvement in procurement activity undertaken at strategic and operational levels.

The strategy will describe GJF's procurement procedures which set out the detailed operational controls governing procurement activity in a manner which meets the requirements of the Standing Financial Instructions (SFI's) relevant legislation, and advice, guidance and alerts provided by the Counter Fraud Service (CFS).

The strategy also recognises the Board vision of 'Leading Quality, Research and Innovation. In addition it also considers the impact of our "innovation Campus" which includes elements of all of our onsite facilities – the Golden Jubilee National Hospital, the Golden Jubilee Conference Hotel, the Golden Jubilee Research Institute and the Golden Jubilee Innovation Centre.

The document will describe the following:

1. The National Strategic Direction
2. Our Governance framework
3. Alignment to the Boards vision
4. The financial challenges and opportunities
5. Our Boards Procurement Capability Assessment Plan
6. A summary of key activities over the next 24 months
7. Current Staffing and Resources
8. Performance Management
9. 2016/18 Work Plan including savings forecast.

1. National Strategic Direction

The Public Procurement Reform Programme was established following the publishing of the McClelland Report “A Review of Public Procurement Scotland” in 2006 which called for more joined up procurement across the public sector, to create ‘centres of excellence’ for strategic buying, to implement electronic procurement and to improve the ‘professionalism’ of the service by investing in additional resource, staff development and improved cross sector leadership. GJF has fully embraced this national strategy and has developed working structures, plans and procedures to reflect this.

This Procurement Strategy sets out the basis for all procurement activity across GJF. The key themes from the strategy are:

- **Harnessing Buying Leverage:** To ensure that GJF harnesses its own and national leverage to deliver best value; that it works collaboratively with other Health Boards and Public Bodies; and that it has the capacity and capability to deliver at a local level;
- **Tracking and Reporting Benefits:** To ensure that GJF can demonstrate delivery of improvements flowing from improved contracting and that it can track and report benefits accrued.
- **Improving Quality:** To ensure that goods and services are provided to the required levels of quality to deliver high quality services and to ensure that a robust process of quality reporting and remedial activity is in place.
- **Streamlining Purchase to Pay Processes:** To exploit fully the available eProcurement technologies to improve services to end users and minimise resources deployed in ordering administration.
- **Managing Expenditure:** To ensure processes and systems are in place which support the effective management of GJF expenditure. This includes; building and managing catalogue content, controlling access to content and authorising expenditure.
- **Improved Logistics:** GJF has undertaken significant change to its traditional logistics services via the introduction of the National Distribution Centre, and Ward Product Management services. This paper reaffirms these strategies.
- **Staff Training and Development:** To train Service Users and procurement staff to improve their awareness and to develop capacity and skills in relation to procurement legislation, governance and complex procedures which if incorrectly applied could leave the Board open to legal challenge.
- **Corporate Social Responsibility (CSR):** To deliver CSR aims including engagement with SME’s and Social Enterprises; meeting sustainable procurement targets and delivering an ethical supply policy.

An update on where we are against these themes are summarised below:

| Key Themes | What have we done? | What more could we do? |
|---|---|---|
| Harnessing Buying Leverage | <i>91% of activity is now purchased through national, regional or local catalogues. Regional collaborative working is now embedded within the organisation and is realising savings via the quicker implementation of contracts</i> | <i>Further consolidation of product throughout the region could realise additional benefits and further increase the % of contracted activity. This is being reviewed by the West of Scotland Group and National Procurement</i> |
| Tracking and Reporting Benefits | <i>Regional and Local tracker in place to record secured savings and to highlight lost opportunities</i> | <i>Review lost opportunities and formally report to senior users / management including detailed analysis of GJF Spend.</i> |
| Improving Quality | <i>Increased participation in product review groups is essential to ensure only appropriate products are available on contract.</i> | <i>GJF is now represented on every contract user group that is relevant to the Board. User Group requests will continue to be reviewed by appropriate senior management to ensure appropriate staff members are allocated to represent the Board. The GJF has been recognised as an exemplar site in delivering 100% coverage on user groups and the Head of Procurement has been challenged to lead in ensuring similar coverage across the West of Scotland Boards.</i> |
| Streamlining Purchase to Pay Processes | <i>By adopting the discipline of tailored catalogues on PECOS has resulted in the reduction of invoice queries, and this has contributed to further improvements in the 10 day payment target.</i> | <i>To further increase the products included with catalogues and to ensure that product details held reflect the correct product detail and price. This will contribute further to first time invoice matching.</i> |
| Managing Expenditure | <i>The introduction of the Datamart e system software will assist in the identification of the value and volume of all non pay expenditure.</i> | <i>The continued review of all non contract expenditure to identify further savings opportunities. To review current contract activity for goods and services to assess opportunities for collaboration with National or Regional Boards to obtain best value</i> |

| | | |
|--|---|--|
| Improved Logistics | <i>Ward top up staff service all areas within the hospital ensuring product availability whilst controlling demand.</i> | <i>Continued review of usage patterns and stock levels to ensure that stock volumes and values are maintained at the optimal levels.</i> |
| Staff Training and Development | <i>Investment in staff training continues to ensure an adequately trained and qualified procurement function.</i> | <i>Continued investment in staff training to ensure that staff obtain and maintain the required knowledge levels to remain effective. To provide additional training and education to reflect the requirements of the Procurement Reform (Act) Scotland 2014 which comes into effect on 18 April 2016.</i> |
| Corporate Social Responsibility | <i>Awarding of contracts to the third sector and supported businesses wherever possible.</i> | <i>Consideration of the use of Section 19 – Reserved contracts to ensure that appropriate awards can be made to supported business.</i> |

