Procurement Strategy
2015/16 to 2017/18

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Procurement Department Strategy 2015/16 to 2017/18

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1. **OVERVIEW**

**INTRODUCTION**

The professional management of procurement activity is an important factor contributing towards the efficient operation of Greater Glasgow and Clyde Health Board (GG&C) and the attainment of corporate objectives as identified within the Corporate Plan 13-16. It is vital to staff and patients that quality projects, supplies and services are delivered on time to GG&C within optimum commercial arrangements.

GG&C has a total non-pay spend of £1051m (based on 2014/15 data) of which approximately £743m p.a. is expenditure with 3rd Party providers and as such is influencable by procurement activity.

This Procurement Strategy positions procurement activity visibly within the organisation establishing Board level commitment to and involvement in the management of the Health Board’s procurement deliverables. It additionally sets out clear, measurable objectives and priorities for improvement which will be closely monitored. Progress against strategic objectives will be reported annually to GG&C’s CEO/Directors/Chief Offices meeting and quarterly to the Procurement Steering Group. The strategy addresses key procurement issues over a 3 year time frame and is subject to annual review.

The strategy will be pursued through the line management accountability structures with clear targets and timescales being established in relation to improvement in procurement activity undertaken at strategic and operational levels. These targets will in turn be reflected within the individual performance plans of appropriate Divisional Senior Managers.

The strategy will shape GG&C’s procurement procedures which set out the detailed operational controls governing procurement activity in a manner which meets the requirements of GG&C’s Standing Financial Instructions and relevant legislation.

Procurement Board Leads (Board Lead’s) have responsibility for procurement services and cover GG&C Corporate, Acute and Partnerships Divisions. Therefore the strategies and structures set-out in this document apply to all GG&C Divisions and all procurement activity undertaken by GG&C.
EXECUTIVE SUMMARY

This Procurement Strategy sets out the basis for all procurement activity across GG&C. The key themes from the strategy are:

- **Implementing New Procurement Legislation**: Two new and significant pieces of legislation are being introduced by the Scottish Government during this next period, the Procurement Reform Act and the new European Procurement Regulations. They have similar aims of improving openness, fairness, competitiveness and sustainable procurement.

- **Harnessing Buying Leverage**: To ensure that GG&C harnesses its Acute and Integrated Joint Board (IJB) leverage and national leverage to deliver best value; that it works collaboratively with other Health Boards and Public Bodies; and that it has the capacity and capability to deliver at a local level;

- **Tracking and Reporting Benefits**: To ensure that GG&C can demonstrate delivery of improvements flowing from improved contracting and that it can track and report benefits accrued.

- **Improving Quality**: To ensure that goods and services are provided to the required levels of quality to deliver excellent services and to ensure that a robust process of quality reporting and remedial activity is in place.

- **Streamlining Purchase to Pay Processes**: To exploit fully the available eProcurement technologies to improve services to end users and minimise resources deployed in ordering administration.

- **Managing Expenditure**: To ensure processes and systems are in place which support the effective management of GG&C’s expenditure. This includes; building and managing catalogue content, controlling access to content and authorising expenditure.

- **Improved Logistics**: GG&C has undertaken significant change to its traditional logistics services via the introduction of the National Distribution Centre, the Centralised Pharmacy Distribution Store and Ward Product Management services. This paper reaffirms these strategies.

- **Staff Training and Development**: To train Service Users and procurement services staff to improve their awareness and to develop capacity and skills in relation to procurement legislation, governance and complex procedures which if incorrectly applied could leave the Board open to legal challenge.

- **Corporate Social Responsibility (CSR)**: To deliver CSR aims including engagement with SME’s and Social Enterprises; meeting sustainable procurement targets and delivering an ethical supply policy.

- **Commitment to Continuous Service Improvement**: It is essential that procurement service providers maintain a continued focus on service improvement. As the majority of Board Lead procurement services have
been centralised since the formation of GG&C such service improvements will be implemented via dedicated customer services resource; service feedback forums; clear communication channels; and robust KPI's.

In summary this strategy builds on the 2011-2015 strategy and continues to ensure GG&C’s procurement service aligns with local and national strategies. It is intended to focus procurement service providers in delivering the highest level of service to End Users whilst delivering best value goods and services.

The implementation of the strategy will be governed by the Procurement Steering Group which will report annually to the CEO/Directors/Chief Offices meeting.
GOVERNANCE

GOVERNANCE STRUCTURE

A Procurement Strategy was approved by GG&C’s Corporate Management Team (CMT) for the period to 31st March 2015 which included the establishment of the Procurement Steering Group.

The Steering Group meets quarterly with the remit to develop and maintain an overall non-pay procurement strategy in terms of governance, legislation, process and reporting.

The Steering Group is chaired by the Chief Executive Officer (CEO)’s nominated Board Director lead, the Director of Property, Procurement and Facilities Management. The Head of Procurement will be responsible for developing and maintaining governance best practice and processes in procurement across all five 'lead' departments.

The Steering Group reports into the CEO/Directors/Chief Officers meeting. It will prepare a bi-annual report on progress towards objectives and targets to this meeting.

The specific purpose of the Steering Group is summarised below:

- To ensure that all five procurement 'lead' departments deliver consistent application of best procurement practice and Board Standing Financial Instructions.

- To develop and maintain a Board wide Procurement Strategy which takes account of the latest national and professional procurement developments and trends.

- The establishment of procurement standards based on published best practice and ensuring that the organisation has the capability of delivering compliance with these standards.

- The establishment of a supportive peer review process which will allow the continuous quality improvement of procurement in the organisation.

- To ensure that resources deployed to procurement are efficient and capable. This will include ensuring that appropriate skills and leadership is developed within the workforce.

- To ensure that technology is used effectively to improve efficiency and productivity across the procurement function and in its relationship with users and other stakeholders such as the finance department.

- To develop and maintain a strategy for effective engagement with the procurement service users and the Board’s supplier base and to ensure open and transparent processes are in place to encourage participation and competition.
• To ensure that appropriate capabilities and accreditations are maintained to provide a procurement service that achieves the highest standards when assessed against equivalent organisations.

• To develop and maintain a set of key performance indicators (KPI’s) which will allow the overall procurement performance to be understood and monitored.

**ROLES AND RESPONSIBILITIES**

- **Board Nominated Lead Director**

  The CEO is accountable to the Board for the achievement of the objectives associated with the Procurement Strategy. The CEO nominates a Lead Director to take primary responsibility for procurement services across GG&C. The nominated Lead Director is the Director of Property, Procurement and Facilities Management.

- **Procurement Board Leads (Board Leads )**

  Specific responsibility for the delivery of the strategic objectives set out herein is vested in Board Leads - senior managers who are professionally accountable in relation to procurement activity. The Board Leads manage specific procurement remits and are accountable for the delivery of the strategic objectives. The Board Leads areas of delegated responsibility are:

<table>
<thead>
<tr>
<th>Board Lead</th>
<th>Delegated Area of Responsibility</th>
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<tbody>
<tr>
<td>Pharmacy and Prescribing Support Unit (PPSU):</td>
<td>All medicines</td>
</tr>
<tr>
<td>Capital Planning:</td>
<td>All major building projects</td>
</tr>
<tr>
<td>Operational Estates:</td>
<td>Minor building and building repair projects*</td>
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<tr>
<td>HI&amp;T:</td>
<td>All IT projects, software, hardware and desktop.</td>
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<tr>
<td>Procurement:</td>
<td>All other ‘in-scope’ non-pay expenditure</td>
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* An Estates Procurement Service was established within the Procurement Department in 2014 to provide professional procurement support to Operational Estates officers.

In some cases Procurement delegates purchase order responsibility to other ‘expert’ departments (Medical Physics, Catering and Laboratories), whilst maintaining overall responsibility for commercial arrangements.

