Improving Procurement event 2014
Welcome to the NHSScotland Improving Procurement Event – Day 1

Brendan Faulds
Associate Director of Business Development
NHS National Services Scotland
Welcome & Housekeeping

- Welcome to the Improving Procurement Event 2014
- Builds on previous year’s successes
- A sharing of Challenges, Strategies, Solutions, Innovations
- A series of top speakers throughout the day
- An opportunity for questions and answers
- A pre-dinner speaker
- A fantastic networking opportunity throughout the day/evening
- A 2nd Day focusing on Technology and Solutions workshops
- Full delegate presentation pack will be issued next week
- Fire Alarm Test planned between 12 noon & 3pm
- We’ll spend all day in Arcoona & Waterhouse Restaurant

@nhsscotproc  #nhsscotproc
BUILDING ON SUCCESS

Delivering the Procurement Challenge!

Colin Sinclair
Director of Procurement, Commissioning & Facilities

29 January 2014
AGENDA

- The Wider Context
- Where the money goes
- Our Supply Base
- 13/14 Continuing Achievement
- SG procurement Initiatives
- The Procurement Challenge and PSG Priorities
- NHSS Procurement Review
- Meeting the Challenge
- Plans in place??
PROCUREMENT IN THE WIDER CONTEXT

• The Independence Referendum
• Health Inequalities
• Health and Social Care Integration
• Public Sector Reform
• Increasing Demand
• Continuing Financial Constraint
## NHSScotland Spend Analysis

<table>
<thead>
<tr>
<th>Proclass Level 1</th>
<th>2008/09 Spend</th>
<th>2009/10 Spend</th>
<th>2010/11 Spend</th>
<th>2011/12 Spend</th>
<th>2012/13 Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>£715,625,748</td>
<td>£750,564,332</td>
<td>£722,303,112</td>
<td>£687,143,676</td>
<td>£783,246,032</td>
</tr>
<tr>
<td>Construction</td>
<td>£214,688,753</td>
<td>£274,739,146</td>
<td>£290,300,692</td>
<td>£298,927,338</td>
<td>£306,586,536</td>
</tr>
<tr>
<td>Information Communication Technology</td>
<td>£202,938,383</td>
<td>£235,855,669</td>
<td>£234,117,004</td>
<td>£190,018,644</td>
<td>£225,080,505</td>
</tr>
<tr>
<td>Facilities &amp; Management Services</td>
<td>£78,794,834</td>
<td>£77,731,308</td>
<td>£128,281,716</td>
<td>£246,754,383</td>
<td>£253,026,247</td>
</tr>
<tr>
<td>Utilities</td>
<td>£103,894,018</td>
<td>£89,982,769</td>
<td>£90,616,426</td>
<td>£93,320,866</td>
<td>£103,142,235</td>
</tr>
<tr>
<td>Financial Services</td>
<td>£105,496,292</td>
<td>£130,346,207</td>
<td>£89,732,906</td>
<td>£77,004,533</td>
<td>£77,132,793</td>
</tr>
<tr>
<td>Human Resources</td>
<td>£83,118,845</td>
<td>£85,817,497</td>
<td>£64,944,537</td>
<td>£51,100,575</td>
<td>£63,502,328</td>
</tr>
<tr>
<td>Other</td>
<td>£282,622,324</td>
<td>£288,338,608</td>
<td>£270,071,043</td>
<td>£249,456,559</td>
<td>£285,082,075</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£1,925,820,375</strong></td>
<td><strong>£2,083,322,698</strong></td>
<td><strong>£2,043,746,706</strong></td>
<td><strong>£2,061,333,925</strong></td>
<td><strong>£2,277,327,671</strong></td>
</tr>
</tbody>
</table>

**Number of Suppliers**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>10,815</td>
<td>10,633</td>
<td>9,827</td>
<td>9,115</td>
<td>9,010</td>
</tr>
</tbody>
</table>

- 14% increase in Healthcare spend
- 18% increase in ICT spend
- 10% increase in utilities and 22% in HR spend
- Classification can still be a concern
- 10% overall increase in spend
Healthcare Spend Analysis
## NHS Scotland Spend Analysis by Health Board