National Procurement and Regional Working

NHS National Procurement (NP) was established following the Audit Scotland 'In Good Supply' report. This national body provides the Centre of Expertise for NHSS Procurement in-line with the McClelland Report. It has strategic aims which underpin those of the McClelland Report, in particular developing National Strategic Sourcing contracts, providing and managing a National Logistics Service and supporting a National eProcurement system.

The Audit Scotland Report 'Improving Public Sector Purchasing' published in July 2009 provided a review of the Procurement Reform Programme. It was primarily focused on the impact of national and sectoral organisations (NP) and concluded that the overall impact was positive but that the scale of improvement was difficult to quantify and levels of engagement were variable. The Scottish Government supports the National Procurement Strategy and has set out key commitments to:

- Smarter Procurement savings targets (£400m over 3 years)
- Corporate Social Responsibility (Sustainability, Living Wage, Community Benefits)
- Improved supplier access to bid for public contracts.
- A review of ICT procurement.

The method of delivery of the above targets is embedded throughout this strategy documents, and it will be further enhanced by the mandatory utilisation of the Public Contracts Scotland Portal for all contract opportunities. How this works in practice is described later in the paper.

Two regional procurement groups were set up, the East Coast Consortia and the West of Scotland Group. The GJF was a member of the West of Group which consists of representation from the following Health Boards:

- Ayrshire and Arran
- Dumfries and Galloway
- Greater Glasgow and Clyde
- Lanarkshire
- Golden Jubilee Foundation

The group worked in partnership to implement national contracts on a regional basis, and to work collaboratively on local contract requirements. Although the group is no longer established the Board continues to support regional working through best price and process improvements. ,

2. Governance Framework

a. Governance Structure

Procurement strategies require to be approved by our Senior Management Team and Audit and Risk Committee.

The CEO is accountable to the Board for the achievement of the objectives associated with the Procurement Strategy. The CEO nominates a Lead Director to take primary responsibility for the procurement Board service. The Board nominated Executive lead is the Director of Finance.

b. Roles and Responsibilities

▪ Board Nominated Lead Director

As the nominated Board Director for Procurement, the Director of Finance is responsible for ensuring through regular reporting that the Procurement Agenda is promoted and is visible to the Board.

▪ Head of Procurement

The Head of Procurement reports directly to the Director of Finance. This functional leadership will ensure the effective and efficient management of the strategic objectives set out within the strategy and across the supplies and purchasing departments.

3. Alignment to Board Vision

To ensure there is effective alignment with National and GJF's strategy and vision this paper is set within the context of the Board vision of leading Quality, Research and Innovation. Within the national context the strategy needs to be aligned to the NHS Scotland 2020 vision and the routemap in place to deliver this vision. How the strategy supports the vision is described against this routemap.

| Triple Aim | Quality Ambitions | Priority Areas for Improvement | Key Relevant Deliverables | | |
|-----------------|-----------------------------|--------------------------------|---|--|--|
| Quality of Care | Person-centred | Person-centred care | 1 | Person-centred Health and Care Collaborative Implemented | |
| | Safe | Safe Care | 2 | Further increase in safety in Scottish hospitals | |
| | | | 3 | New broader measure of safety developed (SPSI) | |
| | | | 4 | Out of hospital care action plan | |
| | Effective | Unscheduled and Emergency Care | 5 | Sustainable performance on four-hour A&E waits | |
| | | | 6 | Increase flow through the system | |
| | | | 7 | New Bill | |
| | | Integrated Care | 8 | Preparatory work with NHS Boards, local authorities, third and independent sector and the building of effective Integrated Health and Social Care Partnerships | |
| | | | Care for Multiple and Chronic Illnesses | 9 | Key pressure points in the entire patient pathway for most common multiple illnesses will be identified and actions agreed |
| | | 10 | | Through more detailed analysis of existing data, people will be identified as 'at risk' and anticipatory plans will be agreed | |
| | | Health of the Population | Health Inequalities | 11 | New focus on most deprived areas |
| | | Value and Sustainability | Workforce | 12 | 2020 Vision for NHSScotland workforce |
| | | | | 13 | Detailed action plan agreed to deliver 2020 Workforce Vision |
| | | | Innovation | 14 | A new fund to provide pump-priming for Innovative approaches in healthcare |
| | 15 | | | A new procurement portal will be established to encourage working with SMES and third sector | |
| | Efficiency and Productivity | | 16 | Recommendations to increase shared services | |