- **Integrated Joint Boards Leads (IJB Leads)**

  The creation of IJB’s establishes an extension of the governance roles and responsibilities beyond the NHSSGG&C structures and into the partner Local Authority organisations. A forum will be established to develop joined up working initiatives with Local Authority procurement managers.
EXPENDITURE GOVERNANCE

Non-Pay expenditure governance is subject to the Boards Standing Financial Instructions (SFIs) and Scheme of Delegation. This provides four discreet phases for expenditure authorisation:

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<thead>
<tr>
<th>Phase</th>
<th>Activity</th>
<th>Authorised Officer</th>
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<tbody>
<tr>
<td>Phase 1:</td>
<td>Request for tender/purchase</td>
<td>Specifier / Requestor</td>
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<tr>
<td>Phase 2:</td>
<td>Release of funds</td>
<td>Budget Controller</td>
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<tr>
<td>Phase 3:</td>
<td>Tender / Purchase</td>
<td>Board Lead (BL)</td>
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<tr>
<td>Phase 4:</td>
<td>Contract Management</td>
<td>Specifier/Requestor &amp; BL</td>
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Phase 1 and 2 are managed via delegated levels of authority to approve requisitions / expend budgets via directorate management structures in accordance with the Board’s SFI’s.

Phase 3 is managed by the Board’s delegation of procurement responsibility to the Board Leads.

Phase 4 is managed by the Specifier/ Requestor of the goods /services with support from the Board Leads.

Each Board Lead will ensure that all procurement activities delegated to them are carried out in accordance with the Board’s SFI’s and that all expenditure achieves best value for money.

PROCUREMENT REFORM ACT OBLIGATIONS

The Procurement Reform (Scotland) Act 2014 (the Act) sets out key obligations for GG&C which include:-

- Requirements for Public procurement processes to be transparent, streamlined proportionate, standardised and business friendly
- Making it easier for business, particularly newer businesses, Small and Medium sized Enterprises (SMEs) and the Third Sector to access public contract opportunities and sub-contracting requirements
- Smarter use of public procurement to encourage innovation and growth
- Taking account of social and environmental sustainability issues through public procurement
- Payment of all undisputed invoices within 30 days

The Act requires GG&C to prepare a procurement strategy setting out how the authority intends to carry out regulated procurements (regulated procurements are those over £50,000 (Ex VAT)). It must also review the strategy annually and make such revisions as it considers necessary to comply with the Act.

Section 15 of the Act states that the Board’s Strategy must include:-

✧ How the Board intends to carry out regulated procurements to :-
(i) contribute to the carrying out of its functions and the achievement of its purposes
(ii) deliver value for money
(iii) be carried out in compliance with its duties under the procurement rules

These are contained in section 3 and throughout the Strategy document.

✧ A statement of the Board’s general policy on :-
  (i) the use of community benefit requirements
  (ii) consulting and engaging with those affected by its procurements
  (iii) the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements
  (iv) promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c.37) and any provision made under that Act
  (v) the procurement of fairly and ethically traded goods and services

These are contained in section 4

✧ A statement of the Board’s general policy on how it intends to approach regulated procurements involving the provision of food to :-
  (i) improve the health, wellbeing and education of communities in the authority’s area

This is contained in section 4

✧ Set out how the Board intends to ensure that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to the payment is presented for :-
  (i) payments due by the authority to a contractor
  (ii) payments due by a contractor to a sub-contractor (see note 1)
  (iii) payments due by a sub-contractor to a sub-contractor (see note 1)

In relation to item (i) this is contained in section 4

Publication Requirements:

The Act requires GG&C to publish:

• It’s procurement strategy
• An annual procurement report on its regulated procurement activities within 3 months of the end of the relevant financial year (eg by 30th June)

1 The Board will review and develop systems to support good practice for payment of sub-contractors during the period of this strategy.
GG&C will publish its procurement strategy and annual report on GG&C’s external web site within its procurement pages.
2. DEVELOPMENT OF STRATEGIC DIRECTION

OVERARCHING GG&C CONTEXT

To ensure there is effective alignment with National and GG&C strategies this strategy is set within the context of the following hierarchy of strategies.

This document establishes the GG&C Procurement Service strategy. This will be used as the basis for the development of operational strategies for each Board Lead’s area of responsibility during the period of the strategy.

GGC CORPORATE STRATEGIC DIRECTION

Corporate Plan 13-16:

The Corporate Plan defines the GG&C’s purpose to:

“Deliver effective and high quality health services, to act to improve the health of our population and to do everything we can to address the wider social determinants of health which cause health inequalities.”

It established five strategic priorities:

- Early intervention and preventing ill-health.
- Shifting the balance of care.
- Reshaping care for older people.
- Improving quality, efficiency and effectiveness.
- Tackling inequalities.

These priorities have been developed to reflect the following key drivers:

- The Scottish Government vision for NHS In Scotland the ‘20/20 vision’
- The needs of the 1.2 million population served by GG&C, it’s changing nature in terms of age, life expectancy, levels of ill health and deprivation.
- The changing design of the organisation to delivery Acute and Community based services including the integration of Health and Social Care.
Reshaping how GG&C uses the £2.9b of resources. Taking account of the impact on increasing volume and complexity of services required. The need to deliver value for money for externally provided medication, equipment, systems, goods, services and construction. It specifically highlights the following underlying pressures:

- Inflation, especially pay and energy costs;
- funding needed for planned service developments including nationally set priorities for access improvements and new services;
- continuing development of new drugs and treatments;
- changing services to deal with demand pressures or to address gaps in provision;
- addressing service pressures associated with changing need and demographics;
- the effects on the NHS of pressures and budget reductions for partner agencies,
- including Local Authorities and third sector organisations

The plan goes on to set out some specific proposals to address these pressures:

- use technology to further drive forward flexible and agile working to further reduce our office and support costs;
- encourage and support our staff to generate and deliver ideas which make better use of resources;
- develop our benchmarking activity to understand where there may be potential for change or improvement;
- more clearly link financial allocations to Partnerships to population health needs, taking account of expected change;
- rationalise the number of sites which we occupy;
- deliver a number of whole system redesigns which reduce costs and increase efficiency and effectiveness including for district nursing and mental health;
- develop fair share starting budgets and robust financial governance arrangements for the new Health and Social Care Partnerships;
- continue our focus to deliver effective and efficient services, based on best practice and value for money including reducing the use of hospital services;
- ensure we fully recover the costs for the services that we provide to other NHS Boards;
- continue to promote our view that the national resource allocation formula does not fully reflect the impacts of deprivation or our population.

The Procurement Services have a significant responsibility to support the delivery of these proposals and to create systems, capability and capacity to achieve the aims of the Corporate Plan.
Planning Guidance and Policy Statements

The Corporate Plan is amplified by the Planning Guidance and Policy Statements. These set out key outcomes and specific HEAT targets for GG&C services. The policy statements provide context across a range of critical drivers for GG&C’s services.

Procurement Services support these by maintaining high quality services to GG&C services ensure the right goods and services at the right price and at the right time are provided. Additionally Procurement Services support innovation and service development through best practice market engagement and tendering practices. More recently the ability for Procurement Services to directly deliver outcomes has been harnessed and successful outcomes delivered such as Modern Apprentice placements across new build projects and employment for people with disabilities via purchase of goods/services from Supported Businesses as part of the Better Health Through Employment procurement strategy.

