

# NHS Procurement Event

## Welcome

11 September 2023

# What does the future hold for NHS Procurement?

Elaine Dower, Deputy Director, 360 Assurance

“When was the last time your board discussed procurement and its role in your strategy for improving health outcomes?”

Heather Tierney-Moore (Chair, NHS Supply Chain), 2022,  
<https://www.nhsconfed.org/articles/nhs-procurement-strategy-or-just-shopping>

“Suddenly supply chain resilience was really challenged and was having a direct effect on clinical risk and practice. The financial impacts of increased costs of raw materials, workforce and logistics is adding pressure to the economy, both within the NHS and more generally.

The increased importance and awareness of sustainability issues and ethical procurement is raising new questions about sourcing strategies alongside the changes in legislation regarding social value. If you add in the need for transformation of pathways, innovation to improve patient outcomes and safety and post-COVID-19 recovery, at a time when the workforce is exhausted and stretched, then it’s clear to me that procurement can have a massive role to play.”

# Current Requirements

- NHS spend is approximately £30 billion per annum
- NHS Procurement is subject to all the legislation, regulations, directives and guidance for all public procurement (policy led by Crown Commercial Services) (<https://www.gov.uk/guidance/public-sector-procurement-policy>)
- In addition, there are NHS specific standards and guidance for the NHS, supported by NHSE's Central Commercial Function (CCF) (<https://www.england.nhs.uk/nhs-commercial/>)

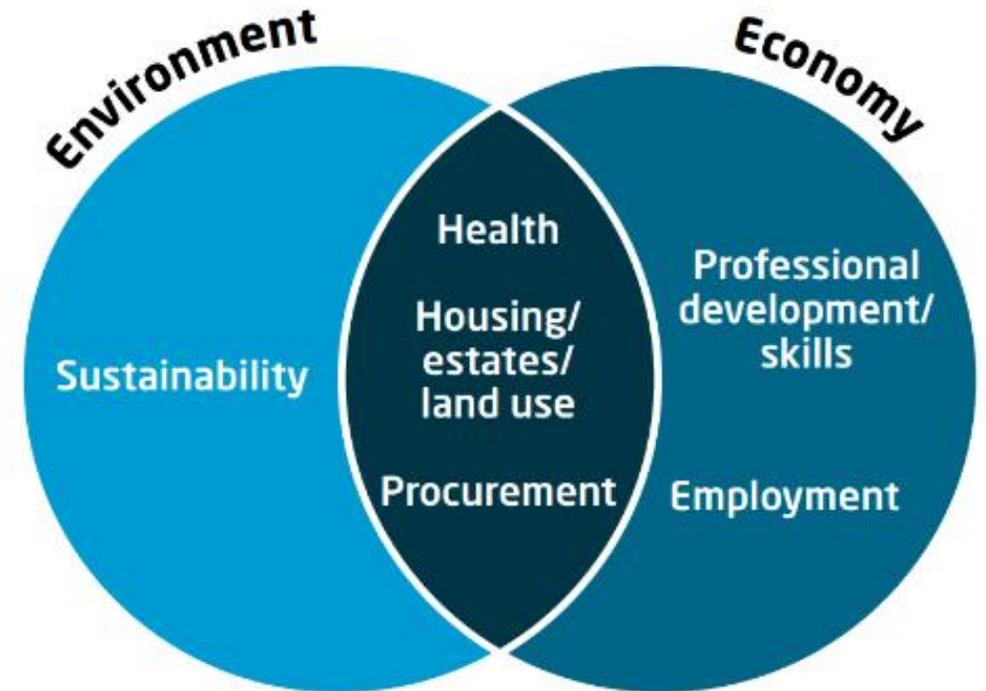
# Net Zero by 2040

- The Government has pledged to meet Net Zero by 2050.
- In 2020 a more ambitious target was set for the NHS: net zero by 2040 for emissions directly controlled (80% reduction by 2028 to 2032) and 2045 for its supply chain.
- Health and Care Act 2022 places new duties on all NHS bodies and NHSE guidance is now 'statutory guidance'
- This will only be achievable by ensuring all investment and procurement decisions carefully consider potential climate impact  
<https://www.england.nhs.uk/greenernhs/a-net-zero-nhs/>

# Wider Social Value

- Spending decisions of large organisations such as the NHS impact on the long-term development and health of their local areas by affecting the local environment and economy

<https://www.kingsfund.org.uk/publications/anchor-institutions-and-peoples-health>



# Greater System-Wide and Collaborative working

- Crown Commercial Services
- [NHS Supply Chain](#) (deals with an increasing % of consumables) – category ‘towers’
- NHS Regional Procurement Hubs (NHS Commercial Solutions, East of England, NHS London, North of England) – CPP LLP
- CSUs
- Frameworks
- NHS Shared Business Services
- More localised collaborative procurement

# Procurement Bill

- At c£300 billion, public procurement is the largest area of public spending each year (approx. 1/3 of public expenditure)
- The intention of the reform is to:
  - Save money – slashing red tape
  - Boost productivity – driving innovation
  - Increase transparency
  - Spread opportunity – making it easier for SMEs to bid for public service contracts
  - Improve public services
  - Empower communities

# Procurement Bill

- The changes brought about by the Bill will include:
  - One joined up digital procurement system that is used universally, allowing and encouraging new entrants. More information will be available to the public
  - More flexibility for procurement professionals to design procurement systems and negotiate with suppliers
  - Below a certain value buyers will be able to reserve competition for suppliers located in the UK, SMEs and social enterprises
  - Exclusions frameworks which make it easier to exclude suppliers who have underperformed, as well as a debarment register
  - Require buyers to take account of national strategic priorities such as job creation, improving supplier resilience and driving innovation
- The Bill is in its final stages
- Once Royal Assent is received, there will be at least a six-month preparation period - Government currently estimates that it will go live in October 2024.
- You can start to prepare now – planning at preparation checklist at:  
[Transforming Public Procurement – planning and preparation checklist - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/transforming-public-procurement-planning-and-preparation-checklist)

# Conclusion

- Procurement and spending strategies should not be confined to specific procurement/finance departments
- Organisations will need to start considering how systems and processes will need to change in ways that deliver increased sustainability and reduce health inequalities
- When will be the next time your board discusses procurement and its role in your strategy for improving health outcomes?

# Sustainability, Resilience and Trust: The Value of Localised Supply Chains

John Pearce, CEO, Made in Britain



# SUSTAINABILITY, RESILIENCE AND TRUST

The value of localised supply chains.

*11 Sept 2023*

John Pearce  
CEO, Made in Britain

...SMELL OF RAIN AFTER  
...DAY IS CAPTURED IN THIS  
...USER USING A UNIQUE  
...ON OF THE OIL OF  
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...AND CLEAR MARINE  
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...ARTLAND PENINSULA.  
...MBINED WITH A PINCH OF  
...ORLAND, A DASH OF HEATH, A  
...SPLASH OF WOODED VALLEYS  
...AND SPRINKLE OF BEACHES

VETIVER, LEMON  
& LAVENDER

  
MADE IN  
BRITAIN

QUALITY  
ALL OUR PRODUCTS ARE  
HANDMADE USING THE BEST





# Why UK Companies Buy British

SUPPORTING **JOBS**  
AND THE UK ECONOMY

**COST**  
SAVINGS

**QUALITY**

**TRUST**

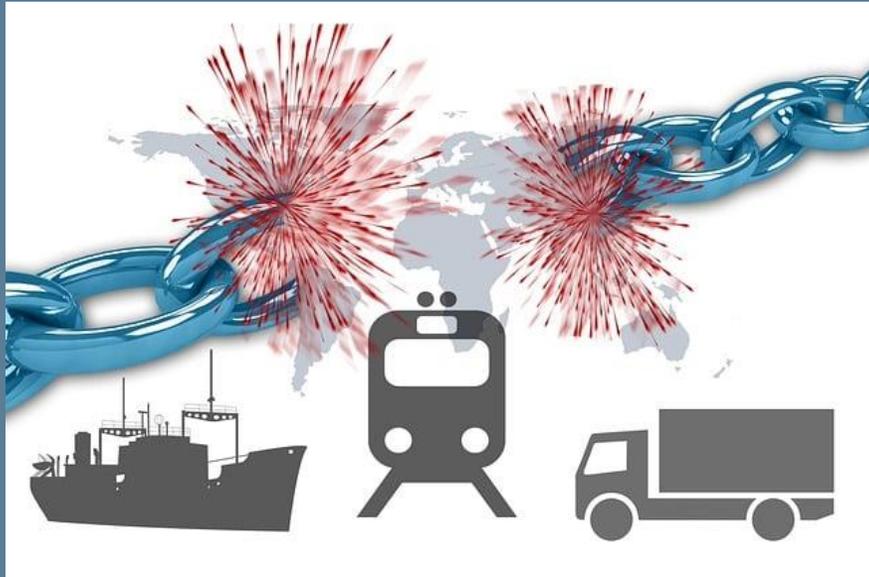
**SUSTAINABILITY**



**furnitubes**  
shaping outdoor spaces



# 43%



# UK Businesses

faced **international shipping delays**

# 66%

of them:



# UK Suppliers





66%

**UK Businesses**

know the Made in Britain Mark



60%

*Of those businesses  
that know the Mark*

Seeing the Mark  
makes them keener to buy

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# Delivering Sustainability in Commercial Strategies

Agnieszka Gajli and Sarah Sesum, Strategic Procurement Managers, Yorkshire Purchasing Organisation

# Delivering sustainability in commercial contracts

Agnieszka Gajli, Strategic Procurement Manager, YPO

NHS event 11<sup>th</sup> September 2023

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## Legislative framework continues to change

# Recap on Sustainability

### Environmental

- Environmental Bill – 30<sup>th</sup> January 2020 , [here](#)
- Industrial Decarbonisation Strategy – 17 March 2021 [here](#)
- UK Hydrogen Strategy – 17<sup>th</sup> August 2021 [here](#)
- Heat and Buildings Strategy 19<sup>th</sup> October 2021 [here](#)
- British Energy Security Strategy - updated 7<sup>th</sup> April 2022 [here](#)
- Transport Decarbonisation Plan – 14 July 2021 , [here](#)
- Net Zero Strategy: Build Back Greener – 19<sup>th</sup> October 2021 – updated 5<sup>th</sup> April 2022 [here](#)

### Public Services (Social Value) Act 2012

### Ban on single use plastic in – 1 October 2023

### Procurement

- PPN 06/20 Taking account of social value in the award of central government contracts [here](#)
- PPN 06/21 Taking account of Carbon Reduction Plans in the procurement of major government [here](#)
- PCR 2015 and the upcoming Procurement Bill
  - Shift from MEAT to MAT

### Sustainability – varied resources and reports

### available on the topic

A large, solid purple circle is positioned on the left side of the slide. Inside the circle, the text 'YPO and our Public Sector Sustainability Objectives' is written in a yellow, sans-serif font.