The priority areas for improvement as described in the route map above have been detailed below, with the procurement implication described.

| 2020 Priority areas for improvement | Golden Jubilee Foundation Property and Asset Management Implications |
|--|---|
| Person Centred Care | All tenders are carried out in partnership with clinical users to ensure products offered are of a suitable quality to meet the needs of both patients and staff. Only after the product ranges have been evaluated as suitable is the cost reviewed. |
| Safe Care | Clinical evaluation, quality, training and performance as all considered as part of the tender evaluation process. Stock levels are monitored and maintained by stores staff in conjunction with clinical staff to ensure that the suitable products are always available to meet the demands of the service. |
| Unscheduled emergency care | Continue to ensure emergency patients who arrive at the hospital have the appropriate products available to meet their clinical needs |
| Integrated care | National contracts for Utilities, Furniture, IT Equipment and Telecoms have been secured by Pan Public Sector collaboration. |
| Multiple and Chronic Illness | Continue to ensure procurement activities support the group |
| Health inequalities | All prospective suppliers are subject to robust qualification criteria prior to inclusion on the Boards supplier list. This includes questions on the Equalities Act 2010. Equal Opportunities and the Equalities and Human Rights Commission.(EHRC) |
| Workforce | Procurement staff have been enrolled within the Chartered Institute of Purchasing and Supply (CIPS) study programme via the WoS funding. All staff undertake annual training in line with their Personal development Plan (PDP). Funding is in place to ensure all regulatory / mandatory training is provided at no cost to the employee e.g. European Union update to the Procurement Reform Bill. |
| Innovation | The Clinical User Group (CUG) is Co Chaired by the Assistant Medical Director and Head of Procurement, it reviews all requests for new clinical products. This includes items currently available on contract and new innovative items being offered to the hospital to trial / evaluate. One example that was recently reviewed by the group and approved for use with the caveat that it was for test purposes only was the Braidlock Device. |
| Efficiency and Productivity | Implementing best value procurement continues to reduce base line costs. Introducing technology within the requisitioning process has also realised savings in clinical time as part of the Releasing Time to Care (RTC) initiative. Further automation is planned within theatres and this will increase the impact of RTC in that area |

4. Financial Position

The recent severe economic conditions together with an ageing population demographic, increasingly technically complex treatments and underlying inflationary pressures has given rise to significant financial challenges within all areas of NWTTCB's spend.

Following the Referendum in June 2016 that resulted in the decision for the UK to leave the European Union (Brexit), there is a requirement to continually review and monitor the effect of that decision on procurement activities. Whilst at this time it is uncertain of the exact effects of Brexit, early observations have noted a drop of the UK Pound against other major currencies. Whilst this benefits British exporters it may lead to an increase in the costs of imported goods. As the NHS is highly dependent on goods procured from outwith the UK there is a continual requirement to monitor the marketplace to identify any risks and/or opportunities as currency markets rise and fall.

Restrictions on budget uplifts against these financial pressures will see an overall net reduction of financial resources available.

To achieve reductions in non pay expenditure and ensure best value is achieved the following activities will be promoted:-

- Collaborative procurement.
- Challenging new products requests.
- Pursue all cost reduction opportunities.
- Pursue lost opportunities due to local implementation of contracts.
- Ensure that all National, Regional and Local contracts are implemented as quickly as possible to maximise all potential savings.
- Observance of advice, information and alerts from Counter Fraud Service (CFS)

Details of the level of savings to be realised is described later in the document.

5. Procurement Capability Improvement Plan (PCIP).

Background:

Scottish Government monitors procurement capability across the public sector against a set of key performance criteria. For the NHS in Scotland the Procurement Reform Board requires all NHS Boards to complete a self assessment of procurement activity for their respective Boards. The information contained within the self assessment is then subject to formal external scrutiny and review. Our Board review was undertaken in early December 2015.

This process has been updated and changed for 2015/16 and now recognises the varying size and scope of procurement activity across Boards in Scotland. There are now three levels of assessment (Full, Medium and Light) being undertaken. It is noted that this Board has been classified as an organisation to be assessed against the Medium Assessment Tool due to the level of Board expenditure and scope of services. For information other Boards in Scotland classified as Medium include NHS Dumfries and Galloway, NHS Borders and The Scottish Ambulance Service.

Summary of Key Findings:

The external assessment undertaken for Medium Boards allows the classification of capability to be ranked on a scale of 1 (low) to 12 (high). The Board was assessed in the four key assessment areas as follows:

| | |
|---------------------------|---------|
| Leadership and Governance | Band 12 |
| Development and Tendering | Band 11 |
| Contract | Band 9 |
| Key Purchasing Processes | Band 12 |

The overall assessment for the Board was Band 11, which is viewed as very positive.

