



Procurement Strategy 2019/20 to 2021/22

| | |
|----------------------------|---------------------------------------------|
| Lead Manager: | Gordon Beattie, Head of Procurement |
| Responsible Director: | Tom Steele, Director of Facilities. |
| Approved By: | Finance, Planning and Performance Committee |
| Date Approved: | xxxxxxx |
| Date for Review: | Annually at 1 st April |
| Replaces Previous Version: | 2015 to 2019 |

Procurement Department Strategy 2019 to 2022

Contents:

1. Overview

- Introduction
- Executive Summary

2. Governance

- Governance Structure
- Roles and Responsibilities
- Expenditure Governance
- Procurement Reform Act Obligations

3. Development of Strategic Direction

- Overarching GGC Context
 - The Board's Corporate Objectives
 - The Board's 5 Year Transformation Strategy
 - Achieving Financial Balance
- National Context
- Services Specific Context

4. GG&C Procurement Services Strategies

- Harnessing Buying Leverage
- Tracking and Reporting Savings
- Improving Quality
- Supplier Development and Contract Management
- Streamlining Purchase to Pay Processes
- Managing Expenditure
- Improved Logistics
- Staff Training and Development
- Corporate & Social Responsibility
- Commitment to Continuous Service Improvement.

5. Key Performance Indicators and Balanced Scorecard

6. Policy Management

- Review
- References
- Communication and Implementation Plan
- Monitoring

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 its Corporate Objectives. It is vital to staff and patients that the built environment, improvement projects, supplies, medicines and services of the highest quality are provided to GG&C within optimum commercial arrangements.

GG&C has a non-pay revenue spend of £940m (excluding Prescription Charges) of which approximately £660m p.a. is expenditure with 3rd Party providers and as such is influencable by procurement activity. Of this (rounded up):

- £450m is Services, Supplies and Equipment
- £210m is Medicines

Approximately £280m is non-influencable (inter organisational transfers, rates, finance charges, depreciation etc),

Additionally GG&C spends approximately £50m per annum on Capital purchases covering new buildings, building repair, medical equipment and IT hardware and software.

This Procurement Strategy positions procurement activity visibly within the organisation, establishing Board level commitment to and involvement in the management of GG&C'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 (BL)) 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.

The revenue expenditure above is devolved as follows:

- £360m on Services, Supplies and Equipment to Procurement BL
- £210m on Medicines to Pharmacy BL
- £30m on IT infrastructure and equipment / software to eHealth BL
- £36m on PFI contracts to Estates and Facilities
- £17m on Estates building maintenance to Operational Estates supported by Procurement BL
- £11m on Premises to Capital Planning BL

The £50m annual capital expenditure is devolved as follows:

- Approx £17m for new builds to Capital Planning BL
- Approx £12m for building maintenance to Estates supported by Procurement and Capital Planning
- Approx £13m for Medical Equipment to Procurement BL
- Approx £5m for IT Projects to eHealth BL
- With the balance being supported by the relevant Board Lead

EXECUTIVE SUMMARY

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

- **Implementing Post Brexit Procurement Legislation:** Brexit will require amendments to the way we undertake procurement processes. Some changes are expected to meet World Trade Organisation rules and work within different regulatory regimes.
- **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:** To continue to maximise the benefits from NHSS's National Distribution Centre and GG&C's Centralised Pharmacy Distribution Store and our Ward Product Management services.
- **Staff Training and Development:** To provide Service Users and procurement services staff with appropriate training 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 GG&C open to legal challenge.
- **Corporate Social Responsibility (CSR):** To deliver CSR aims including engagement with SME's and Social Enterprises; meeting sustainable procurement targets, delivering an ethical supply policy and supporting the delivery of GG&Cs Employability strategies.
- **Commitment to Continuous Service Improvement:** To 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 2015-19 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 Finance, Planning and Performance Committee meeting.