<table>
<thead>
<tr>
<th>Health Board</th>
<th>FY 11/12</th>
<th>FY 12/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHS Greater Glasgow and Clyde</td>
<td>£582,671,353</td>
<td>£648,646,970</td>
</tr>
<tr>
<td>NHS Lothian</td>
<td>£339,680,673</td>
<td>£348,121,076</td>
</tr>
<tr>
<td>National Services Scotland</td>
<td>£207,756,011</td>
<td>£259,156,466</td>
</tr>
<tr>
<td>NHS Grampian</td>
<td>£148,939,608</td>
<td>£158,882,051</td>
</tr>
<tr>
<td>NHS Tayside</td>
<td>£122,003,616</td>
<td>£130,176,410</td>
</tr>
<tr>
<td>NHS Lanarkshire</td>
<td>£127,958,568</td>
<td>£127,958,568</td>
</tr>
<tr>
<td>NHS Forth Valley</td>
<td>£94,001,241</td>
<td>£96,378,759</td>
</tr>
<tr>
<td>NHS Ayrshire &amp; Arran</td>
<td>£85,726,180</td>
<td>£85,726,180</td>
</tr>
<tr>
<td>NHS Highland</td>
<td>£76,169,105</td>
<td>£85,130,670</td>
</tr>
<tr>
<td>NHS Fife</td>
<td>£71,991,534</td>
<td>£67,892,780</td>
</tr>
<tr>
<td>Scottish Ambulance Service</td>
<td>£40,332,650</td>
<td>£57,849,914</td>
</tr>
<tr>
<td>NHS Dumfries &amp; Galloway</td>
<td>£49,329,129</td>
<td>£47,829,916</td>
</tr>
<tr>
<td>NHS 24</td>
<td>£19,359,093</td>
<td>£37,129,803</td>
</tr>
<tr>
<td>Golden Jubilee Hospital</td>
<td>£24,952,879</td>
<td>£33,574,039</td>
</tr>
<tr>
<td>NHS Borders</td>
<td>£26,807,772</td>
<td>£30,844,290</td>
</tr>
<tr>
<td>NHS Education for Scotland</td>
<td>£12,455,434</td>
<td>£14,910,940</td>
</tr>
<tr>
<td>NHS Western Isles</td>
<td>£11,060,142</td>
<td>£13,587,071</td>
</tr>
<tr>
<td>NHS Orkney</td>
<td>£6,226,978</td>
<td>£6,768,504</td>
</tr>
<tr>
<td>The State Hospital</td>
<td>£11,868,656</td>
<td>£5,765,510</td>
</tr>
<tr>
<td>NHS Shetland</td>
<td>£10,876,598</td>
<td>£5,057,325</td>
</tr>
<tr>
<td>Healthcare Improvement Scotland</td>
<td>£3,061,683</td>
<td>£4,038,641</td>
</tr>
</tbody>
</table>

| WoS Consortium | £943,735,674 |
| ESPC           | £942,838,937 |
| SHB            | £378,851,275 |

- **GG&C** - Glasgow South Project
- **NSS** – NDC, ICT , Pharmacy
- **SAS** - Fleet/Air Ambulance
- **Golden Jubilee** – Overall Activity
- **Highland** – Overall Activity
- **NHS 24** – ICT
NHS Scotland Spend Analysis by Suppliers Size

- £133m additional with large companies
- £86m additional with SME’s
### 2013/14 Achievements

<table>
<thead>
<tr>
<th>2013/14 Achievements</th>
<th>2012/13</th>
<th>2013/14</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope of Spend through contracts</td>
<td>£1.4bn</td>
<td>£1.6bn</td>
<td>+14%</td>
</tr>
<tr>
<td>Spend through Pecos</td>
<td>£900M</td>
<td>£1.3bn</td>
<td>+44%</td>
</tr>
<tr>
<td>Average Procurement Capability</td>
<td>65%</td>
<td>71%</td>
<td>+9%</td>
</tr>
<tr>
<td>Logistics Revenue Throughput</td>
<td>£126M</td>
<td>£134M</td>
<td>+6%</td>
</tr>
<tr>
<td>Delivered Savings</td>
<td>£37m</td>
<td>£44m</td>
<td>+18%</td>
</tr>
</tbody>
</table>

- Very positive performance in all areas.
- PECOS growth having significant impact on Governance and increased Management Information
- Contract spend continues to drive Savings and Governance
Achievements Continued

• Continued sense of procurement community and increasing profile
• Maturing Regional Approach
• NHSS Framework completed
• Service Review launched
• Continuing development and use of management information
• Increasing influence in support of the Innovation Agenda
Scottish Government Procurement Strategy

Embedding sustainability in all we do

Improving suppliers’ access to public contracts

Maximising efficiency and collaboration

Delivering benefits and savings

Sustainable economic growth
Scotland Wide Procurement Initiatives

- Procurement Reform Bill
- Construction Procurement Review
- EU Procurement Law
- Procurement Capability Assessment Process
- Health and Social Care Integration
- eProcurement Systems
The Procurement Challenge

- Delivering service and savings to NHSS and the wider Health and Social Care community
- Delivering sustainability
- Having an effective and efficient Procurement service
- Understanding and influencing the wider landscape
- Having a strong supply base including the 3rd Sector and Supported Businesses.
- Utilising Procurement spend to support economic growth
NHSScotland Procurement Review

