



**SOUTH ASIA REGION PUBLIC  
PROCUREMENT CONFERENCE  
FEBRUARY 5-7, 2018**

**‘Efficient use of public procurement  
for service delivery in health sector’**

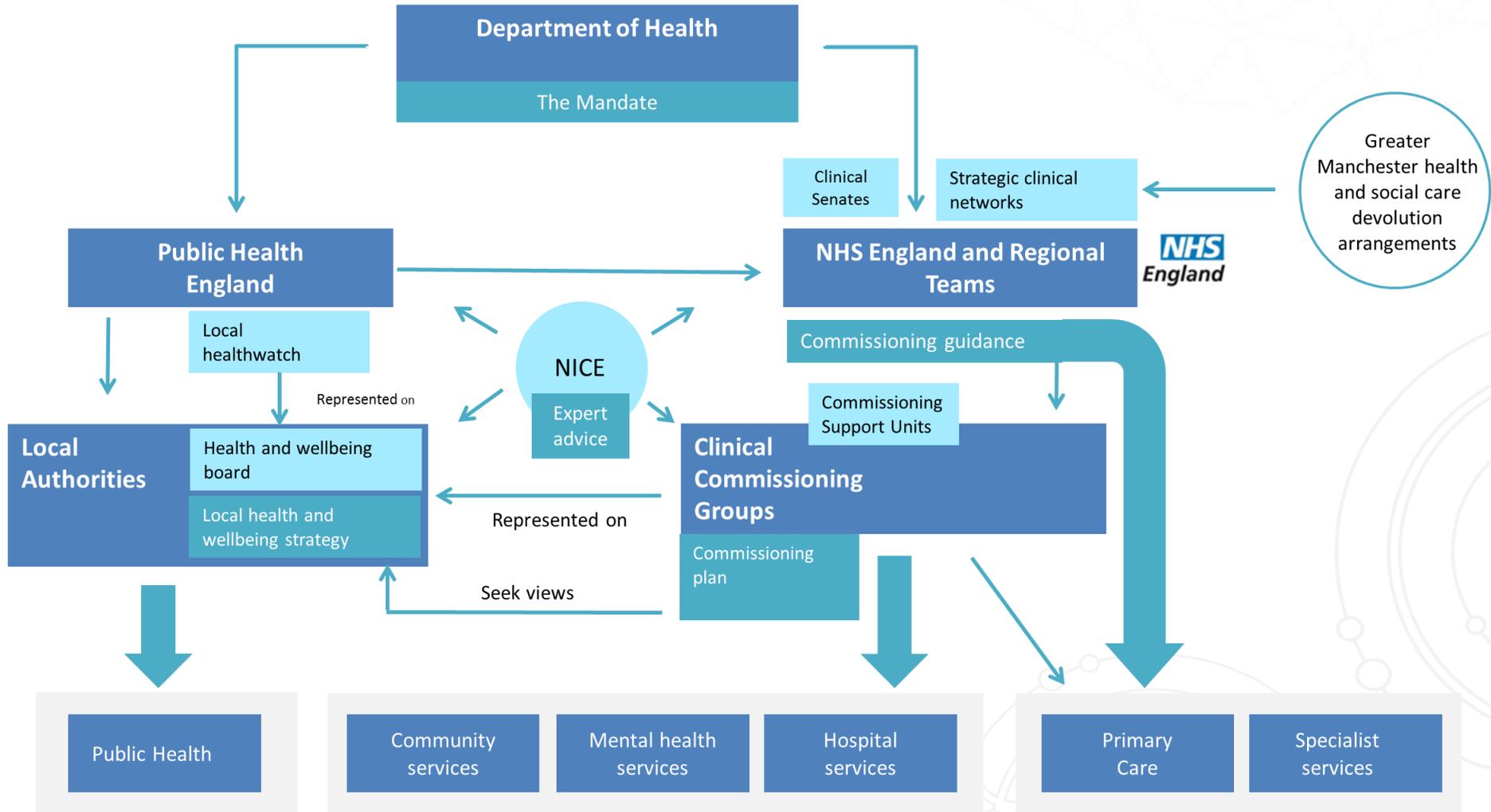
**Kevin Bates  
Head of Commercial & Procurement  
NHS England**



NHS - at its best - is 'of the people, by the people and for the people'.

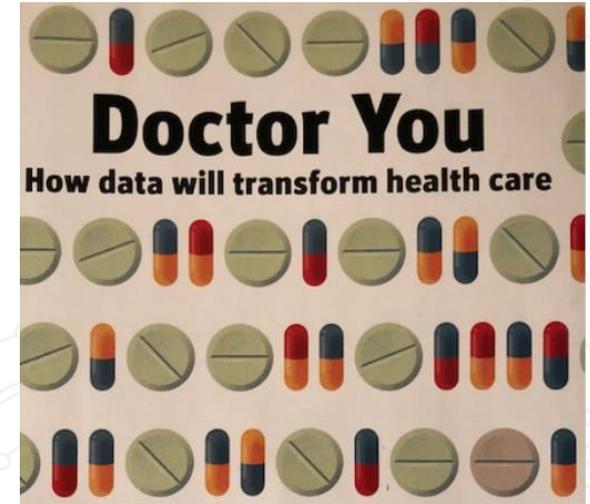
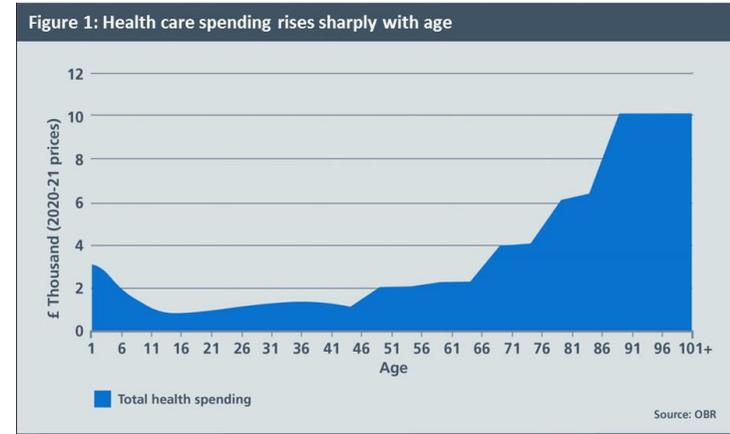
- 2018 marks the 70th anniversary of the National Health Service – a huge success and national treasure
- NHS Provides **urgent and emergency care** 24 hours a day, 7 days a week.
- NHS is on a journey to becoming one of the **safest** and most transparent health systems in the world.
- NHS also needs to leverage the potential of **technology and innovation**, enabling patients to take a more active role in their own health and care

# Introduction to the NHS...



# Health Landscape - Procurement Opportunity or Threat?

- Macro Factors -
  - Brexit
  - Ageing population – preventative vs reactive
  - Winter Crisis – spike in demand challenges front line services
  - Expenditure is rising faster than affordable budget plan
- Micro
  - Transformation of NHS, health and social care – Sustainability & Transformation Partnerships(STPs) and Accountable Care Systems (ACS)
  - Strengthening our workforce
  - Technology – digital age / artificial intelligence (AI)
  - Suppliers Perception of NHS / Suppliers Performance



# Procurement's role as Major Suppliers suffer Financial Difficulty

**Taxpayers take the hit on Carillion**

Ministers try to keep vital services running after collapse of H&M projects, school dinners, MoD homes, roads, prisons, operating theatres and pensions all need rescue plan

Anger as 43,000 workers - and suppliers - wait to find out fate

**CARILLION'S GAZILLIONS**

Hedge funds make a... Bozzes hang on to... But jobs at risk for thousands of workers

**Taxpayers face huge bill for collapse of Carillion**

Ministers' pledge to fund public...