GOVERNANCE

GOVERNANCE STRUCTURE

The previous Procurement Strategies established the Procurement Steering Group. This 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 Estates and Facilities. The Head of Procurement is responsible for developing and maintaining governance best practice and processes in procurement across all five 'lead' departments.

The Steering Group reports into the Finance, Planning and Performance Committee meeting and provides 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 GG&C'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.

This strategy proposes to continue with the Procurement Steering Group and its remit set-out above.

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 Estates and Facilities.

▪ 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:

| Board Lead | Delegated Area of Responsibility |
|-------------------------|--------------------------------------------------|
| Pharmacy Services (PS): | All medicines |
| Capital Planning: | All major building projects |
| Operational Estates: | Minor building and building repair projects* |
| eHealth: | All IT projects, software, hardware and desktop. |
| Procurement: | All other 'in-scope' non-pay expenditure |

* 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 GG&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.

This strategy proposes to continue with the roles and responsibilities as set-out above.

EXPENDITURE GOVERNANCE

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

| Phase | Activity | Authorised Officer |
|----------|-----------------------------|--------------------------|
| Phase 1: | Request for tender/purchase | Specifier / Requestor |
| Phase 2: | Release of funds | Budget Controller |
| Phase 3: | Tender / Purchase | Board Lead (BL) |
| Phase 4: | Contract Management | Specifier/Requestor & BL |

Phase 1 and 2 are managed via delegated levels of authority to approve requisitions / expend budgets via directorate management structures in accordance with GG&C's SFI's.

Phase 3 is managed by GG&C'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 GG&C'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 ¹
 - (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

¹ The Board will review and develop systems to support good practice for payment of sub-contractors during the period of this strategy.

Publication Requirements:

The Act requires GG&C to publish:

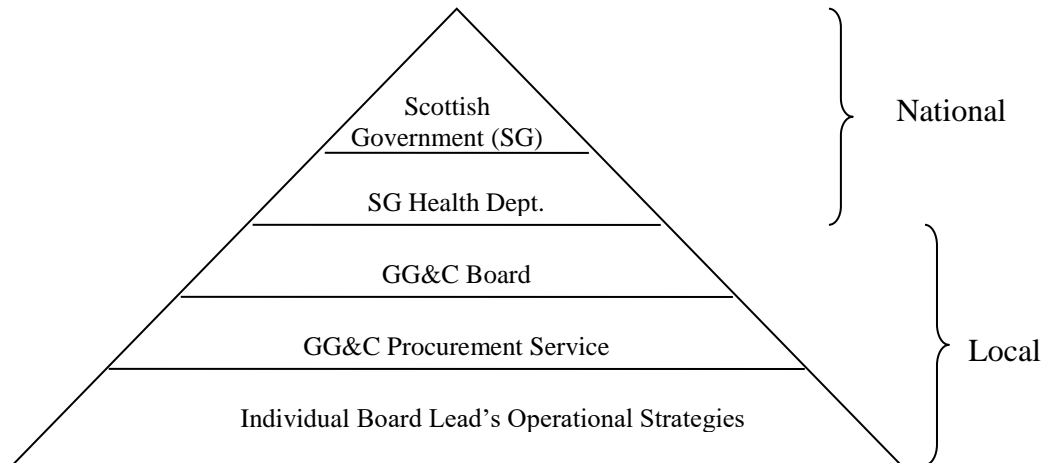
- It's procurement strategy
- An annual procurement report on its regulated procurement activities within 3 months of the end of the relevant financial year (eg by 30th June)

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

Board's Corporate Objectives:

The Board's Corporate Objectives set-out high-level strategies of:

- Better Care
- Better Health
- Better Value
- Better Workplace

The detailed aims of these objectives include: reducing demand on Acute services; improving waiting times; meeting the challenges of unscheduled care; redesigning the way we deliver services; tackling Public Health priorities; meeting key Financial Targets and providing a high quality workplace for our staff.