- Establish an effective service model and structure for next 10 years
- Scope will cover all procurement activity
- Governance will be through SG Quest Programme and NHSS Chief Executives
- Programme planned to take a year from March 14
- Strong links to other Shared Services Programmes
- Review Director currently being appointed
2014/15 Savings Targets

- NHSS Projected Spend 2014/15: £2.2bn
- Potentially Influencable by Procurement (excludes Construction, ICT, Estates, Uncontrolled): £1.6bn
- In Year Influencable: £560m
- Current NHSS Delivered Savings target: £25m
- % Saving against Influencable Spend: 4.5%

- PSG to finalise targets
- Robust tracking in place through Framework
- Identifying savings within Health Boards
- Collaboration essential to ensure delivery
Meeting the Challenge

Procurement Steering Group

• Delivering our strategic Framework for start of 14/15
  – Delivering savings targets
• Completing Service Review by March 15
• Continue to focus on improving
  – Capability through PCA
  – Management Information
  – Sustainability
  – Overall governance on procurement spend
• Increasing NHSS spend with Supported Business’s to £1m per annum by start of 15/16
Meeting the Challenge

Health Procurement Delivery Group (Regions/NSS)

• Understanding Implications of Health and Social Care Integration –
  – Joint working with Scotland Excel

• Ensuring we have a strong pipeline of procurement staff
  – £200k investment from NSS in addition to Board funding to support NHSS wide approach to Modern Apprenticeships

• Fully supporting and influencing SG and EU Procurement Reform initiatives e.g. Reform Bill and Construction
Meeting the Challenge

Procurement Commissioning and Facilities (NP/HFS)

• Providing leadership and support to NHSS in its role as Centre of Expertise
• Leading development of Procurement Innovation Portal
• Continuing to support Continuous Improvement in Boards through IIA
• Continued role out of Spend Dashboard to support Health Board budget management
• Play leading role in implementation of SG Procurement Construction Review and delivery of Frameworks Scotland
The Procurement Challenge

Significant plans are in place to

✓ Deliver service and savings to NHSS and the wider Health and Social Care community
✓ Deliver sustainability
✓ Create an effective and efficient Procurement service
✓ Understand and influence the wider landscape
✓ Having a strong supply base including the 3rd Sector and Supported Businesses.
✓ Utilising Procurement spend to support economic growth
Summary

• Another year of positive progress

• Strong foundations in place

• Collaborative working both inside NHSS and with wider stakeholders remains the key to success

• WE WILL MEET THE PROCUREMENT CHALLENGE
Local Authority Challenges and Strategies

Dorothy Cowie, Director
Agenda

• Background

• The scale and scope of procurement spend

• Key challenges and strategies
Local Government

- 32 local authorities serving 5 million people
- 1,223 elected members
- Over 260,000 employees
- Circa £12b spent on local services each year
- Wide range of different services provided
Top Spend Categories in Councils

Spend 12/13 (£m)

These top 8 categories account for circa 80% of overall spend of £5.3 billion p.a.
Procurement Structures

• Scotland Excel
  – Developing collaborative contracts
  – Supporting councils with procurement reform

• Procurement activity in every council
  – A number of shared services models in place

• Use of National Government contracts

• Scottish Futures Trust “hubCos”
Scotland Excel - Overview

- Centre of Procurement Expertise for the Local Authorities
- Established in April 2008
- All 32 local authorities in Scotland are members
- Governed by a Joint Committee of 40 Elected Members
- Renfrewshire Council are lead authority
- Head Office based in Paisley
- Regional offices in Aberdeen, Edinburgh & Inverness
- Work with members to deliver collaborative contracts
- Traditional and developing contract portfolio
- CIPS accreditation for policies and procedures
- Key role in helping local government with procurement reform
Scotland Excel’s Strategic Aims

- **Stakeholder Engagement:** Engage with local authority stakeholders across all aspects of our business to ensure that our policies, plans and activities are aligned to the strategic priorities of our sector, and support their interests through partnerships with other stakeholder groups.

- **Best Value Contracts:** Maximise the value of procurement to our sector by developing and implementing new collaborative contracts, actively managing supplier relationships, and providing high quality business information and reports which support decision making at a national and local level.

- **Procurement Capability:** Deliver a range of best practice projects, initiatives and activities to raise procurement capability across our sector including training and development, advice and consultancy, and knowledge management.

- **Corporate Social Responsibility:** Adopt a proactive approach to corporate social responsibility and sustainable practices by taking a holistic view of the social, economic and environmental implications of procurement choices.