## YPO and our Public Sector Sustainability Objectives

1. Support and enable our customer to achieve their sustainability commitments
  2. Continuously review, refresh and embed sustainability across all our solutions
  3. Sharpen our focus on innovative sustainable solutions
- 
- A decorative graphic at the bottom of the slide, consisting of a yellow wave shape that curves upwards from left to right, set against a purple background.

A large purple circle containing the text 'YPO and our Public Sector Objectives' in a yellow, sans-serif font.

## YPO and our Public Sector Objectives

At YPO we aspire to set an example of best standards in the public sector and as our suppliers are extension of our capability, we expect them to have similar high standards.

To be socially conscious our expectations and requirements are:

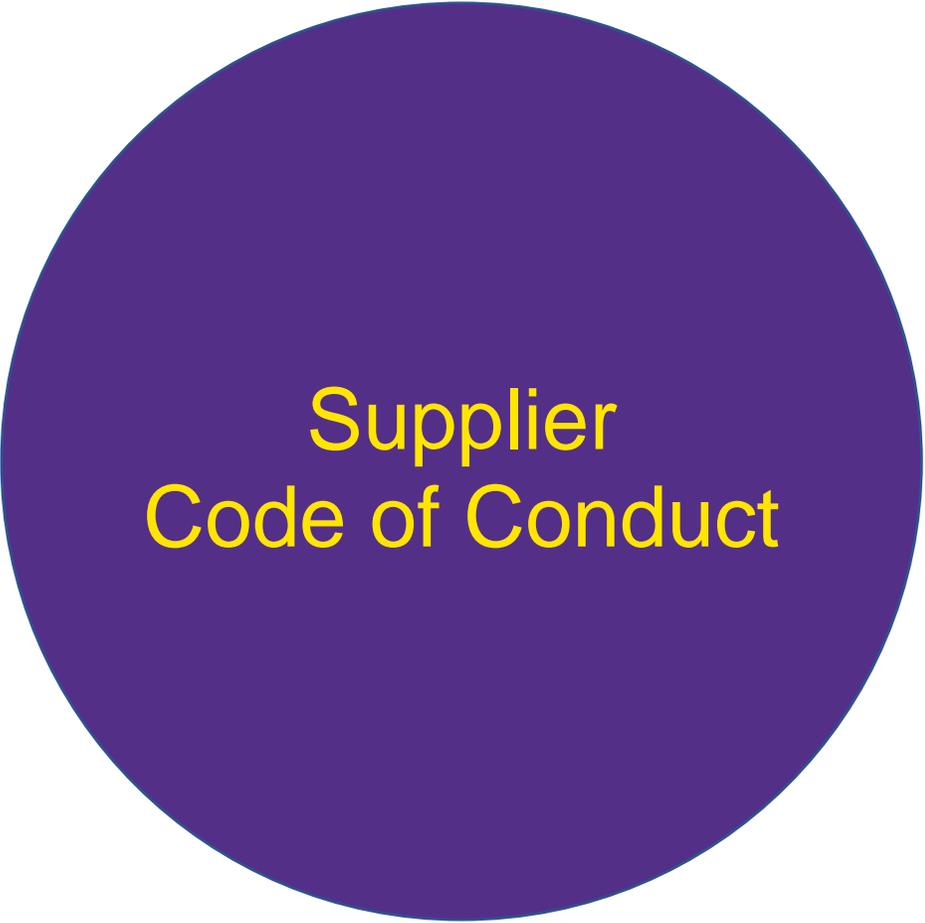
- in line with our Strategy and Supplier Code of Conduct;
- proportionate to the service provision and the size of the suppliers

To do it effectively :

- Risk assessment against legal and regulatory factors

What suppliers get in return :

- Fair prices and fair terms and conditions
- Open dialogue to agree practical and realistic approach
- Share of the requirements prior to tender as it leads to better proportionality of the requirements

A large purple circle containing the text 'Supplier Code of Conduct' in yellow, bold, sans-serif font.

**Supplier  
Code of Conduct**

Sustainability – Profit

Sustainability – People

Sustainability – Planet

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# Sustainability – Profit

## General

- Operate in compliance with all applicable laws, rules and regulations.
- Have a stable financial system that is capable of efficiently allocating resources , assessing, and managing risk, maintaining financial risk.
- Continuously improve its way in which products, services or works are provided and delivered to YPO's public sector customers.
- Suppliers are expected to have systems in place to ensure that organisations in their supply chain are paid on time.

➤ Commercial cycle : Selection Stage , Award Stage , Contract Management

## Business continuity and resilience

- Have in place business continuity plans and ability to continue to deliver its products and services or works at acceptable levels following a business disruption.
- Move beyond the scope of business continuity planning and build business resilience to take a more dynamic, strategic approach to risk mitigation.

➤ Commercial cycle : Award Stage , Contract Management

## Data and cyber security

- Comply with privacy and data protections laws
- Have policies and procedures to protect sensitive information including but not limited to secure networks, secure IT operations, staff vetting, data protection training for employees , procedure to identify and manage cyber security incidents.
- Suppliers are expected to set equivalent standards for its supply chains.

➤ Commercial cycle : Selection Stage , Award Stage

## Conflict of interest

- Take active steps to disclose and manage any actual, potential and perceived conflict of interest and engagement with YPO and YPO's customers

➤ Commercial cycle : Selection criteria

# Sustainability – People

## Employment expectations

- Adopt fair and ethical employment practices
- Take proportionate steps to identify and reduce risk of child labour and modern slavery in their supply chains
- Provide as a min to all your UK employees the Living Wage

➤ Commercial cycle : Selection stage

## Working Conditions

- Provide a safe and hygienic working environment while complying with all applicable laws and regulations.
- Ensure that no worker is subject to, or threatened with, any physical, sexual, psychological or verbal harassment or abuse.
- Take proactive approach to the wellbeing of your employees and to have in place policies and initiatives to support wellbeing of its employees.

➤ Commercial cycle : Selection stage

## No Discrimination

- Ensure that there is no discrimination in the hiring, compensation, access to training, promotion, termination or retirement of workers based on their race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation
- Take steps to promote equal opportunities for all and embrace diversity in the workplace.

➤ Commercial cycle : Selection Stage

## Social Value

- Take opportunities to make positive impact on your communities
- Themes and priorities
- Use of relevant TOMs

➤ Commercial cycle : Award Stage , Contract Management



# Sustainability – Planet

## Net zero

- The UK Governments 25 Year Environmental Plan should be considered by all applicable organisation as well as aiming to contribute to the UK Carbon Emissions Targets.
  - Commercial cycle : Selection Stage, Award Stage , Contract Management

## Environmental standards

- Suppliers must comply with all applicable environmental laws, regulations and standards with a view to minimise/neutralise any negative impact their operations have on the environment.
  - Exercise due care and attention with regards to the use of single use plastics within their products and/or operations.
  - Have identified the key environmental impacts of their operations and its supply chains and to take ongoing steps to measure and reduce these in line with the best practice in the supplier's sector.
  - Set equivalent standards for its supply chains and have efficient reporting process in place.
    - A policy that describes your approach to reducing key environmental impacts
    - Evidence of the actions you have taken to minimise the environmental impact
    - Environmental information about products and service
- Commercial cycle : Selection Stage , Award Stage , Contract Management

# Thank you

**Agnieszka Gajli**

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## WYAAT – A case study

Ben Roberts, Associate Director of Finance, West  
Yorkshire Association of Acute Trusts

# West Yorkshire Association of Acute Trusts (WYAAT)

**Ben Roberts – Associate Director of Finance**

**11<sup>th</sup> September 2023**



✉ [WYAATProgramme@nhs.net](mailto:WYAATProgramme@nhs.net)

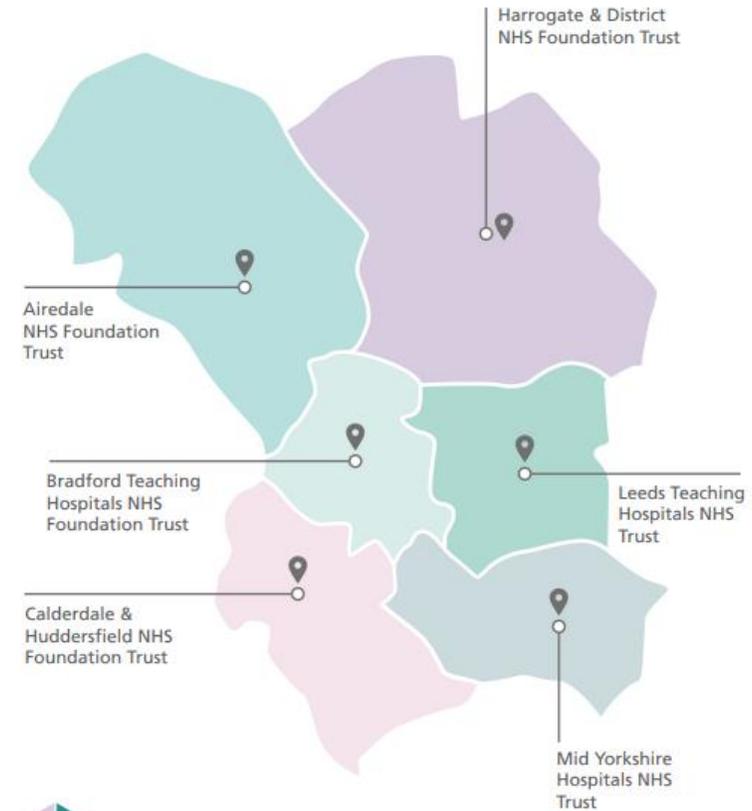
☎ 0113 2065684

🌐 [wyaat.wypartnership.co.uk](http://wyaat.wypartnership.co.uk)

