



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

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| DYDDIAD Y CYFARFOD: DATE OF MEETING: | 25 April 2022 |
| TEITL YR ADRODDIAD: TITLE OF REPORT: | Procurement Strategy 2022-23 |
| 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 report provides an update to the Sustainable Resources Committee on the key themes for 2022/23 within the Hywel Dda University Health Board (HDdUHB) procurement strategies. These have been developed and implemented by the Procurement department on behalf of the Director of Finance to be complementary with HDdUHB Transformation strategies, Welsh Government (WG) sustainability and regeneration policies, and NHS Wales Shared Services Partnership (NWSSP) national procurement short and medium term strategies.

Cefndir / Background

There is a requirement to re-set HDdUHB's Procurement Strategies in light of the current post-pandemic climate. The key themes will be aligned with Health Board strategic priorities and NWSSP national procurement strategic objectives.

Asesiad / Assessment

HDdUHB Procurement Team principal strategic procurement objectives:

- Delivering Value for Money through innovative Cost Improvement Programmes (CIP)
- Increased utilisation of Business Intelligence procurement software
- Improve supply chain resilience and efficiencies through sourcing and standardisation strategies
- Introduction of Scan4Safety as part of the Theatres inventory management modernisation programme
- Value Based Procurement projects and general principles will be incorporated into Business as Usual for HDdUHB procurements.
- Building Social Value and supporting the Foundational Economy into all our procurement activity
- Contribute to the delivery of Health Board and NHS Wales decarbonisation strategic plans
- Complete the structural re-design for the HDdUHB Procurement team and integrate with the NWSSP National Operating Model
- Achieving recognised *Best Practice* through NHS Standards of Procurement

Delivering Value for Money

The Procurement team will continue to work with key internal and external stakeholders to ensure continued delivery of value for money. A CIP will be produced during February and March 2022 in partnership with the following stakeholders, to identify areas of opportunity:

- Service delivery leads
- Clinical leads
- Finance Business Partners
- NWSSP All Wales Sourcing Teams
- Key suppliers

2022/23 will be financially challenging. There are significant pent-up pipeline cost increases, which will need to be mitigated through procurement strategies and actions at local and national levels. These are already feeding through to the All Wales Sourcing Teams in the form of significant price increase claims, averaging 8 to 10% in medical and general non-medical categories, and increases of 100 to 500% forecast in energy. Therefore, “traditional” price down savings through renewal tendering by the All Wales team is not forecast to generate any significant contributions to non-pay cost reduction in 2022/23. The main focus of effort will be on cost containment for the All Wales Procurement and HDdUHB teams.

The continued application of best practice solutions, such as those shown below, will be used to meet these challenges:

- Aggregation of demand consolidating supply and reducing unwarranted variety. Categories such as Trauma and Orthopaedics implants are a first wave of clinical products where this will be reviewed for opportunity.
- Bulk buy opportunities
- Demand management and other efficiency measures
- Increased key supplier relationship management meetings to enable early warning of any problems with supply chain and/or cost increase

An on-going series of CIP and contracting engagement meetings with key stakeholders across all directorates has commenced to identify potential opportunities and will include key personnel across NWSSP contracting teams providing specialist knowledge when required. The HDdUHB “Pipeline Planner” meetings will also look to gain forward intelligence of the demands for procurement input in the year ahead, enabling work to be clearly planned to drive improved outcomes. These meetings commenced in February 2022 and will continue to March 2023.

Use of Business Intelligence and other software

NWSSP has now deployed Adviselnc with price benchmarking. All HDdUHB Category and other Procurement Managers have been trained in the use of Adviselnc, which highlights areas of opportunity (this has already been used to great effect with laser ink cartridges). Combined with flagged benchmarking opportunities, where the HDdUHB price is showing greater than the NHS Median and Minimum prices, the platform will be used by the CIP team to deliver cash releasing savings.

Extensive use of BRAVO e-tendering, Sell2Wales, and Multiquote will continue to ensure maximum use is made of competitive leverage on costs. The steep reduction in the use of Single Tender Actions (STA) will be maintained by continuing to rigorously apply Health Board Standing Orders and Financial Instructions.