**FINANCIAL TIMES**  
WORLD BUSINESS NEWSPAPER

Martin Wolf: Emerging economies must exploit the global recovery - PAGE 10  
Trees for votes: Amazon pays the price for Brazil's political crisis - SEE PAGE 14  
Carmen fights back: Italy grapples with the #metoo movement - NOTEBOOK PAGE 16

**Cash-strapped Carillion held just £29m in its final days**

Ranks' exposure in excess of £2bn  
Lenders ruled out debt extensions

US location US embassy derided by Trump opens for business in London

**Capita Woes Raise Alarm Bells in Wake of Carillion Collapse**

Government defends handling of outsourcers as it reveals talks with Capita bosses



Who is next.....

# NHSE Procurement Challenge

***a function which was failing the organisation both from customer and governance perspective.***

- Procurement Service was Outsourced - transactional, reactive, lacking strategic direction and delivered by staff with little professional qualifications.
  - No alignment to the business functions
  - No Customer Focus
  - No Plan
  - No Governance
- In 2014 an internal audit report of the service highlighted 'No Controls'.
- National Director for Transformation & Corporate Operations and Chief Finance Officer jointly sponsored the creation of a new Commercial and Procurement Department.
- Commenced in Sept 15 with 4 individuals

## Mission, Vision and Aims

***Our Mission is to deliver the best possible care for the best possible value.***

***Our Vision for the team is to be recognised as the centre for excellence for all commercial and procurement activity across NHS England and the wider health family.***

# Mission, Vision and Aims

- The Commercial function is responsible for enabling robust informed commercial decisions and delivering best value services. In doing so we: enable, facilitate and support delivery of NHS England priorities; drive best value out of NHS England commissioning (getting the most for every £ spent) and; seek to maximise the proportion of NHS spend that directly benefits patients.
- We do this by setting out and driving clear standards for excellence across the whole commercial lifecycle. This includes developing the policy, practice, skills, behaviours and culture necessary to deliver.
- We are accountable for:
  - Providing Commercial leadership and advice
  - Enabling intelligence-led decisions
  - Delivering procurement, contract management and SRM excellence
  - Developing efficient and proportionate policy and processes
  - Keeping the organisation safe and managing commercial risks

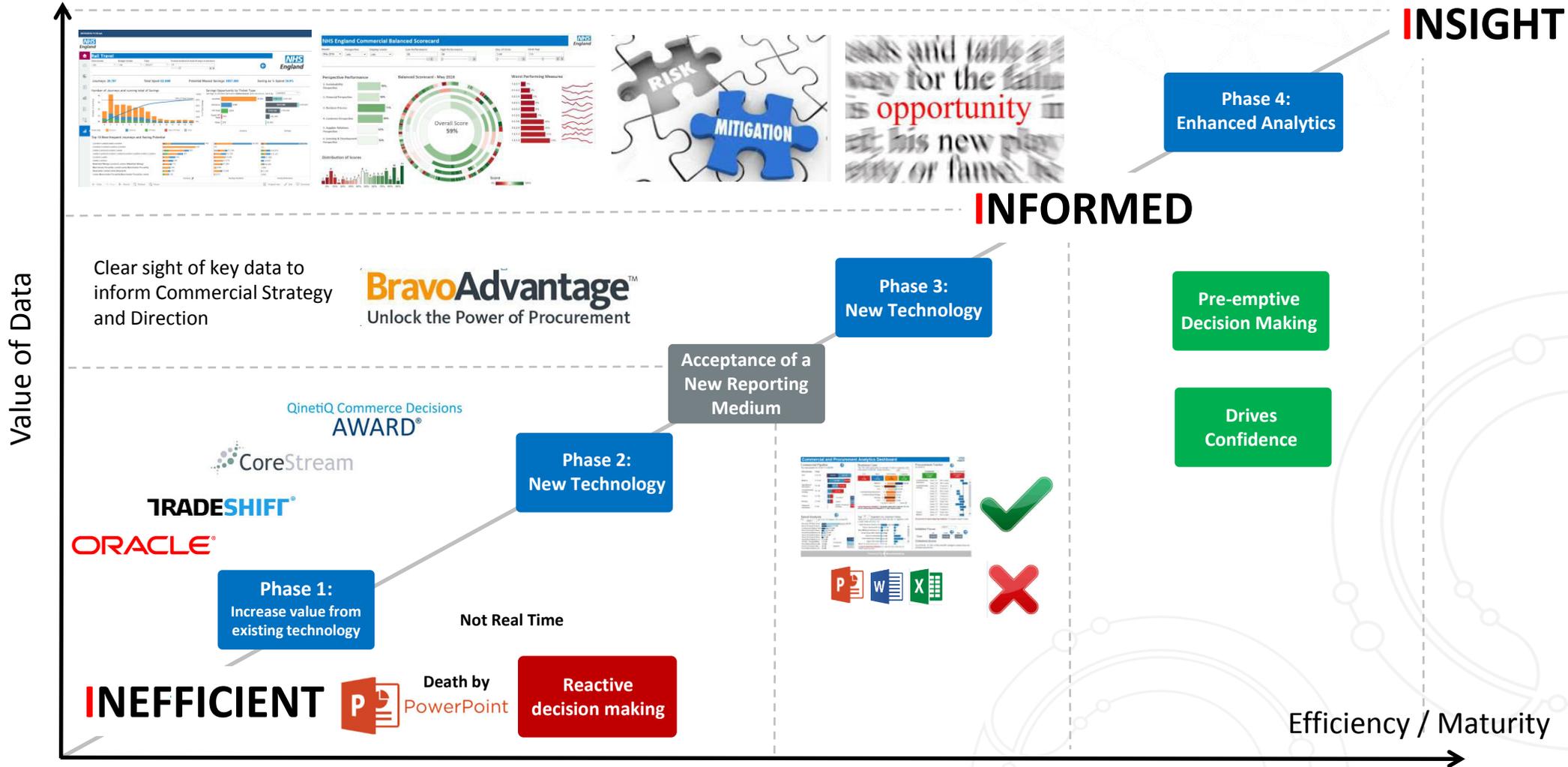
## *The Journey: On People...*

- A new Commercial 'Target Operating Model' was proposed and approved. Through an iterative process/continuous improvement, the original structure is transitioning from an interim workforce to a permanent one. A key priority throughout this process has been to ensure a professional procurement service is delivered to internal clients, minimising exposure to commercial risk for NHS England.
- An intensive recruitment campaign was underway by November 2016, identifying suitably qualified candidates to form part of the permanent structure. (70% perm by Jan 18)
- Induction and Support Process
  - A week-long Commercial and Procurement-specific Induction process was designed and is implemented to ensure that all new entrants are equipped with the necessary knowledge of systems and processes. This aims to strengthen internal controls and compliance.
  - Development Pathway being developed for all staff removing boundaries to career development across health and wider government