Next Steps:

Within the formal assessment report two main areas were identified as requiring continuous improvement:

Contract and Supplier Management.

The recommendation identifies the need for a more formal mechanism to record and feedback the output from the key supplier meetings, including the wider inclusion key internal stakeholders within the process.

Key Purchasing Reporting Indicators

This recommendation identified the scope for improvement in formally reporting on Key Performance Indicators (KPIs) at senior management and board level, and improved use of the National Procurement Spend Analyser Tool.

Although it was recognised that reporting mechanisms from Procurement to the Efficiency and Productivity are currently in place, the need to develop this further and to formalise this with 6 monthly reports was recommended.

The table below describes the planned actions and implementation dates to comply with the above requirements:

| Recommendation | Planned Actions | Status | Date |
|--|---|--|---------------|
| Current Electronic Central Register of Contracts to be enhanced to meet requirements of the Procurement Reform (Scotland) Act 2014 which comes into force on 18 April 2016 | The contract register developed within financial year 2015/16 requires to be further developed to provide required details of all regulated contracts used by the Board. There is a requirement within the Act for all Boards to publish by 18 April 2016 individual contract registers that can be publically accessed | Completed. Contract Register in place. Review and amend as required prior to publishing. | 18 April 2016 |

| | | | |
|---|--|-----------|---------------|
| Implementation of Spend Analyser (Datamart) - Commercial Information Dashboard | Implemented and in use by Finance and Procurement. Routine use of datamart / spend analyser tool in all procurement decision making processes. | Ongoing | 30 April 2017 |
| Implementation of Scottish Executives E Tendering System following in accordance with Procurement Reform (Scotland) Act 2014 and EU legislative changes | Training of remaining staff scheduled for April 2016, with full implementation to follow post training. | Completed | 30 April 2016 |

6. Current Activities

The following section details the department's activities over the next 12-24 months:

a. Orthopaedic Implant Stores electronic stock system

The need to ensure that all stock held within the GJF is managed effectively and securely is a fundamental requirement of the Procurement / Materials Department. It is recognised that the clinical importance and high value associated with Orthopaedic Implants require improved stock management techniques to be developed and implemented.

Trials of the Powergate Stock Module within Highland, Dumfries and Galloway and Tayside Health Boards are ongoing however to date have proven largely successful. The Powergate Stock Module offers integration with both the e-Finance and e-Procurement systems within the GJF. National Procurement is in the process of reviewing its roll out to Health Board's and plan to include the GJF within the next phase. Adoption of the Powergate system to manage the Orthopaedic Implants store will improve the stock management of this strategically important commodity. If National system roll out is delayed the Board may require to implement locally to ensure stock improvements within theatres is not delayed.

b. Current Decision Making Processes – National / Regional / Local

National Position

Decision making structures are in place for many product areas via Health Board formulary committees or equivalent clinical user groups. There are also groups established on an adhoc basis for the award of call-off contracts from National and Local frameworks on a project-by-project basis.

Many of these groups are formed to support the local award and implementation of business from national contracts. National contracts have advisory groups called Commodity Advisory Panels (CAPs) which provide advice on tender specification and support the assessment and award of framework contracts. Attendance by technical

expert staff at CAPs is recognised as mixed and relies on willing volunteers to attend. There is uncertainty as to whether staff attend on a Board or personal capacity and therefore decisions made are not always endorsed by the wider product user basis.

To improve the effectiveness of the CAPs the following actions have been put into place.

- The local procurement team works in conjunction with National Procurement and local clinical users to ensure that suitable candidates for participation in CAPs are identified and nominated.
- All nominations for, and attendance at CAPs are be collated via the WoS Procurement Group to ensure the nominees are suitably qualified and that attendance is monitored.
- A member of the procurement team at GJF will attend the initial meeting of each CAP to provide mentoring and support to nominated staff and to ensure that any questions raised are resolved.

Regional Position (West of Scotland WoS)

In response to requests from West of Scotland Integrated Regional Services a Short Life Working Group was established to review Procurement across the Health Boards in the West of Scotland.

The Procurement Short Life Working Group has reviewed methods to accelerate the delivery of improvements to non-pay expenditure. Key to such improvements is streamlining the decision-making process to allow the West of Scotland Health Boards (WoSHB's) to select better value for money products and quickly implement these across all Boards. This sets out the proposed development of Technical User Groups (TUGs) comprising representation from each Board which will have the delegated authority to make such decisions on behalf of all product users without the need for further assessments.

The improved decision making process is expected to lead to improved collaboration between Boards and increase contractual compliance leading to increased savings. The local team within the GJF are expected to be the first point of contact for the WoS staff when implementing contracts and or dealing with local users, leading to smoother transitions from one contract to another.