- **Organisational Development:** Progress the development of Scotland Excel through the continuous improvement of staff skills, systems and internal processes, ensuring that we measure, monitor and report on our performance across a number of key measures.
Scotland Excel Current Portfolio

Construction & Maintenance
• Asbestos
• Bitumen
• Building & Timber Materials
• Electrical Materials
• Engineering Consultancy
• Ironmongery
• Paint
• Plumbing Materials
• Road Maintenance Materials
• Salt for Winter Maintenance
• Security
• Signage
• Street Lighting Materials
• Trade Tools & Sundries

Social Care
• Fostering
• Prepared Meals
• Secure Care
• Telecare Equipment

Facilities
• Catering Sundries
• Domestic Furniture & Furnishings
• Frozen Foods
• Groceries & Provisions
• Hygiene Products
• Meats
• Milk
• Personal & Protective Equipment
• Washroom Solutions

Transport & Environment
• Heavy Vehicles
• Light Vehicles
• Organic Waste
• Recycle & Refuse Containers
• Tyres
• Vehicle Parts
• Vehicles & Plant Hire
• Waste Disposal Equipment
• Waste Electrical & Electronic Equipment

Education & Corporate
• Education & Office Furniture
• Educational Materials
• Library Books
• Presentation & Audio Visual
• Textbooks
New Contracts in Development

Social Care Related

• Residential Children's Care
• Adult Residential Service
• Adult Supported Living
• Social Care Agency Workers

Plus work with COSLA on National Care Home Contract

Construction Related

• Building Consultancy
• Road Maintenance Services
• Roadstone
• Trade Construction Contractors

Others

• Haulage
• Residual Waste
• Vehicle Leasing

ICT currently being assessed as an additional area
The Challenges....

• Ongoing budget constraints and increasing demand for services
• The drive for further public sector reform
• Health and social care partnerships
• Forthcoming referendum
• Community Empowerment (Scotland) Bill
• Personalisation and self directed support
• Aligning national and sectoral priorities
The Challenges...

- Forthcoming procurement reform bill & EU revisions
- Proposed changes to construction procurement
- Commissioning v strategic procurement...?
- Focus on the local economic agenda
- The push for community and other sustainable benefits
- Increasingly litigious environment we operate in
- Availability of good data and skilled/experienced resources
Strategies...

- Stay informed
- Stay connected
- Sell the benefits
- Work together
A final thought...

“Strive not to be a success, but rather to be of value.”
Transforming Procurement

Paul McNulty
Lynn Peterson
Scottish Procurement & Commercial Directorate
Agenda

• Procurement Reform Bill
• EU Directives
• Integration of Adult Health and Social Care
Procurement Reform Bill

- National legislative framework supporting economic growth
- Small number of general duties and specific measures
- Applies to ‘regulated procurements’
- Mirrors 2012 Public Contracts (Scotland) Regulations
- Not all contracting authorities are in scope
Procurement Reform Bill - General Duties

(1) Treat economic operators equally and without discrimination and act in a transparent and proportionate manner;

(2) Comply with the sustainable procurement duty
Procurement Reform Bill - Specific Measures

1. Publish Procurement Strategy and report against it annually
2. Publish Contracts Register
3. Consider Community Benefits
4. Regulations about use of technical specs
5. Prohibit charging for participation in procurement process
6. Use a standard and proportionate pre-qualification questionnaire
7. Publish advert and award notices
8. Exclusion of bidders
9. Climate Change (Scotland) Act 2009 – amendment re recycled and recyclable products
10. Debriefing of unsuccessful bidders
Procurement Reform Bill – Next Steps

• Stage 1 Report expected shortly

• Parliamentary plenary to approve to Stage 2

• Ongoing support during Parliamentary scrutiny process
EU Directives - Background

• Political agreement on the Directives was reached during Autumn 2013
• EU Parliament approved 3 new Directives on 15 January 2014
• 3 Directives – Public (Classical) Sector, Utilities Sector and Concession Contracts
• Two years to transpose into national legislation – new Scottish Procurement Regulations
• Cabinet Office planning to implement by Summer 2014
EU Directives – Key Changes

• Pre-market engagement explicitly provided for and encouraged
• Encouragement to break contracts into smaller lots
• Self declaration: only successful bidder required to submit documents
• More freedom to negotiate – available for everything except “off the shelf” procurements
• E-Certis – online portal for bidders detailing types of documents needed to bid in EU countries
EU Directives – Key Changes

• Skills and experience of key staff can be taken into account at award stage
• Poor performance under previous contracts explicitly allowed to be considered
• Distinction between Part A and Part B removed with light touch regime applying to health, social and other services (for contracts exceeding €750,000)
• New rules on “mutuals”
• Review of thresholds within 3 years of adoption
EU Directives – Key Changes

