

**TRUST BOARD**  
**27 October 2017**

<b>AGENDA NUMBER</b>	<b>ITEM</b>	6.5
<b>TITLE OF PAPER</b>	Lord Carter Review – Procurement Transformation Plan (PTP)	
Confidential	<b>NO</b>	
Suitable for public access	<b>YES</b>	
<b>PLEASE DETAIL BELOW THE OTHER SUB-COMMITTEE(S), MEETINGS THIS PAPER HAS BEEN VIEWED</b>		
N/A		
<b><u>STRATEGIC OBJECTIVE(S):</u></b>		
<b>Best outcomes</b>	<input type="checkbox"/>	
<b>Excellent experience</b>	<input type="checkbox"/>	
<b>Skilled &amp; motivated teams</b>	<input type="checkbox"/>	
<b>Top productivity</b>	<input checked="" type="checkbox"/>	Identify key actions that will support delivery of the Carter targets
<b>EXECUTIVE SUMMARY</b>		
	A key requirement of Lord Carter's Report was that every Trust should have a local Procurement Transformation Plan (PTP), which highlights the key changes required to deliver the targets.	
<b>RECOMMENDATION:</b>		
<b>SPECIFIC ISSUES CHECKLIST:</b>		
Quality and safety		
Patient impact		
Employee		
Other stakeholder		
Equality & diversity		
Finance	Identification how our pricing of clinical and general suppliers compare with other Trusts by using the Purchase Price Benchmarking Information (PPIB) Tool.	

Legal	
Link to Board Assurance Framework Principle Risk	
<b>AUTHOR NAME/ROLE</b>	Melvyn Lake, Associate Director of Procurement
<b>PRESENTED BY DIRECTOR NAME/ROLE</b>	Simon Marshall, Director of Finance & Information
<b>DATE</b>	20 October 2016
<b>BOARD ACTION</b>	Receive

# Procurement Transformation Plan (PTP) for RTK

## 1. Executive Summary

The Trust fully supports the recommendations set out in the Lord Carter Report. The catalogue management is in a healthy position but further work needs to be carried out to ensure compliance. Work is currently underway in reviewing the Inventory Management with a more in-depth reporting mechanism so trends can be reviewed. Further explanation is required on the stock holding requirement as the data may be skewed by some items that are used in an emergency but are held on stock. The Trust has conducted an initial review of the Purchase Price Index Benchmarking (PPIB) data and has been ranked number 7 (out of 136 Trusts) on prices currently paid. There is still a potential savings of £112,398 against the variance to Median spend.

## 2. Trust Procurement Performance (RAG rating against Carter targets<sup>1</sup>)

MEASURES		PERFORMANCE			Commentary
		CURRENT Sep-16	TARGET <sub>SEPT</sub> 17	TARGET SEP-18	
1	Monthly cost of clinical and general supplier per 'WAU' – Target Reduction	3%	2%	2%	
2	Total % purchase order lines through a catalogue (target 80%)	88%	90%	92%	Excluded Cancelled lines. SC lines taken from PO not TR reports
3a	Total % of expenditure through an electronic purchase order (target 80%) – Clinical & General Supplies	89%	90%	92%	<i>For Rev 0 orders only. This figure currently INCLUDES POs sent via XML, CSV, Exchange etc. If we exclude them as per the metric instructions the figure would be 71.92%</i>
3b	Total % of transactions through an electronic purchase order (target 80%) – Clinical & General Supplies	90%	92%	94%	<i>As above excluding XML, CSV, Exchange etc. the figure would be: 67.95%</i>
4	% of spend on a contract (target 90%)	82%	85%	90%	
5	Inventory Stock Turns Mat Man	27 days	20 days	15 days	<i>All Materials Management which includes a significant amount of Non-Supply Chain and slow moving stock. Further analysis to be conducted on an individual req point basis and at product line level.</i>

<sup>1</sup> RAG Rating Definitions:

Green = better than the Lord Carter or Trust target

Amber = Up to 10% less than Carter target

Red = More than 10% below Carter target

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5	NHS Standards Self-Assessment Score (average total score out of a max 3)	1.16	1.47	1.67	
6	Purchase Price Benchmarking Tool Performance	£112,398	TBC	TBC	Potential savings based on variance to the Median (1.9%). Information provided on a monthly basis
7	Other Trust Specific e.g. CIP	£1.6m	£1.5m	£1.5m	
8	Monthly % of orders that are below £50	23%	20%	15%	

### 3. Procurement Transformation Plan - Summary

#### People & Organisation

- Buyers will need to be more focused on strategic procurement from transactional processing requisitions. This transformation has started but is in the very early stages.
- There should be a review of Job Descriptions to encompass a more flexible working between Buyers and Materials Management Co-ordinators and as work transfers to a catalogue and is purchased via Materials Management systems including eDC Gold.
- Further focus on the Department on Best Practice and Cost Improvements.
- Team to attend regional training events (NHS Skills Development Network and Crown Commercial Service)
- Wider review of non-pay spend in current areas not influenced by Procurement and a review of non-catalogue spend.
- PPIB information to be reviewed and acted upon.
- Improved iProc/Oracle training via creation of iProc User Guide, more in-depth Minerva Centre Training, drop in clinics on both sites and bespoke departmental/ward based training.
- Review of all tendering activities offering support to Departments who tender directly.
- Product Usage and how products are used to be reviewed.
- Further awareness of cost of products with Clinical/Nursing Teams and more in-depth advanced spend reports to be shared.

#### Processes, Policies & Systems

- Further roll out to agreed timescales of eDC/eDC Gold throughout the Trust
- Improved reporting tools to review spend
- Additional focus on Inventory Stock Control (reviewing order patterns, stock holding, increased coverage)
- Sales Representative credentialing (MIA) system to be engrained throughout the Trust.
- Clinical Procurement Group to be promoted further.
- Clinical Procurement & Introduction of New Products Policy to be reviewed and distributed to Key Stakeholders.
- Trust to adopt GS1 and PEPPOL as a Trust wide initiative.
- Buyers to utilise Delta e-Tendering system to generate quotes, competitive leverage and to support the catalogue management process
- Contract Management module on Delta to be utilised.

# Procurement Transformation Plan (PTP) for RTK

## Partnerships

- Trust to build upon working relationship NHS Commercial Solutions. Utilising their Frameworks, offering commitment, and also reviewing their approach to market.
- Reviewing prices offered on other Frameworks that the Trust has access to, SBS and HTE
- Trust to review NHS Supply Chain initiatives that are beneficial to the Trust including Core Lists

## 4. Risks and issues

- The Trust in previous CIPS targets has converted to non-premium clinical products so there may be reduced savings opportunities.
- Reliance on external resources NHS Supply Chain and NHS Commercial Solutions to produce savings
- Trust adoption of new products that are clinically acceptable
- Resources and processes to support product changes in a timely manner