🐦 @WYAAT\_Hospitals

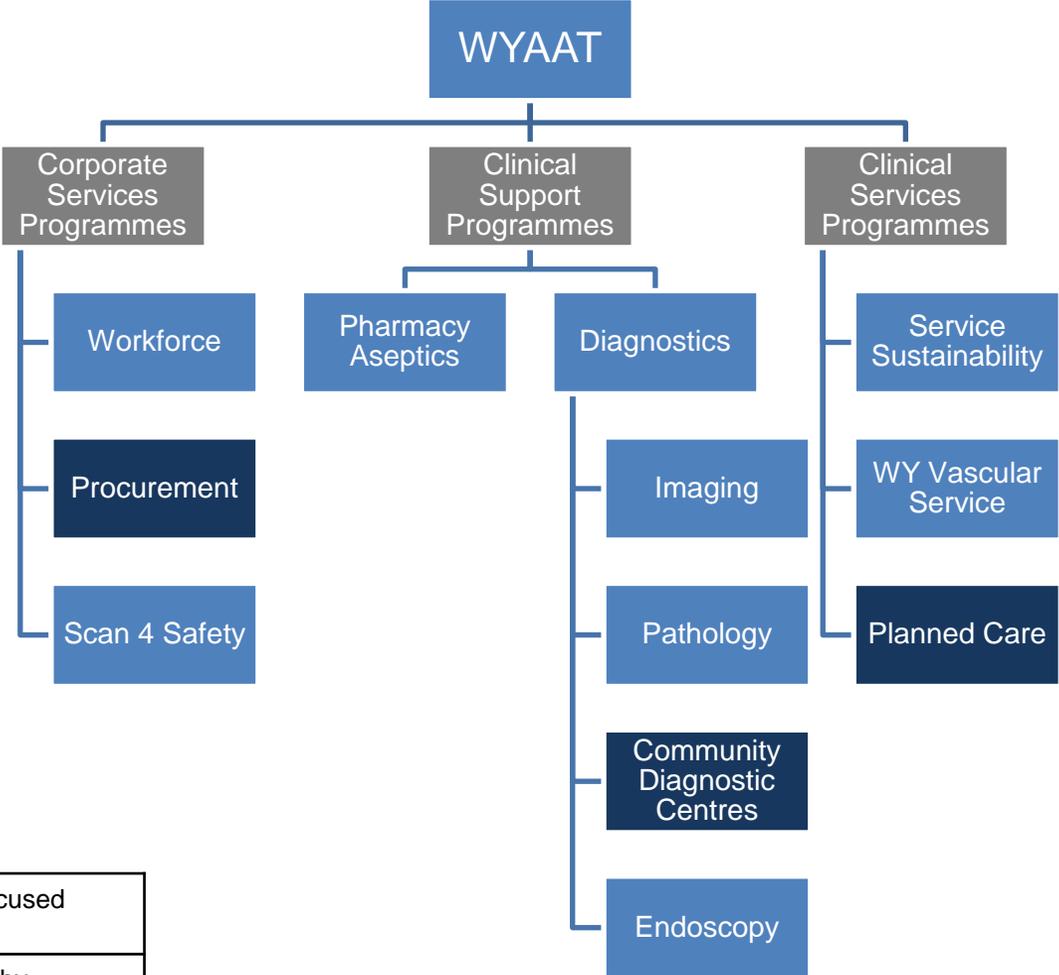
# What is WYAAT and why does it exist?

- Collaboration of the **six acute trusts** in West Yorkshire & Harrogate
- **Self-funded** by the trusts
- Forum for acute trusts; a **single voice** into the HCP
- Providing a mechanism to **share best practice** and **learn from each other** to tackle **unwarranted variation or inequalities in access, outcomes and experience**
- Delivery of **acute trust focused change programmes**
- Leadership of wider programmes **on behalf of the ICS**
- Facilitates **clinical, operational collaboration & mutual aid**
- **Prioritising** and planning **system investments** in acute services
- **Only** what the trusts do together and the decisions they take together
- **Not** an organisation
- **Not** “doing things to” the trusts



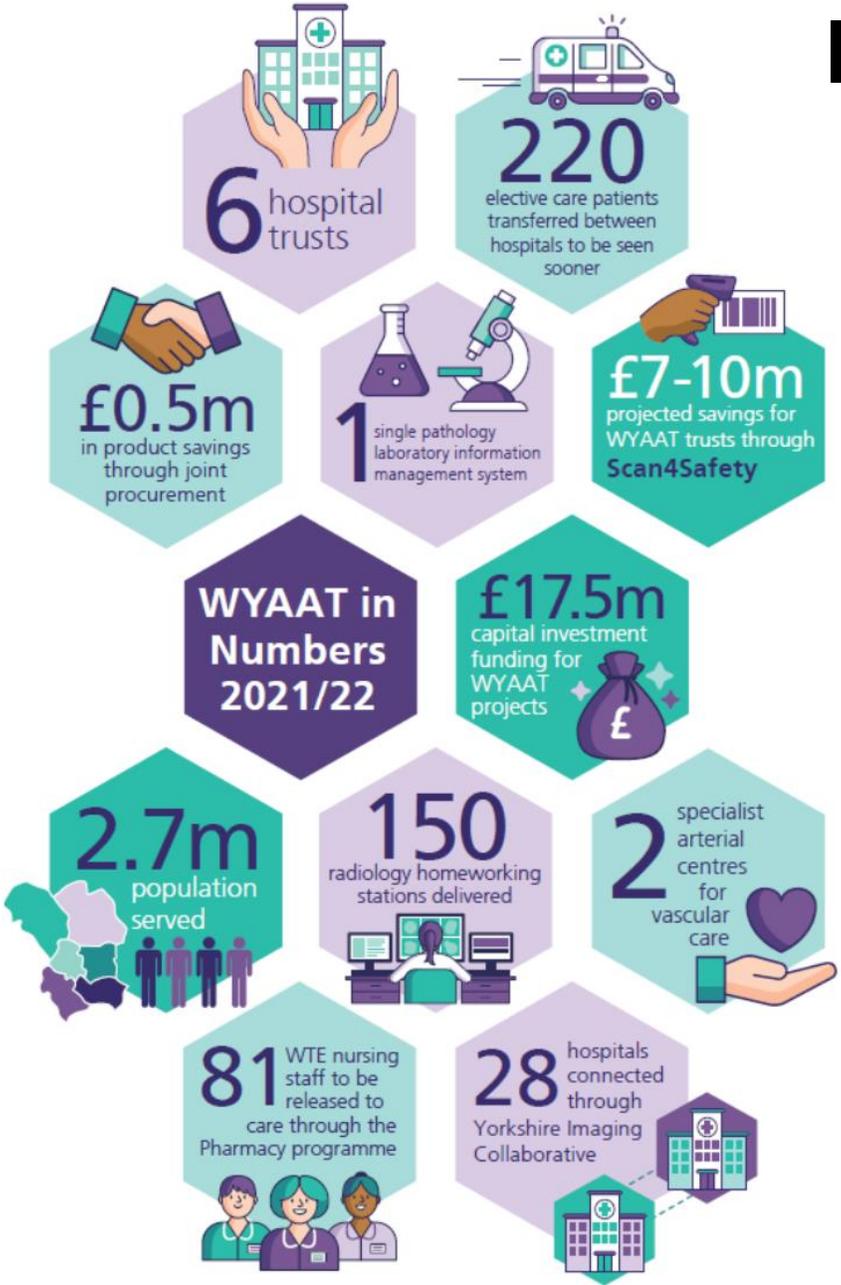
The West Yorkshire Association of Acute Trusts is made up of six trusts working closely together to plan health and care services across the area.

# WYAAT Collaborative Programmes



	WYAAT acute focused programmes
	Programmes led by WYAAT on behalf of the WY ICB

# Impact



West Yorkshire  
Vascular Service

WYVaS

Yorkshire  
IMAGING COLLABORATIVE  
Every image. Anywhere



# A West Yorkshire Way of Thinking

- We do things together where it makes sense to do things together
- We build an infrastructure for all
- Share our expertise, simplify the access to that expertise

# What We've Done to Date

- Mutual Aid Programme
- Shared Catalogue
- Common Finance Systems
- Collaborative approach has delivered benefits
- Intent to deliver Inventory Management Solution
- Scan 4 Safety
- Commitment to ATAMIS
- Active Workplan
- Emergence of Supplier Relationship Management

# Pan-Pathology

FOR HEALTHCARE LEADERS  
**HSJ**  
Part of Wilmington Intelligence

EMILY TOWNSEND  
Why stalling of reforms could hit service improvement

Search

SECTORS TOPICS LOCAL COMMENT INTERACTIVE EVENTS JOBS PRODUCTS &

FINANCE AND EFFICIENCY

## Three trusts taken to High Court in £475m contract row

By Jack Serle | 21 June 2023

14 Comments

- › Provider accuses trusts of breaking procurement rules when awarding pathology deal
- › The three Yorkshire trusts deny the allegations made against them
- › The case, which is being heard by the High Court, is on-going

FOR HEALTHCARE LEADERS  
**HSJ**  
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EMILY TOWNSEND  
Why stalling of reforms could hit service improvement

Search

SECTORS TOPICS LOCAL COMMENT INTERACTIVE EVENTS JOBS PRODUCTS &

FINANCE AND EFFICIENCY

## Trusts to award £500m pathology contract after legal challenge dropped

By Jack Serle | 5 July 2023

4 Comments

- › Supplier withdraws effort to overturn award of £475m, 14-year contract for pathology services
- › Decision to halt legal process clears way for Yorkshire acute trusts to award contract to their preferred bidder