Specific examples of where Procurement Services can directly influence and support these critical drivers include:

- Employability, Financial Inclusion and Responding to Recession – Board Leads will continue to deliver the Better Health Through Employment strategy which uses Community Benefit Clauses to provide employment and training opportunities via our contracted goods and services.
- Tackling Inequalities – Board Leads will continue to implement the Equality and Diversity (E&D) procurement guidance which includes E&D assessments at procurement strategy stage and in the built environment specifications.
- Quality – Health Acquired Infection considered in specifications; patient centred design; engage with staff via TUG groups; consideration of Facing the Future Together responses;
- Sustainability- Actioning the Sustainable Procurement Action Plan; utilising the BREEAM assessment system for new Buildings and Infrastructure projects; championing low carbon travel buying options; supporting SME engagement; implementing the Procurement Reform Act; use of Lifecycle Costing.

Clinical Services Fit for the Future

The Clinical Services Board paper set out the following key aims:

- Care is patient focused with clinical expertise focused on providing care in the most effective way at the earliest opportunity within the care pathway;
- Services and facilities have the capacity and capability to deliver modern healthcare with the flexibility to adapt to future requirements;
- Sustainable and affordable clinical services can be delivered across NHSGGC;
- The pressures on hospital, primary care and community services are addressed
Procurement Services have a critical role in delivery of these aims. Specifically in developing awareness of the objectives and building capability and capacity to procure the highest quality, best value Products, Medicines Equipment, Systems, and Built Environment.

Financial Outlook

The prevailing economic conditions together with an ageing population demographic, increasingly technically complex treatments and underlying inflationary pressures has given rise to significant financial pressures across all areas of GG&C spend.

A restriction on budget uplifts against these financial pressures continues to create an overall net reduction of financial resources available. With 75% of expenditure being committed to pay, the need to reduce non-pay expenditure and deliver best value for money solutions contribute to the ability of GG&C to be successful in its overall aim of delivering effective and high quality health care services.

The Financial outlook for GG&C to achieve the delivery of the Corporate Plan and provide the level of service required by our population whilst achieving financial balance is and will continue to be a significant challenge going forward during the period of this strategy. Supporting the Board’s Divisions and Directorates in achieving their financial plans is a critical responsibility of Procurement Service providers. This strategy sets out specific strategies and targets for Board Leads to deliver in this respect.

Overall Context for Procurement

The Corporate Plan and supporting strategic documents evidence recurring themes which can be directly and positively influenced by high performing Procurement Services including:

- Tackling the increasing cost of delivering the healthcare our population demands.
- Delivering patient centred services.
- The shift of services from hospital to community and home.
- Embracing latest technology and innovation.
- Reducing inequalities and ill health by influencing and utilising the externally provided services to the NHS and the wider business environment.

NATIONAL CONTEXT

The Public Procurement Reform Programme was established in 2006 following the publication of the McClelland Report “A Review of Public Procurement Scotland” which called for more joined up procurement across the public sector, to create ‘centres of excellence’ for strategic buying, to implement electronic procurement and to improve the ‘professionalism’ of the service by investing in additional resource, staff development and improved cross sector leadership.
The Reform Programme issued the Scottish Procurement Policy Handbook in December 2008 which sets out the fundamental rules, behaviours and standards applicable to public procurement activity in Scotland.

NHS National Procurement (NP) was established following the Audit Scotland ‘In Good Supply’ report. This national body provides the Centre of Expertise for NHSS Procurement in-line with the McClelland Report. It has strategic aims which underpin those of the McClelland Report, in particular developing National Strategic Sourcing contracts, providing and managing a National Logistics Service and supporting a National eProcurement system.

An NHS Scotland (NHSS) Procurement Steering Group has been established to oversee the delivery of a consistent procurement service to NHSS and champion best practice improvements. The group initiated a review of NHSS procurement services. This review will now continue under the national Shared Services Portfolio Board and is expected to report during 2015/16. GGC procurement services will play a full role in the review to ensure outcomes support the Board’s key objectives.

CEL 05(2012) Key Procurement Principles

The Accelerated Procurement Initiative was established by the NHS Chief Executive Officers’ Group in August 2010. The group recognised the essential nature of the engagement between procurement professionals and the wider Health Board teams to maximise the delivery of benefits for NHS Scotland and to ensure that appropriate professional input from across the service is provided to assist Best Value outcomes for procurement activity.

This work was developed further and is now controlled within the NHS Scotland Procurement Steering Group. The CEL 05 (2012) sets out the key principles of this engagement to be adopted by all Health Boards and Special Boards in Scotland with regards to Procurement activity.

NATIONAL BEST PRACTICE DEVELOPMENT

- **Background:**

  The Procurement Capability Assessment (PCA) was developed by a cross sector working group and was launched in June 2009. The PCA process is intended to assess procurement capability across the public sector with the aim of identifying best practice which can be shared; gaps in procurement capability to help prioritise development of performance improvement work/tools across the Scottish public sector; and priorities for improvement plans by individual public bodies.

- **GG&C Current Status:**

  GG&C procurement services has been rated at the ‘Superior’ level, the highest rating. The GGC Procurement Steering Group also established a series of PCA ‘Lite’ reviews of the non-Procurement Department Board Leads
and from this review established a programme of improvements. These programmes were completed by 2015.

- **Revised National Approach**

A review of the PCA approach was completed in 2014 and a revised assessment regime established for 2015/16 onwards. The assessment process has changed significantly with a new set of questions and a new focus. The programme will now be called the Procurement & Commercial Improvement Programme (PCIP). The assessment is expected to be more rigorous and public body’s expected to score lower than previous years. GGC will continue to use the assessment as a means of focusing improvements to its services. GGC procurement services were assessed in November 2015 and rated as A+ the highest available rating.

**SERVICES SPECIFIC CONTEXT**

**Pharmacy**

Pharmacy and Prescribing Support Unit (PPSU) has undergone significant redesign to deliver more efficient and effective ways of working. This includes a centralised facility which purchases and uses robotic technology to supply medicines across the organisation and supports our patients to derive maximum benefits from the appropriate use of their medicines in a timely manner.

Collectively with other acute pharmacy colleagues across Scotland the Board’s Pharmacy Service collaborate to maximise combined buying power of NHSScotland to deliver savings by adhering to national contracts which have been negotiated on our behalf by procurement experts at National Procurement Scotland (NP).

The Pharmacy Distribution Centre purchases around £180m per annum on pharmaceuticals and this is influenced by national review and pharmaceutical workplans e.g.

- Biosimilar prescribing - development of prescribing framework/clinical guidance
- Access to drugs via CP model
- Homecare - shared care arrangements -£40m
- Other medicine spend £140m
  1. £95m - non branded (generics) - combination of National and Zone contracts where discounts are available
  2. £45m - branded - access to PPRS (government discount) and Patient Assess Schemes (PAS)
- 2015/16 - we expect an increase of medicines spend circa £19m as a result of new products entering the market.
Biosimilars are a relatively new and offer significant cost savings however, they are not the same as generics which have a simpler chemical structure and are considered identical to their reference medicines; A surge of upcoming patent expiries has driven demand for biosimilar development, but without access to the originators molecular clone and cell bank, the exact fermentation and purification process, or the active drug substance, mimicking the performance of the branded original is extremely complex and for this reason leaves prescribers nervous around patient outcomes and how they will react if one was to be substituted over the other.

Other Pharmaceutical Influences to be considered are:

- **Prescription for Excellence** (complements the SG 2020 Vision), [www.gov.scot/Resource/0043/00434053](http://www.gov.scot/Resource/0043/00434053) - review service models for access to medication i.e. low risk products via community pharmacy (review of homecare services being undertaken nationally). Effective, appropriate patient treatments at the right time ensuring reduced waste, clinical and cost effective use of medicines and technologies i.e. robotics
- **MHRA Good Distribution Practice** (GDP) - regulation, directives and guidance to be followed when purchasing and distributing medicinal productsCollaborative working - proc/pharmacy synergies (silent deliveries, Pecos), NP contracts, WOS Zone contracts (small spend)

**Operational Estates**

Following the PCA Lite review of Operational Estates in 2012, a new Operational Estates Procurement department was set up in 2014, with an appointed Commodity Manager and Senior Commodity Officer. The high level aim of the department is to provide Procurement support to NHS GG&C’s Estates departments.