The West of Scotland Integrated Service has been actively operating since April 2013 and the Quest funding granted to support the service is planned to cease in March 2017. In October 2016 the Regional Planning Group (RPG) considered an option to formalise the WoS Integrated Service from 1 April 2017 onwards with an option for a centralised model this however was not supported by the region at this stage due to the risks involved. This was assessed and supported by this Board and others. The GJF Procurement service will continue to seek opportunities for collaborative working with WoS Boards, the NHS in Scotland, and the wider Public Sector.

Local GJF – Clinical User Group (CUG)

The Clinical User Group was set up to trial/review/evaluate new or alternative consumable items of a medical or surgical nature that may be used within the Golden Jubilee Foundation (GJF).

The group is chaired jointly by the Associate Medical Director and the Head of Procurement.

To ensure the group continues to drive product change/rationalisation whilst ensuring best value it is necessary to empower the members to make decisions on behalf of the Hospital in areas of product selection/suitability/fit for purpose across the Hospital. Group members may have to convince users who may be resistant to change to trial these alternatives.

Removing the barriers to change will allow product reviews/change to be achieved as timeously as possible maximising potential savings.

This group will work in close collaboration with other West of Scotland (WoS) Boards and to ensure full collaboration, a senior project member from the WoS team is now a member of our CUG. The following list represents a sample of the product ranges that have been subject to review by the group.

- ET Tube Holders
- Aluminium Hands (Replacement for Lead Hand)
- Chlorhexidine Spray (Use of)
- PICC Lines
- Exchange Wires for PICC Lines
- Surgicel Snow
- Tourniquet Cuffs
- Collatamp
- Faecal Management Systems
- Breathing Circuit System
- Capsule Retractor
- Intubation Blades
- Disposable Introducer Blades
- Pipeline Protectors
- Orthopaedic Implants (Acetabular and Cemented)
- Mechanical Heart Valves (On X)
- Pico Sternum Wound Care
- Thoracic Surgical Staples
- Echelon Power Guns
- Enzymatic Detergent
- Closed Circuit Catheters

Sustainable Development Action Plan

As part of the sustainable development group the Procurement Service is committed in several areas and have recently completed a procurement specific action plan.

The key areas within the action plan include:

- Inclusion of Whole Life Costing models with procurement evaluation models. This will include the cost of acquisition, cost of associated consumables, maintenance costs where applicable and the cost of disposal where applicable.
- Provisions. Mandated use of national, regional, and local contracts.
- Recycling. Including the dedicated use of recycled products, copier paper, ink cartridges and the return of used ink cartridges for re-use.
- Equipment Disposal. The cost of disposal will be captured with the whole life costing model for new equipment acquisitions.
- Waste disposal. A new system of waste segregation now in place, reducing waste to sent to landfill.

7. Current Staffing and Resources

The procurement department currently has a funded establishment of 13 whole time equivalents (wte). This is sub categorised in the table below:

| | | |
|--|-------|--------------------------|
| ▪ Stores | | |
| Stores Manager | | 1 Wte |
| Ward Top Up / Stores Staff | | 4 Wte |
| | Total | 5 Wte Stores |
| ▪ Procurement | | |
| Head of Procurement | | 1 Wte |
| Contracts Implementation/Equipment Manager | | 1 Wte |
| Procurement Team Lead | | 1 Wte |
| Clinical Products / Catalogue Manager | | 1 Wte |
| Buyer | | 2 Wte |
| Purchasing Assistant | | 3 Wte |
| | Total | 9 Wte Procurement |

8. Performance Management

a. National logistics

GJF is committed to maximise the volumes of stock orders placed with the National Distribution Centre (NDC). The NDC commenced operation in 2007 to provide Health Boards in Scotland with an integrated stockholding and logistics service for the majority of consumable products used within healthcare environments.

Each Board transmits electronically their requirements for stock replenishment to the NDC on a daily basis, where it is picked, packed for each individual ward or department, and delivered as a consolidated consignment to the nominated receipt point for the Board. On receipt the order for each individual ward / department is checked and delivered by local stores staff.

The NDC provides a comprehensive service for all products ranges with the exception of:-

- Drugs and Licensed Pharmacy Products.
- Bulk Fluids
- Printing and General Stationery
- Fresh and Frozen Foods.

Currently 72% by volume of the GJF requirement for medical consumables are sourced from the NDC utilising the electronic Powergate stock system.

Key Performance Indicator's (KPIs) are in place which monitor National logistics performance and shortages. National Logistics target for orders to be fulfilled on time / in full is 98%. GJF receives a daily report detailing any product ordered but not supplied, enabling GJF to both monitor the performance of national logistics and react proactively to any shortages in supply.

b. Key Performance Indicator 5 – Product Availability

The availability target for NDC supplied product is set for fast and medium items at an annual average of 98% for first time fulfilment in full.