• New “innovative partnership” for development of new products/services
• New rules on social and environmental issues
• Full life-cycle costs are permitted
• No more annual staits exercise – data from OJEU instead
• Minimum timescales reduced by around 33% but notices have to be published in OJEU before advertised nationally
EU Directives – Key Changes

• “Dynamic Purchasing Systems” rules have been fixed – no longer a requirement that a call off has to be advertised in OJEU
• Electronic marketplaces explicitly permitted
• E-Communication mandatory 4.5 years from adoption
• “Straight through eProcurement” by 2016 (advert to payment)
• Definition of supported business extended to cover other categories of disadvantaged persons
EU Directives – Policy Options

• Member States have a significant number of choices to make
• Some are straightforward – reserving contracts for supported businesses; providing derogations for the use of negotiated procedure without competition
• Others are potentially more controversial!
EU Directives – Policy Options

Member states may:

• Make it mandatory to award contracts in form of separate lots, under conditions specified in accordance with national and EU law
• Prohibit award on basis of lowest cost, either for some or all authorities and/or types of contract
• Provide for direct payment of sub-contractors
• Make it obligatory to require main contractors to indicate what share of contract will be sub-contracted, provide information about sub-contracts and may provide that authorities are required to verify whether there are grounds for exclusion of sub-contractors
EU Directives – Policy Options

Members States may:

• Allow “sub-central” authorities to award contracts by means of PIN instead of contract notice
• Establish central “standard terms” to consider how groups of suppliers meet various selection criteria
• Extend the scope of “mandatory” exclusion to areas where it is voluntary
EU Directives – Policy for Member States

Member States are required:

- To take appropriate measures to ensure that, in the performance of public contracts, suppliers comply with applicable obligations in the fields of environmental, social and labour law (EU, national and international law)
- To ensure that authorities take “appropriate measures” to effectively prevent, identify and remedy conflicts of interest (and in the case of concession contracts, to combat fraud, favouritism and corruption).
EU Directives – Next Steps

• Take advantage of new flexibilities
• Consult and get stakeholder views, especially on choices
• Be consistent where appropriate, but diverge from the UK where appropriate
• Make sure that authorities are prepared for the change
• Proactively feed into the UK consultation at the same time
Integration of Adult Health & Social Care

• Vision:

  – People are supported to live well at home or in the community for as much time as they can

  – They have a positive experience of health and social care when they need it
Key Features of the Legislation

1. Nationally agreed outcomes
2. Integrated partnership arrangements
3. Functions and budgets will be delegated
4. Locality planning
Progress & Next Steps

• Bill introduced to Parliament – 28 May 2013
• Stage 1 – completed on 26 November 2013
• Stage 2 – starts at the end of January 2014
• Working toward April 2014 for Royal Assent
• Regulations and guidance consultation in 2014
• Move towards implementation from April 2015
Facilities Shared Services Programme
Driving Quality & Change Through Shared Services Strategic Review – The Story So Far
Where it all began……


“To improve the overall quality and efficiency of NHS Scotland while ensuring good value for money and achieving financial balance”
Two Separate Work Stream

- Facilities Shared Services, identified by the Strategic Facilities Group of Health Facilities Scotland.

- The Strategic review of Soft Facilities Management, initiated through the Asset and Facilities Management Report
HEALTH AND SOCIAL CARE MANAGEMENT BOARD

EFFICIENCY PORTFOLIO BOARD

SCOTTISH GOVERNMENT QUALITY & EFFICIENCY SUPPORT TEAM (QuEST)

NHS BOARDS CHIEF EXECUTIVES’ GROUP

CALUM CAMPBELL’S GROUP ASSET & FACILITIES MANAGEMENT STRATEGIC REPORTING GROUP
Strategic Direction

JEFF ACE’S GROUP FACILITIES MANAGEMENT REVIEW & SHARED SERVICES PROGRAMME BOARD*
Options appraisal & Delivery

STRATEGIC FACILITIES GROUP
(Advisory role to both full Boards)
Work streams
• Capital and Hard Facilities Management.
• Operational Management of PPP Contracts.
• Sterile Services.
• Transport.
• Waste.

Process
• Core Project Group for each work stream chaired by an SFG member or specialist from the service.
• Work streams split into specific task groups.
• Service and staff representation at every level of the process.
Capital and Hard FM

Lead: Tom Steele, NHS FV

Progress:
- Short Life Working Groups established
- Identified skill set and age profile of staff has been refined.
- Review of capital programme being undertaken
- Significant contribution made to the diagnostic workshops.
- Short list of options for alternative models of delivery for capital projects and programme management have been developed.
- Areas where “quick wins” can be achieved in hard FM have been identified.
Operational management of PPP/PFI

Lead: George Curley, NHS Lothian

Outputs:

• Workshop identified the need for better exchange of experience and best practice
• Data collected on current contracts
• “Deep dive reviews” based on data collected for high value contracts have been undertaken and feedback given. (Jointly with SFT)
• Quick win actions taken saving £1.1m

Areas of Interest

• Review contract monitoring and management processes.
• Ensure maximum benefit from national procurement
• Ensure maximum VAT recovery
• Ensure effective contract Management
• Examine energy/fuel/carbon efficiency
• Identify 2% savings of variable part of the contract
Sterile Services

Lead: (Alex McIntyre) MaryAnne Kane, GG&C

Outputs:

• Benchmark standards agreed
• Data collected through HFS Facilities Management System being refined
• Contingency plan developed
• Future capital requirements identified
• Areas of Interest:
  • Establish surplus capacity in existing buildings and plant
  • Establish service models
  • Identify best practice
  • Identify productive opportunity
Transport

Leads:  Michael Jackson, Seconded to QEST, Fleet and Transport Management
        Gordon James, Logistics Director, Logistics
        Douglas Seago, Seconded to QEST, Car Leasing

Progress:
• Data collection on fleet composition and ownership/leasing arrangements refined.
• Efficient procurement of vehicles and tyres etc.
• Standard specification for vehicles with a common function being identified.
• Options for the sharing of fleet management arrangements have been developed.
• Logistics pilots undertaken in Fife and Grampian.
• Logistics data being gathered nationally.
• Exploration of options around lease management considered.
• Financial viability agreed as the primary basis for the allocation of lease cars.
• Common principles/policy content agreed with the Short Life Working Group.
Waste Management

Lead: Doug Flint, Health Facilities Scotland

Progress:
• National training model in place for all staff involved in the handling and segregation of waste.
• Benchmarking data collected
• Industry engaged to find solutions to the Waste Scotland Regulations 2012
• National framework for the provision of bins.
• Confidential waste, furniture and food waste to be considered in detail
• Documentation to be reviewed with SEPA
• Service supply options based on geography rather than boundaries, in line with national contracts.
Challenges

• Data quality.
• Service engagement (due to operational pressures).
• Staff side engagement (due to operational pressures).
• Who owns the options?
• Cynicism.
• Resistance to change
• Self interest.
Deliverables

• The Strategic Review of Soft FM Services will include;
  – A baseline of current service provision across NHS Scotland
  – An assessment of service improvement opportunities
  – Prioritisation of service improvement opportunities identified in the review by ranking
Scope of Review

- All Territorial and Special NHS Health Boards, including NHS National Services Scotland, which deliver Soft FM services

- Soft FM Services;
  - Portering
  - Catering
  - Domestic
  - Linen and Laundry
  - Retail
  - Transport (Transport has been identified as part of the Strategic Soft FM Review but will be managed as part of the Facilities Shared Services Programme)
Strategic Service Review Groups will assess;
1. Current service provision across NHS Scotland
2. Service improvement opportunities

1. Compile the outputs from the Strategic Service Review Groups into one report
2. Complete a prioritisation exercise which will rank the service improvement opportunities
3. Submit for consideration, prioritisation and approval to;
   1. Programme Board
   2. NHS Boards Chief Executives’ Group
   3. Efficiency Portfolio Board
4. Initiate prioritised projects

Aug ‘13– January ‘14
Jan – Aug 2014
Strategic Review of Soft Facilities Management

Aim

The aim of this project is to review all Soft Facilities Management services across NHSScotland to see how current service works and look at options to improve efficiency, patient safety and user satisfaction.

To complete this review, there is involvement from a wide range of individuals from across Scotland including partnership representatives.

The outcome of this will be in the form of a report which will be presented to the NHSScotland Board Chief Executives and the NHS Efficiency Portfolio Board to agree which options will be taken forward.

Progress so far

Facilities Managers and staff from across NHSScotland were invited to a brainstorming event in January 2013. Over 100 people attended and were encouraged to put forward suggestions/ideas to improve the way services are delivered. The event generated over 150 ideas then Technical Advisory Groups and some members of the Strategic Facilities Group (see Background [PDF - 39Kb]) shortlisted these proposals to be taken forward as part of the review.