There is much site-specific contract and non-contract expenditure within Estates, with most departments currently operating in silos. One of the purposes of Estates Procurement is to support procurement activities by setting up framework agreements from which Estates Departments will call off. This will ensure the quality and capacity of contractors, re-set commercial terms and improve overall contract management to achieve best value for money for the Board.

Estates Procurement supported the Internal Audit Review of Procurement in Operational Estates, the findings from which were released in January 2015. A range of improvements were noted and a focused training programme has been carried out by Procurement, including Standing Financial Instructions seminars, and one-to-one PCS Quick Quote training to support low value procurement activities. Instructions have gone out to support the purchase order and emergency purchase order process on the back of this. In addition, Procurement formally report to the Estates Senior Management Team on a bi-monthly basis.
Capital Planning

Procurement processes for Capital works projects work within the context of governance, guidance and strategic directions set by National Government. The baseline reference for all strategy is Scottish Government Construction Procurement Manual (2011). All projects are subject to the provisions whether within delegated limits or subject to SGHD approvals.

In addition to the above the Scottish Government Health and Social Care Directorates have mandated the use of the Scottish Capital Investment Manual (SCIM). This is additional guidance to the Construction Procurement Manual in NHS context and sets out the processes and content for various stages for the development of business cases from Initial Agreement though Outline to Full Business Case approval. A revision of SCIM is currently out for consultation before an update expected at the end of 2015.

Statutory Obligations specific to construction contracts also provide context for our procurement processes. Two of the most significant are provisions for payment and for Health and Safety competency. The Housing Grants, Construction and Regeneration Act 1996 (Part 2), Local Democracy, Economic Development and Construction Act 2009 and The Scheme for Construction Contracts (Scotland) Amendment Regulations 2011 work together to set out statutory requirements to achieve prompt payment and provisions for adjudication in the event of a dispute, all to improve the cash-flow in construction contracts.

The Construction (Design and Management) Regulations 2015 set out statutory obligations on the parties to a construction contract the principal theme of which is to ensure Health and Safety competency in Design and Construction.

eHealth

Procurement processes for IT systems and services work within the context of governance, guidance and strategic direction set by National Procurement and the eHealth Strategy, as well as more overarching Public Sector Strategies led by Scottish Government.

The baseline reference for development of the strategies was the Review of ICT Infrastructure in the Public Sector in Scotland Report by John McClelland (2011).

Medical Physics

The Medical Physics Department has specialist knowledge in relation to the technical aspects of medical equipment, is ISO9001 registered and therefore is ideally placed to support the Procurement Department in this area of contracted services. Close links have been established in order to realise synergies between the two departments, acknowledging the findings of the Procurement Capability Review of 2012. A single point of contact has been established, using a senior Technical Manager within Medical Physics, who has responsibility for co-ordination of the delegated contracts and liaison with
the Procurement Department. An overarching medical equipment contracts register has been established. A similar graded member of technical staff has been established as a single point of contact in relation to capital equipping projects. Currently, Medical Physics places a proportion of medical equipment contracts, however, discussion has already taken place around developing this towards an advisory role with the procurement function migrating to the Procurement Department. Further to this, the Medical Physics Department seeks to work with the Procurement Department to minimise the number of outsourced contracts by a comprehensive review, with a view to an in-house solution.

**Integrated Joint Boards**

The integration of Health and Social Care via the formation of Integrated Joint Boards should have the effect of improving joined up planning and commissioning arrangements for delivery of care to our population. There is expected to be significant opportunities for review and improvement of the bought-in requirements to maximise value for money and avoid duplication. Examples of joint approaches already exist with the previous CHCP arrangements and the use of the HubCo new building arrangements.

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<th>Strategic Intent</th>
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<tr>
<td><strong>The Procurement Steering Group will continue to ensure strategic alignment with national and local drivers.</strong></td>
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<tr>
<td><strong>The Steering Group will develop best practice improvements utilising the revised Procurement &amp; Commercial Improvement Programme (PCIP) national assessment programme.</strong></td>
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<tr>
<td><strong>The Board Leads will develop operational strategies based on this overall strategic plan annually during the period of this strategy.</strong></td>
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<tr>
<td><strong>Progress in delivering this strategic plan will be reported to the Procurement Steering Group quarterly and to the CEO/Directors/Chief Officers meeting bi-annually.</strong></td>
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4. GG&C PROCUREMENT SERVICES STRATEGIES

GG&C PROCUREMENT SERVICE KEY STRATEGIC THEMES

The following strategic themes reflect the National and Local strategies and form the basis of the main section of this paper. They will be the basis for developing operational strategies for each Board Lead.

- Harnessing Buying Leverage;
- Tracking and Reporting Benefits:
- Improving Quality:
- Streamlining Purchase to Pay Processes
- Managing Expenditure
- Improved Logistics
- Staff Training And Development
- Corporate Social Responsibility (CSR)
- Commitment To Continuous Service Improvement

HARNESSING BUYING LEVERAGE;

- Category Management

GG&C has a non-pay spend of £1051m (based on 2014/15 data) of which approximately £743m p.a. is expenditure with 3rd Party providers and as such is influencable by procurement activity.

Non-Influencable Spend is expenditure which is not subject to normal commercial trading arrangements. This is typically rates, depreciation and recharges.

Influencable Spend is expenditure subject to normal commercial trading arrangements and therefore influencable by procurement activity. This spend is identified by the Board’s financial account code structure which splits it into broad ‘Market Categories’.

Each Market Category of spend has a broad commercial ‘Tier 1’ strategy driven by the type of goods or services procured and their fit to the NHS Scotland Contracting Framework. The NHS Scotland Contracting Framework is designed to aggregate demand across the Public Sector to a level where best value can be achieved. The framework establishes the lead contracting authority and defines contracts into ‘Contracting Categories’ which define this responsibility. The framework ‘Contracting Categories’ relevant to NHSS are:

- Category A – Contracted for all Scottish Public Sector bodies by Procurement Scotland.
- Category B – Contracted for all NHSS Health Boards by NHS National Procurement.
- Category C – Contracted individually by Health Boards.
### Market Category Strategies

The top 10 Market Categories are shown in the table below and account for £436m (79%) of influencable spend. The table also identifies the Contracting Category most commonly used and provides a Tier 1 strategy comment.

<table>
<thead>
<tr>
<th>Market Category</th>
<th>Cont Cat.</th>
<th>14/15 Budget (£)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicines</td>
<td>B</td>
<td>£140,000,000</td>
<td>Combination of National and Zone contracts where discounts are available.</td>
</tr>
<tr>
<td>48 Professional Fees and Services</td>
<td>C</td>
<td>£66,740,235</td>
<td>Corporate Contracts – and mixture of NP Frameworks, 30% Agency Spend. Other Professional fees accounts for £34m approx 70% of this on contract or influenced by Procurement.</td>
</tr>
<tr>
<td>28 Fuel and Power</td>
<td>A</td>
<td>£47,100,125</td>
<td>All from Pan Public Sector Scottish Gov. contract</td>
</tr>
<tr>
<td>15 Lab &amp; CSSD</td>
<td>B/C</td>
<td>£42,718,352</td>
<td>Approx £20m Labs Managed Service contract via Procurement Dept., balance mainly covered by NP contracts.</td>
</tr>
<tr>
<td>14 Med Instruments (Sundries)</td>
<td>B</td>
<td>£41,358,287</td>
<td>Mostly NP frameworks/contracts. Some local contract and local formulary and commitment call-offs</td>
</tr>
<tr>
<td>Pharmacy Homecare</td>
<td>B/C</td>
<td>£40,000,000</td>
<td>Contracted via either NP or Local Pharmacy</td>
</tr>
<tr>
<td>30 Property Maintenance</td>
<td>C</td>
<td>£22,047,167</td>
<td>Contracted and Ordered by Estates.</td>
</tr>
<tr>
<td>16 Surgical Appliances</td>
<td>B</td>
<td>£13,583,890</td>
<td>Mostly NP frameworks/contracts. Local formulary and commitment call-offs</td>
</tr>
<tr>
<td>44 Postage Carriage &amp; Telephones</td>
<td>A</td>
<td>£12,636,020</td>
<td>Mostly from Pan Public Sector Scottish Gov. contract or NP contracts</td>
</tr>
<tr>
<td>46 Transport &amp; Vehicles</td>
<td>A/B</td>
<td>£10,142,137</td>
<td>Mostly from Pan Public Sector Scottish Gov. contract or NP contracts</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>£436,326,213</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Tier 2 Category Strategies

