

Title	<p>Procurement & Supply Chain Strategy 2018 – 2021 Delivering Value from Procurement & the Supply Chain – A New Approach</p>
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Status	For information
History	This replaces the previous Procurement & Supply Chain Strategy 2014 - 2017

Board Lead(s)				
Key purpose	Strategy	Assurance	Policy	Performance

Procurement & Supply Chain Strategy 2018-2021

Delivering Value from Procurement & the Supply Chain – A New Approach

1. Introduction

A high performing procurement and supply chain function is vital to the success of running a safe, productive and efficient healthcare organisation, and can make a significant contribution to both financial and operational performance.

NHS Trusts need to deliver significant savings across all non-pay spend and investing in procurement and supply chain team can deliver value to the organisation from the supply chain. This is particularly the case where external expenditure is a high proportion of turnover.

The OUH procurement and supply chain team has historically been focussed on the sourcing and supply of medical devices and consumables which only account for around a quarter of all external expenditure.

Significant opportunity exists to increase CIP delivery and wider benefits from non-pay expenditure through further investment in the following areas:

- Strategic Sourcing - Divisional Procurement/Medical Technology
- Strategic Sourcing - Corporate & Non-Clinical
- Supply Chain Transformation
- Contract Management

As well as cash-releasing benefits, there is great potential for suppliers and the supply chain to support the Trust in improving operational performance and efficiency – as has been the case in many other sectors in recent years.

The procurement and supply chain function, and the Trust's suppliers and supply chain, can make a much greater contribution beyond procurement compliance and the delivery of price-down, cash-releasing savings.

Securing these benefits will require additional investment in the procurement & supply chain team and a revised organisation structure which will be designed to attract the best talent available and provide the basis for the professional development of the team in future years.

2. Vision & Objectives

This new procurement & supply chain strategy will aim to achieve the following over the next three years:

- Support the strategic objectives of the organisation and operate to the organisation's values;
- Support the clinical and operational teams to improve efficiency and to enhance the quality of care, outcomes and patient safety;

- Develop the most efficient and effective hospital procurement & supply chain function in the NHS;
- Maximise value from our non-pay expenditure and from our supply chain;
- Become a 'partner of choice' for the medical technology sector and for our wider supply chain;
- Provide the best possible service to colleagues and continually strive to create an efficient, cost effective, and supportive service to front line staff and patients.

It is becoming increasingly important that the supply chain is fully utilised as a strategic enabler to improving the quality and efficiency of healthcare delivery.

This strategy seeks to maximise the value from non-pay expenditure by applying effective strategic sourcing and commercial expertise to all non-pay spend and by identifying value adding opportunities from the supply chain beyond price-down and cost reduction activity.

The aim is to ensure all areas of expenditure are addressed. In leading organisations upwards of 90% of external spend comes under the influence of strategic sourcing professionals and supply chain managers.

The focus of procurement will move from buying and contracting for products and services to sourcing value, efficiency and outcomes – harnessing the full capability & contribution suppliers can make and capturing additional value from the supply chain through benefits such as improved clinical outcomes, shorter procedure times, reduced length of stay, reduced infection rates, and increased operational efficiency.

New approaches to working with suppliers across the supply chain will become increasingly important - developing positive relationships and partnerships with our key suppliers, and developing projects that are commercially attractive to all parties, which add value and improve efficiency for the Trust, and most importantly, improve outcomes for patients.

The aim is for the Trust to become the 'partner of choice' for key suppliers across the healthcare sector - a key strategic partner for product/service development, research, innovation, and for working collaboratively to improve healthcare for patients.

3. Organisation - People, Skills & Team

To enable this, a much stronger commercial capability will be required that will identify and develop new opportunities from the supply chain. This will need investment in the development of a highly skilled and commercially capable strategic sourcing team, informed by improved systems & data, and supported by robust processes for category management and supplier relationship management.

The existing procurement and supply chain team are very capable, have deep knowledge and experience, and have a huge 'corporate memory' of procurement and supply chain at the Trust.

However, the recruitment and retention of capable and experienced staff presents a significant challenge across the system – and has proven a particular problem for the Trust over recent years.

This strategy is designed to address some of those recruitment challenges – particularly around job grades of procurement managers/category managers.