The Board's Moving Forward Together 5 Year Transformation Strategy:

The Moving Forward Together 5 Year Transformation Strategy highlights the following key factors:

- Over the next 10 years the proportion of over 75s in Scotland's population (the highest users of NHS services) will increase by over 25%

- There will be a continuing shift in the pattern of disease towards long-term conditions, particularly with growing numbers of older people with multiple conditions and complex needs such as dementia.
- If nothing changes, over the next 20 years demography alone could increase expenditure on health and social care by over 70%

What we think we need to do is develop new ways of working that support people to live independently at home:

- Shift the balance of care into the community setting
- Focus on prevention and allow people to manage their own health better
- Avoid unnecessary admissions to hospital and ensure people are in hospital only when they need to be

Procurement Services Strategic Role:

Procurement services play a critical role in supporting the delivery of these aims. At a high-level these include:

- Changing to the way we deliver more care in a community setting via the development of the built environment; the delivery of more healthcare at home; and contracting of public health services to support people in our communities.
- Supporting the redesign of our Acute services built environment and delivering the bought-in goods, services and medicines needed by our patients.
- Using our role as a procurer of goods and services to support the Board's employability and child poverty initiatives.
- Providing leadership and direction in delivery of annual Financial Targets and the three years Financial Plan.
- Delivering the best value solutions for Digital Care and our capital investment plans
- And as a significant employer ensuring our staff are valued and supported in delivering the procurement strategy.

Procurement Services can support these by maintaining high quality services to GG&C services, ensuring 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.

The Procurement Services are now able to harness the potential as a major buyer of services, supply and works to directly deliver outcomes 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.

Achieving Financial Balance:

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.

GG&C is now required to break-even over a three year period. The current 3 Year Financial Plan indicates that for GG&C to achieve the delivery of the Corporate Objectives 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. It is likely that achieving the financial plan including returning to underlying recurring balance will only be achieved through whole service redesign.

Supporting GG&C's Divisions and Directorates in achieving their annual and longer term 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 Objectives 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

An NHS Scotland (NHSS) Procurement Executive Team has been established to oversee the delivery of a consistent procurement service to NHSS and champion best practice improvements. GG&C procurement services will play a full role in the work of this group to ensure outcomes support GG&C's key objectives.

BREXIT

The impact of the UK's departure from the European Union (EU) is uncertain. Currently the timing of exit had been planned for 29/3/19 and that has now been extended to 31/10/19. It seems likely the UK will as a minimum transition of World Trade Organisation rules and will also adopt the Government Procurement Agreement rules. A review by the Head of Procurement concluded this course of action will require Scottish Legislation to remain broadly similar to current EU based legislation and therefore GG&C procurement services will continue to operate broadly in-accordance with existing protocols and procedures.

Uncertainty also exists with regards to the impact of leaving the single European Market and whether any free trade arrangements will be put in place with the EU or trading tariffs will be applied. The impact of this could be substantial in terms of increases in purchase costs and supply chain lead times if customs clearance and duty administration becomes normal business when trading with the EU.

The Head of Procurement and Lead Pharmacist Acute Services will maintain a watching brief on developments and report as required to the Procurement Steering Group and GG&C's Brexit Readiness Steering Group..

NATIONAL BEST PRACTICE DEVELOPMENT

▪ Background:

The Procurement & Commercial Improvement Programme (PCIP) has been in place since 2009. The programme 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 were assessed in November 2015 and rated as A+ the highest available rating. A further assessment period is expected over the lifetime of this strategy and GG&C BLs will strive to maintain the highest available rating whilst using the exercise to understand areas of improvement and to seek to understand best practice.