# Structure

- Joint Procurement Forum
- Supported by some strategic groups
  - Governance
  - Strategic contracting
  - Supply Chain Management
  - Data and systems
  - Sustainability and Social Value
  - People and Talent Management

# Change is going to happen



# Options



What procurement services are best suited to a shared model

The pros of collaborative procurement

How would a shared model of procurement affect Wholly Owned Subsidiaries

Should data analytics be done as a region

Head of Procurement / Business partner model

Other commercial activity

Catalogue management

What procurement services are best suited to a shared model

Staff training approach

Should inventory management be controlled regionally

Could operational procurement be centralised – if so, what would be included within this

Supplier relationship management

Should there be a line of accountability between local procurement staff and a shared model

The cons of collaborative procurement

Shared storage facility

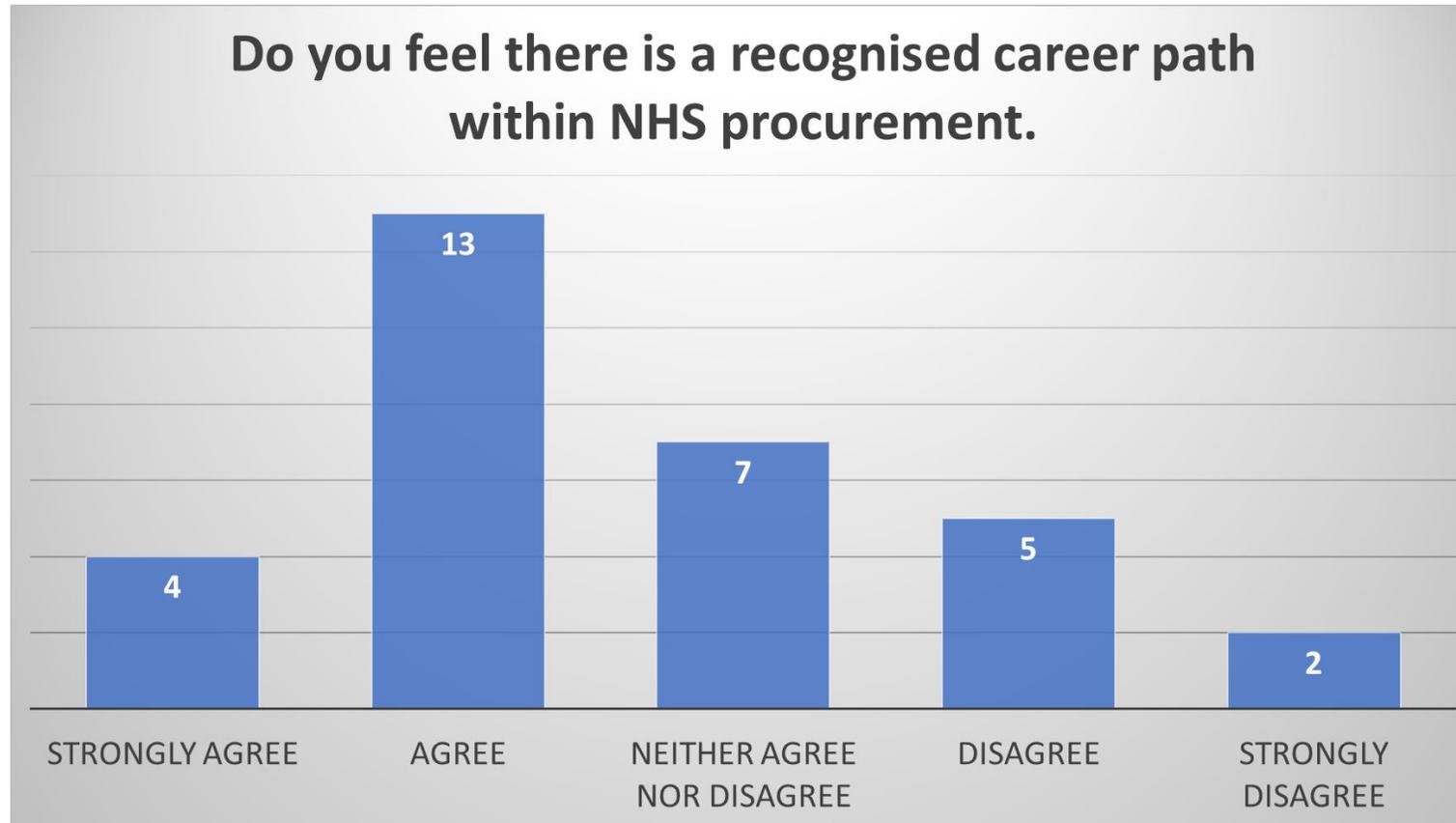
Hosting arrangements:

- One trust
- Central
- New organisation
- WOS

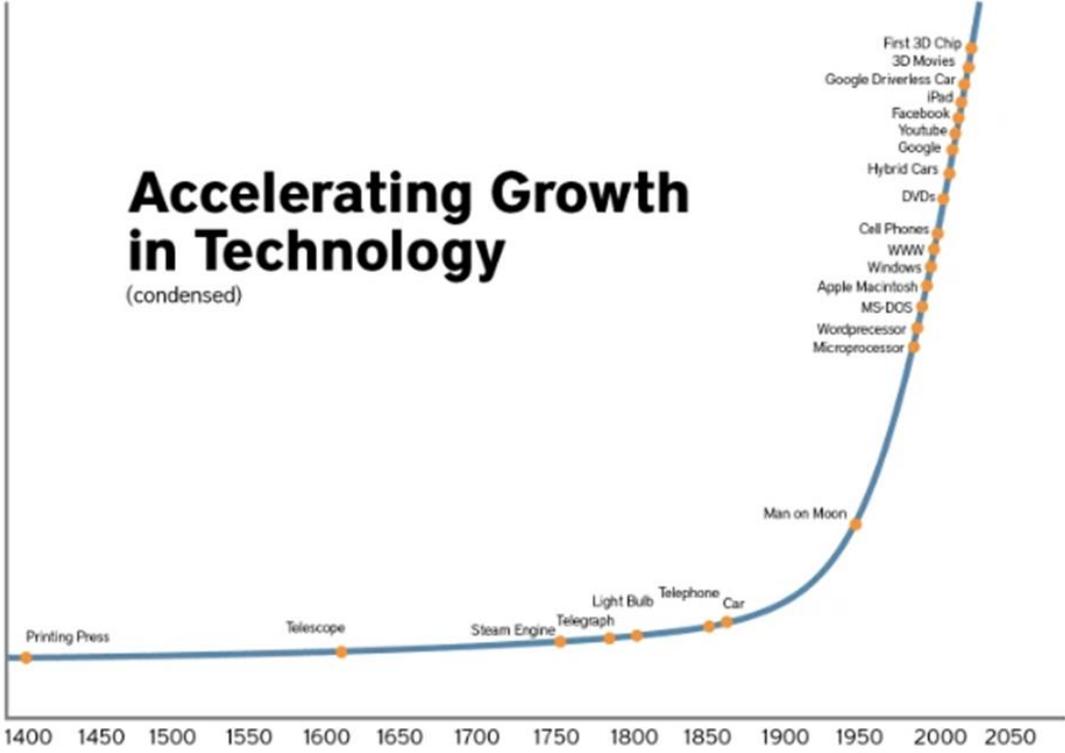
Could the region have one material management service



# Workforce



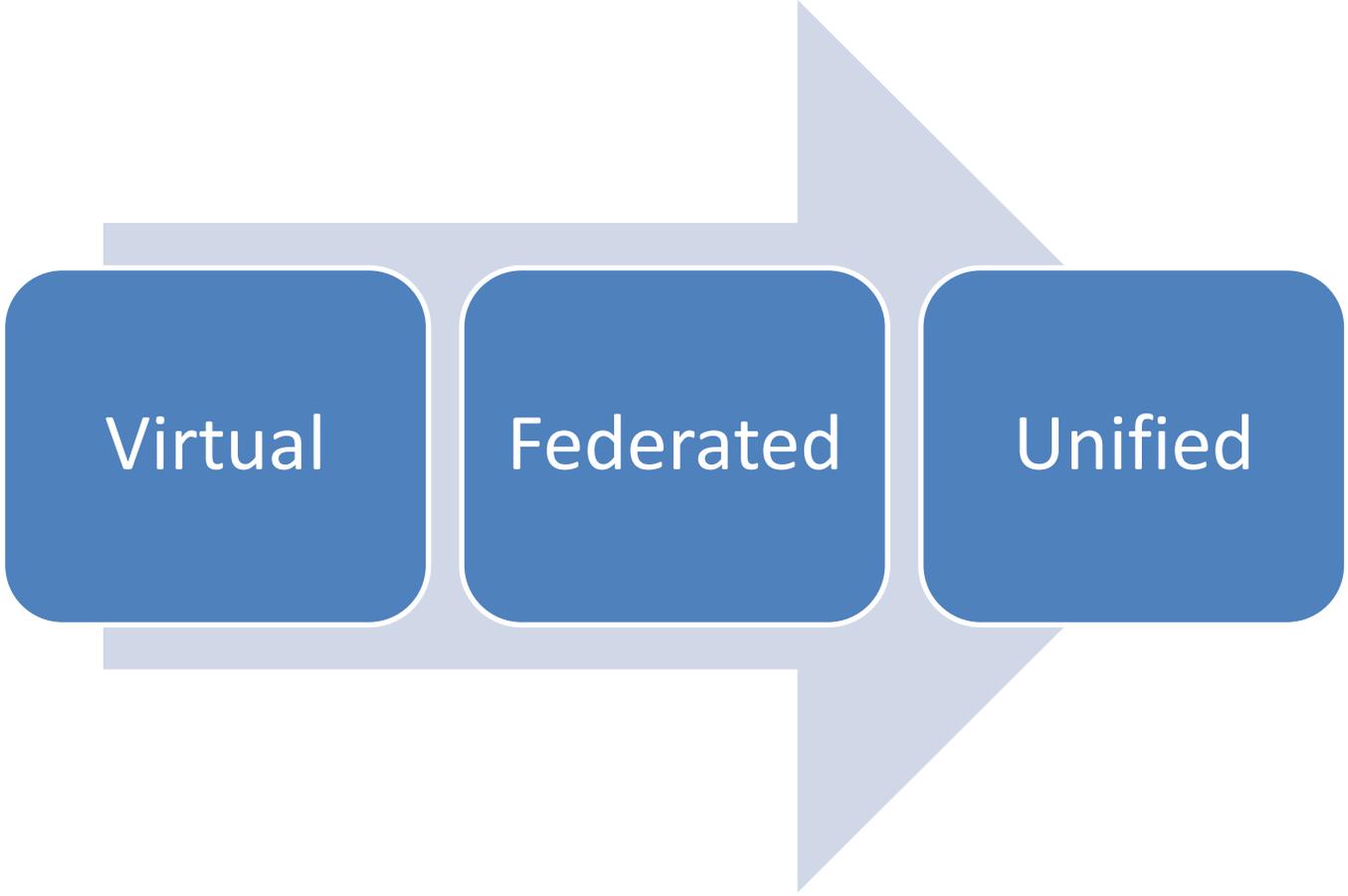
# Changing World....