The procurement and supply chain team has been successful in developing people from within the team and this has mitigated some of the difficulties of recruitment. The new structure proposed within this strategy will also enable the development of a 'talent pipeline' in a more formal and structured way.

A talent management approach will be developed - recruiting, training, developing and retaining staff. This will place an emphasis on recruiting individuals with deep commercial, analytical and stakeholder management skills based around a competency grid with required skill levels for each role in the procurement and supply chain function.

This will provide the foundation for offering robust career development plans with a tailored training programme and mentoring to enhance individual development and support procurement and supply chain professionals with career progression.

The appraisal process will be used in setting objectives and regularly evaluating performance, to enable skills gaps and training requirements to be identified - focusing on developing the evolving skills needed to be successful in procurement – such as relationship building, influencing others and broader commercial acumen.

The new strategy and structure will enable the Trust to attract and retain the top talent available by developing a team that are fully integrated, relationship developers, solution focused, commercially & business astute with a development and learning culture.

4. Strategic Sourcing

Over recent years there has been a growing recognition that enduring competitive advantage rarely comes from cost reduction alone and the focus has to shift to maximising the value that can be derived from the supply chain.

New approaches to working with suppliers across the supply chain will become increasingly important in harnessing the full capability & contribution suppliers can make.

The aim will be capturing additional value from the supply chain through benefits such as improved clinical outcomes, shorter procedure times, reduced

length of stay, and reduced infection rates - increasing efficiency and improving outcomes for patients.

In essence this is a value-based procurement approach - the identification of those sources of supply that can maximise value in terms of desired outcomes and benefits to the organisation for the expenditure available.

To make the transition from price-based to value-based and outcome-based procurement will require a different approach to procurement and to the supply chain. A robust category management approach will be required to strategic sourcing combined with the need for effective supplier relationship management and contract management.

4.1 Category Management

Category Management is a structured approach to the procurement of goods and services. It is based on applying best practice tools and techniques in the development and implementation of an integrated category strategy aligned to the organisation's needs and involving key stakeholders in the sourcing process from the start.

A category management approach is better suited to deriving long term value and identifying and developing opportunities from suppliers and the supply chain.

Category plans will be developed for all key spend areas based on a relentless pursuit of value and benefits across the category.

Divisional Procurement Business Partners/Category Managers will be deployed across all four divisions and will be responsible for the development of category plans. A separate category manager will be responsible for cross-trust devices and consumables – including basic cross-trust capital equipment.

The Category Managers will have a good understanding of the core supply markets of their categories through comprehensive, frequent reviews of the supply market - continually monitoring technology, commercial or usage factors.

A category management approach will enable the procurement & supply chain team to better align and respond to national initiatives (FOM, NCP, HCTED, etc.), to develop ways to minimise supply chain risk from these initiatives, and to optimise value from the evolving landscape.

4.2 Value-Based Procurement (VBP)

As part of the category management process, a value-based procurement approach will be developed - with procurement decisions being more broad-based, identifying and quantifying the total value over the product's life time as well as the value of improved clinical outcomes and efficiencies - such as improved patient safety, reduced length of stay, reduced infection rates and operational efficiency.

This is particularly important for clinical categories which will require close working between procurement and clinical colleagues. Over time, this approach will lead to sourcing and supply strategies based around procedures, treatments and clinical pathways – rather than products.

4.3 Innovation & Technology Adoption

Products from the life sciences sector have brought unimagined improvements to the delivery of healthcare and benefits to the lives of millions of people. Treatments and interventions that we now take for granted (implantable pacemakers and defibrillators, CT & MRI scanning, artificial hips and knees) did not exist 50 years ago.

In virtually all cases, new products have been developed through research and close working between clinicians and the life sciences sector. Despite this, the adoption of new technology across the NHS is notoriously slow and the significant efficiencies and benefits are not captured quickly enough.

The funding constraints and pressure on profitability has resulted in the emerging development of new business models across the life sciences sector. Many of the major suppliers are developing wider value propositions beyond product pricing – moving to service-based models with improvements in outcomes and opportunities to support efficiency improvements in the overall delivery of healthcare.