SERVICES SPECIFIC CONTEXT

Pharmacy

Pharmacy Services (PS) are focused on delivering safe, efficient and effective ways of working. This includes centralised purchasing services and the use of robotic technology to supply medicines across the organisation. The service also 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 GG&C'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 spends around £210m per annum on pharmaceuticals and this is influenced by national review and pharmaceutical work-plans. Key initiatives ongoing during this strategy period include:

- Biosimilar prescribing - development of prescribing framework/clinical guidance
- Access to drugs via CP model
- Homecare - shared care arrangements – spend approx. £55m
- Other medicine spend approx. £150m
 1. £100m - non branded (generics) - combination of National and Zone contracts where discounts are available
 2. £50m - branded - access to PPRS (government discount) and Patient Assess Schemes (PAS)
- 2019/20 - 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 - 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
- **Wilson & Barbour Review** (review of pharmaceutical care to patients in the community), www.gov.scot/Resource/0043/00430209 - reference to homecare (20 - 25% of overall acute medicine spend associated with homecare, again route low risk via CP model)
- **MHRA Good Distribution Practice (GDP)** - regulation, directives and guidance to be followed when purchasing and distributing medicinal products Collaborative working - proc/pharmacy synergies (silent deliveries, Pecos), NP contracts, WOS Zone contracts (small spend)

Operational Estates

The Procurement Department established an Estates Procurement support service in 2014. The service has successfully focused on developing call-off framework agreements for use by the Estates Departments and providing commercial advice. This has helped to ensure the quality and capacity of contractors, re-set commercial terms and improve overall contract management to achieve best value for money for GG&C. The service will continue to establish and renew such frameworks and provide commercial advice over the period of this strategy.

The service also provides a Procurement procedure manual and supporting tailored training programmes to Estates staff, including Standing Financial Instructions seminars, and on the Quick Quote web tool. A suite of eLearning modules have been created. The service will continue to manage this manual and training programme together with the eLearning materials over the period of this strategy.

The Procurement Department lead officer for this service will continue to formally report to the Estates Senior Management Team on a bi-monthly basis.

Capital Planning

Procurement processes for Capital Works projects operate within the context of governance, guidance and strategic directions set by National Government (UK and Scottish). Policy set by Scottish Government is published as Scottish Procurement Policy Notes and also Construction Policy Notes.

The baseline reference for all strategy is Scottish Government Construction Procurement Handbook (Dec 2018). All major building projects are subject to these 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 Strategic Assessment through to Initial Agreement before Outline and Full Business Case approval. The principles set out in SCIM are applicable to the development of all investment schemes regardless of their size or complexity;

As directed by Scottish Government Policy, Capital Planning engages in national and local processes to establish and utilise Framework contracts.

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 eHealth team have specialist knowledge relating to IT hardware, software, licensing and support agreements and ensure that appropriate contract management is in place for all the Board's IT systems and services. Standardisation, supportability and affordability are key elements within procurement and contract review processes.

Medical Physics

The Medical Physics Department has specialist knowledge in relation to the technical aspects of medical equipment, is registered to the ISO 55001 Asset Management Standard and therefore is ideally placed to support the

Procurement Department in this area of contracted services. Close links will be maintained during this strategy period in order to maximise the synergies between the two departments and a single point of contact will be continued, 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 will be maintained and a senior member of technical staff will act as a single point of contact in relation to capital equipping projects.

The Procurement Department will continue to provide a commercial and ordering service to Medical Physics who will be responsible as technical advisor. Further to this, the Medical Physics Department will continue 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. GG&C BLs will continue to seek opportunities for review and improvement of the bought-in requirements to maximise value for money and avoid duplication. Examples of successful joint approaches already exist with the Healthcare Improvement, Mental Health Services and similar community based contracted services as well as the success of the new Health Centre procurement via the HubCo new building arrangements.

Strategic Intent

The Procurement Steering Group will continue to ensure strategic alignment with national and local drivers.

The Steering Group will develop best practice improvements utilising the revised Procurement & Commercial Improvement Programme (PCIP) national assessment programme.