Savings Tracking

Savings will continue to be categorised (i.e., Cash Releasing, Cost Avoidance etc), tracked and reported monthly through to Health Board Finance Business Partners and to NWSSP.

Supply Chain Resilience

HDdUHB will continue to support the development of the IP5 National Distribution Centre, which will increase the range and volumes of commonly used medical consumables. HDdUHB will also continue to support the category strategies and standardisation programme of medical and surgical products supplied through All Wales contracts and encourage active participation by HDdUHB clinical stakeholders. A Lead Clinical Procurement Nurse will also be added to the local team in 2022 to further support clinical engagement and the drive to reduce variation in the products used across HDdUHB's four acute sites.

Scan 4 Safety

The HDdUHB Theatres Inventory Modernisation Programme will move to a go-live phase of the Scan 4 Safety programme starting with Theatres and Endoscopy in Bronglais General Hospital (BGH) and Withybush General Hospital (WGH). Scan 4 Safety is driven through Omnicell Supply-X software and will allow bar-code readers re-ordering of catalogued and contracted Theatre's products. This will deliver efficiencies in process, increased accuracy of ordering, reduced stock holding and assist with the standardisation of products. It is envisaged that the Lead Procurement Nurse will lead from the HDdUHB Procurement department involvement with this project.

Value Based Procurement

The Procurement team will work with the NWSSP Value Based Procurement (VBP) team in 2022/23 on a range of projects developed jointly with Health Board key stakeholders including the Value Based Health Care (VBHC) lead to ensure a joined up approach.

Foundational Economy

Supporting a foundational economy is a fundamental element of HDdUHB's Procurement Strategy. Foundational economy is a mainstay of WG strategy for re-generation following the impact of COVID-19, and follows 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*. The Health Board's spending power has a huge influence as an anchor within the local economy to create a network with local authority partners to enable economic and social regeneration.

The Procurement team will continue to work with partners such as Business Wales to develop opportunities for locally based providers to meet a range of HDdUHB's requirements.

Social Value

The Procurement team has worked with Social Value Portal in 2021/22 to refine the National Themes Outcomes Measures (TOMs) down to a set of "Light TOMs", which target specific objectives and outcomes sought by the Health Board and at do not constitute a barrier or excessive burden for local small to medium enterprises (SME)s to participate in the procurement processes. Building in Social Value as a scored criteria to the tender process will continue to be developed, in addition to collaboration with the NWSSP central sourcing teams to ensure All Wales contracts also include appropriate Social Value. Social Value obtained will be tracked as a separate line on the Health Board savings tracker and reported back through Finance.

Decarbonisation

The Procurement team will continue to support HDdUHB's Decarbonisation Task Force and Transformation team with Health Board decarbonisation strategies and initiatives. Additionally,

Procurement will participate in and support the NWSSP All Wales national strategies and ensure these are “joined-up”. The procurement team has already begun to include the supplier response to decarbonisation as a scored response in all local tenders, which is currently ahead of the curve for NHS practice in Wales. A “Decarbonisation Champion” has been nominated within the team to act as a Subject Matter Expert.

Key initiatives will be:

- Follow up 2021-22 initiative of contacting the Top 100 suppliers, seeking information on their approach to the climate emergency and decarbonisation by extending this to the 101 to 200 listing of suppliers and following up on non-respondents to previous exercise. This information is to be shared with the “Task Force” and NWSSP.
- Reduce use of single-use devices/plastic. Identify areas where this may have opportunity for change
- Reduce clinical waste, support work such as the HDdUHB Hand Hygiene initiative rather than gloving, therefore reducing volume of waste through discarded examination gloves.

NWSSP National Operating Model (NOM)

The new National Operating Model (NOM) for NWSSP has been developed during 2021 and the consultation phase with staff concluded in February 2022. The main aim of the NOM is to bring the NWSSP Sourcing teams closer to Frontline Procurement and thus ensure that category strategies better reflect the core needs of health boards. This will see the creation of *Integrated Partnerships* which, for the HDdUHB team shows an integration of the NWSSP Capital Team (6 personnel) in to the HDdUHB Integrated Partnership. This reflects similar integrations across NHS Wales Procurement. The Capital Sourcing team will now be directly line managed by HDdUHB’s Head of Procurement. HDdUHB will work closely with Swansea Bay University Health Board’s Procurement team who will integrate with Sourcing Maintenance and Provisions teams.