## *The Journey: On Process...*

- A No Contract, No Purchase Order, No Payment policy was introduced to curb maverick spending. Whilst this process was not without challenges, effective communication and management of the policy has resulted in the first phase being completed and an increased in compliance of 70.5%.
- A new streamlined Governance model, reporting to the main board was implemented.
- New Procurement Policy, Procedures and amendments to the Standing Financial Orders (SFIs) were approved by the Audit Risk and Assurance Committee (ARAC) to combat the issues raised by previous audits approved in March 2016.
- A Contract Management Strategy and Toolkit were developed and implemented. This was supported by dedicated Contract Managers that oversee this process and support internal clients from across the business approved April 16.

# The Journey: On Technology...



Month: 
 Perspective: 
 Display Levels:

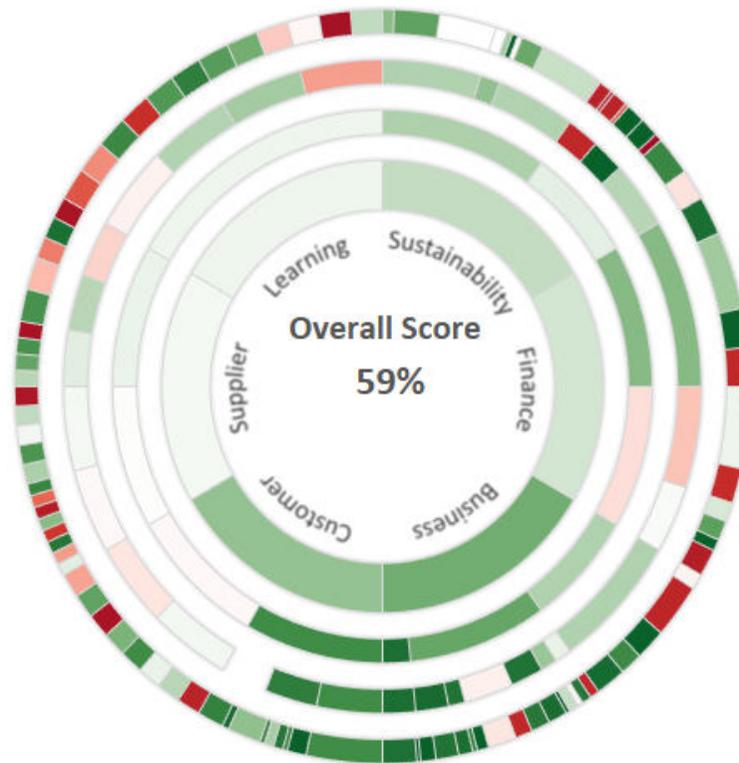
Low Performance: 
 High Performance:

Size of Circle: 
 Circle Gap:

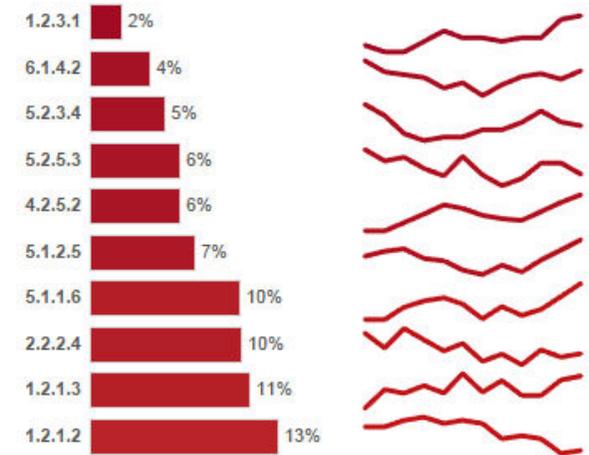
## Perspective Performance



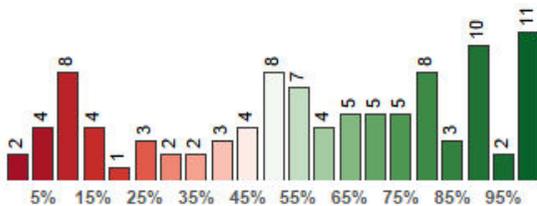
## Balanced Scorecard - Sept 2016



## Worst Performing Measures



## Distribution of Scores



## Measure Hierarchy



## Score

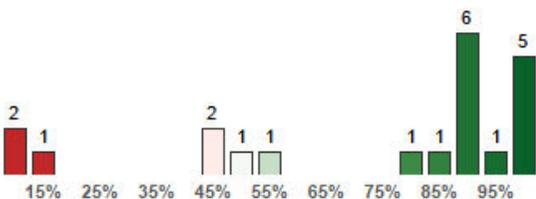


Month: 
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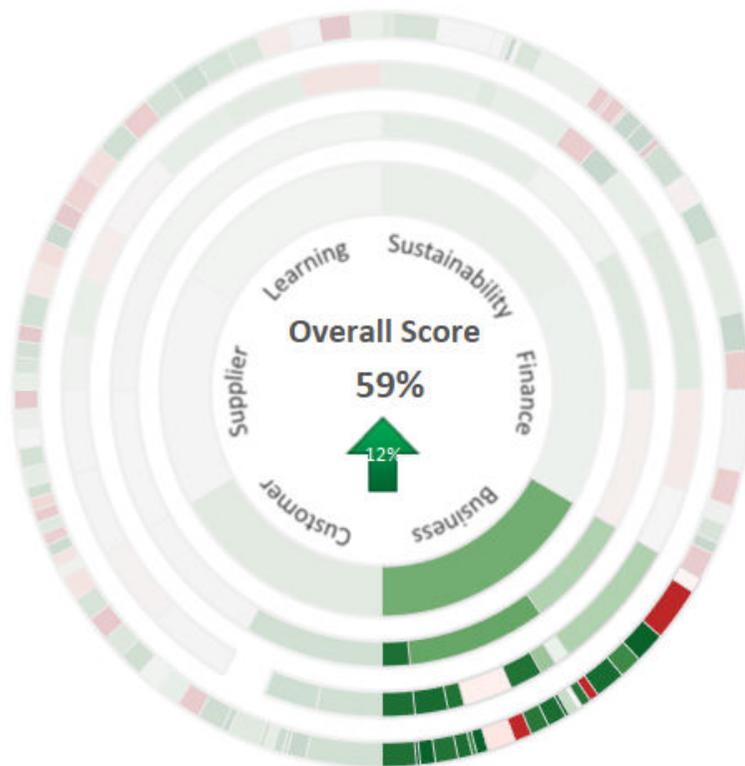
## Perspective Performance