The Board Leads will develop operational strategies based on this overall strategic plan annually during the period of this strategy.

Progress in delivering this strategic plan will be reported to the Procurement Steering Group quarterly and to the Finance, Planning and Performance Committee meeting bi-annually.

4. GG&C PROCUREMENT SERVICES STRATEGIES

GG&C PROCUREMENT SERVICE KEY STRATEGIC THEMES

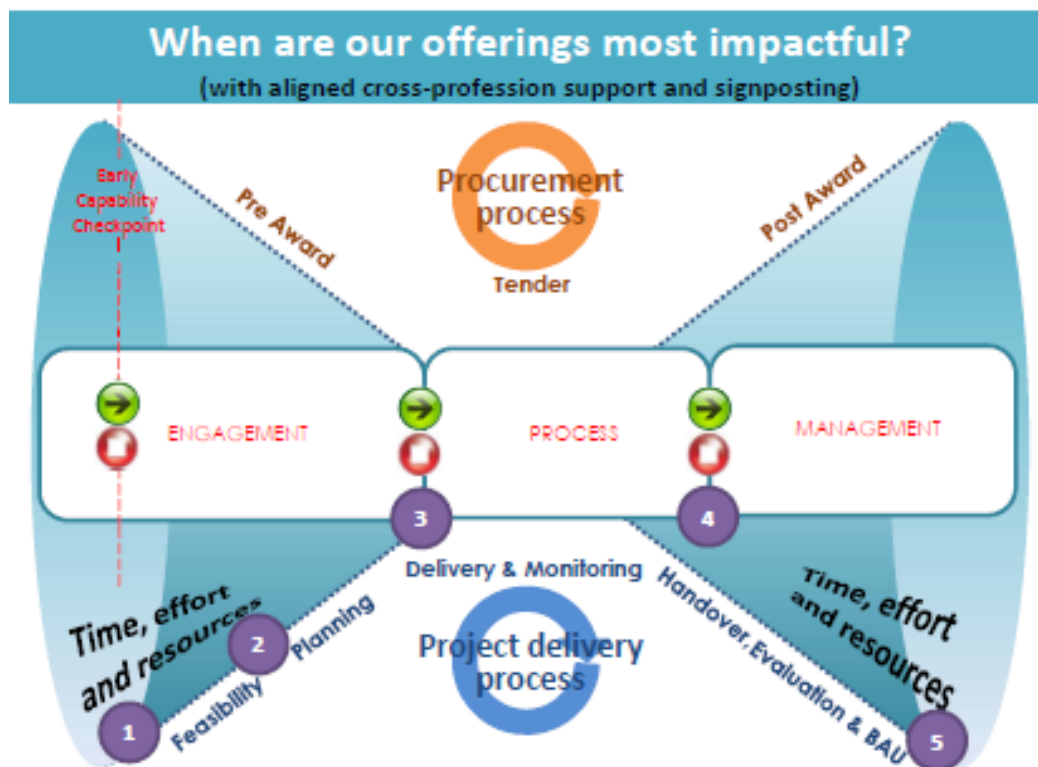
The following strategic themes reflect the National and Local strategies and form the basis of the main section of this paper. They will be the basis for developing operational strategies for each Board Lead.

- **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;

- **Procurement Strategic Role**

The diagram below demonstrates the strategic role GG&C's procurement services should focus attention on. Traditionally procurement services tend to focus mainly on Process and Management. More recently best in class services look to work at a much earlier stage in the pre-award Engagement period to gain maximum value and shape best commercial outcomes.



▪ Category Management

GG&C has a non-pay revenue spend of £940m (excluding Prescription Charges) of which approximately £660m p.a. is expenditure with 3rd Party providers and as such is influencable by procurement activity.

The non-Influencable spend of approx £280m is expenditure which is not subject to normal commercial trading arrangements. This is typically rates, depreciation and recharges between Health Authorities.

