

Trust Board Report

Meeting Date:	Monday, 24th June 2013
Title:	Procurement Strategy Update
Executive Summary:	Summary of key areas of activities – Financial Year 2012/13.
Action Requested:	Note the progress against the agreed strategy
Report of:	Kevin Stringer, Chief Financial Officer
Author: Contact Details:	Tony Stanyard, Head of Procurement Tel 01902 693492 Email anthony.stanyard@nhs.net
Resource Implications:	None
Public or Private: (with reasons if private)	Public
References: (eg from/to other committees)	n/a
Appendices/ References/ Background Reading	None
NHS Constitution: (How it impacts on any decision-making)	<p>In determining this matter, the Board should have regard to the Core principles contained in the Constitution of:</p> <ul style="list-style-type: none"> ✚ Equality of treatment and access to services ✚ High standards of excellence and professionalism ✚ Service user preferences ✚ Cross community working ✚ Best Value ✚ Accountability through local influence and scrutiny
Background Details	
1	This progress report refers to the Trust Procurement Strategy presented to the Trust Board on the 25th June 2012. A copy of the strategy is attached as Appendix A

THE ROYAL WOLVERHAMPTON NHS TRUST
PROCUREMENT YEAR-END REVIEW
COMMENTARY SUMMARISING THE PROGRESS MADE IN IMPLEMENTING
THE STRATEGY (April 2012 – March 2013)

1. Financial Position (Validated savings)

- 1.1 The procurement CIP for 2012/13 was set at £1,347,027. Validated savings at the end of the year were £1,380,224. The validated savings exceeded the annual target by £33,197.
- 1.2 Additional savings in support of Division 1 PID's for price reductions in Heart Valves, Catheters & Cardiac Stents and Orthopaedic Implants were validated as £191,651.
- 1.3 Total savings captured by Procurement in 2012/13 were £1,571,875.

2. Compliance

- 2.1 All procurement activity carried out has been fully in accordance with Trust Standing Orders and Standing Financial Instructions, and in compliance with EU legislation. We can confirm that there have been no legal challenges against Procurement Dept. activity during the year,

3. Collaboration

- 3.1 Our relationship with HealthTrust Europe (HTE) as our Collaborative Procurement Hub continued throughout the year. Utilising HTE contracts and framework agreements realised £420,860 of the declared savings. We are still negotiating a work plan and a fee structure for activity in 13/14.
- 3.2 We have established a good working relationship with NHS Supply Chain in support of our Capital Programme for the next 3 years. They attend our Trust Equipment Group meetings and the early notification of our requirements for clinical equipment will enable NHS Supply Chain to aggregate volume and deliver better prices.
- 3.3 We continue to meet with local Heads of Procurement as part of the West Midlands Procurement Alliance in order to explore opportunities for collaborative activity.

4. Clinical Engagement

- 4.1 During the 2nd half of the year, clinical engagement has focused on product standardisation and rationalisation in two key areas (Nucleus Theatres and Cardiac Theatres). A number of standardisation initiatives have been identified (Procedure Packs, Drapes & Gowns, Dressings and Surgical Consumables) and these initiatives will deliver benefit in 2013/14.
- 4.2 There have been some delays in fully implementing a strategy of clinical engagement across the Trust as our Collaborative Procurement Hub (HTE) have still to appoint replacement Clinical Product Specialists to their team. We have engaged with NHS Supply Chain Product Specialists to support our activity in the short-term.

5. Governance

- 5.1 Monthly governance meetings have been held throughout the year, each meeting supported by a Governance Officer. A standard agenda for the monthly meetings has been established and all minutes and planned actions are now loaded onto the SharePoint system.

6. NHS Standards of Procurement

- 6.1 The department continues to measure its activity against the NHS Standards of Procurement. The key focus for the department during 2012/13 has been the delivery of the Procurement CIP. This, coupled with a number of staff changes has prevented further progress through the standards at this point in time. We have maintained our performance levels as reported in August 2012 and I re-state them here for information.

6.1.1 Leadership

The role of procurement in delivering the Trusts objectives is understood and supported at every level.

RWT current performance level **Building/Achieving**

6.1.2 Process

All procurement systems and processes are designed and implemented to ensure Value for Money (VFM) is achieved in getting the right product to the right place at the right time.

RWT current performance level **Building/Achieving**

6.1.3 Partnerships

All relationships with other Trusts and with procurement Partners are understood and opportunities have been maximised to deliver value.

RWT current performance level **Achieving**

6.1.4 People

All staff across the Trust are appropriately trained and working effectively to obtain and use the products and services to do their job and understand their role in using procurement to deliver safe and efficient healthcare.

RWT current performance level **Building/Achieving**

7. Materials Management

As planned, Divisional Materials Management staff have recently been transferred to Procurement and we are commencing a programme of training and development in order to improve the materials management and supply chain activities that support the delivery of clinical consumables. There have been a number of issues in the use of the Omni-Cell cabinets installed in Nucleus and Cardiac Theatres and we are reviewing their effectiveness in meeting clinical need by looking at stock levels and supply chain routes in order to ensure optimum product accessibility, particularly in emergency situations.

8. Local Engagement

We still have links with the Black Country Chamber of Commerce and the Economic Regeneration Team at Wolverhampton City Council. We have not held a "Meet the Buyer" event that would give local suppliers the opportunity to meet with the RWT Buying Team but will consider such an event during the first half of 2013/14.

9. Car Salary Sacrifice

The Trust has successfully implemented a car Salary Sacrifice Scheme for staff. The scheme has been operational for 6 months and 50+ staff have taken delivery of a vehicle through the scheme. The staff take-up has been in line with initial forecasts and the financial benefit to the Trust will be in excess of £55,000 in the first year of activity.

10. 2013/14 Procurement Strategy

A copy of the 3 year strategy is attached to this report for information. The approach to the delivery of savings in 2013/14 is consistent with that taken in 2012/13.

The Procurement CIP for 2013/14 is £2,263,520 and this has been apportioned across the 4 divisions as follows:

- | | |
|--------------------------|------------|
| • Division 1 | £1,610,874 |
| • Division 2 | £389,777 |
| • Estates and Facilities | £210,533 |
| • Corporate | £52,336 |

Savings work-plans are reviewed on a regular basis and progress reported through the Change Programme Board. At the end of **Period 2**, a year to date total of **£349,613** savings has been achieved. (This figure has been validated by Finance).

The savings figure of **£349,613** equates to a percentage saving achieved of **92.67%** against the Period 2 target Procurement CIP of **£377,253**.

Tony Stanyard
Head of Procurement
June 2013