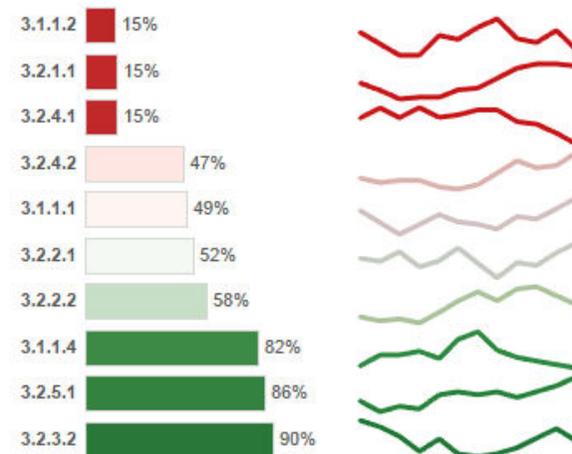
## Distribution of Scores



## Balanced Scorecard - Sept 2016



## Worst Performing Measures



## Measure Hierarchy



## Score

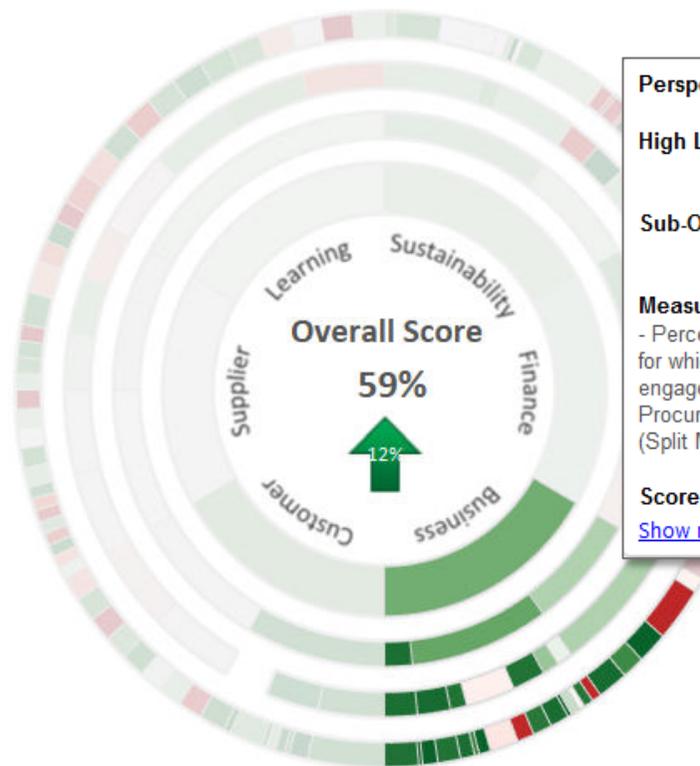


Month: 
 Perspective: 
 Display Levels: 
 Low Performance: 
 High Performance: 
 Size of Circle: 
 Circle Gap:

## Perspective Performance



## Balanced Scorecard - Sept 2016



## Worst Performing Measures

3.1.1.2 ■ 15%

**Perspective:** 3. Business Process

**High Level Objective:** Ensure financial stability by driving compliance, strengthening controls and improving governance

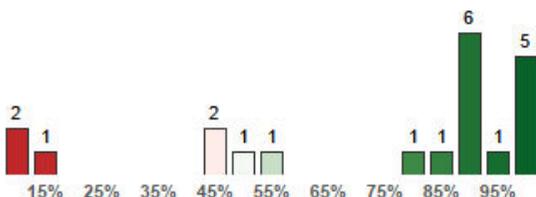
**Sub-Objective:** Ensure financial stability by driving compliance, strengthening controls and improving governance

**Measure:** Supplier Due Dilligence Checks (CSU / SBS Procurements):  
 - Percentage (%) of Total Number (Nr.) of Suppliers engaged by NHS England, for which Due Dilligence Reviews have been undertaken (includes direct engagements and engagements where the Commercial Team did not deliver the Procurement Activity, in addition to those also included in the above measure). (Split Metric By: CSU, Category of Spend and Supplier)

**Score:** 15%

[Show me the details about this measure](#)

## Distribution of Scores



## Score



# Performance Measure Details



Measure

**Perspective:** 3. Business Process

**High Level Objective:** Ensure financial stability by driving compliance, strengthening controls and improving governance

**Sub Objective:** Ensure financial stability by driving compliance, strengthening controls and improving governance

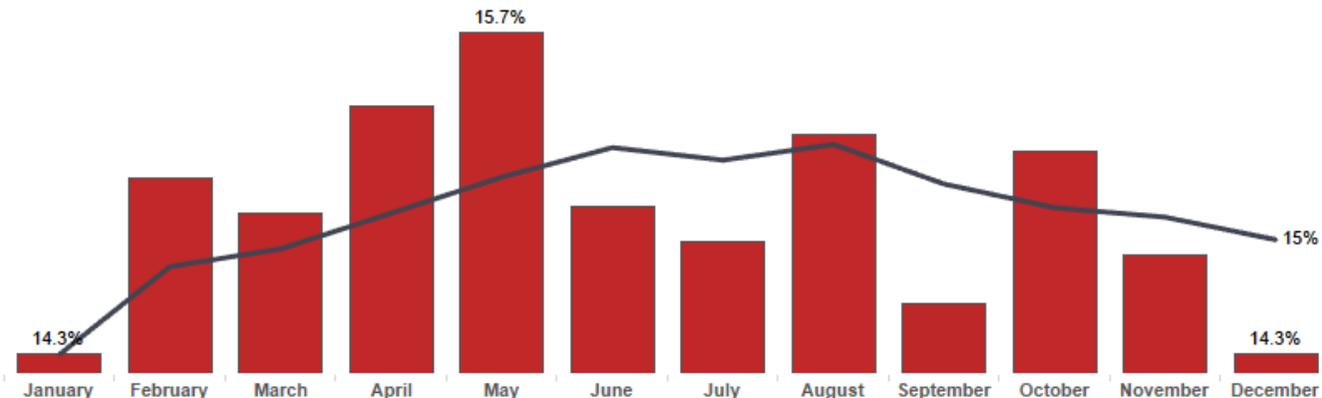
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(Split Metric By: CSU, Category of Spend and Supplier)