Influencable Spend is expenditure subject to normal commercial trading arrangements and therefore influencable by procurement activity. This spend is identified by GG&C'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 15 Market Categories are shown in the table below and account for £548m of influencable spend. The table also identifies the Contracting Category most commonly used and provides a Tier 1 strategy comment.

| Account Code | Level 6 Account Name | Budget | Cont Cat. | Comment |
|--------------|-----------------------------|--------------|-----------|---------------------------------------------------------------------------------------------------|
| S1000 | Drugs (Including Home Care) | £208,971,111 | B/C | Combination of National and Local contracts where discounts are available |
| S1102 | Instruments And Sundries | £71,056,918 | B | Mostly NP frameworks/ contracts. Some local contract and local formulary and commitment call-offs |

19-22 Draft 7– CMT Approved for FPPC Approval

| | | | | |
|---------|-------------------------------------------|-------------|-----|----------------------------------------------------------------------------------------------------------|
| 1930 | Misc Influencable | £41,960,304 | C | Mainly local contracts for patient support services |
| S1202 | Diagnostic Supplies | £38,613,166 | B/C | Approx £20m Labs Managed Service contract via Procurement Dept., balance mainly covered by NP contracts. |
| S1305 | Equipment - Purchase | £33,667,098 | B/C | Bespoke equipment from national frameworks or local tenders |
| | Proc Lead - Professional Fees And Charges | £26,253,025 | C | Corporate Contracts – and mixture of NP Frameworks, Agency Spend |
| S1700 | Heating Fuel And Power | £25,877,083 | A | All from Pan Public Sector Scottish Gov. contract |
| S1600 | Property Maintenance | £17,190,004 | C | Local frameworks or local tenders |
| S1303 | Equipment - Service Contracts | £15,288,557 | C | Mainly local contracts. Some large values from national frameworks |
| Various | Doctor Locums from Pay Budgets | £15,000,000 | C | GGC awarded WoS Regional contract |
| S1810 | Surgical Appliances | £13,553,503 | B | Mostly NP frameworks/ contracts. Local formulary and commitment call-offs |
| S1910 | Other Misc Non Pay | £10,703,592 | | |
| S1800 | Paramedical Supplies | £10,025,021 | B | Mostly NP frameworks/ contracts. |
| S1100 | Dressings | £9,971,290 | B | Mostly NP frameworks/ contracts. |
| S1303 | IT Equipment - Service Contracts | £9,662,440 | A/B | Mostly national framework call-off |

£547,793,113

- **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 GG&C'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 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 West of Scotland Regional Planning Group (RPG) established a shared services work stream in 2011/12 including Procurement services. A regional project based service was provided until 2016/17. A proposal for a more formal structure was submitted to RPG in Oct 16. Additionally in 2017/18 an overarching shared services programme for NHSS was established titled 'the Procurement Transformation Programme'. Both these initiatives were focused on traditional Procurement Department activities and considered how best to develop closer working arrangements across NHSS and its regions.

Both reviews reported and proposed closer collaborative working and a formalised structured approach to this. The reports evidenced significant resource and financial benefits could be achieved. The reviews were considered by CEOs/DoFs who concluded that there was little appetite within Health Board senior teams to take these forward. Therefore GG&C will maintain a focus on local Health Board activity and service delivery whilst maintaining a watching brief on any further developments. Where appropriate and supported by clear business case benefits GG&C will continue to participate in collaborative working initiatives.

- **Local Authority Collaborative Working:**

The formation of Integrated Joint Boards (IJBs) has provided potential opportunities for joined up collaborative procurement activity with IJB colleagues and across IJB boundaries within GG&C. A small number of initiatives have been considered although the focus remains on business as usual joint contracting projects. Where appropriate and supported by clear business case benefits, GG&C will continue to participate in future collaborative working initiatives.

GG&C procurement services will continue to take a watching brief approach to collaborative working and where supported by clear business case benefits will engage as appropriate.

