

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	22 October 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Procurement Strategy 2020-21 – Briefing on the Key Themes
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Alan Binks, Head of Procurement

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

This is a briefing for the Finance Committee on the key themes for 2020/21 within the Hywel Dda procurement strategies. These have been developed and implemented by the Procurement Department on behalf of the Director of Finance to be complementary with Hywel Dda Transformation strategies, Welsh Government sustainability and regeneration policies and NWSSP national procurement short and medium term strategies.

Cefndir / Background

One of the unexpected consequences from the early phases of the COVID-19 pandemic were the opportunities born out of necessity of security of supply, to encourage and develop the local supply of key PPE goods, equipment and services. Maintaining a good supply of the critical lines of PPE in to the Health Board (HB) together with support to capital and equipping across the HB in response to the COVID-19 crisis, has been and continues to be, a significant influence on our short and medium term strategies. However, tactics adopted during the early phases of the crisis have served to also drive local supply chain strategies that complement Welsh Government (WG) policies on the Foundational Economy.

Asesiad / Assessment

The overall current position of the HB in terms of supply chain security of key clinical consumables is a strong, well placed position with healthy stock levels within Hywel Dda and the Welsh NHS system. This is as a result of both good and adaptive work by the Hywel Dda local procurement team and also the excellent support from the NHS Wales Shared Services Partnership (NWSSP) central sourcing and Supply Chain teams in obtaining and managing the bulk supplies of the many lines of PPE, other clinical consumables and the clinical equipment required to successfully navigate the COVID-19 crisis. The availability of the IP5 distribution centre has been crucial to this.

PPE Management

The Hub and Spoke model of PPE inventory management and distribution set up within the HB (similar models were applied at other HBs) which has a “Mother Hub” based at Prince Philip Hospital (PPH) which receives bulk supplies in from NWSSP Supply Chain and feeds mini-hubs at the four acute sites together with primary care and community, will migrate to become a more sustainable model where PPE is treated like other stock lines. NWSSP Supply Chain staff will assume full control of this, releasing the Finance staff (who did an excellent job stepping in) from roles within the Hubs to return to their regular Finance duties. The planning for this has been undertaken by Procurement working closely with NWSSP Supply Chain colleagues and will commence mid-to-late October at Glangwili General Hospital (GGH) and a rolling programme will be applied at the other 3 three acute sites for completion by the end of December 2020. Other hubs will be subject to further planning and the role of PPH as a “Mother Hub” will continue in the short term. This fits with the NWSSP PPE Winter Planning*.

Field Hospitals

High level Procurement support will continue to be required through 2020 and into 2021 for decommissioning those Field Hospitals stood-down, together with contractual, procurement compliance and general procurement support for the units remaining; therefore protecting enough time to meet these demands will present a challenge over the next six months.

Capital and commissioning contracting

Procurement support for capital schemes, specifically those around Estates works schemes (many linked to COVID-19 demands) continues at a very high level. All these schemes are now managed through the procurement e-tender portals BRAVO/Sell2Wales.

Procurement response to Primary Care requirements and Community winter pressure surge beds have been factored in to the contract work planning from October 2020.

Brexit

The Brexit planning put in place in 2019 has been resurrected and the Procurement team are working closely with NWSSP on the national planning strategies to mitigate any negative impacts. Contingency stocks originally set aside in 2019 are being reviewed and together with PPE stocking demands has meant NWSSP is putting in place an additional storage facility to manage the increased demands.

The UK National Supply Disruption Response (NSDR) and the Wales only Supply Disruption Support Centre (SDSC) have been re-established. Hywel Dda UHB already provides a member of staff to remotely staff the SDSC and a second will be made available following a request from NWSSP. System shortage tests undertaken in 2019 will be repeated in November 2020.

The Head of Procurement attends the Hywel Dda Brexit Steering Group and NWSSP Brexit management meetings.