# Workforce



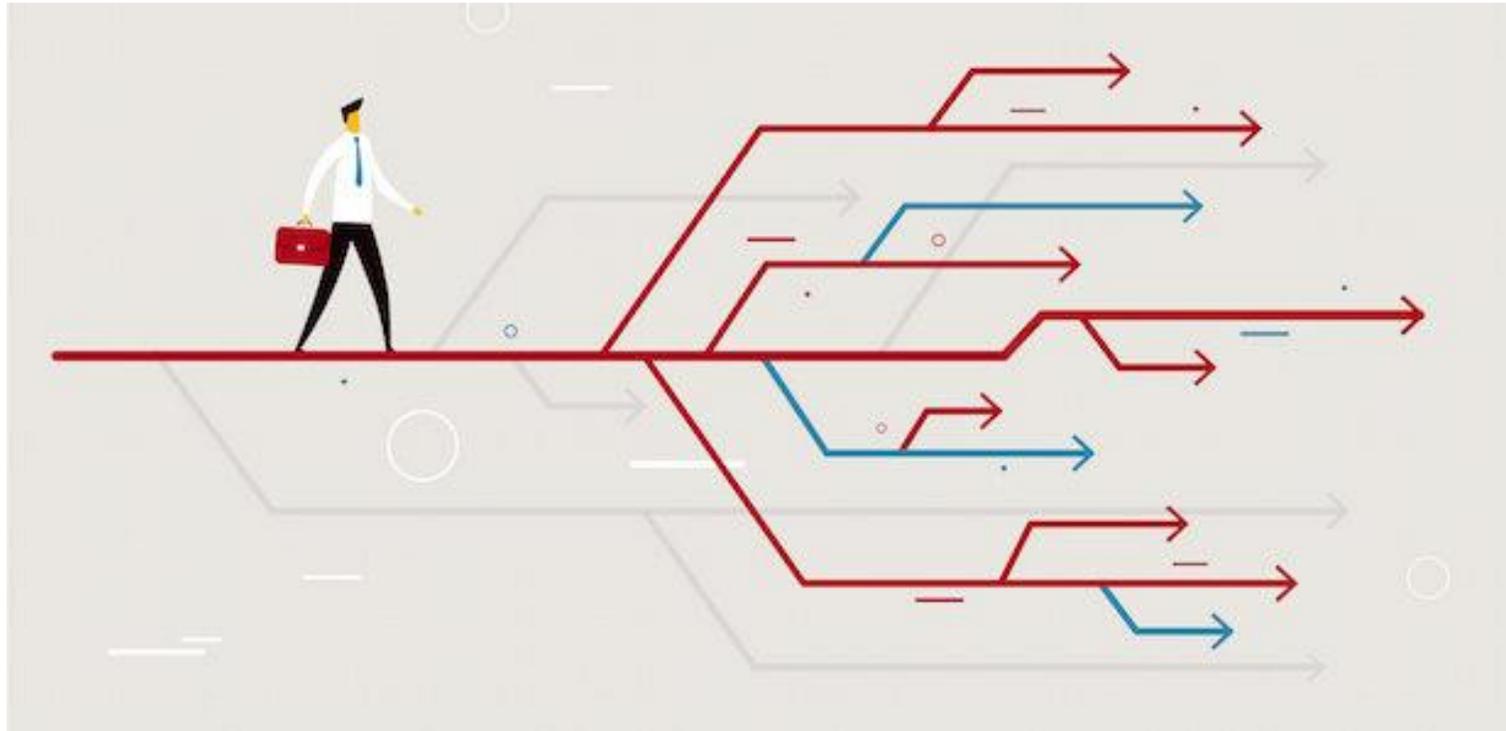
# The Future



# What we accept...

- Change is necessary
- We will 'end up' in a unified model
- There are things we can be doing now
- Inaction will result in losing staff
- Somethings only need doing once

# What we don't have agreement on



# Critical to Success



# HNY Procurement Collaborative: The Journey to Collaboration

Edd James, Director of Procurement, Humber and North Yorkshire Procurement Collaborative

# HNY Procurement Collaborative

The Journey to Collaboration

11<sup>th</sup> September 2023

# What is the Procurement Collaborative?

	 Hull University Teaching Hospitals <small>NHS Trust</small>	 Northern Lincolnshire and Goole <small>NHS Foundation Trust</small>	 York and Scarborough Teaching Hospitals <small>NHS Foundation Trust</small>	 Humber and North Yorkshire Procurement Collaborative
Non-pay spend	£427.4m	£221.1m	£395.1m	£1,043.7m
Addressable spend	£243m	£129m	£166m	£538m
Addressable with top 10 suppliers	£106.5m	£52.7m	£62.4m	£221.6m
Number of Addressable Suppliers	2,857	1,706	2,708	7,271
Invoices per annum	102,006	59,570	104,406	265,982
Tier 4 Invoices (<£10k)	97,851 (£75.9m)	57,812 (£40.7m)	101,476 (£70.7m)	257,139 (£187.3m)
Number of Purchase Orders	28,769	28,305	28,042	85,116
Catalogue Lines	75,121	23,798	278,170	455,028*
Return on Investment	0.89:1	0.20:1	0.59:1	0.59:1
Headcount	35.38	27.62	55.54	118.54

\* 74,939 catalogue items are loaded with no price.

# Why Collaborate?

## Stakeholder Feedback

- Support the trusts with their financial position;
- Simplify the procurement process and eliminate confusion;
- Standardise the use of products where possible;
- Provide more face-to-face time with procurement staff, in particular staff who are authorised to make decisions;
- The importance of attracting and retaining talent.

## Supplier Feedback

- Procurement need to provide the link between the supplier and the clinicians;
- The governance/ approval process needs simplifying;
- Procurement need to lead on contract management;
- A collaborative needs to work as a single entity to deliver the full benefit;
- Consider the value of the relationship and the value of data.

## Key Issues

- Quality of procurement data is poor which affects data driven decision making and value for money;
- The three trusts work on different systems which makes the sharing and visibility of data difficult;
- Appropriate and skilled resource is not in place across procurement e.g. no data analyst or clinical procurement specialist;
- There is no link between our corporate strategies and what we expect our suppliers to deliver.

# The Benefits of Collaboration

## Financial

- £287k – saving through buying as one through NHS Supply Chain;
- £387k – saving if we can standardise our catalogues and all buy at the cheapest price any one Trust is currently paying;
- £329k – saving from moving current procurement from direct supply to NHS Supply Chain;
- £337k – saving from process efficiencies (consolidated invoicing & outsource costs).
- **£1.3m – saving before tackling standardisation opportunities.**
  
- Current inflationary pressures are a risk to delivery of cash releasing savings.

## Non-Financial

- Resilience in resource – we can (and are) sharing resource to reduce temporary staffing costs;
- We can invest in roles as a collaborative which are difficult to justify individually e.g. Clinical Procurement Specialists;
- We will offer options for career development and training;
- The proposal removes duplication – we can do things once rather than 3 times.

# Funding & Distribution Model

- As part of the business case a funding and distribution policy was established which considered how the three trusts would apportion cost between them.
- Each of the considerations presented: the as-is position; move to full centralisation and a transitional option.

Consideration	Solution
Fund the establishment costs of HNYPC in an equitable manner	Establishment costs (pay and non-pay) are apportioned equally between the three Partner Trusts.
How HR and employment is managed for those working within HNYPC	All staff will remain employed by their existing Partner Trust and would only transfer if they applied for a new role within HNYPC. All new roles and vacant roles would be recruited by HUTH with budget adjustments made as appropriate. Each Partner Trust also retains their own HR risk around any future structure.
Who the contracting authority is and how contracting risk is owned and managed between Member Trusts	HUTH acts as Contracting Authority however existing contracts are not novated to HUTH, it is only for future contracts. The reason for this is that HUTH would need to undertake due diligence on the contracts to novate which would take time and incur cost. These legacy contracts would still be managed by HNYPC on behalf of each Partner Trust.
How non-pay spend is managed on a collaborative basis	Non-pay spend is centralised to HUTH and recharged to each Partner Trust to be charged at a cost centre and budget holder level so they can take ownership of all expenditure. HUTH will establish a cash account that will need to be cleared at the end of each month to ensure the transactions do not impact the financial accounts of HUTH.
The method by which savings are shared between Member Trusts	A savings policy has been established. Savings will be calculated at cost centre level. Where the overall saving is a benefit but one organisation loses out the other organisations will cover the difference.
The process which is followed when a new Member Trust joins HNYPC	All decisions above stand but establishment costs to be recalculated and charged proportionately depending upon when during the year they join.

- It was agreed that HUTH will host the Procurement Collaborative.