- **Health Board Contracting:**

Approximately 50% (£325m) of the Health Board's revenue spend is contracted at a GG&C level. These include contracts in 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, Collaborative and Local strategies are translated and implemented at a local level to deliver maximum benefit Board Leads will maintain the capability and capacity of experienced and skilled procurement officers. A programme of staff development and succession planning will be implemented over the period of this strategy building on synergies between Board Leads and supporting coaching and mentoring of staff.

Board Leads will establish clear responsibilities for defined areas of spend which 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 frameworks and 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:

Revenue Expenditure:

Board Leads will work closely with all GG&C Divisions / Directorates and National Procurement to develop an annual plan of Tier 2 strategies targeting best value buying 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.

Capital and Non-Recurring revenue:

Board leads will establish project resources to deliver best value for capital and non-recurring expenditure. These are typically for 'one-off' projects and are time bound. Project management systems will be maintained to plan, monitor and progress development and implementation. Progress will be reported monthly in accordance with project plans to the relevant reporting body. It is recognised that these projects can be very high value and complex and may have project specific management and reporting regimes.

Board Leads will maintain records of cost improvement achieved via competitive tendering, cost variation reduction/ avoidance and other costs which would have been incurred without Board Lead intervention. This will be reported quarterly to the Procurement Steering Group as well as to the relevant reporting body.

The strategic objective is to establish capacity and management systems to deliver Capital and Non-recurring Revenue projects on time, to specification and for best value to GG&C. Arrangements will be put in place to report to the relevant body with GG&C as well as to the Procurement Steering Group.

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 GG&C 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 delivering excellence in procurement services is that of supplier engagement and involvement together with formal 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** – GG&C’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 GG&C are:

- Within eHealth, Service Delivery Managers (SDMs) liaise with the end users to ensure contract delivery is as expected and that future developments are scoped, etc. The eHealth Contracts and Procurement Team 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 eHealth 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 to meet 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) and currently over 8000 users have direct access to order their normal recurring goods. The strategy will continue the deployment of PECOS and will seek options to extend desk top ordering facilities for the majority of requirements.

For medicines Pharmacy Services utilise a system referred to as Emis Ascribe. Similar to Pecos this offers a stock management solution for ordering and issue of medicines to all bona fide customers within the organisation.

Pharmacy Services will work to support integration with eProcurement systems to improve ordering efficiencies.

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

▪ Payment Process (eInvoicing)

Paper less invoicing is being delivered via the NHSS 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 for Board Leads to support Accounts Payable colleagues in implementing 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 processed 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. 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 affected by the procurement subject to ensure a full understanding of the requirements can be developed. TUG decisions are final. Where national contracts are developed representatives of GG&C's TUGs will participate in national Commodity Advisory Panels to ensure national contracts meet GG&C's requirements.

▪ **Controlling Access**

The functionality of GG&Cs eProcurement Systems 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 Scheme of Delegation.

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: Budget management functionality is available in PECOS to set maximum values a user can order in a set period (eg day/week/month). GG&C has rolled out this functionality (Budget Checker) across most of the major spending Directorates and it is being used locally to manage expenditure.

▪ **Authorisation of Expenditure**

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

| Phase | Activity | Responsible Role |
|----------|-----------------------------|----------------------------------|
| Phase 1: | Request for tender/purchase | Specifier / Requestor |
| Phase 2: | Release of funds | Budget Controller |
| Phase 3: | Purchase | Board Lead |
| Phase 4: | Contract Management | Specifier/Requestor & Board Lead |

Phase 1 and 2 are managed via delegated levels of authority to approve requisitions / expend budgets via Directorate management structures in accordance with GG&C’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 £37m of products each year to GG&C.

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

The NDC service costs are top-sliced from NHSS Boards. This has been agreed to ensure 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. Projected annual spend through NDC for F19/20 is £155.1m with GG&C throughput expected to be £37.4m. The service cost through NDC has been held at 8.7% for the 5th year running which therefore reflects a service charge for GG&C of £3.28m.