**Current Score**  
*September 2016*

15%

Moving Average Months

**Historic Scores with Moving Average Trend**



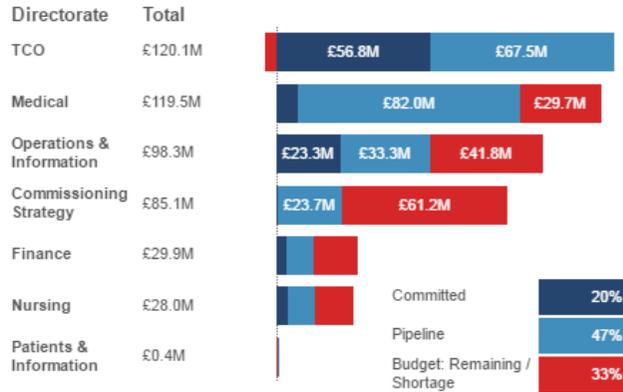
# STRATEGICALLY DRIVEN, FOCUSSED...Operational Dashboards

## Commercial and Procurement Analytics Dashboard



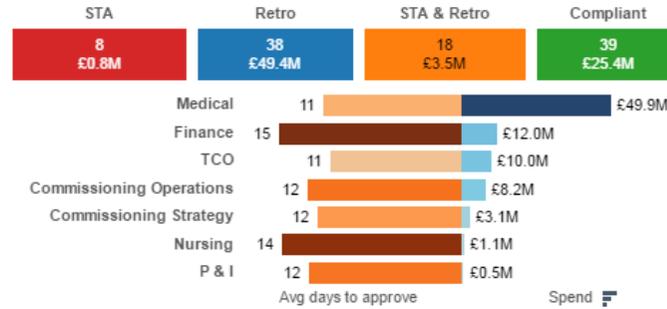
### Commercial Pipeline

The total pipeline for 2016/17 is **£227M**



### Business Case

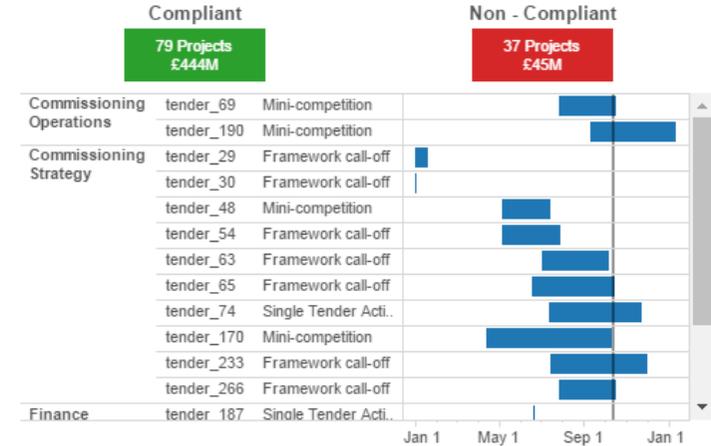
The 165 valid cases take on average 12 days to approve with total spend of **£84.8M**. Select reviewer: (All)



**Cases Requiring Validation:** 5 Business Cases with a value of **£90.0M** and an average approval timescale of 32 days require review.

### Procurement Tracker

for 2016/17



**Procurement Projects Requiring Validation:** 99 projects require review.

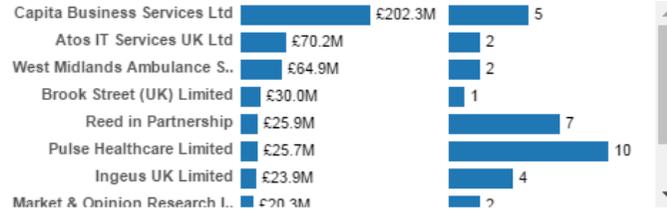
### Spend Analysis

For 2016/17 of **£102.5M** Spend, 28% is Non-PO



### Top 10 Suppliers by Contract Value

There are 35 valid contracts with the top 10 Suppliers with a total value of **£503.1M**