Catering reviews are also being completed by a catering expert who has experience in an NHS environment. These reviews will...
# Current Partnership Representation

<table>
<thead>
<tr>
<th>Programme Board or Group</th>
<th>Partnership Representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset and Facilities Management Programme Board</td>
<td>Joseph McIlwee</td>
</tr>
<tr>
<td>Facilities Review &amp; Shared Services Programme Board</td>
<td>Joseph Lynch</td>
</tr>
<tr>
<td>Stripes Review &amp; Shared Services Programme Board</td>
<td>Ewing Hope</td>
</tr>
<tr>
<td>Strategic Catering Review Group</td>
<td>Ann Crozier</td>
</tr>
<tr>
<td>Strategic Laundry Review Group</td>
<td>Raymond Marshall</td>
</tr>
<tr>
<td>Strategic Domestic Review Group</td>
<td>Tony McGrory</td>
</tr>
<tr>
<td>Strategic Portering Review Group</td>
<td>Irene Clark</td>
</tr>
<tr>
<td>Strategic Retail Review Group</td>
<td>Rose Anderson</td>
</tr>
<tr>
<td>Strategic Portering Review Group</td>
<td>Charles Leslie</td>
</tr>
<tr>
<td>Strategic Retail Review Group</td>
<td>Ewing Hope</td>
</tr>
<tr>
<td>PPP/PFI</td>
<td>Thomas Waterson</td>
</tr>
<tr>
<td>Hard FM</td>
<td>George Walsh</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>George Walsh</td>
</tr>
<tr>
<td>Waste</td>
<td>Samuel Brewster</td>
</tr>
<tr>
<td>Sterile Services</td>
<td>Elaine McLeod</td>
</tr>
<tr>
<td>Transport (Fleet Management, Logistics, Car Leasing)</td>
<td>Lesley McConnell</td>
</tr>
</tbody>
</table>
NHS Scotland
A Strategic Framework approach to supporting the 2020 vision

Jim Miller
Agenda

• NHS Scotland Strategic Procurement Framework
  – Progress
  – Outcomes & Targets
  – Next Steps
• Developmental Procurement
  – HIPP, the Innovation Portal
  – Procuring for outcomes
NHS Scotland Strategic Framework
Background & Progress

- Provides the context and direction for the NHS Scotland procurement service to support the 2020 Vision
- The document was designed via a sub-group of the Procurement Steering Group
- It translates the quality ambitions into a series of specific outcomes and actions for NHSS procurement
Our ‘2020 Vision’

Our vision is that by 2020 everyone is able to live longer healthier lives at home, or in a homely setting. We will have a healthcare system where we have integrated health and social care, a focus on prevention, anticipation and supported self management. When hospital treatment is required, and cannot be provided in a community setting, day case treatment will be the norm. Whatever the setting, care will be provided to the highest standards of quality and safety, with the person at the centre of all decisions. There will be a focus on ensuring that people get back into their home or community environment as soon as appropriate, with minimal risk of re-admission.

1. Contract solutions are provided which respect individual needs and values and which demonstrate compassion, continuity, clear communication and shared decision-making.

2. Goods and Services are sourced in a manner which supports avoidable injury or harm to people from the healthcare they receive and an appropriate, clean and safe environment will be provided for the delivery of healthcare services at all times.

3. The most appropriate treatments, interventions, support and services will be sourced at the right time to everyone who will benefit, and wasteful or harmful variation will be eradicated, by means of appropriate market strategies.

1. To provide continuity of supply
   (to provide goods and services where needed, when needed)

2. To provide value to the bottom line
   (£ and non-cash, to support reinvestment into patient care and service delivery)

3. To maintain effective governance
   (to keep the service and accountable officers compliant in all relevant areas and maintain corporate and individual reputation)

4. To encourage and stimulate economic development
   (to support Health and Wealth in relation to public money expended)
Outcomes and Targets

• Outcomes
  – Leadership
  – Clinical Engagement & Integration
  – Data Transparency
  – Reward, Recognition and Remuneration
  – Engaged & Competitive Supply Base
Outcomes and Targets

• Targets
  – Service & Structure
  – Contract Performance
  – System, Governance & Decision Support
  – Customer & Stakeholder
Next Steps

• The Strategic Outcomes and Targets have been reviewed by a sub-group of the Procurement Steering Group and the HPDG
  – Development of a ‘maturity statement’
  – Specific targets for 2014/15
• Presented today
  – Confirmed at PSG 11th February
  – Scheduled and issued thereafter
• Comments Welcomed!
Developmental Procurement
Innovation? – Nae Bother!
The context and the challenge

• The global medical technology market size in 2012 was estimated to be £275bn with a compound annual growth rate of 7.6%. The largest segments are; digital health, in-vitro-diagnostics, medical imaging, cardiovascular and orthopaedics, accounting for approximately 50% of the total.
• High rates of technology innovation and unmet clinical needs continue to drive growth but economic sensitivity, an increasing number of product recalls, regulatory responses and complex stakeholder decision making, increase the risk and cost for companies of coming to market.
• Often transformative technologies challenge the financial and operational status quo and as a result can experience the most significant barriers to uptake. It will become increasingly important that both industry and healthcare providers work together to set priorities as well as to develop common evidence bases and decision making processes which avoid unnecessary barriers, delays or costs in the uptake of new technologies.
Our Vision

Scotland is a world leading centre for innovation in health through partnership working between Government, NHSScotland, industry and the research community.