It will be important for the Trust to be in a position to exploit opportunities from these developments and the associated emergent business models across the life sciences sector.

The procurement and supply chain team will need to focus strategic sourcing activities on working closely with clinical teams and key suppliers across industry to identify and support the implementation of innovation and the introduction of products that improve operational efficiency.

More effective ways of utilising the supply chain and deploying products will need to be developed, and over time, the procurement function will need to facilitate clinical teams and suppliers jointly working on solutions to emerging healthcare challenges.

Through the procurement and supply chain team, working closely with clinical colleagues, the trust will build relationships and commercial partnerships with our key suppliers with the aim of becoming the partner of choice - leading the system in the development of efficiency projects and the development and adoption of innovation.

4.4 Supplier Relationship Management

Many suppliers have unique insight into how organisations can extract most value from their relationship – and in many successful businesses Supplier Relationship Management (SRM) has become a genuine core competence across the organisation, not just for the procurement function.

An ability to engage suppliers in a range of different ways is important to ensure supplier performance and to realise benefits of new technologies, new ways of meeting existing needs, and new operating processes. Engaging the most important suppliers provides an opportunity to realise benefits from their knowledge and experience and from new technologies and processes.

In clinical areas, deeper relationships with suppliers are more common, particularly relating to technical support and product innovation. However, historically these relationships have been the domain of clinicians with procurement staff only involved at a transactional level. Active collaboration and systematic approaches to developing the most important suppliers remains an opportunity for most Trusts and is the case for OUH.

Supplier Relationship Management (SRM) focusses on segmenting and identifying suppliers who will help the organisation create strategic value and working collaboratively with them to realise benefits, efficiencies and competitive advantage.

The team will develop a detailed (SRM) process with key suppliers as part of a category management approach. This will be underpinned by assessment and segmentation of suppliers to enable more time and resource to be invested in the relationships that offer strategic value that will help achieve corporate objectives.

Key suppliers will be defined not only on the basis of expenditure value, but also based on wider parameters such as innovation and expertise.

For those suppliers where the Trust has transactional relationships, supplier relationship management will focus on increasing the efficiency of these transactions through improved supply chain and Purchase-2-Pay processes.

4.5 Clinical & Key Stakeholder Involvement

Clinicians are major stakeholders in NHS procurement who rightly wish to consider carefully the impact of new products on patient care and outcomes. Best practice for sourcing clinical items involves close engagement between procurement and clinical staff.

In complex clinical categories, joint working between clinicians and procurement professionals is essential to make appropriate decisions that deliver high quality patient care at the best value.

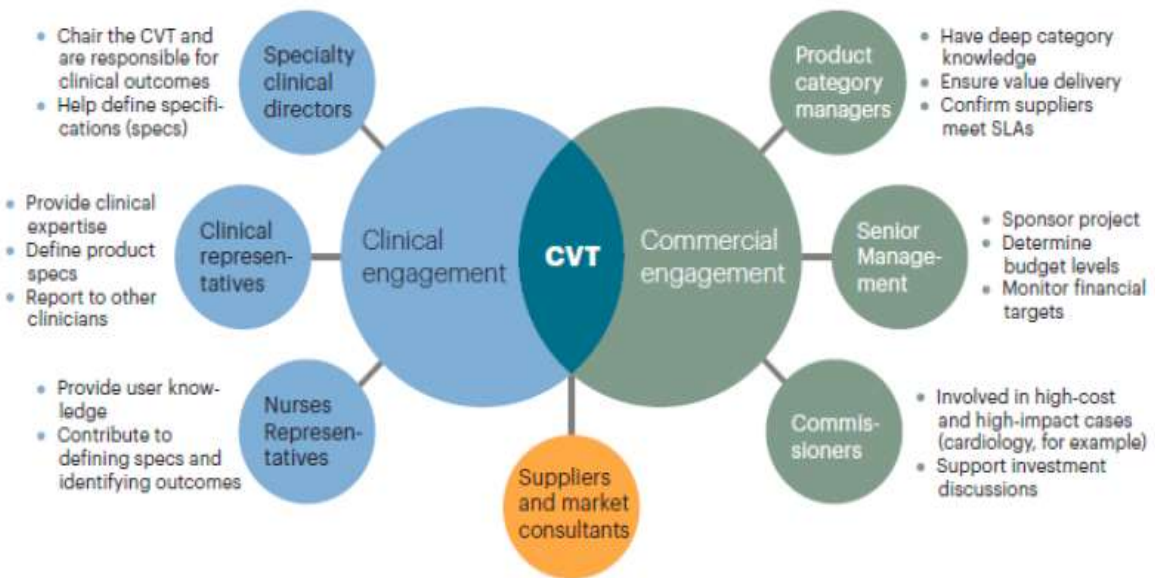
As part of strategic sourcing category management processes, the procurement and supply chain team will develop strengthened relationships with clinical stakeholders and the structures/processes to work together to derive greater value from the supply chain.