**Contracts Requiring Validation:** 65 contracts with a total value of **£284M** requiring review.

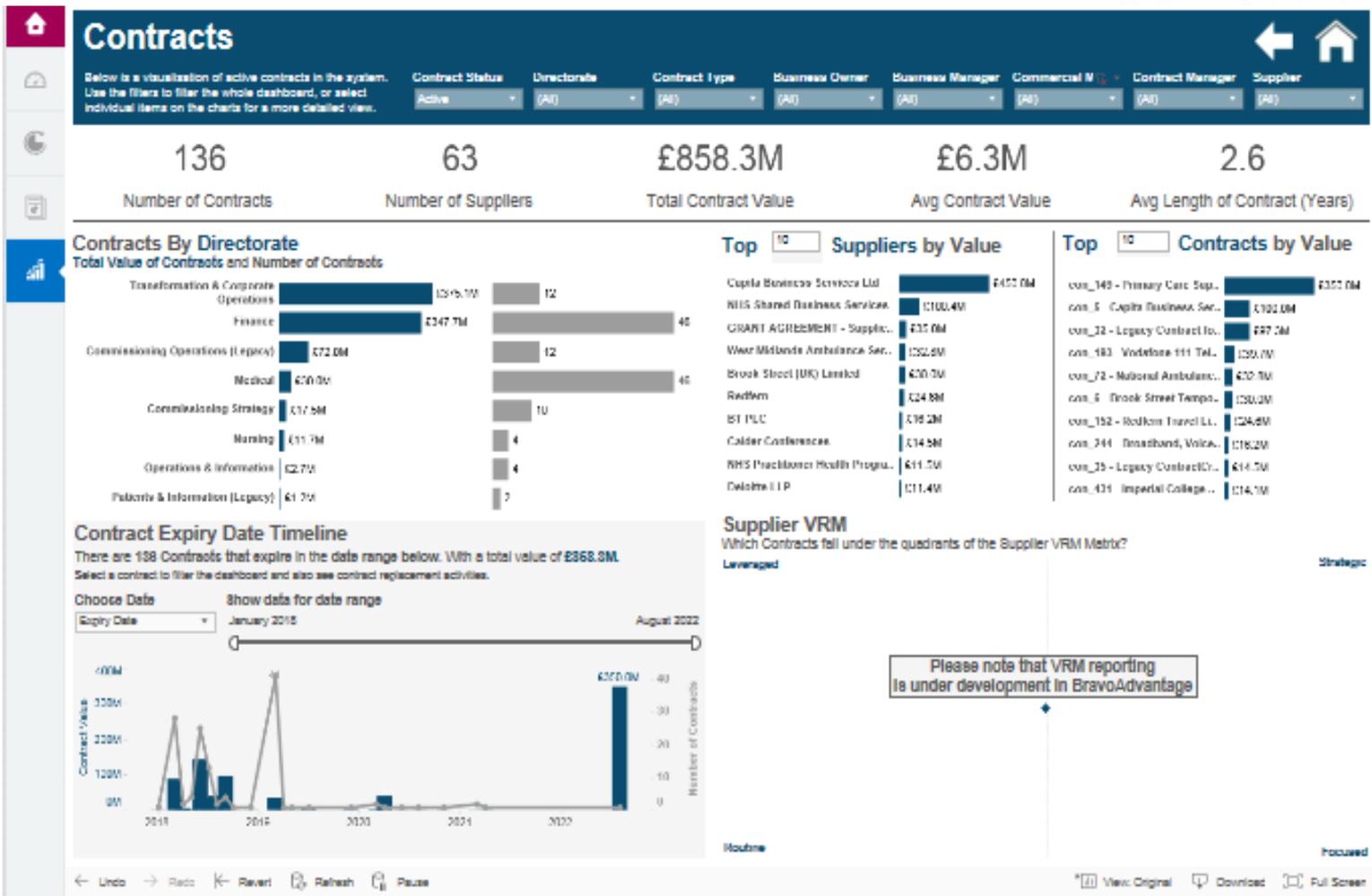
### Initiative Focus



### Professional Services

For 2015/16 - 53 (9%) of the total 591 contingent workers have not provided assurances.

# STRATEGICALLY DRIVEN, FOCUSSED... Contract Dashboards



# STRATEGICALLY DRIVEN, FOCUSSED... Supplier Dashboards

04/26/2017 2:53 pm

Nikesh Tanna Help



Overall Performance: 48%

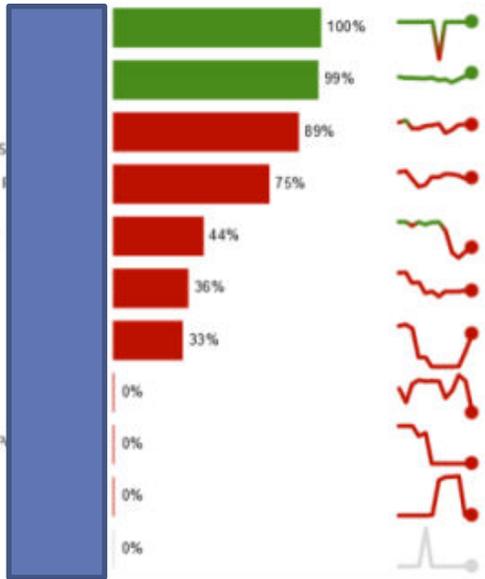
Non-Performant 8

Previous Month: 8 (0)

6 Month Average: 8 (0)

Data Assurance Level:

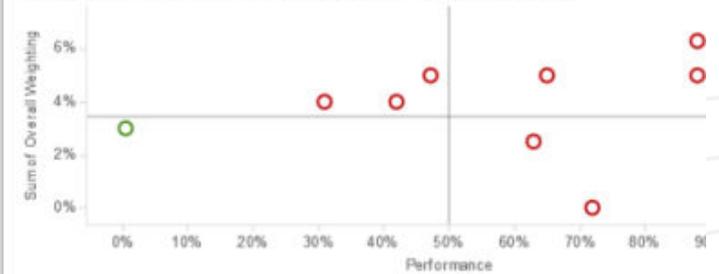
What are the average service line scores?  
Each service line is coloured as having **acceptable** or **unacceptable** performance. The definitions of these are shown here:



Grand Total	Within SLA	Marginal Failure	Moderate Failure	Severe Failure	SL Thresh hold	Data not available	Data Not Available
76	18	1	4	10	1	1	41
1	1						
11	11						
3	1	1		1			
8	2		2	3			1
7	1		1	3			2
14	2		1	1			10
8				2	1		5
4						1	3
6							6
1							1
13							13

### Quadrant Analysis

The quadrant divides the measures by performance and individual weighting.



### Measure Details

Select a measure to drill through to see additional details.

Measure	Data Assurance Code	Performance Bending	Sum of Overall Weighting	Perf
KPI	Level 1	Within SLA	7%	
KPI	Level 1	Within SLA	5%	
KPI	Level 1	Within SLA	5%	
KPI	Level 1	Within SLA	2%	
SSL	Level 1	Within SLA	2%	
SSL	Level 1	Within SLA	2%	
SSL	Level 1	Within SLA	2%	
SSL	Level 1	Within SLA	2%	

# STRATEGICALLY DRIVEN, FOCUSSED... Category Analysis

## Spend Analysis

Back to Overview



Last updated:  
08/11/2017  
09:45:25

Financial Year  
2016-17

Region  
All

Sub-Region  
All

Programme/Admin  
All

Clinical/Non-Clinical  
All

Retro/Non-Retro Supplier  
All

Supplier Name  
All

£2,032M

Total Procurement Spend

11,377

Supplier Count

143,476

Invoice Count

£14,161

Average Invoice Value

24,214

PO Count

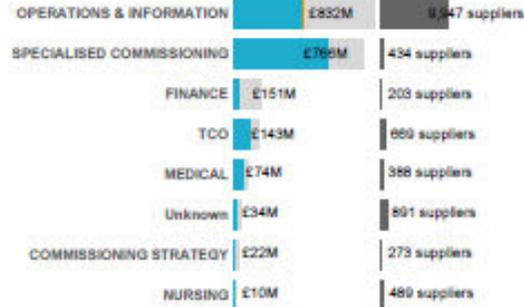
### What is the spend by level 1 category?

Select a category to filter the dashboard or drill down to level 2 category



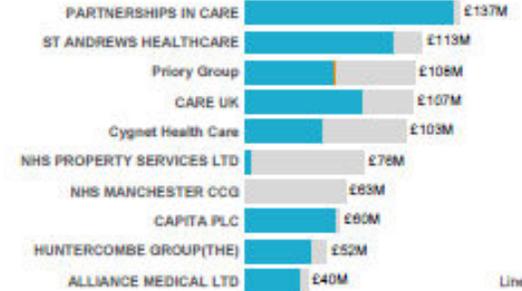
### What is the spend by directorate?

Select a member to view most centre spend



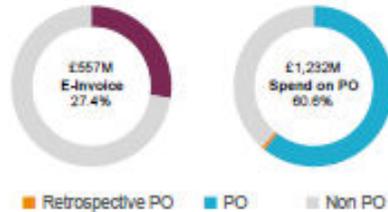
### The top 10 suppliers constitute 42% of spend

Select a supplier to filter the dashboard



### How has PO and Non PO/Retro spend varied over time?

Hover for detail or select a node to filter the dashboard by a particular month



# NEW INSIGHTS: Develop Commercial Opportunities...

## Rail Travel



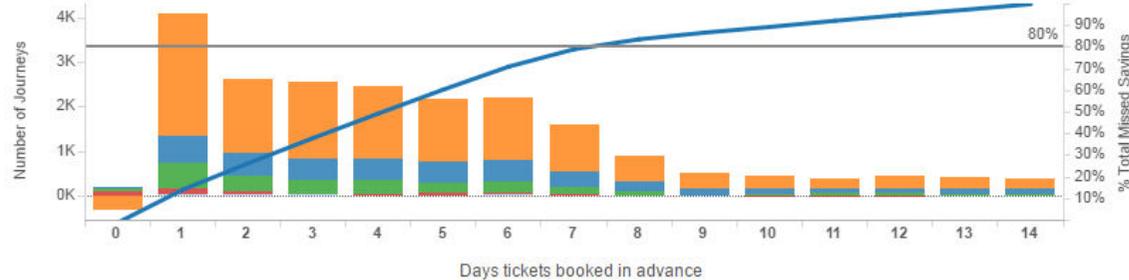
The rail dashboard helps to illustrate savings opportunities by analysing how far in advance tickets are booked and how this compares with ticket types and journeys. Hover over the information icons for definitions of terms.