Implementation will commence in March and April 2022 and will coincide with the completion of recruitment of HDdUHB’s Procurement team enhance resource restructure, which was implemented by the Head of Procurement working with the Director of Finance and NWSSP senior management.

Staffing and Training

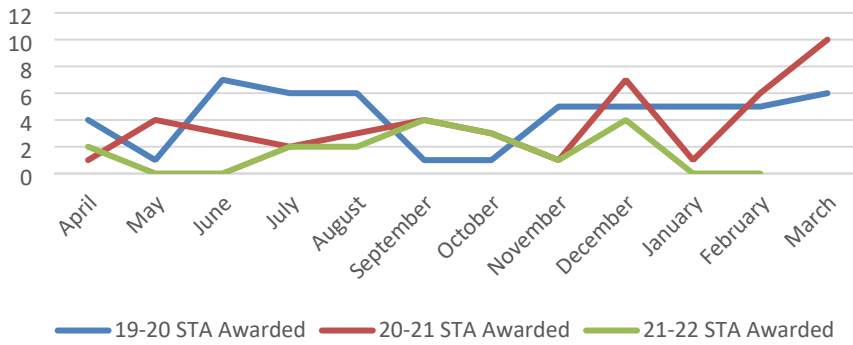
The Procurement team currently has five members of Chartered Institute of Procurement and Supply (CIPS) qualified to Level 4 and above, and a further two undertaking CIPS Level 4 training. This is provided through the University of South Wales and is managed via an NWSSP professional training programme. It is an objective that all staff at Band 5 and above will have at least CIPS Level 4, and those at Band 6 and above to be at or working towards CIPS Level 6.

Best Practice and Governance

Procurement participated in the Transformation Steering Group – Accelerated Design Workshops in July 2020 and has continued to work with the Transformation Team on a range of initiatives.

- Catalogue coverage - continue to maximise catalogue coverage, which is consistently in excess of 85% (highest in NHS Wales).
 - This is also integral to the Scan 4 Safety programme
- Reduction in STAs –continue with the strict application of the competitive process, which has seen a reduction in STAs of 48% year on year to 18 as at February 2022. Numbers of rejected STAs have increased from 7 to 10.

STA Awarded by Year



- Consultancy Contracts – all contracts for consultancy will be subject to an end of contract review on the achievement of specified objectives. These will be available for reporting to the Audit and Risk Assurance Committee (ARAC).
- Using the *NHS Procurement & Commercial Standards (towards excellence)* as a template, assess procurement maturity against the indices shown in this and successive documents. Peer reviews will complete the assessment and lessons learned applied to other procurement teams in Wales.

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.
- CIP – close working with Finance Business Partners and other Senior Finance Managers along 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

The Sustainable Resources Committee is requested to note and discuss the approach of HDdUHB’s Procurement Strategy for 2022/23. It is recommended that progress is reviewed annually.

**Amcanion: (rhaid cwblhau)
Objectives: (must be completed)**

Committee ToR Reference:
Cyfeirnod Cylch Gorchwyl y
Pwyllgor:

3.8 Review major procurements and tenders, such as outsourcing, in relation to achieving Referral to Treatment targets.

3.9 Commission regular reviews of key contracts, suppliers and partners to ensure they continue to deliver value for money.

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| Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score: | Not Applicable |
| Safon(au) Gofal ac Iechyd: Health and Care Standard(s): | 3.3 Quality Improvement, Research and Innovation 7. Staff and Resources |
| Amcanion Strategol y BIP: UHB Strategic Objectives: | 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. |
| Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement | Support people to live active, happy and healthy lives Develop a sustainable skilled workforce |

| Gwybodaeth Ychwanegol: Further Information: | |
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| Ar sail tystiolaeth: Evidence Base: | Further documentation available on request |
| Rhestr Termau: Glossary of Terms: | Not applicable |
| Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee: | Not Applicable |

| 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, Well-being of Future Generations Act (WBFGA) actions and Foundational Economy |

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|------------------------------------|-------------------|
| Gyfrinachedd: Privacy: | No adverse impact |
| Cydraddoldeb: Equality: | No adverse impact |