The following table records the stock fulfilment rate achieved by the NDC for Quarter 4 of financial year 2015/16 and Quarters 1 and 2 of Financial Year 2016/17 (period 1 January –30 September 2016)

| Quarter 4 | Quarter 1 | Quarter 2 |
|---------------------------------------|------------------------------------|--|
| 1 January to 31 March 2016 | 1 April to 30 June 2016 | 1 July to 30 September 2016 |
| 98.90% | 98.65% | 99.07% |

This demonstrates that the service level of first time fulfilment of stock from the National Distribution Centre has been consistently above the target of 98% as set out in the Service Level Agreement.

NDC Performance Dashboard

The recent introduction of an e systems software tool enable procurement and finance users to review and report on expenditure and usage of all products supplied. This data is routinely used to gather information and identify areas of non contract expenditure. This data is reviewed; contract opportunities explored, and increases in usage and any other abnormal trends questioned.

The following tables are a representative sample of the information available from the NDC Performance Dashboard.

a. Top 10 Cost Centres by spend

| | Value | % |
|---|------------|-------|
| J99999 Capital / Stock | 5,668,912 | 14.46 |
| J01158 Ortho Theatres 9-12 | 4,597,570 | 11.73 |
| J01311 Cath Lab Intervention / Diagnostic | 4,031,969 | 10.29 |
| J01160 Cardiac Theatres 1,2,5,6,7,8 | 1,809,137 | 4.61 |
| J01340 Cardiology Non Invasive | 1,294,412 | 3.30 |
| J01451 Support Maintenance Engineering | 1,261,167 | 3.22 |
| J01450 Bio- Medical Engineering | 978,692 | 2.50 |
| J01240 Clinical Perfusion | 574,501 | 1.47 |
| J01620 Hotel Food Op Expenditure | 534,645 | 1.36 |
| J01308 Cath Lab EP | 261,824 | 0.67 |
| | | |
| GJF Expenditure 2015/16 All Cost Centres | 39,201,688 | |

b. % Value of Catalogued Expenditure (1 April 2015 – 24 March 2016)

| Spend | |
|---------------------|-------------|
| Total Spend (£) | £39,201,688 |
| Catalogue Spend (£) | £23,702,363 |
| Catalogue Spend | 60% |

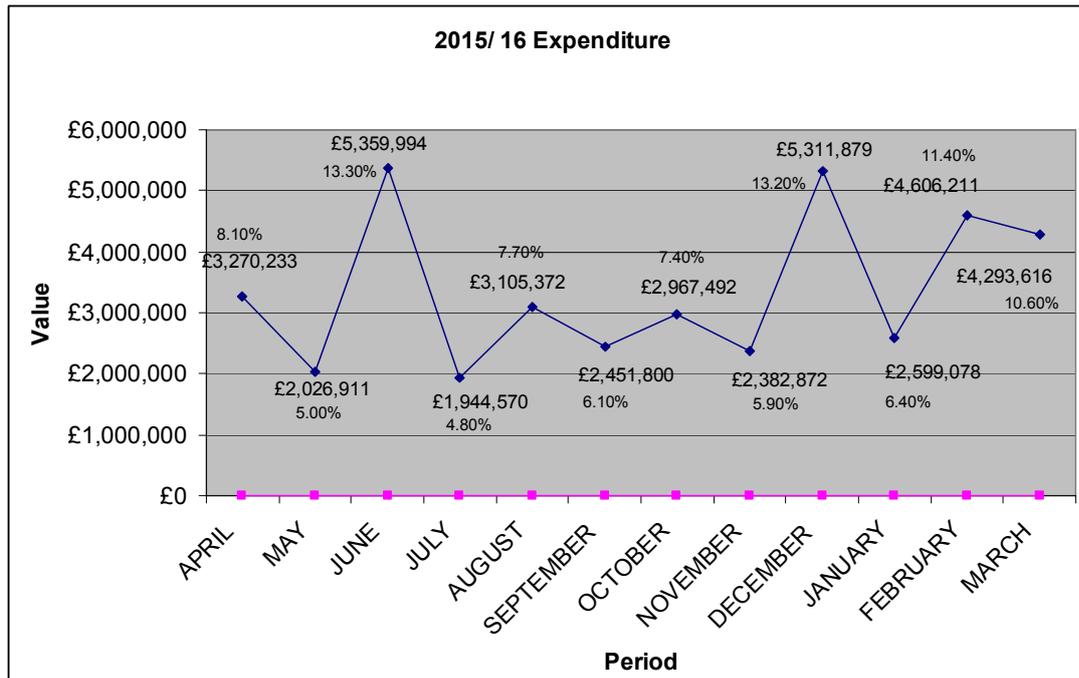
c. % Volume of Catalogued Transaction (1 April 2015 – 24 March 2016)

| Transactions | |
|----------------------------------|--------|
| Number of transactions | 95,075 |
| Number of Catalogue Transactions | 85,319 |
| Catalogue Volume (%) | 90% |

d. % of Orders completed using Pecos

| Purchase Order Source | |
|------------------------------|-------------|
| NSI ONLY | £690,963 |
| PECOS | £38,510,726 |
| PECOS Coverage (%) | 98% |

e. Monthly Expenditure 2015/16 (1 April 2015 – 31 March 2016)