Foundational Economy

Supporting a Foundational Economy is a fundamental part of the HB’s procurement strategy. Foundational Economy is a mainstay of WG strategy for re-generation following COVID-19. As noted in the Background section above, COVID-19 provided a renewed push towards shortening supply chains and bringing in new suppliers within Wales to fill the gaps left from traditional international lines of supply. Hywel Dda UHB will now take up this challenge and deal with Brexit, following the principles set out in the NHS Confederation report September 2020 on NHS Reset, *Health as the New Wealth*. The NHS is a key contributor to *place-based economic and social recovery and reset*. Our spending power gives the HB huge influence as

an anchor within the local economy to create an anchor network with our Local Authority partners to enable regeneration economically and socially.

Five key steps have been identified which cover establishing a system network, utilising the local workforce for vacancies, embedding healthcare planning within local and national regeneration planning and creating and utilising local supply chains.

To this end Hywel Dda Procurement will:

- Engage with industry and local business groups. – we have already held a joint engagement event* with the Federation of Small Businesses for Welsh SMEs to encourage new entrants and de-mystify the processes for doing business with the NHS. This has been taken forward by NWSSP as a template for other HBs to follow. Engagement with Industry Wales and Business Wales will continue with the aim of generating Welsh entrants to the Healthcare market, following up the successes in creating new Welsh manufacturing supply chains for PPE masks and other equipment.
- The Centre for Local Economic Strategies (CLES) has been engaged to work with us following the *Preston Model*, to review Hywel Dda non-pay spend breakdown to identify where there may be opportunities to extend local supply by matching spend categories with potential local suppliers. This work starts in October and runs through November 2020.
 - In sync with this we are also working with Carmarthenshire and Ceredigion Local Authorities as a key contributor to their CLES exercises.
- Working with NWSSP to develop amended evaluation criteria on tenders which create criteria and weightings to reward locally based suppliers. This fits with the latest Public Procurement Note 06/20* that requires those awarding central government contracts to **evaluate** social value as part of the contracting process from January 2021.
- Providing compliant support to local businesses by switching contracted business in to them, an example being work we have conducted with Castell Howell (CH), which has switched products from out of area suppliers in to CH Foods working within the All Wales (AW) contract, and with engagement of the AW Sourcing team. This is time limited support that has also reduced costs to the HB.

Value Based Procurement

The HB Procurement team has submitted a Value Based Procurement (VBP) project to the National Value Based Procurement / Healthcare team based around Re-Manufactured single use medical devices, specifically Ethicon Harmonic Shears. This is an excellent project which will, if successfully implemented:

- Reduce use of single –use devices/plastic
- Reduce clinical waste
- Obtain credit from the re-manufacturer for reclamation of used devices
- Allow the opportunity to buy-back CE certified re-manufactured devices at approximately 50% of “new” cost.

Further VBP projects will follow and will be written up as case studies.

HDD Transformation Procurement

Procurement has participated in the Health Board Transformation Steering Group – Accelerated Design Workshops in July 2020 and worked with the Transformation Team to produce a Procurement Baseline Assessment.* Monthly progress meetings with Strategic

Enabling Group leads, chaired by the Director of Finance monitor developments. Current focus is on:

Catalogues

- The Procurement team will continue to focus on increasing catalogue coverage as an efficiency benefit through a reduction in Non-Catalogue Oracle Requisitions. Purchasing against Oracle Catalogue is much faster and requires far less procurement intervention. Numbers of lines added to catalogue and the effect on Non-Catalogue procurements are being tracked monthly and reviewed. Current catalogue coverage for Hywel Dda is circa 83% (which is at the top of the range for Wales). However the ambition is to raise this first to 85% and then to 90% by the end of the financial year.
- ICT and Estates “hidden catalogues” have been targeted to ensure that purchasing in these categories complies with catalogue and contracts.
- Finance Graduates will be seconded for 2 to 3 months starting October 2020 within the Procurement Department specifically to work on the catalogue programme and will also utilise Price Index and Benchmarking service (PPIB) benchmarking to additionally ensure targeted categories are benchmarked to ensure best value route to market is being followed.
- VAT classifications: a programme review of catalogue additions to ensure all new and existing catalogue lines have the correct VAT classification. In line with this a series of meetings with the Finance Directorate VAT advisor have been scheduled. Training where identified will be arranged.