As described above each category of spend has a Tier 1 strategy which is a broad commercial approach driven by the type of goods or services procured and their fit to the NHS Scotland contracting framework.
Each Market Category can be broken down into more detailed market segments using the Board’s detailed financial account code structure. This allows a Tier 2 category strategy specific to the range of goods or services within a particular market segment to be developed taking account of planned national, regional or local initiatives.

Each Board Lead will develop Tier 1 category strategies for their delegated area of procurement. Annual Tier 2 plans will be established to exploit best value procurement opportunities driven by contracting framework plans (e.g. new contract being let) and opportunity analysis based on the National, Regional and Local contracting approaches set-out below.

- **National Leverage:**

  The McClelland Report and Public Procurement Reform Programme set out a clear strategy for harnessing leverage at both a Pan Public Sector and Pan Health level. GG&C fully supports these National strategies and will work in partnership with colleagues in Procurement Scotland (Pan Scottish Public Sector Contracting), NSS National Procurement (Pan NHSS Contracting) and wider UK National buying agencies to harness the buying power of NHSS and the Public Sector.

  As the largest Health Board, GG&C are uniquely positioned to play a leading role in shaping national procurement strategies. It is essential that key staff are released to work with the national teams in this way.

  The strategic objective is to support national contracts and to work closely with national procurement agencies to ensure these contracts fully meet our requirements whilst delivering best value for NHSS and the wider Public Sector. This strategy will be ongoing throughout this period.

- **NHSS Regional Collaborative Working:**

  The McClelland Report and Public Procurement Reform Programme set out the need to improve the contracting for goods and services which do not aggregate to a national level. More recently the West of Scotland Regional Planning Group (RPG) established a shared services work stream including Procurement services. In 2015/16 an overarching shared services programme for NHSS has been established under the governance of the NHSS Shared services Portfolio Board.

  Regional working structures for Pharmacy high value medicines are well developed via the West of Scotland Pharmacy Procurement Zone. As a more joined up national approach to medicines procurement has matured there are significantly more national contracts being created being a natural evolution from a regional collective arrangement.
• **West of Scotland Regional Procurement Project:**

The RPG initiative established the West of Scotland Regional Procurement Project. This is hosted by GG&C Procurement Department and the Project Director is the GG&C Head of Procurement. The project utilises existing procurement resources and is focused on implementing optimum outcomes from national framework contracts on the basis of once rather than five times across each WoS Board. This has required the establishment of regional decision making peer groups. Since the project started in 2012 by 31/3/15 the project has implemented changes to products and services used by front line staff which has reduced prices paid by approximately £13m. The majority of national contracts are now delivered via the regional procurement project in the WoS.

• **Local Authority Collaborative Working:**

The formation of Integrated Joint Boards (IJBs) will provide further opportunities for joined up collaborative procurement activity with IJB colleagues and across IJB boundaries within GG&C. A number of projects are currently undertaken jointly with neighbouring Local Authorities particularly in the areas of Health Promotion and Social Care Services.

GG&C procurement services will seek to build further strategic alliances with other West of Scotland based public bodies and IJB colleagues to develop opportunities to procure goods and services which do not aggregate to a national level on a regional basis.

• **Health Board Contracting:**

Approximately 32% (£126m) of the Health Board's revenue spend plus a further £126m of capital spend is contracted at a GG&C level. These include areas such as Health Promotion, early health intervention services, continuing social care, new buildings, buildings repair, medical equipment and grounds maintenance.

The Procurement services will continue to develop GG&C wide contracts for such requirements and seek regional collaborative opportunities to aggregate demand, standardise specifications and streamline contracting processes.

• **Health Board Capacity and Skills:**

To ensure National, Regional and Local strategies are translated and implemented at a local level to deliver maximum benefit, responsibility for defined areas of spend will be allocated to ‘Portfolio Managers’. These ‘Portfolio Managers’ provide the capacity for GG&C to deliver maximum value from a range of national and local contracts.

The Portfolio Managers will lead the implementation of National and Regional contracts in their portfolio area, establishing Technical User Groups (TUGs) as described in the ‘Managing Expenditure’ section below. Typically the Chair
of the group will be an end user of authority and together with the Board Lead team member will attend national or regional strategy groups representing GG&C’s view. This TUG structure should ensure ‘no surprises’ when a contract is let and provide a mechanism for early engagement and implementation.

The Board Leads will maintain structures, capacity and skills to ensure, contracts reflect End Users needs and the benefits arising are implemented rapidly.

Board Leads will establish TUG’s within their delegated areas of responsibility to meet the requirements of their Tier 2 Market Category strategies.

TRACKING AND REPORTING BENEFITS:

Board Leads will work closely with all Divisions and National Procurement Agencies to develop an annual plan of Tier 2 strategies targeting price reductions across ranges of products. These will be established by budget and portfolio analysis and will support the budget management process. Board Leads will maintain a project management system to plan, monitor and progress development and implementation of these agreed National and Local procurement initiatives. This will be maintained and reported monthly via the Heads of Finance and quarterly via GG&C’s Director of Finance as part of the financial recovery reporting to the Health Board. Monthly progress reports will also be issued to National Procurement for collation of national statistics on contract implementation and benefit realisation reporting.

The strategic objective is to establish annual price saving targets each year of this strategy period in conjunction with GG&C Divisions and Directorates. These savings will consist of a mixture of National and Local initiatives and will form the Tier 2 category strategies. It is recognised these will deliver both cost avoidance and cost savings in relation to HB budgets.

IMPROVING QUALITY:

In addition to financial benefits, significant quality benefits are also expected to be achieved from improved contracting arrangements. These will be monitored on a project by project basis and will include:

- **Improved Specification of Need:** All contracts will have a formal specification of need developed in conjunction with GG&C expert users. These expert users are specialist staff engaged by the Board with detailed knowledge of the required goods or services. The Board Leads will provide best practice advice and guidance in the development of specifications.

- **Rigorous Selection Processes:** All contracts will be subject to a rigorous selection processes involving GG&C expert users in evaluation of products
and services being tendered. The most economically advantageous in terms of quality, service and cost criteria will be selected.

- **Quality Assurance Reporting:** Each Board Lead will implement a formal quality assurance reporting system to allow Users of procurement services and products/services supplied to feedback on issues arising. In this context Users are the wider staff groupings who actively use the goods and services on a day to day basis.