9. 2016/18 Work Plan including Savings Forecast

The following section describes the Procurement Department work plan for 2016-18; this is split into the following areas:

- Implementation of the Powergate stock module within Theatres;
- Further savings targets to be achieved; Local, Regional and National;
- Further development of the McClelland Review (Procurement Reform Board);
- Resource Planning;
- Staff Development;
- E-Tendering, this is the Scottish Executives national tendering system currently being rolled out across the whole of the public sector.

| Action | Planned Dates | Activity | Owner |
|---|---|---|---|
| Implement Powergate stock modules within theatres | April – Dec 2017 | Introduction of national computerised stock control systems within theatre high value areas allowing stock levels to be optimised realising one off cost benefits, and improved use of available storage areas. The introduction of automated stock replenishment processes will free up clinical time (releasing time to care) | Brian Laughland. Roberta Greer. Karen Boylan. National Procurement |
| Savings Targets Local / Regional / National | April 2016 – March 2018 Annual Target. | Continuation of the planned activities to maximise the use of National Contracts, with collaboration at a Regional (WoS) level where appropriate. The schedule of planned activities and target savings are described more fully in section 6b of this paper. | Brian Laughland |
| Procurement Reform Board – Procurement Capability Improvement Plan (PCIP) Assessment. | 31 March 2018 Ongoing | Identification of the areas of improvement noted within the Procurement Capability Improvement Plan, and deliver action plan to address and implement recommendations. | Brian Laughland National Procurement |
| Staff Development / Resource Planning | 31 March 2018. Ongoing | Review staff capability to deliver procurement agenda including implementation of E Stock System, Central Contract Register, and eTendering modules. To seek training opportunities to ensure staff have the required knowledge to deliver the required outcomes. | Brian Laughland |
| E Tendering following procurement reform bill | 31 May 2017 | Update training following procurement reform bill scheduled for April 2016 | Brian Laughland |

The following list details the specific procurement schemes planned to be completed during the next two financial years. All procurement activity will be undertaken observing:

- Prevailing Legislative Requirements,
- GJF Board Standing Financial Instructions,
- Procurement Best Practice
- Advice Guidance and Alerts from Counter Fraud Services (CFS)

Procurement Projects 2016-18

Local

- Cath Lab 2 Replacement
- MRI
- Flexible Endoscopy Equipment
- Orthopaedic Theatres Managed Service Contract
- Haemodialysis / Filtration Equipment
- Defibrillators
- Cardiac Ultrasound
- Laboratory Analysers
- Surgical Diathermy

Regional/National

- Operating Tables
- Airways Management
- Electro Surgical Diathermy
- Bare Metal Stents
- Catering Disposables
- Surgical Gloves
- Coagulation Products
- Hernia Mesh
- Tourniquet Cuffs
- Various Regional/National projects as per West of Scotland and National Work Plan

Procurement Reform (Scotland) Act 2014

Individual Procurement strategies will be developed for each of the above schemes and the procurement processes commenced, setting out the changes detailed in the Procurement Reform (Scotland) Act 2014. These comprise how the procurement processes:

- Contribute to the carrying out the Board's functions and achievement of its purposes.
- Deliver value for money
- Be carried out in compliance with the Board's duties under section 8 of the Act.

Each strategy will additionally include a general statement on the Board's policy on:

- The use of community benefit requirements
- Consulting and engaging with those affected by its procurements
- The payment of a living wage to persons involved in producing, providing or constructing the subject matter of the regulated procurement.
- Promoting compliance by contractors and sub-contractors with the Health and Safety at Work Act 1974 and any provision made under that Act
- The procurement of fairly and ethically traded goods and services.

For Regulated Procurement Processes concerning the provision of food the Board will include within its procurement strategy a general statement on policy that promotes:

- Improvement in the health, wellbeing and education of communities within the Board's area.
- The highest standards of animal welfare.

In terms of payments for goods and services provided the Board confirms the intention, as far as is reasonably practical, to make payments within 30 days after the invoice (or similar claim) relating to the payment is presented. These include:-

- Payments due by authority to a contractor
- Payments due by a contractor to a sub-contractor
- Payments due by a sub-contractor to a sub-contractor

10. Savings Forecast

The following procurement savings have been achieved for financial years 14/15 and 15/16:

| | 14/15 | 15/16 |
|------------------------------|----------------|----------------|
| National Contracts Recurring | 191,000* | 418,406* |
| Internal Recurring | 185,000 | 55,675 |
| One off Cost Avoidance | 208,632 | 315,321 |
| | 584,632 | 789,402 |

Capital equipment procurement savings are included within the one off savings. Recurring savings are tracked for a twelve month period from the date of price reduction. After this time they are no longer tracked and are regarded as current pricing.

The one off/ cost avoidance savings relate to medical equipment, service contracts and goods and services purchased on an ad hoc basis where cost reductions against original quotation / tender were negotiated.