# Risks and Bumps – 1. Governance

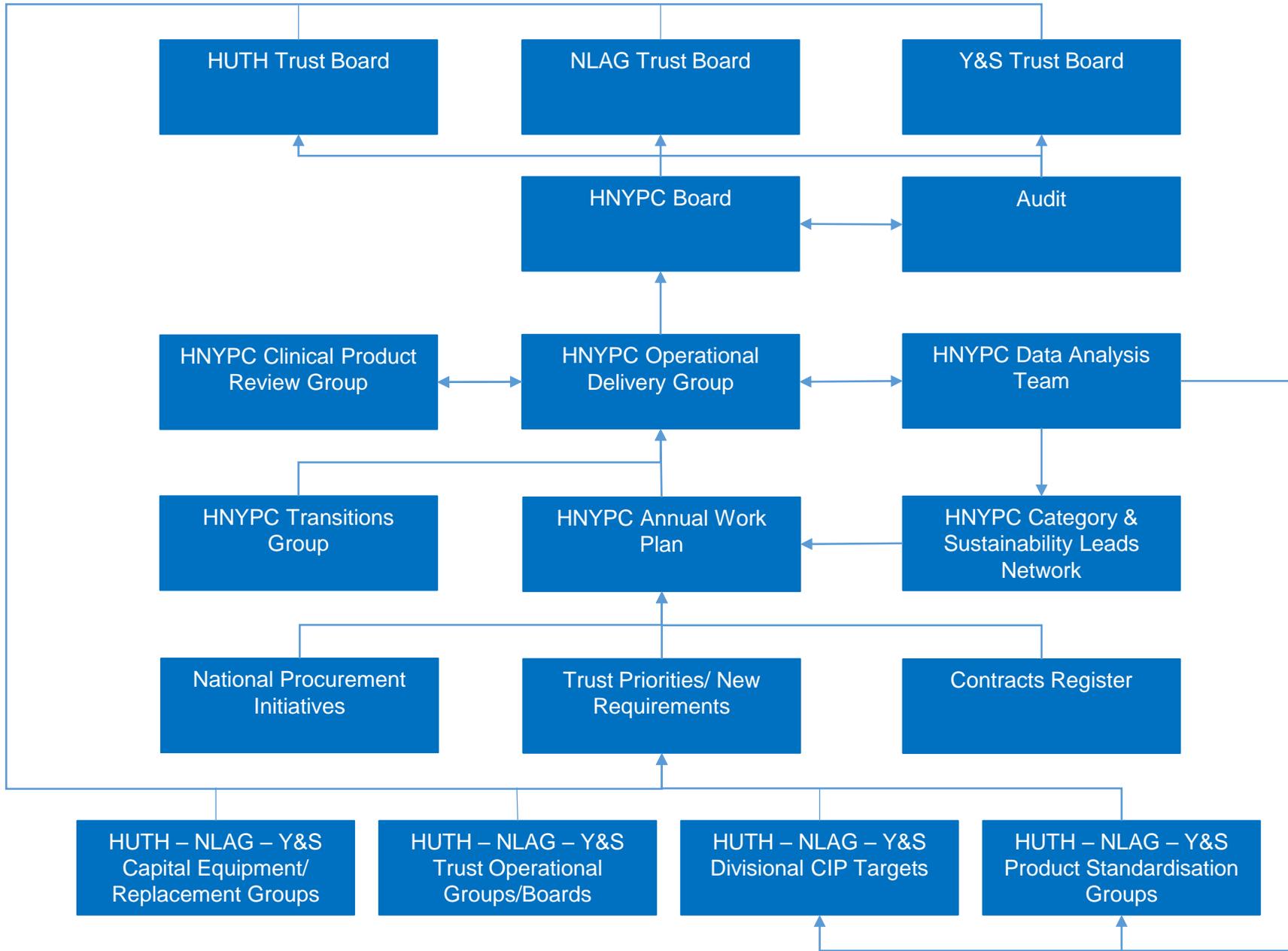
Risk	Example
<p><b>Policies &amp; Processes</b> Three trusts with similar, but different sets of policies and processes.</p>	<ul style="list-style-type: none"> <li>• Standing Financial Instructions &amp; Standing Orders (financial thresholds different).</li> <li>• How to implement a new single set which all three Trust Boards support.</li> <li>• Consideration around the multiplier affect – higher thresholds where you contract for multiple trusts.</li> </ul>
<p><b>Governance &amp; Decision Making</b> The three trusts still want to independently approve all procurement decisions which could slow sign-off.</p>	<ul style="list-style-type: none"> <li>• A single collaborative contract could require three trusts to approve the decision through various boards.</li> <li>• Each Trust has a different threshold and sequence an approval needs to go through.</li> <li>• Where does accountability and responsibility sit for collaborative contracting.</li> </ul>
<p><b>Procurement Board Representatives</b> Who sits on the Procurement Board from each of the trusts, how is this deemed equitable and how are decisions made.</p>	<ul style="list-style-type: none"> <li>• Does each Trust get a number of seats on the Procurement Board or are the number of seats set by another factor such as spend.</li> <li>• How is this fairly represented with the new HUTH &amp; NLAG joint executive team.</li> <li>• Are decisions made on a unanimous basis or through majority.</li> <li>• What is the process where a Trust does not want to work collaboratively and the resource implications.</li> </ul>
<p><b>Legal Status</b> What is the legal status of the Procurement Collaborative and what risk does this pose to the trusts who are part of it.</p>	<ul style="list-style-type: none"> <li>• Which organisation is the Contracting Authority and able to enter into and sign the contract.</li> <li>• On what basis do HUTH hold the contracts – is it on trust of all, under delegated authority (65Z5 of the NHS Act 2006) or as a reseller of services.</li> <li>• What impact does the final structure have on tax/VAT and is this agreed by the local tax advisor.</li> </ul>
<p><b>Litigation</b> What is the process and how are costs managed between the three trusts if a procurement is challenged during the process or after the contract is awarded.</p>	<ul style="list-style-type: none"> <li>• What happens if the Contracting Authority is legally challenged either during a procurement or post award and who covers the cost/ reputational damage.</li> <li>• Under the enforceable rights to the contract who does the supplier take to court for a breach (data/ estate access) for an organisation who isn't the Contracting Authority.</li> <li>• Is the approach different for single Trust contracts (PFI) versus collaborative contracts (consumables).</li> <li>• In a collaborative contract what is the process whereby one Trust wishes to terminate but the other(s) do not. Who covers the cost of termination and the impact this could have on price for the remaining trusts.</li> </ul>
<p><b>Exit Management</b> How do we plan to reapportion the costs if one of the trusts decides it no longer wishes to support the Procurement Collaborative.</p>	<ul style="list-style-type: none"> <li>• How are pay and non-pay costs reapportioned in one or more trusts decides to exit the Procurement Collaborative.</li> <li>• What happens with IT systems and access to data.</li> <li>• What is the impact on staff and how will this be managed.</li> </ul>

- These issues are covered within the Collaboration Agreement and Litigation Protocol.

Partner Trusts

Strategic Board

Delivery Boards



# Risks and Bumps – 2. Systems

- Different systems in place for the same task across the three trusts which limit the ability to work as one team.
- Existing systems have different end dates.
- Requisition & purchase order activity attached to e-Financial systems which are out of scope.
- Requirement to move to a single system.

System Category	HUTH	NLAG	YSTH
Spend analytics & price benchmarking	Spend Comparison Service	Spend Comparison Service	Spend Comparison Service
Pipeline/work plan management	Excel	n/a	Excel
eSourcing/ eTendering	Pro-Contract	In-Tend	In-Tend
Contracts & Supplier Management	n/a	n/a	In-Tend
eCatalogue	Advance Business Solutions	Advance Business Solutions	One Advanced
PEPPOL Access Points	n/a	n/a	Pagero
Requisition & Purchase Order	Advance Business Solutions	Advance Business Solutions	Oracle Cloud
Inventory Management	Advance Business Solutions & Tagnos	n/a	Omnicell & Ingenica for Community

- Adviselnc undertaken spend analytics for us as a collaborative.
- Atamis now in place for eSourcing/eTendering and Contract Management.
- Work underway to identify a single requisition & purchase order system that can integrate with different e-financial systems.

# Risks and Bumps – 3. People

## General Approach

- Feedback from other ICS areas which have tried to bring teams together are clear that you need to get the governance and systems right before moving the people around to ensure they can work effectively.
- Managing change and suspicion around the motives of collaboration.

## Regional Challenges

- Large geographic area so how do you build a single team who work on 4 sites.
- Historically seen as a hard to recruit area so how do you attract talent to want to work here.