- **Enhanced Contract Management:** Portfolio Managers will implement enhanced contract management for strategically important suppliers in their portfolios. Suppliers will be selected based on a value/risk assessment and be subject to “key account” management including quarterly reviews, quality management, invoice settlement and KPI reporting.

| The strategic objective is to implement a quality control process to capture, report and continually improve supplier performance. |

**SUPPLIER DEVELOPMENT AND CONTRACT MANAGEMENT**

A key element of the procurement reform is that of supplier engagement and involvement and monitoring of key contracts. Through this strategy GG&C have set out the following key aims:-

- **Health and Safety** - Contractors and sub-contractors will be required to comply with the Health and Safety at work Act 1974 (c37) and any provision made under the Act.
- **Contract Management** - Major Suppliers’ performance will be reviewed quarterly with all aspects of performance assessed and improvements agreed.
- **Payment of Invoices** – The Board’s Payment terms will support the aims of Section 15 of the Procurement Reform (Scotland) Act 2014 with an aim to settle all undisputed invoices within 30 days. This will be monitored through the financial KPIs and reported as part of the Health Boards Annual Report and Accounts and Procurement Annual Report.

- **Commercial Management Post-Award:**

Currently commercial management of a contract or order is carried out principally by the End User (the Divisional or Directorate representative responsible for the service (e.g. CSM, Project Manager, and General Manager). These representatives are also responsible for the development of positive working relationships with the supplier and the motivation of the supplier and their staff to deliver services/goods to the requirements of GG&C.

Best practice examples from the Board are:
• Within HI&T Service Delivery Managers (SDMs) liaise with the end users to ensure contract delivery is as expected and that future developments are scoped, etc. The HIT Service Level Manager runs review meetings with users, SDMs and suppliers reviewing monthly performance reports and identifying and claiming any service credits due as a result of failed performance in conjunction with IT Contracts team.

• Pharmacy representative who participated in the national CAP panels will meet to review the medicines contract i.e. can supplier fulfil order requirements correctly/on-time? Consider quality of product and any deviations from the contract expectation. This is in addition to local pharmacy also meeting with pharmacy industry representatives.

This strategy proposes that Board Leads will develop a strategy for improved support to End Users during the post-award phase of contracts taking due regard of best practice examples.

STREAMLINING PURCHASE TO PAY PROCESSES

• Development of eProcurement

Software based systems to support the procurement process from sourcing to payment are commonly referred to as an eProcurement solution. The implementation of such a solution is a pre-requisite of the McClelland Report, the NHSS and Scottish Government Procurement Policies and the prevailing Health Board Procurement Strategy. The sections below set out the strategy in relation to this requirement.

• Purchasing Process (eOrdering)

eOrdering is the ‘front end’ of the eProcurement solution. It provides a desk-top ordering tool which allows authorised staff to access catalogue content and place order requests for required products. GG&C has adopted the National eProcurement front end system (PECOS) with over 8000 users. The strategy will continue the deployment of PECOS and will seek options to extend desk top ordering facilities for the majority of requirements.

The strategic objective is that desk top ordering facilities are available for the majority of requirements

• Payment Process (eInvoicing)

Paper less invoicing is a core deliverable of the Shared Financial Services national strategy. GG&C is a full participant in this and Board Leads will support the project by encouraging suppliers to provide paperless invoices through tender specifications and supplier development initiatives. This will support the payment of invoices within 30 days as stated above.

The strategic aim is to implement paper less invoicing in line with the national Financial Shared Services strategy.
MANAGING EXPENDITURE

- **Supplies Budget Expenditure Management:**

It is recognised that in addition to driving down prices the Board Leads will support Divisional and Directorate Managers in targeting high spending budget lines and work closely with them to seek cost improvements via consumption reduction, substitution, access controls and specification reviews.

- **Development and Control of Catalogued Content**

GG&C has built electronic catalogues for the majority of products (and some services) regularly required by staff for the delivery of health services. Currently 90% of all General and Medical Supplies order requests are processes without the need for a paper indent.

This provides the database and foundation from which electronic ordering systems can be developed allowing staff to quickly access product information, order ‘on-line’, allow expert ‘peer groups’ to review and manage content and access, provide consistency of information and allow better commercial management of supply agreements.

The use of paper indents has been withdrawn for all catalogued products. The resulting reduction in the volume of paper indents allows a higher level of scrutiny, best value review and formulary control to be applied to the remaining indents. This improves control, reduces cost and minimises unplanned expenditure growth.

To support this Board leads will develop product usage analysis capability and capacity to identify unusual patterns of demand or unplanned excess demand to support Directorates in managing their expenditure within budget.

- **Content Management and Technical User Groups (TUGS)**

The concept of Technical User Groups was established in 2010 and endorsed by the Acute Division’s Operational Management Group (OMG) in October 2010. TUGs were extended to West of Scotland basis for regional contracting in 2012 with CEO appointed membership with delegated decision making authority. TUG’s provide the peer group of expert users required to review and agree content and content changes to catalogues. This strategy proposes the continuation of delegation of decision making responsibility to TUG’s for product choices. TUG’s members require to communicate with other product users to ensure cognisance is taken of End User requirements. Where appropriate TUGs will consult and/or engage with those effected by the procurement subject to ensure a full understanding of the requirements can be developed.

TUG decisions are final.
• **Controlling Access**

The functionality of PECOS allows controls to be implemented which manage access to catalogue content. These controls and targets are:

**Password controlled access to the eProcurement system:** All users to have individual passwords.

**Catalogue content access restricted to defined roles:** There are many products catalogued which are required for day-to-day provision of services to patients and access is therefore not restricted. Other more specialised products can be restricted and access limited to those wards and departments where usage has been approved. Restrictions have been implemented for all specialised products and are subject to regular reviewed. A best practice example of this is that no access to IT equipment is available on the catalogue for general end users. Access is restricted to IT procurement team due to dependencies with licences, installation of equipment, etc.

**Financial limits on ability to approve electronic requisitions:** All User Roles have financial limits applied in line with SFI requirements. These will be maintained and regularly reviewed in conjunction with GG&Cs Head of Corporate Governance.

**Quantity limits on the volume of products which can be ordered on each requisition:** All products catalogued will have a maximum order quantity set. This reduces the risk of over-ordering. All products with such limits will be regularly reviewed in conjunction with the End Users and the responsible Board Lead.

**Order Value Limits:** New functionality is available in PECOS to set maximum values a user can order in a set period (e.g., day/week/month). GG&C is testing this functionality and piloting it across a number of end user departments. If successful this will be rolled out across all users.

• **Authorisation of Expenditure**

Non-Pay expenditure governance is provided in four discreet phases.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Activity</th>
<th>Responsible Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1:</td>
<td>Request for tender/purchase</td>
<td></td>
</tr>
<tr>
<td>Phase 2:</td>
<td>Release of funds</td>
<td></td>
</tr>
<tr>
<td>Phase 3:</td>
<td>Purchase</td>
<td></td>
</tr>
<tr>
<td>Phase 4:</td>
<td>Contract Management</td>
<td></td>
</tr>
</tbody>
</table>

Phase 1 and 2 are managed via delegated levels of authority to approve requisitions / expend budgets via Directorate management structures in accordance with the Board’s SFI’s.
Phase 3 is managed by GG&C’s delegation of procurement responsibility to the Board Leads.

Phase 4 is normally managed by the Specifier/ Requestor of the goods/services with support from the Board Leads.

For purchases requested via the on-line ordering systems the delegated levels of authority are embedded in the software rules. This ensures clarity in terms of the authorising person’s identity and their authority to approve.

For purchases requested via paper based systems authorisation relies on signatures of authorised staff. Maintaining up-to-date authorised signature lists together with the manual checking of signed indents becomes increasingly difficult to manage effectively within a very large Health Board. The move to the substantial use of on-line ordering with embedded authority levels addresses this risk. Any remaining paper indents can be channelled through a substantially reduced number of authorised signatories and Board Leads can apply closer scrutiny to those received.