Clinician-driven processes will be developed that utilise evidence-based, clinically sound, and financially responsible methodologies for introduction or consolidation of new supplies, devices and technology to provide the highest quality healthcare.

Where appropriate, multi-disciplinary Clinical Value Teams (CVTs) will be established across the key clinical specialisms/procurement categories to bring together clinical and commercial staff to maximise the value from procurement expenditure, increase efficient and improve patient care.

These will provide the forums through which clinicians are engaged in agreeing product specifications and the related supply management strategies - with appropriate representation and authority to make decisions and challenge non-compliance.

All members of the Clinical Value Team (CVT) have a role in the procurement decision-making process



Source: A.T. Kearney World-Class Procurement study, 2012

For non-clinical areas of expenditure Category Value Teams will be established on similar lines to the Clinical Value Teams - Estates & Facilities, ICT, Corporate, Agency & Temporary Staff.

4.6 Collaboration

Collaboration is an important sourcing tool – consortiums can negotiate on behalf of groups of buyers to ensure better pricing for all across many categories of expenditure. These are most effective when providing suppliers with guaranteed volumes and we will continue to work with others across the Shelford Group and the wider system, including the Future Operating Model, to leverage volume and maximise value from our supply chain.

Collaboration with other partners will also be important beyond the leverage of volume. The procurement and supply chain team will seek to work across STP partners and the wider local health economy to better utilise scarce

procurement and supply chain resources - reducing duplication, overall effort and enabling more highly skilled and capable resources to be deployed.

Collaboration with local partners will also provide the opportunity for supply chain efficiencies - standardising on products, reducing stockholding and minimising supply chain risks.

The most advanced and efficient supply chains utilise common technology platforms in order to improve collaboration between these groups and the technology adoption across partner trusts will be standardised for maximum benefits (e.g. common catalogues, a common staff bank provider for agency & temp staffing, etc.).

The Trust will continue to work closely with procurement partners and intermediaries (such as LPP and Crown Commercial Services) to ensure we can access knowledge, experience and resources to enable more efficient procurement across non-medical category areas of expenditure (e.g. estates & facilities, ICT & Digital).

5. Supply Chain Transformation

In the complex and fragmented environment of the NHS, the ability to complete purchase transactions efficiently and quickly and ensure on time delivery is a significant challenge. With so many clinical items subject to short shelf lives, effective operating processes and inventory management can have a significant impact on availability, stock/capital and wastage.

The supply chain across the NHS, and locally at OUH, has been very reliable over recent years. However, in some respects, this reliability has been achieved at the expense of efficiency – with excess stock, increased waste and manual processes commonplace.

Transactional processes and the underlying costs of goods and services can be reduced significantly through standardisation, automation and improved use of technology. Deployment of such technology and systems will also establish high levels of reliability, compliance and control, and will ensure a consistently high level of service with minimum administrative overheads.

Systems and operating processes will be standardised, automated, and robust enough to establish high levels of visibility, compliance and control. This ensures a consistently high level of service with minimum administrative overheads. Inventory is managed and cut by reducing variation, aggregating stock and having clear replenishment rules. Leading organisations use these approaches to contribute to better financial management.

Effective purchase-to-pay processes, standardised coding and inventory management systems will be deployed to improve efficiency of operational activities across the supply chain - transactional efficiency, availability, stock optimisation and wastage.

Standardised code systems and data carriers such as bar codes, RFID tags and magnetic strips are the bedrock of secure, efficient supply chains and the technology and systems for application of barcoding in the healthcare supply chain is now mature enough for effective and widespread adoption.