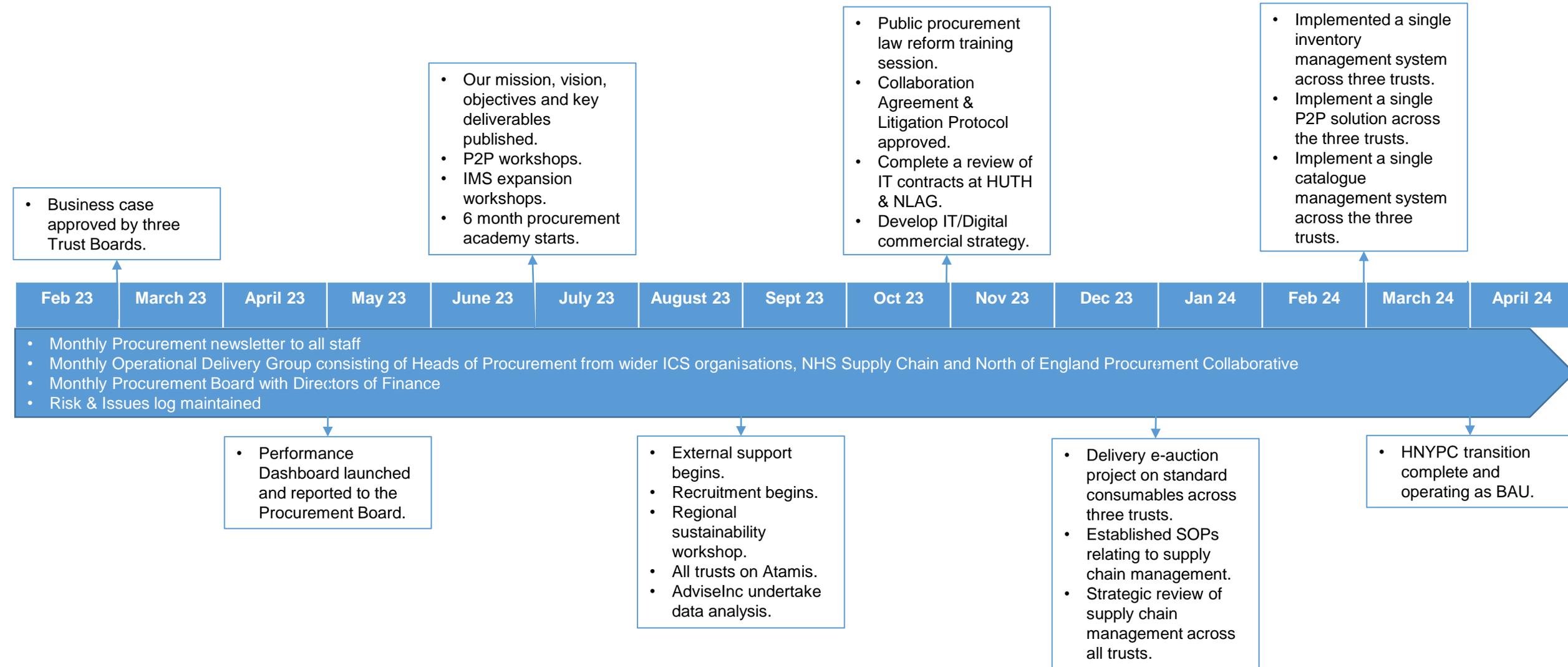
## Specific Challenges

- In-house/Outsourced – there is a mix of solutions in place across the three trusts.
- Grade equivalency – across the three trusts we have the same job title at different grades.
- Standardising job descriptions – how do we implement a standard job description which allows individuals to clearly see what they need to do to be considered for promotion.
- Training & development – historically the three trusts have spent £98 per person per year against the national average of £216 per person per year. How do we release funding to grow our own and tackle our recruitment challenges.

## Opportunities

- Career progression across a wider footprint rather than waiting for colleagues to move on.
- Procurement Skills & Development Network graduate training programme.
- York & Hull Universities run business/ procurement courses which include a placement year working in industry.
- Flexible approach on location, offices at every site plus flexible working due to the geography.

# Where are we and where are we going?



# Our mission, vision, objectives and key deliverables

## Mission Statement

To deliver a procurement service which allows our Partner Trusts to offer great care, which supports people to start, live and age well. Being a great employer, spending money wisely.

<p><b>Values</b></p>	<ul style="list-style-type: none"> <li>• Respect/ Honesty</li> <li>• Caring</li> <li>• Helpful/ Kind</li> <li>• Listening, Courage to challenge, accountable</li> </ul>		
<p><b>Vision</b></p>	<p><b>Care</b> – ensure procurement promotes patient centred, high quality, great, safe, right time care for all Partner Trusts</p>	<p><b>Staff</b> – encourage our staff to be the best they can who are collaborative leaders, engaged, healthy and resilient.</p>	<p><b>Future</b> – promote whole system thinking and practice encouraging Partner Trust to consider transformation to deliver financial sustainability.</p>
<p><b>Our Objectives for 2023/24</b></p>	<p><b>1. Supports the aims and vision of the ICS and collaborative members</b> Agree and embed the vision and aims across the collaborative and review progress against this.</p> <p><b>2. Create a single procurement function which will help support the sustainable provision of clinical &amp; non-clinical services</b> To embed sustainability &amp; social value into local policies and processes, have an agreed benefits realisation plan and be viewed as innovative thinkers around sustainability and social value.</p> <p><b>3. Establish the collaborative as a centre of procurement and commercial excellence which provides procurement and commercial services to its member organisations</b> Embed a new structure and procurement processes across the collaborative.</p>	<p><b>4. Support supplier rationalisation and cost savings</b> Engage care groups through Procurement Business Partners and Clinical Procurement Specialists to regular discuss standardisation and opportunities.</p> <p><b>5. Ensures standardised, robust product selection and range management processes are in place</b> Documented product selection processes in place and agreed with all care groups. Industry discussions in place looking at innovation.</p> <p><b>6. Ensures that policies, practices an procedures are standardised and provide for the effective provision of procurement to the partner trusts.</b> A single set of procurement policies, practices and procedures agreed and signed off by the procurement board.</p>	<p><b>7. Ensures innovative and robust Supplier Relationship Management</b> Develop a supplier segmentation toll and contract management/SRM tool kit. Develop and implement transactional relationship management which reduces the cost of doing business.</p> <p><b>8. Develops P2P e-commerce processes and systems to ensure smooth and efficient process for all purchasing requirements</b> All procurement transactions to be undertaken through central systems to allow for centralised reporting and data driven decisions.</p> <p><b>9. Enables effective partnering with senior stakeholders, internal customers and suppliers</b> Undertaken regular care group and supplier meetings</p> <p><b>10. Ensure all staff are given the opportunity to develop</b> All staff to have had skills development analysis with development embedded in BAU.</p>
<p><b>Our Key Deliverables for 2023/24</b></p>	<p>1. Promote and develop the vision and aims of the collaborative.</p> <p>2. To have reviewed policies and processes to ensure compliance with local and national sustainability and social value objectives. Engage with regional sustainability teams to identify opportunities and to start to establish a sustainability/ social value benefits realisation plan.</p> <p>3. Agree a Collaboration Agreement with all partner trusts which sets out the expectations of the procurement collaborative, ways of working between trusts and the governance structure the collaborative needs to follow.</p>	<p>4. To have Procurement Business Partners and Clinical Procurement Specialists in post engaging regularly with care groups.</p> <p>5. Establish a product selection process and begin discussion with our key suppliers to identify opportunities around innovation and technology advancements which can improve the patient experience.</p> <p>6. Standardise procurement policies and procedures across the partner trusts for the collaborative. Implement new policies and procedures to ensure best practice.</p>	<p>7. Develop a supplier segmentation approach to allow for supplier relationship management to begin and be prioritised to partner trust strategic suppliers.</p> <p>8. Develop a single commercial systems strategy for approval and have started implementation. This will cover procure-to-pay, catalogues and inventory management.</p> <p>9. Procurement Business Partners to be undertaking regular structured meetings with care groups across all partner trusts and meeting strategic suppliers.</p> <p>10. All staff to be transitioned into the new structure, with clarity on their role and development opportunities.</p>

# Minimising Fraud in the Procurement Process

Andrew Masterman, Fraud Prevention Lead, NHS  
Counter Fraud Authority

A decorative graphic on the left side of the slide, composed of several overlapping, curved bands in shades of blue and orange. The bands are arranged in a way that they appear to be part of a larger, abstract shape, possibly representing a stylized letter or a series of connected segments.

# Minimising Fraud in the Procurement Process

Andrew Masterman

Fraud Prevention Unit

## What will be covered:

- Who we are? What do we do?
- NHS fraud risk profile
- A case study
- Procurement fraud risk themes
- PO vs Non PO spend
- Covid Post Event Assurance (PEA)
- Contract management and due diligence



## Who are we? What do we do?

- **The NHS Counter Fraud Authority (NHSCFA)**
- We were originally commissioned in 2017 to lead the fight against fraud in the NHS. We are a health authority charged to “protect the NHS from fraud, bribery and corruption.”
- We are independent from other NHS bodies and directly accountable to the Department of Health and Social Care (DHSC)
- Our remit covers the NHS in England, providing services to Wales. We also collaborate with our colleagues in NHS Scotland, and Northern Ireland.