The strategic aim will be to work with Directorate and Finance colleagues to manage expenditure by controlling content, access and authority to purchase goods and services to meet budget requirements

**IMPROVED LOGISTICS**

- **National Distribution Service**

  In line with the National Logistics Strategy for NHSS, GG&C has fully adopted the National Logistics Services via the NSS NP National Distribution Centre. All in-scope activity migrated to the national service by March 2008 and the NDC now provides approximately £34m of products each year to GG&C.

  All General and Medical Supplies Stores across GG&C have been closed and substantive amounts of accommodation released back for other activities.

  The NDC service is provided to GG&C at an annual service charge of approx. £2.9m pa (a 9.35% equivalent service charge). From 1st April 2011 this has been agreed as an annual top-sliced charge payable by all Health Boards pro-rata to planned usage. This ensures all HB’s contribute proportionally to the service and those under using the service do not allow the burden of costs to fall on those adhering to this national strategy.

- **Central Pharmacy Distribution Store:**

  The central store with robotic technology has been fully operational since 2011 and continues to be the approved strategy for GG&C.
Ward Product Management

Ward Product Management (WPM) services have been introduced for General, Medical Supplies and Pharmacy Medicines. These services support wards and department directly in managing their local working stock and supply chains.

A joined up approach to Pharmacy and Procurement WPM services has been established as part of the QEU and RHC implementation project. The strategy will be to implement this joint approach across GG&C’s Acute hospitals.

| **The strategic aim is to maintain the high quality of logistic services to End Users via the agreed strategies outlined above.**
| **A WPM service covering both Pharmacy and Procurement products will be implemented across Acute hospitals by 31/3/2017.** |

Home Delivery Services

Pharmacy Homecare is where medicines prescribed by the hospital specialists are delivered to patients in their own homes. It is proposed these medicines should be delivered through NHS pharmaceutical care services to allow capture of prescribing information for the patient and to assess suitability and compatibility with other medications. This would allow for appropriate governance and monitoring and by having a complete record of all medications that a patient is taking, adequate monitoring can be provided.

Models of Homecare should be designed for the provision of hospital Homecare medicines co-ordinated through integrated working between hospital, community pharmacists and pharmaceutical industry. It is therefore considered appropriate for secondary care pharmacists and those working in primary care to work collaboratively together to deliver homecare medicines or hospital at home clinical pharmacy services where complex or specialised medicines are being taken. It is recognised that this is a fundamental shift in approach to support the 20/20 vision and the Board’s Corporate Plan to move services from hospital to community and home. It will be developed separately by the PPSU.

STAFF TRAINING AND DEVELOPMENT

Procurement legislation, governance and procedures can be complex and if incorrectly applied leave GG&C open to the risk of legal challenge. This strategy provides for training Service Users and procurement staff to improve awareness and to develop capability and skills.

Service User Training:

Modern procurement practices, systems and constantly evolving procurement legislation requires End Users of procurement services to being given training either on specific applications (i.e. eProcurement) or more general matters (i.e. EU tendering rules). The Board Leads will develop User Training plans to
accompany any significant developments and work in conjunction with other Board Leads to cover the wider procurement service scope.

The Procurement Department has produced a number of ‘10 minute Guides’ giving high-level guidance on subjects such as OJEU and VAT rules to non-department staff. These will be developed and maintained and be published on the Procurement Department’s web page.

A comprehensive Procurement Guide has been developed for Corporate Contracting and has been rolled out. A further guide has been developed for Ward and Clinical Department staff providing ‘hot links’ to web based information and reporting / information tools. These will be maintained and developed.

To support the training of End Users a series of on-line ‘Learnpro’ training modules will be developed to be used for staff induction and to support eKSF and PDP requirements. Additionally regular face-to-face training / briefings will be given as agreed with Directorate Management.

The strategic objective is to ensure that all staff using the various Procurement services are given relevant training and information relating to their role in delivering that service. A training system will be developed by April 2016 and training given regularly during the duration of this strategy.

- **Procurement Services Staff Training:**
  
  - **PDP / KSF Plans:**

    All staff providing procurement services will have PDP/KSF plans on an annual basis with 6 monthly follow-ups. A Training Competency Matrix will be maintained to ensure training is focused on core competencies for the appointed role utilising the Scottish Governments Competency Framework.

    - **CIPS Professional Qualification:**

      The Chartered Institute of Purchasing and Supply (CIPS) is the professional body for Procurement. GG&C is committed to improving the level of staff professionally qualified to CIPS Graduate Diploma level in line with the recommendations of the McClelland Report. Staff undertaking this degree level qualification will be given the full support and mentoring from Board Lead senior managers. Currently 9.75 wte staff are CIPS Diploma (professional level) qualified and 7.5 staff are under taking CIPS training.

    - **Other Relevant Qualifications:**

      The Capital Planning and Estates Procurement staff providing procurement services will either seek CIPS qualification or an equivalent professional appropriate to their role.
The strategic objective is to develop appropriately trained staff, skilled to perform to their full potential in their departmental role via formal and informal training and development.

All procurement services staff will have PDP/eKSF plans in place supported by procurement specific training plans by March 2016.

Senior procurement staff will be expected to have gained or be working towards the CIPS formal procurement qualification or an equivalent professional accreditation.

**Succession Planning:**

The Scottish Government’s Procurement People of Tomorrow (PPoT) was established with input from the Boards Head of Procurement. It recognises the aging procurement workforce where approximately one third of the workforce in many large organisations would be able to retire in the next 5 years.

PPoT has established a new generation strategy for the Scottish Public Sector including:

- A schools programme to get procurement onto the list of careers suggested to pupils. This includes My World of Work and a inter schools competitions to encourage pupils to take up education / employment opportunities.

- Modern Apprenticeship in Procurement has been established. NHSS has 13 MAs currently in post with two recruited to the Board.

- New HNC/HND in Supply Chain has been established and the first two years has completed with HND qualified graduates available for recruitment.

- A new Degree in International Supply Chain Management at Caledonian University has started in Sept 2015 taking 3rd year entries from the HND graduates and other relevant degree programmes. Graduates will be available for recruitment in 2017

Additionally existing procurement services staff are encouraged to develop via the Boards eKSF and PDP programme and to undertake their CIPS professional qualifications. As noted above currently 9.75 wte staff are CIPS Diploma (professional level) qualified and 7.5 staff are under taking CIPS training.

The strategic objective is that each BL will develop and maintain a succession plan including MAs, industrial placements, graduates and existing staff development via secondments and acting up during the period of this strategy.
CORPORATE SOCIAL RESPONSIBILITY (CSR)

Building on the themes set out in section 2 and the requirements of the Procurement reform Act (2014) and the Procurement (Scotland) Regulations 2016, CSR defines a range of initiatives aimed at improving the ability of the organisation to positively impact on society whilst reducing its impact on the environment via changes to Procurement policy and practice.

CSR is summarised by the Chartered Institute of Purchasing and Supply as:

“..the commitment to systematic consideration of the environmental, social and cultural aspects of an organisation’s operations. This includes the key issues of sustainability, human rights, labour and community relations, as well as supplier and customer relations beyond legal obligations; the objective being to create long-term business value and contribute to improving the social conditions of people affected by an organisation’s operations.”

In-scope themes for CSR policies would include:

Impact of Society and Community Involvement
Equality, Diversity and Human Rights
Green Policies and Sustainability
Ethics and Ethical Trading

From these themes this paper proposes the following key strategies:

- **Impact of Society and Community Involvement**

  The Procurement Reform Act (the Act) requires authorities to comply with the sustainable procurement duty where applicable. This includes a requirement to support Small and Medium Enterprise (SME), Third Sector Bodies and Supported Business organisations gaining public contracts. This strategy proposes the development of operational procedures to enhance the ability of such organisations to successfully compete for GG&C work. Such procedures will focus on improving awareness of opportunities via advertising, providing a clear process of bidding and improving awareness via ‘Meet the Buyer’ events.