The most important objective for transforming the supply chain will be the deployment of a modern fit-for-purpose inventory management system based around barcode technology. Such a system will provide full visibility of all stock of medical devices and consumables across the trust and will enable efficient stock control, automated ordering/replenishment, expenditure control, product usage control, and standardisation. It will also be a key enabler for the adoption of the wider DH Scan4Safety initiative – a mandatory requirement for all trusts.

5.1 Supply Chain - Operating Process Management

Across the Trust there are a wide variety of service arrangements and in many cases clinical staff are still heavily involved in managing stock and ordering products. This is clearly a poor use of scarce and valuable clinical time.

Supply chain processes across the trust will be standardised and optimised. A service review of all stock locations across the trusts will be carried out - identifying all stock locations and recording the service provided and resources used in each location. This will be used to agree a service specification with each operating area.

5.2 General Ward Floor Stock

For 'general ward floor stock' and general consumables, a standard specification and service for all ward floor stock areas will be developed with clinical colleagues and service users. This will be based around best practice in healthcare (e.g. the productive ward guidance) and other industries (e.g. Kanban systems in the automotive sector).

The existing NHS Supply Chain (NHS SC) infrastructure will continue to be exploited in supplying many everyday healthcare consumables. However disadvantageous pricing on some NHS SC sourced products has led to an inefficient 'dual channel' into ward floor stock areas, where around 20% of consumables are not sourced via NHS SC. A single supply chain channel for replenishment ward floor stock areas will be developed – addressing any pricing issues that are preventing single channel supply.

A comprehensive standardised process will be established including policy, targets, process flows, transparent ownership and accountability, control points, end-user support, reporting, corrective actions, as well as interfaces between processes.

The aim will be for automated processes through the deployment of inventory management systems to provide visibility of inventory across the whole hospital - providing better control and enabling stock levels of common general consumable items to be reduced safely.

Compliance by both procurement personnel and internal stakeholders will be pro-actively managed and tracked through regular audit, with pre-defined steps to address non-compliance.

5.3 High Intensity Stock Areas

The improvements to high intensity stock areas (e.g. main theatres areas, cath labs, etc.) will be primarily focused around the effective implementation of a best in class automated inventory management system.

The specific implementation approach will need to accommodate the circumstances and workflows relevant to the specific clinical areas. However, the overarching supply chain principles outlined above will be applied - standardised processes, single consolidated supply chain channel, automated system, visibility and control.

5.4 Receipt & Distribution

Many goods supplied to the trust are delivered direct from manufacturers and suppliers via the Receipt and Distribution teams on all four sites. The volume of goods coming into the trust is significant - approximately 65,000 separate items per month.

It is unlikely that the current NHS Supply Chain infrastructure will be extended to support the supply chain for all of these goods and therefore an efficient and effective receipt & distribution process must be developed for this.

Driven by retail/consumer sector, there have been rapid advances in supply chain technology in recent years that could be applicable to hospital receipt & distribution operations – including ‘no touch receipting’ and ‘drop-shipping’. Drop-shipping in particular has the potential to transform the efficiency of the process. The applicability of these of these recent developments to the OUH supply chain will be explored.

The potential for greater efficiencies from wider consolidation across supply chains will also be explored – in particular with pharmacy supply chain and across the NHS regionally.

5.5 Service to University of Oxford

A significant proportion of receipt & distribution activity is in providing a service to University of Oxford facilities based on the JR site. A standard specification for this service will be agreed with colleagues and service users at the University. This will be aligned to improvements outlined in this strategy and is based around best practice.

The activity and cost to deliver the service will be reviewed to ensure this is fairly reflected in the charges made to the University.

5.6 Technology and Processes within Supply Chain

Systems and technology will play a key role in the improvements to our supply chain and operational process management. Technology will need to be

seamlessly embedded into our processes and integrated with other systems and data initiatives described elsewhere in this document.