Directorate: (All) | Budget Holder: (All) | Year: 2016/17 | Month: (All) | Tickets booked at least N days in advance: 14

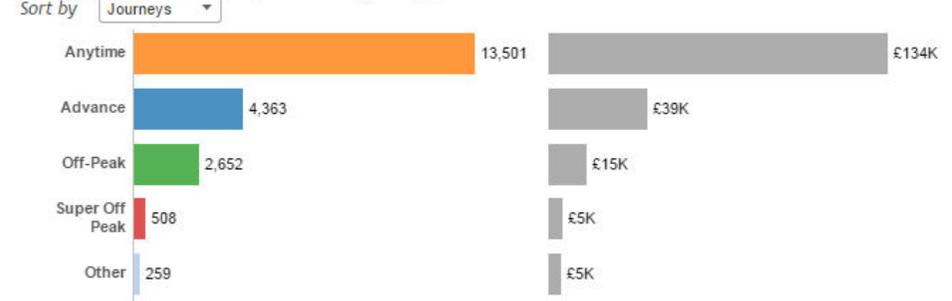


Total Figures | Journeys: **29,604** | Spend **£2.3M** | Potential Missed Savings: **£230,602** | As % Spend **46.5%**

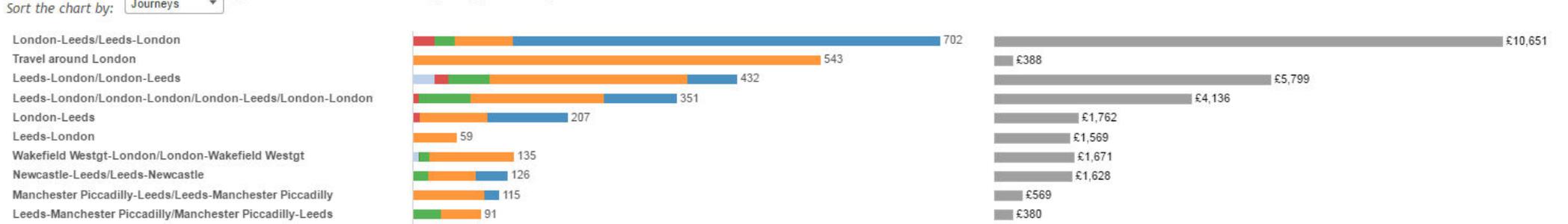
**How many days in advance are tickets being purchased?**  
What is the cumulative missed savings opportunity?



**Savings Opportunity by Ticket Type**



**Top 10 Most frequent Journeys and associated Savings Opportunity**



# Customer endorsements...

The screenshot shows a SharePoint page titled "How did you find our service to you?". The page features a navigation menu on the left with categories like "Home", "What we do", "Our services", and "Support tools". The main content area displays "Our customer ratings" with a star-based chart and a "Give us a rating" form. Below the ratings, a section titled "Most recent ratings first" shows a testimonial from Bee Wee, dated 17/02/2017, praising Angela Johnson's assistance. A response from Samantha Lee is also visible, dated 03/03/2017, thanking Bee Wee for the feedback.

How did you find our service to you?

Our customer ratings

★★★★★	12 ratings
★★★★☆	3 ratings
★★★☆☆	3 ratings
★★☆☆☆	2 ratings
★☆☆☆☆	0 ratings

Sort by: Most recent ratings first

Give us a rating

★★★★★

Leave feedback below

Title for your feedback

Enter your feedback here

Most recent ratings first

★★★★★ Thank you for walking us through  
Rated By Bee Wee on 17/02/2017 18:14

Angela Johnson helped to walk us through a complicated process in a short time frame. Thank you for that - without your guidance, we'd have really struggled.

Response from Samantha Lee on 03/03/2017 15:47

Hi Bee Wee, thank you very much for the feedback! Let us know if there's anything else that we can help with.

★★★★★ Thank you Vicki, Paul and Samantha  
Rated By stephanie bassel on 17/02/2017 15:16

## Feedback from Training Sessions

*“Really helpful to have someone from a central team come and explain their processes”* Nikki Osborne, Head of Public Health, South East (Wessex)

*“Well done and keep up with the good work”* – Simon Mendy, Assistant head of Finance, Central Midlands & East

# Stakeholder feedback...

*“The current team has taken over a function which was failing the organisation both from customer and governance perspective. Through the work they have led, to build a team, redesign and implement new ways of working, we now have a functioning service, with effective oversight, expertise to support the business and management information to manage our procurement activity and spend more effectively”... **Karen Wheeler**  
**National Director - Transformation and Corporate Services***



NHS England began their eProcurement journey during 2015. Often, given intensive workloads, organisations find themselves constrained to tactical level procurement operations, however this is where NHS England stands apart.

By maximising their investment in BravoAdvantage technology, they've transitioned from a reactive, "what has happened?" perspective to a strategic forward looking, "what might happen?" view.

Blending procurement planning, supplier engagement / performance activities with organisational SLA's / KPI's and operational metrics into a single guiding dashboards has allowed NHS England to utilise their procurement data to drive activities and behaviours across the procurement function.

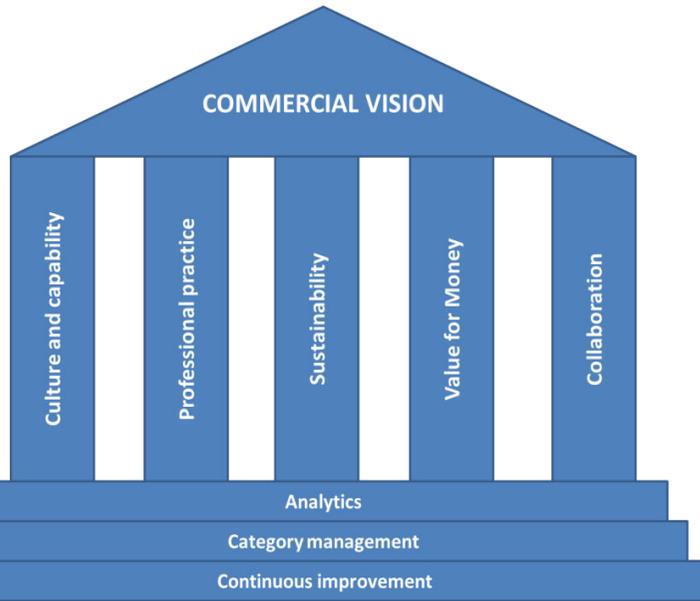
We are delighted to be working in partnership with NHS England, and specifically sharing the journey to informed strategy and empowered decision-making."