  Additionally the sustainable procurement duty requires authorities to consider how the procurement process can improve the economic, social, and environmental wellbeing of the authority’s area. Each contracting strategy for regulated procurements will positively consider these and assess the options to meet this requirement.

  GG&C’s purpose is set out in section two herein, to support this all parts of GG&C are required to consider what action they can take to help people get in to work, stay in work and improve their health through work. Community Benefit clauses in public contracts allow GG&C to support this objective by seeking Community Benefits within its specifications for building, goods and services. GG&C’s procurement services will therefore implement Community Benefits in accordance with prevailing legislation where appropriate.
GG&C will continue to implement the low value tender advertising policy (+£50k) (which is now embedded in Boards SFI’s), consider how its procurement process can improve the economic, social, and environmental wellbeing of the authority’s area and implement Community Benefit clauses where appropriate.

- **Innovation**

The sustainable procurement duty requires authorities to promote innovation. In an increasing complex modern healthcare environment seeking innovative solutions is a vital element of procurement strategy development. Each contracting strategy for regulated procurements will positively consider innovation opportunities and develop output based specifications to allow for this where appropriate.

- **Equality, Diversity and Human Rights**

All procurement exercises will take full account of GG&C’s policies of Equality and Diversity to ensure goods and services are procured and performed in full compliance with the relevant policies and legislation. A risk assessment tool has been developed by the Procurement Department which determines risk levels and appropriate procurement strategies to mitigate.

- **Green Policies and Sustainability**

GG&C has established a Sustainability Planning and Implementation Group (SPiG) which has endorsed the Sustainable Procurement Action Plan. The Action Plan has allowed GG&C to achieve the ‘Getting There’ assessment level of the Good Corporate Citizen Assessment Model and the ‘Level 3’ assessment level of the Scottish Sustainable Procurement Action Plan Flexible Framework (FF). This strategy proposes the continuation to this plan to achieve the upper band of the ‘Getting There’ assessment and Level 4 of the FF.


- **Ethics and Ethical Trading**

GG&C’s procurement service providers will seek to ensure that goods and services are bought ethically from supply sources which meet the ethical standards expected. To support this an Ethical Procurement policy will be developed and implemented covering:

  - Procurement Practice:
  - Equality and Diversity:
  - Fairtrade:
  - Serious and Organised Crime (SOC):
  - Labour Practices:
GG&C considers that the delivery of high quality public services is critically dependent on a workforce that is well-motivated, well led and has appropriate opportunities for training and skills development. This extends to external providers who support the delivery of such services. GG&C will implement the Scottish Governments October 2015 Statutory Guidance on the Selection of Tenderers and Award of Contracts Addressing Fair Work Practices, including the Living Wage, in Procurement and will promote compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c.37) and any provision made under that Act via it’s contractual terms and conditions.

- **Provision of Food**

The following section sets out how GG&C intends to approach regulated procurements involving the provision of food to improve the health, wellbeing and education of communities in the authority’s area.

GG&C’s Food, Fluid and Nutrition policy provides the context for our approach to maximising the impact of food provision on the health of our communities. Our procurement approach includes:

- Continued commitment to work with National Procurement to ensure high quality sustainable products, locally sourced where appropriate and that promote the highest standards of animal welfare produce are core to NHSGGC catering services
- Progressive retail policy with requirement of all internal and external retailers/food providers to comply with nutritional and promotional criteria and demonstrate additional social benefits to community /patients.
- Advertising Position Statement limiting all commercial advertising, including food related advertising to be on the basis that the types of products or services do no harm and/or do not compromise health outcomes.
- Development of a procurement framework to support quality assured community cooking / food interventions within local communities
- Contracting of Not for Profit / Social Enterprise organisations to provide fruit and veg supplies within NHSGGC venues.

<table>
<thead>
<tr>
<th>The strategic aim is:</th>
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</thead>
<tbody>
<tr>
<td>That an Ethical Procurement policy will be developed and implemented.</td>
</tr>
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GG&C will implement the Scottish Governments October 2015 Statutory Guidance on the Selection of Tenderers and Award of Contracts Addressing Fair Work Practices, including the Living Wage, in Procurement. and will promote compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c.37) and
any provision made under that Act via it’s contractual terms and conditions.

GG&C will develop a food policy to improve the health, wellbeing and education of communities in the authority’s area

**COMMITMENT TO CONTINUOUS SERVICE IMPROVEMENT**

The majority Board Lead procurement services have been centralised since the formation of GG&C. This section sets out the strategy to ensure the continued focus on service improvement via dedicated customer services resource; robust KPI’s; supply forums; and clear communication channels

- **Dedicated Customer Services Resource**

Each Board Lead will maintain a clear first point of contact for all enquiries relating to their services including central call help desks, IT based enquiry management systems, customer services representatives (who meet end users to resolve issues face-to-face) and an expediting resource to proactively manage supply chain issues.

The strategic aim will be for each Board Lead to maintain a formal Customer Services strategy in line with this policy document.

- **Service Provision KPI’s**

To ensure full visibility of GG&C’s procurement service a set of KPI’s will be developed to provide a management overview of performance. Comprehensive KPI’s currently exist for each Board Lead area which will be used as the basis for these service KPI’s.

Overview KPI’s will be published quarterly as part of the Procurement Steering Group’s reporting systems and bi-annually to the CEO/Directors/Chief Offices meeting.

- **Information and Communication**

As stated above, the centralised structures of procurement services present significant communication challenges to users of the service. The Board Leads will develop the following principal channels over the coming 3 years:

- Ordering; via electronic systems with paper based systems being phased out.
- Enquiries; via dedicated customer services teams.
- Specialist Information; via portfolio managers
- High value and complex procurement advice / support; via Team Managers and portfolio managers.
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- Training via ‘Learnpro’ and face-to-face events
- Service Level Info; via monthly KPI’s
- Regular Contact; via formal and informal contacts
- Customer feedback systems and forums.
- Department information and policies; via local intranet site.

The strategic objective is to increase service levels to end users by improved call handling systems, service level KPI’s and the development of clearer forms of communication between the centralised department and end users.

5. KEY PERFORMANCE INDICATORS AND BALANCED SCORECARD

To ensure the performance of the Board’s procurement services are visible to the Procurement Steering Group, management and User Directorates, a comprehensive set of KPI’s and Balanced Scorecard will be maintained. This will include regular monitoring and reporting of Community Benefits use and outcomes.

Progress will be reviewed at the Procurement Steering Group in order to ensure we measure our performance according to any changing needs of the organisation, the KPIs and Scorecard are reviewed annually.

**Strategic Objective:**

**Performance measurement** – To match the needs of the organisation and local, regional and national stakeholders. KPIs and Balanced Scorecard will be subject to regular review.

6. POLICY MANAGEMENT REVIEW

This strategy will be subject to ongoing review and formal annual review by the Director of Property, Procurement and Facilities Management and the Head of Procurement. This will take account of changes to NHSS and Scottish Government policies and strategies.

The Strategy will be revised and submitted to the CEO/Directors/Chief Offices meeting by December 2017.

COMMUNICATION AND IMPLEMENTATION PLAN

This strategy will be formally distributed to all Directorate and Divisional Directors for cascade to relevant team members. It will also be published on the Intranet Site and on GG&C’s Procurement Web Page.
MONITORING

The objectives and targets set-out in this strategy will be subject to specific KPI's and form the basis for the Personal Objectives of the Board Leads.

Monthly KPI's will be produced as part of the Board Leads KPI's and formal Quarterly overview KPI's and reports will be prepared for an reviewed by the Procurement Steering Group.

Bi-Annual reports will be produced by the Procurement Steering Group for issue to the CEO/Directors/Chief Offices meeting. These reports will provide progress against the strategy objectives.