System selection and processes will be based on a range of key features including:

- Point of Use approach for capturing consumption and replenishment of items in real-time.
- Real time management of inventory from the warehouse to the patient.
- Fully traceable supply chain.
- Inbound supplier package management from point of entry to point/person of delivery of package.
- Effective management of returned items including credits, refunds, product exchange or replacement, repairs etc.
- Management of assets such as IV pumps, portable cardiac monitors, wheelchairs by tracking asset location, inventory and asset status.

5.7 Inventory Management Systems - GS1 Barcoding and Scan4Safety

The procurement and supply chain team will focus resources and invest in the development of plans to implement inventory management based upon barcoding technology across all four sites in line with the DH Scan4Safety Programme.

The initial development of barcode technology was originally driven by the retail sector. It has revolutionised retail practice and helped drive productivity efficiencies, cost savings and service development.

The application of barcoding technology across the healthcare sector has developed significantly over recent years and systems and processes are now sufficiently mature for effective deployment.

Scan4Safety is a mandated DoH program that uses GS1 barcode standards for product, location and patient identification to track products and their usage from the point of manufacture to the point of care.

For procurement activities alone, it is estimated that the adoption of GS1 standards in a 600-bed trust will produce savings of £3m-£5m a year (Strength in Unity Report, McKinsey, 2012). This seems to be consistent with the advanced work of the six NHS 'demonstrator sites' whose work has identified a range of benefits for a typical hospital trust:

- Time release to patient care – equivalent to 16 band 5 nurses per trusts;
- A reduction of inventory averaging £1.5 million per trust;
- Ongoing operational efficiencies of £2.4 million per trust annually;
- Increase in income by £1m through Improved capture of OPCS codes by linking the codes to the procedure.

GS1 Barcode standards will be used to manage inventory in all locations around the trust, from central stores to ward floor stock rooms in wards and departments. Scanning the barcode as inventory is received, moved and used around a trust enables key data to be captured electronically and exchanged without manual intervention into patient administration and purchase order processing systems.

The intention is that this will be followed by a wider roll out across all sites and locations in a programme that will take 2-3 years to complete. Wider roll out will be supported by individual business cases for each area.

A best in class inventory management system has been selected with the following features/capability:

- Provides total stock visibility and precise ordering;
- Enables the ability to track products throughout their lifecycle from manufacturer to consumption;
- Auto-replenishing at least 99.5% of a Trust's requisition lines for medical technology and consumables;
- Systems and process technology to track products from receipt to patient using the GTIN, and including the batch and serial numbers;
- Identifies consigned stock.

The deployment of GS1 Barcoded inventory management system will yield direct benefits including improved efficiency, better stock management and reduced waste. It will also enable the wider adoption of the DH Scan4Safety initiative through tracking product use directly to a patient, using a patient wristband and electronic patient records.

6. **Commercial / Contract Management**

Building contract management capability will drive additional value from our existing contracts and ensure the more complex contracts that will be required in the future can be properly constructed and managed.

Comprehensive contract management can delivery additional value of between 7.5% and 15% of overall contract value (Supporting Local Services Through Change, Ernst & Young, 2016).

Significant value can be lost from good sourcing and procurement work by poor contract management. Effective contract management is therefore essential for successful end-to-end procurement and supplier performance – and arguably even more critical than the "sourcing" phase in the end-to-end supplier engagement process.

The category management approach and other elements of this strategy will enable the procurement processes to develop and deliver increasingly robust and effective contracts, but these will need to be effectively and efficiently managed to optimise value and benefits.

As more complex contracts and arrangements are developed with key suppliers, the commercial/contract capability will need to be developed within the procurement and supply chain team.

6.1 Contracts Register and Ongoing Contract Management

The trust will continue to increase the visibility of contracts using the existing contract management system with the aim of all external contracted expenditure being recorded on a single system.

A robust and well-maintained contract database system will be established making it is easy to access a complete list of contracts from across the organisation. This will enable better visibility and control of contracts - identifying contractual commitment and identifying the need for sourcing activity and renewals which can be built into the business planning process.

A formal contract management process will be developed for contracts which are important in terms of value and/or criticality. The involvement and engagement of key stakeholders and operational users of the contracts will be core to the contract management process – and ‘operational owners’ will be identified for all important contracts.

The contract management process will be aligned to and will support the development of effective category management and supplier relationship management processes described elsewhere in this document.