**Richard Hogg, Managing Director, Bravo Solutions**

# Organisational benefits achieved... 18 months

- Pipeline expenditure mapped allowing visibility of spend across the organisation
- Spend Analytics categorised (E-class) NHSE allocation (£107bn) into a spend cube to support development of Strategy and category plans
- Efficient electronic Workflow Systems introduced providing greater visibility, control and reducing administrative burdens
- A benefits management programme has been established based on in-fluenceable procurement spend (£2bn) and savings being delivered
- The percentage of CIPS qualified permanent staff has risen from 20% to 50% and we anticipate it to rise to 80% by Xmas. This was achieved through our focused recruitment programme.
- Recognition by the Sustainable Development Unit for our efforts to embed sustainability and Social Value in our procurement processes
- On-contract expenditure has increased from 35% in 2015/16 to 60% in 2016/17; e-invoice coverage has increased from 9% 2015/16 to 26% 2016/17 covering around 9,000 suppliers, 24,000 POs and 140,000 invoices
- CIPS accreditation (Standard) has demonstrated that the department is moving towards World Class performance at an accelerated rate

# Our pathway to Commercial Excellence...



**Culture and capability** – developing a commercial culture across NHS England where achieving best value is everyone’s responsibility

**Professional practice** – building a world class Commercial function providing leadership across the health sector.

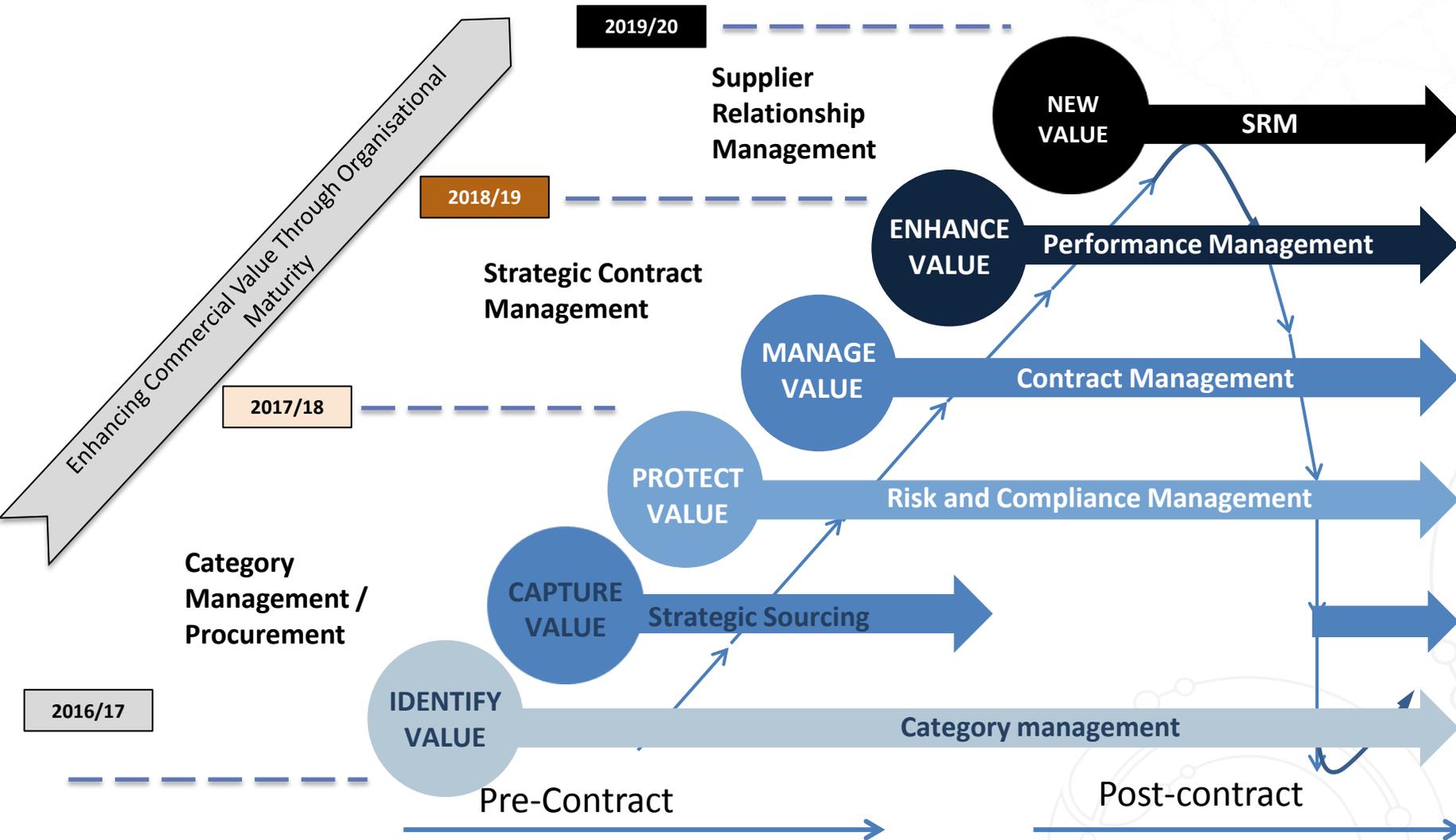
**Sustainability** – placing sustainability at the heart of our practice and supporting economic growth.

**Value for Money** – driving an enhanced focus on, and measurement and delivery of VfM

**Collaboration** – developing productive relationships that maximise NHSE influence and procurement clout.

Area of focus	What will we do?
<b>Analytical capability</b>	<ul style="list-style-type: none"> <li>• Develop our analytical capability to support organisational understanding and awareness of spend patterns and behaviours</li> <li>• Enable evidence based decision making through comprehensive cost benefit assessment, option analysis and, benchmarking</li> </ul>
<b>Category management (Incl. Contract Management)</b>	<ul style="list-style-type: none"> <li>• We will maximise opportunities through strategic assessment of spend categories</li> <li>• We will develop our understanding and management of markets to achieve best value</li> <li>• We will manage all contracts and suppliers</li> </ul>
<b>Continuous improvement/LEAN</b>	<ul style="list-style-type: none"> <li>• We will continue to review our policies and processes to ensure they are fit for purpose</li> <li>• We will ensure key processes (internal and external) are joint up and share information across systems</li> </ul>

# Strategic Contract Management to SRM...



# Where next... Dare to DREAM...