Opportunities

- As noted earlier, CLES have been engaged to map our spend and look at options to better utilise local supply chains. Synergies are already noted with food procurements with Carmarthenshire County Council. Other categories will follow.
- Scan for Safety (S4S) specifically focussing inventory management and costing management information will be subject to an All Wales procurement exercise starting late autumn 2020 following by a Final Business Case to Welsh Government on availability of final project costs. Hywel Dda has been earmarked as one of the first Health Boards to have S4S rolled out. This is unlikely to be before April 2021.
- Additional Business Intelligence (BI) via AdviseInc will be deployed through Autumn and Winter 2020.

Staffing and Training

The Procurement team currently has two members of staff undertaking Chartered Institute of Procurement (CIPS) Level 4 training. This is provided through the University of South Wales and is managed through an NWSSP professional training programme.

Additionally, Procurement has established an agreement with Carmarthenshire County Council to explore a joint exercise on Procurement Apprentices for both organisations. This “Grow Your Own” initiative is in response to the difficulties both organisations face in recruiting and retaining high quality staff with a route map of succession planning. This commenced in October and plans are (subject to the constraints of COVID-19 and Brexit) to have a framework in place by the end of February 2021.

Business As Usual

Business As Usual will include:

- Continued application of Standing Financial Instructions and critical scrutiny of STAs.
- Compliant contracting and maintenance of best practice for capital, special projects, commissioning and other procurements requiring tenders or further competitions against framework agreements.
- Cost Improvement Programmes (CIP) – close working with Finance Business Partners and other Senior Finance Managers together with Service Delivery Managers.
- Participation in All Wales contracting and mapping contracts to users to enable full benefits to be realised.
- Participating in NWSSP IMTP and national programmes of procurement practice.

Argymhelliad / Recommendation

Finance Committee is asked to **DISCUSS** the key themes for 2020/21 within the Hywel Dda Procurement Strategies.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference:
Cyfeirnod Cylch Gorchwyl y
Pwyllgor:

Cyfeirnod Cofrestr Risg Datix a
Sgôr Cyfredol:
Datix Risk Register Reference and
Score:

Safon(au) Gofal ac Iechyd:
Health and Care Standard(s):

Amcanion Strategol y BIP:
UHB Strategic Objectives:

Amcanion Llesiant BIP:
UHB Well-being Objectives:
[Hyperlink to HDdUHB Well-being
Statement](#)

N/A

3.3 Quality Improvement, Research and Innovation
7. Staff and Resources

4. Improve the productivity and quality of our services using the principles of prudent health care and the opportunities to innovate and work with partners.

Support people to live active, happy and healthy lives
Develop a sustainable skilled workforce

Gwybodaeth Ychwanegol: Further Information:

Ar sail tystiolaeth: Evidence Base:	
Rhestr Termiau: Glossary of Terms:	Included within the body of the report
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	N/A

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Health Board Cost Improvement Programmes, Capital programmes, operational efficiencies
Ansawdd / Gofal Claf: Quality / Patient Care:	No adverse impacts
Gweithlu: Workforce:	Recruitment, staff retention, training, succession planning
Risg: Risk:	COVID-19 workload and response to Brexit
Cyfreithiol: Legal:	None anticipated
Enw Da: Reputational:	Positive: responsiveness, WBFGA actions and Foundational Economy
Gyfrinachedd: Privacy:	No adverse impact
Cydraddoldeb: Equality:	No adverse impact