Ambitions

This Statement has the following ambitions:

- NHSScotland will deliver world leading healthcare through close working with industry and research.
- NHSScotland will build strategic partnerships with life sciences businesses to make this happen.
- NHSScotland will extend its role as a driver for growth in the life sciences and related health industries and the wider economy in Scotland through more effective use of innovation.
- NHSScotland will work in concert with others to make sure that ‘Scotland PLC’ is competitive.
- Industry and research will pursue innovative solutions that address identified future requirements of NHSScotland.
1. NHSScotland when faced with products that do not sufficiently meet its needs will go to the market and ask companies to find or develop effective solutions with the possibility of their working in partnership to develop ideas through to, products, (Includes use of mechanisms such as SBRI to facilitate this).
   **Timeframe - Immediate**

2. (Supported by the Developmental Technology review Papers), the NHS will specify arrangements to undertake a strategic approach to procurement and adopt ‘developmental procurement’.
   **Timeframe - Feb 2013**

3. NHS National Procurement will work with the new partnership arrangements to put in place ways of providing feedback and advice to business on operational procurement issues that directly address the concerns of business.
   **Timeframe - April 2013**
Operational v Developmental Procurement
The main principle of achieving value from the triangle is for the procurement activity to achieve an effective balance between understanding the organisational need, and understanding the available marketplace solutions.
Developmental Procurement in NHSScotland

• Public Sector procurement organisations often find it difficult to sustain focus on developmental procurement for a number of reasons. These can include:
  – A lack of organisational support or understanding of Developmental Procurement activity
  – A reluctance to engage with the market for fear of infringing procurement regulations or suggestions of bias towards particular suppliers
  – The inability to provide the resource and time to devote to activity which can be more difficult to measure in terms of progress or value
Innovation Drivers & Challenges
Who is the DMU?

Clinician

Purchaser

Regulator

Funder

Policy Maker

Supplier?

Gov?
Innovation Types

1. **Incremental** - A new (often improved) version of an existing technology, or a new application for an existing technology. These “me toos” should be adopted via traditional market testing and operational procurement processes.

2. **Technological** - A new way of doing something. Facilitated by a new technology. Improvements in this space are about ‘Technical Efficiency’ (faster, fewer errors, lower cost, improved quality, better functionality, etc.).

3. **Systemic** – A new something to do!. Often referred to as disruptive technology as this requires a total rethink of the system, this could be a construction method, patient pathway, etc.
Challenges – When does the dialogue take place
The Innovation Procurement Portal
A practical solution?
GENERATING IDEAS TO SUPPORT THE NHS

Do you have an idea about a new technology or product that can help the NHS? The Health Innovation Procurement Portal (HIPP-Scotland) provides information, guidance and support to help you present your ideas, so we can assess them and evaluate how your product or technology would support our strategic aims. We will also consider the associated costs and benefits.

Innovators
This is where you can tell us about your ideas or innovations and find out how to get help to develop them into products and technologies that may be of potential use to NHS.

Register as an Innovator
Submit a Solution

Assessors
Experienced and qualified healthcare professionals will have the opportunity to provide constructive criticism and feedback on potential technologies and innovations through a multi-disciplinary assessment community.

Register as an Assessor

Useful Links
- Health and Wealth in Scotland: A Statement of Intent for Innovation in Health
- 2020 Vision for Health and Social Care
- Quality Strategy
- Procurement Code
- Facilities Web
- Scottish
- Orkney

NHS NSS is the common name for the Common Services Agency for the Scottish Health Service

Go Live 3 Feb 2014
HIPP Aims

1. To provide a single initial point of contact, information, advice and assessment for new products and technologies for consideration by NHSS.
2. To provide potential suppliers to NHSS with information, guidance and support in how to develop ideas and innovations into products and technologies that may be of potential use to NHSS.
3. To support and regularise the assessment process, levels and types of evidence (and their sources) and feedback to developers of new technologies and ideas.
4. To encourage a multi-disciplinary assessment community who are able to provide constructive criticism and feedback on potential technologies and innovations.
5. To promote the work of other organisations in this area and to ‘sign-post’ interested suppliers accordingly.
6. To create a forum for debate and to generate dialogue on the emerging ‘unmet needs’ of NHSS (Note this is planned for phase 2, during 2014).
Developmental Procurement Summary

1. NHS Scotland recognises the need for it to be an open and receptive environment for innovation
2. The barriers for a systematic approach for assessment, adoption and diffusion remain challenging
3. Developmental Procurement is key to facilitating engagement between NHSS and Industry
4. The portal is a step in the right direction (its not the fix), and will needs a strong assessor community
5. Procurement has a key role in supporting the Health and Wealth of the people of Scotland
Thank You