Savings Forecast 2016-18, National, Regionally and Local

The following section details efficiency savings currently in scope for 2016/17/18. These are included within the £2.3m Board's efficiency target.

| Procurement Projects 2016 – 2018 | Spend(inc Vat) |
|--|------------------|
| Local Projects | |
| Medical Equipment Programme 2016/17-2017/18 | |
| Replacement of Cath Lab | 526,000 |
| Flexible Endoscopy Equipment | 462,000 |
| Haemodialysis Equipment | 25,000 |
| Diode Laser | 66,000 |
| Defibrillators | 13,000 |
| Chemistry Analyser | 192,000 |
| Diathermy Equipment | 56,000 |
| Suction Trolley / Electrosurgical Devices | 11,000 |
| Cardiac Ultrasound | 720,000 |
| Total | 2,107,000 |

| Procurement Savings Plans 2016/18 | Projected Savings |
|---|--------------------------|
| Fire Fighting and Security Systems *GJF Led | 3,992 |
| Fire Fighting Equipment Maintenance *GJF Led | 1,297 |
| Non Clinical Waste Management *GJF Led | 1,696 |
| Printing and Paper National Contract *GJF Led | 1,876 |
| Aroma Coffee | 249 |
| Trade – Electrical Materials | 12,882 |
| Flooring / Floorlaying | 16,853 |
| Operating Theatre Tables | 788 |
| Airways Management | 418 |
| Electro Surgical Diathermy | 265 |
| Radiology Reporting | 1,746 |
| Multi Modality Imaging Framework | 15,967 |
| Drug Eluting Stents | 1,996 |
| Bare Metal Stents | 50 |
| Bone Cement | 998 |
| IV Cannula and Luer Lock Syringes | 499 |
| Urinary Catheters | 299 |
| Tourniquet Cuffs | 748 |
| PPE Equipment / Clothing | 441 |
| Provisions | 2,897 |
| Chilled Goods | 689 |
| Curtains and Blinds | 1,996 |
| Paper Products | 349 |
| Catering Disposables | 150 |
| Thermometer Probe Covers | 249 |
| Plastic Products | 200 |
| Bulk Deals NDC | 4,990 |
| Surgical Gloves | 998 |
| Electrical and Plumbing Materials | 4,251 |
| Tracheotomy Tubes and Accessories | 499 |
| WoS Standardise / Rationalise Project | 1,040 |
| Enteral Syringe Tubing and Accessories | 499 |
| Wound Management | 32,144 |
| Dressings | 1,497 |
| CRT and ICD *GJF Led Project | 2,495 |
| Surgical Drapes | 100 |
| Endosurgical | 2,079 |
| Custom Theatre Packs | 2,079 |
| Simultaneous Cutting / Coagulation Ablation | 1,455 |
| Cath Lab Consumables*GJF Led Project | 397,643 |
| Incontinence Pads | 6,456 |
| Total | 539,261 |
| | |
| GJF Led Projects | 408,999 |
| WoS Led Projects | 131,262 |
| Total | 539,261 |

Within 2016/17 and 2017/18 the annual target for savings to be achieved against the above schemes is:

| | |
|------------------------------|-----------------|
| Local Projects | 200,000 |
| National / Regional Projects | 400,000 |
| Overall Target | £600,000 |

The above savings are estimates, based on contracts already awarded and ready for local implementation or the information has been extracted from the National Procurement implementation plan.

The NP (National) contract savings estimates are based on full implementation of the lowest priced product and therefore may not be fully achievable due to user preference or compatibility issues within GJF. To maximise savings it is essential that all potential saving opportunities are reviewed and assessed by the nominated user groups representing the GJF i.e. the GJF's Technical User Group (TUG) and the Clinical User Group (CUG).

It should be noted that the above table is not exhaustive, and all savings opportunities continue to be routinely explored to ensure maximum benefits are achieved.

It should also be recognised that benefits accrued from contracts awarded for a period in excess of one year are represented on the savings plan for only the first full year of the contract. After the initial year the price paid is adopted as the base price and no recurring benefit is recorded.

The process of contracting for the core goods and services for the GJF has now resulted in the high value and high volume products being the subject of a formal tender on at least one occasion. This has resulted in continuous improvement to the value received. However, to ensure that savings are secured year on year there is a need to promote and increase both product rationalisation and or substitution to more cost effective products and outcomes. The collaborative working of the WoS Procurement Group provides the environment to allow procurement to focus dedicated resources at individual projects that will benefit all Boards.

Conclusion and Recommendations

The Procurement Strategy will be monitored on a regular basis with updates provided to both the Senior Management Team and the Corporate Performance and Planning Group.

This strategy will be subject to an annual review and refresh. Regular updates will be provided to both Audit Committee and Senior Management Team

The continued support of the group to drive through challenging decisions to achieve best value for the Board is requested.

Brian Laughland
Head of Procurement

Julie Carter
Director of Finance