6.2 Complex and High Value Contract Management

The Trust has a significant proportion of expenditure across a relatively small number of high value contacts with 80% of expenditure with only 187 suppliers (out of a total of 2,977 suppliers).

The size and complexity of a significant number of contracts will require additional attention and more extensive processes.

Systematic reviews will be carried out of all complex high value contracts. As a result of this, more extensive and specific contract management processes will be developed and deployed.

Appropriate software and systems will be identified and/or developed that will facilitate effective control and in-depth contract management – but which will also facilitate efficient process to minimise the burden to operational stakeholders and day-to-day service/contract managers.

7. Systems & Data

The procurement and supply chain team’s systems and data analytics will be developed to ensure a clear view of expenditure and to provide business intelligence from across our supply chain.

A data systems and technology roadmap for the procurement and supply management function will be developed. This will be based upon developing and utilising 'best of breed' integrated technology and standardised data sets.

Where possible and appropriate, embedded systems and automation will be included as part of the procurement and supply chain processes - with automatic capture collecting, developing and using data as part of day-to-day activities rather than as an additional task, and with built-in controls to achieve compliance.

The aim will be to develop fully electronic processes and to eliminate any remaining paper-based inefficiencies and reduce the use of generic and 'home made' software tools (email, spreadsheets, etc.) as much as possible.

For stakeholders and system users, systems and processes will be developed that are intuitive and easy to use, with easy access to information for management decision-making.

From a supply chain perspective, systems will enable efficiency in operational front-line settings and ensure it is easy for clinical and operational teams to obtain the goods and services they need whilst also providing visibility and control of what is being purchased/used.

The development of procurement & supply chain systems and data capability will focus on the following areas:

- Spend Visibility - maintaining a clear view on expenditure with the aim of tracking and reporting all spending by supplier, category and business unit.
- Business Interface and Intelligence - enabling efficient business-to-business interfaces and comprehensive business information.
- Electronic Sourcing Tools - enabling efficient, compliant and robust procurement processes (tendering tools, quotation tools, e-auction, DPS,).
- Purchase to Pay (P2P) - automating the full purchase-to-payment process, efficiently connecting procurement and invoicing operations from identification of a need and budgeting, through to procurement and payment.
- Inventory Management and Automated Replenishment Systems - enabling the tracking of inventory levels, visibility of stock, and efficient order replenishment.
- Supplier Rep Tracking – already deployed in parts of the trust but requires comprehensive adoption in all areas.
- Contract Management – contracts register and specialist contract management software.
- Catalogue & Catalogue Management – essential for inventory management and for establishing standardisation and control.

To enable the development of systems and data, and to ensure the benefits are maximised, the systems and data expertise and capability within the team will need to be strengthened. Initially through recruitment of additional subject matter expertise into the team, but in the longer term through developing expertise across the whole team as this becomes a core capability for the department.

8. Performance Management

In the NHS, unit cost savings are often the sole proxy for performance. Often these are reflected in Cost Improvement Plans (CIPs) and reviewed on an annual basis.

More sophisticated performance metrics that align with the wider opportunities available and can capture multiple benefit types will be developed and deployed.

8.1 Benefits Reporting

Significant progress has already been made in developing and adopting a more relevant suite of benefits reporting for the procurement and supply chain function that cover not just savings and cost reduction but also benefits such as cost avoidance, supply chain reliability, on time in full delivery, innovation, risk mitigation and inflation impacts.

8.2 Key Performance Indicators

A range of Key Performance Indicators for the team have been in place for some time and are used internally by the team. Making procurement's value transparent is important for successful collaboration with internal business partners, ensuring recognition for its contribution and future business influence.

Key Performance Indicators will be reviewed to ensure they are aligned with the aims of the organisation and, where relevant, agreed with relevant functions and business stakeholders.

Where possible performance reporting will be automated using real time dashboards which can calculate procurement performance with little or no manual input.

Procurement & supply chain performance will be formally reported to Trust Management Executive/Trust Board every quarter.

8.3 Benchmarking

The trust will continue to participate in the NHS-wide benchmarking initiatives (Carter Metrics, PPIB Benchmarking Tool and Dashboard, The Model Hospital) and use as a guide for future plans and improvement.

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