## Our Vision...

***“Working together to understand, find and prevent fraud, bribery and corruption in the NHS.”***

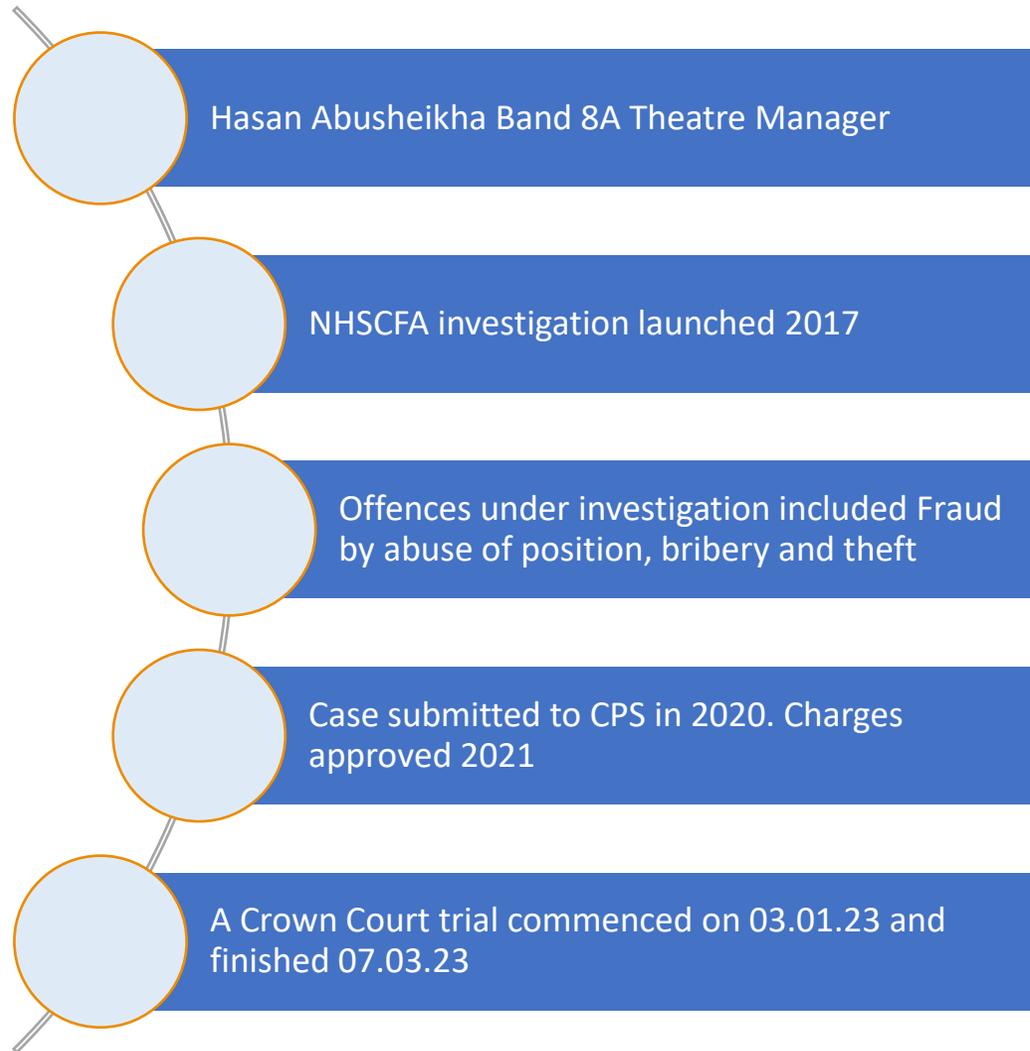




- The NHS is vulnerable to fraud, bribery and corruption to an estimated **£1.198 billion**.
- Fraud controls have improved year on year with significant reductions in financial vulnerability in the majority of thematic areas.
- We have seen notable increase in Procurement and Commissioning Fraud, with an estimated vulnerability of **£336.4 million**.
- Low levels of fraud reporting despite high spend activity across the NHS,
- Indications that procurement rules are not always being adhered to.

# Operation Bukowski

## R V Abusheikha, Emmanuel & Khan



# Operation Bukowski

## R V Abusheikha, Emmanuel & Khan

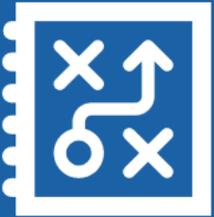
### Statistics

	150 Witness Statements
	Reviewed over 80,000 pieces of digital material seized from suspects
	Over 1,500 pieces of evidence submitted to CPS
	Over 20 hours of Interview Under Caution conducted with Abusheikha, Emmanuel & Khan
	November 2018 arrests involved 23 NHSCFA Staff and 28 Police Officers



## Procurement fraud risk themes

- Conflict of interest (plus gifts and hospitality)
- Maverick spending (Purchase Orders)
- Contract management
- Inappropriate use of single tender/quotation waivers
- Disaggregate spend (contract splitting)
- Invoice verification
- Mandate fraud
- Due diligence
- Credit card use



## PO vs Non-PO Exercise

- NHSCFA baseline data collection in 2019-20 to build understanding of procurement fraud risk. We identified particular financial vulnerabilities within **non-Purchase Order (PO) 'Maverick Spending'** in the NHS. The level of vulnerable non-PO spend was £757.4m (2018-19).
- Ideally all purchases made within NHS organisations should be raised by PO using an electronic P2P accounts payable system/PO system with key controls around separation of duties.
- Non-PO spend occurs, is NOT FRAUD but it exposes the organisation to a far greater risk of fraud.
- NHSCFA commenced extensive campaign to prevent procurement fraud by influencing behavioural change through a national fraud prevention campaign to support the NHS reduce the risk of procurement fraud.
- This NHSCFA led fraud prevention activity influenced a local reduction in vulnerable non-PO spend from £757.4m (2018-19) to £600.6m (2019-20), a **£156.8 million reduction in financial vulnerability exposure**.



## Post Event Assurance Exercise

- The objective of the Post Event Assurance Exercise (PEA) exercise in 2021 was to provide assurance on the effectiveness of controls and processes across NHS provider organisations in procurement during Covid 19 pandemic.
- The vast majority of NHS organisations maintained good levels of financial governance, assurance, transparency, and fraud risk management for the periods examined during Covid-19 PEA.
- A small number of instances within a number of NHS organisations where performance could be improved. These were concerned with **Due Diligence and Contract Management**.
- NHSCFA identified NHS organisations taking proactive activity to avoid identified risks cancelling supplier contracts and/or payments clawed back due to an identified risk, following information/intelligence received or due diligence undertaken. **NHSCFA identified £10m savings.**

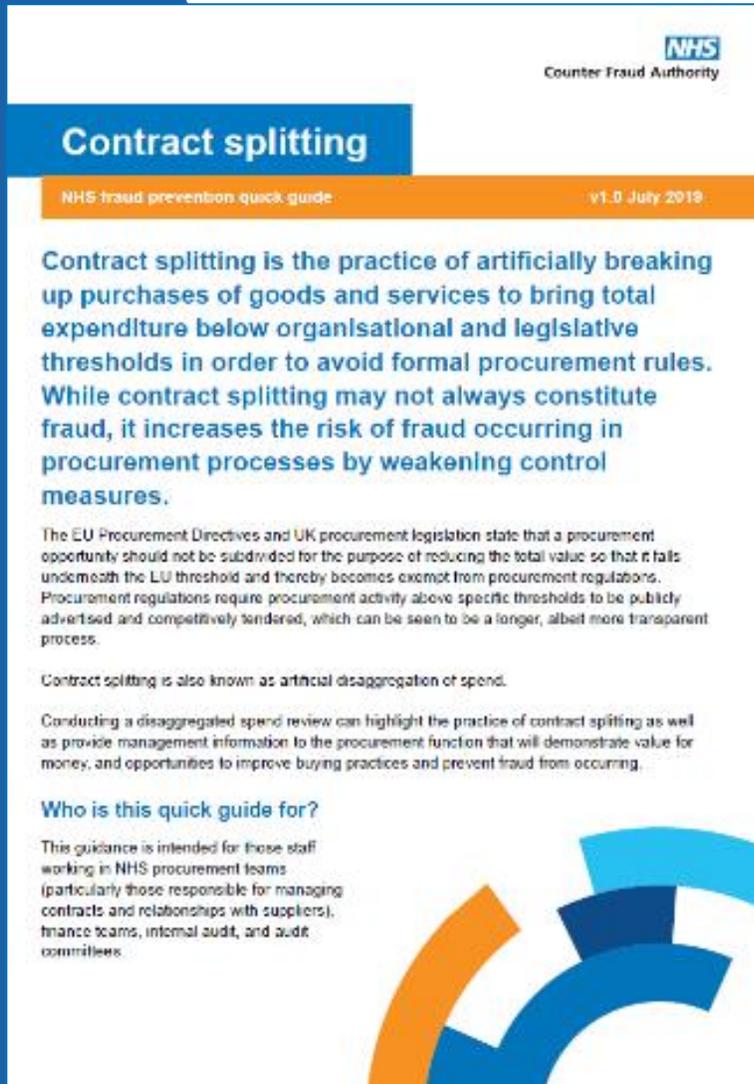


## Changing behaviour

- Fraud Prevention guidance
- Practitioner toolkit
- Engagement with finance, procurement, and budget holders
- Conferences and publications
- Workshops with counter fraud specialists
- Engagement with public sector bodies



# Fraud prevention guidance - Quick Guides



**NHS**  
Counter Fraud Authority

## Contract splitting

NHS fraud prevention quick guide v1.0 July 2019

**Contract splitting is the practice of artificially breaking up purchases of goods and services to bring total expenditure below organisational and legislative thresholds in order to avoid formal procurement rules. While contract splitting may not always constitute fraud, it increases the risk of fraud occurring in procurement processes by weakening control measures.**

The EU Procurement Directives and UK procurement legislation state that a procurement opportunity should not be subdivided for the purpose of reducing the total value so that it falls underneath the EU threshold and thereby becomes exempt from procurement regulations. Procurement regulations require procurement activity above specific thresholds to be publicly advertised and competitively tendered, which can be seen to be a longer, albeit more transparent process.

Contract splitting is also known as artificial disaggregation of spend.

Conducting a disaggregated spend review can highlight the practice of contract splitting as well as provide management information to the procurement function that will demonstrate value for money, and opportunities to improve buying practices and prevent fraud from occurring.

**Who is this quick guide for?**

This guidance is intended for those staff working in NHS procurement teams (particularly those responsible for managing contracts and relationships with suppliers), finance teams, internal audit, and audit committees.

- Contract splitting
- Contract reviews
- Buying goods and services
- Due diligence
- Suppliers code of practice: preventing fraud, bribery and corruption
- Mandate fraud
- Petty cash
- Credit card fraud

Available on NHSCFA website.

## New Procurement Project: Contract Management and Due Diligence

NHSCFA procurement project aims to:

1. **Improve** due diligence to reduce fraud risk from suppliers
2. **Improve** contract management standards within NHS organisations to prevent, detect and deter fraud
3. **Help** organisations to embed control measures and implement preventative action.



# Procurement Local Proactive Exercises



## Local Proactive Exercise 1



### Due Diligence

- Governance
- Record keeping
- Roles and responsibilities
- Supplier checks
- Conflicts of interest / Gifts and hospitality

## Local Proactive Exercise 2



### Contract Management

- Governance
- Roles and responsibilities
- Performance/KPIs
- Costs/variances
- Payments
- Supplier feedback

## Project outcomes



1. **Inform the Strategic Intelligence Assessment (SIA) and see a reduction in procurement fraud vulnerability**
2. **Create two Local Proactive Exercises (LPE) – to help NHS organisations manage the risks and improve Due Diligence and Contract Management in the NHS**
3. **Measure and Report on actual prevention savings and non-financial benefits from work undertaken**

**Thank you for listening!**  
**Any questions?**



**Fraud Prevention Team Procurement Inbox:**  
**[procurement@nhscfa.gov.uk](mailto:procurement@nhscfa.gov.uk)**

# Future Events



## **Provider Collaboratives**

**5 December**

When: 9:30 – 12:30pm (approx.)

Where: MS Teams

On your feedback form there is space to tell us what topics you would like covering in our events programme for 2024.

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