▪ Central Pharmacy Distribution Store:

The central store with robotic technology has been fully operational since 2011 and continues to be to be the single point of purchase and supply within GG&C. The facility is leased at that lease will expire in 2022. A best practice

review will be undertaken during this strategy period to consider options to re-provide the facility at the end of the current lease period.

- **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.

The strategic aim is to maintain the high quality of logistic services to End Users via the agreed strategies outlined above. WPM services covering both Pharmacy and Procurement products will be maintained cross Acute hospitals.

- **Home Delivery Services**

Pharmacy Homecare enables medicines prescribed by the hospital specialists to be 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 teams 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 Pharmacy Service.

Additionally a national group has been established via NSS which will provide an over-arching governance to the strategic development of Pharmacy Services.

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.

GG&C's procurement services will adopt the Scottish Government's competency development model establishing awareness across service users through to leadership skills in BLs (see diagram below)



- **Service User Training:**

Modern procurement practices, systems and constantly evolving procurement legislation requires End Users of procurement services to be given training either on specific applications (i.e. eProcurement) or more general matters (i.e. EU/WTO 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 have been developed and are available for staff induction and to support staff development and core skills training requirements. Additionally regular face-to-face training / briefings will be given as agreed with Division/Directorate Management as required.

To ensure all GGC staff are fully aware of their obligations with regards to business conduct, specific training material and support will be created and provided during this strategy period.

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.

▪ **Procurement Services Staff Training:**

○ **Skills Development and Personal Development Plans:**

All staff providing procurement services will have PDP/ Training plans established 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. .

○ **Statutory and Mandatory Training**

The Procurement Steering group will establish Statutory and Mandatory procurement training for staff delivery procurement services. These would be in additional to professional based requirements and GG&C required statutory and mandatory training. This training will be set on a rolling 3 year programme to allow retraining requirements to be spread over a 3 year period.

○ **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. Staff undertaking this degree level qualification will be given the full support and mentoring from Board Lead senior managers.

○ **Other Relevant Qualifications:**

The Capital Planning and Estates Procurement staff providing procurement services will either seek CIPS qualification or have equivalent professional qualifications 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 2020.

Statutory and Mandatory training will be established for staff providing procurement services.

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) has been established and 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 (MA) in Procurement has been established as well as in Supply Chain Logistics. GG&C currently has two MAs recruited working in the Purchasing Team of the Procurement Department. There are opportunities to continue to recruit MAs as retirement vacancies become available both in Purchasing and Logistics roles.
- 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 started in Sept 2015 taking 3rd year entries from the HND graduates and other relevant degree programmes. Graduates have been available for recruitment since 2017

Additionally existing procurement services staff are encouraged to develop via GG&Cs eKSF and PDP programme and to undertake their CIPS professional qualifications.

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**

Procurement currently uses the Scottish Sustainable Procurement Flexible Framework and the Sustainability Assessment Tool to measure our Sustainable Procurement and develop the Procurement Action Plan to ensure Sustainability remains a focus. GG&C has established an Environmental Sustainability Planning and Implementation Group (ESPiG) which has endorsed the Sustainable Procurement Action Plan.

The Action Plan has allowed GG&C to achieve a score of 44% in the Sustainability Assessment Tool 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.

The Sustainable Procurement Action Plan will be implemented to allow GG&C to reach the above 50% of the Sustainability Assessment Tool and the 'Level 4' assessment level of the Scottish Sustainable Procurement Action Plan Flexible Framework (FF) by 31st March 2021.

- **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.

The strategic aim is:

That an Ethical Procurement policy will be developed and implemented.

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.
- 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 GG&C'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 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 2021.

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 Finance, Planning and Performance Committee meeting. These reports will provide progress against the strategy objectives.