

Business plan 2007/8



Purchasing and Supply Agency

This Business plan sets out our specific objectives, targets and performance measures for the financial year 2007/8 and our plans for meeting them.

These objectives and plans have been informed by our overall purpose and the policy context in which we work.

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1. Foreword

I am delighted to have taken over as Chief Operating Officer for the NHS Purchasing and Supply Agency and to introduce this Business plan.

My appointment is by no means the only occurrence to have affected our organisation this year. The outsourcing of NHS Logistics and the associated procurement activities within the Agency to form NHS Supply Chain was a significant change. We have worked hard to manage this transition and to develop relationships with this new organisation and the NHS Business Services Authority who manage the new contract. Within this Business plan, we explain how we will continue this work and ensure that we get the most from the new opportunities offered by these new arrangements.

There have also been significant changes across government; in February HM Treasury published 'Transforming Government Procurement' which sets out the future for procurement within the public sector and this will impact on the work of NHS PASA as we move forward. In addition, the profile of the sustainability agenda has increased significantly across government. Quite rightly, this challenges us to go further than we already do to ensure that the goods and services we contract for are sustainable and have the lowest possible impact on the environment.

Changes have continued within the NHS, over the course of last year the Department of Health oversaw a restructuring of both strategic health authorities and primary care trusts. In addition, the number of foundation trusts has continued to increase. These changes are indicative of the government's ongoing drive to increase the contestability of NHS services.

This Business plan sets out how we will meet each of these demands as well as those which we have always worked to meet, such as our drive to deliver purchasing savings or to promote the adoption of innovative products. The result is a programme of activity which is fuller than ever, a challenge I am sure our staff will deliver.

This plan shows that we will continue our commitment to deliver savings through our rolling work programme of £1.5 billion by the end of 2008/9 as set out in our Corporate plan. But the plan does not stop there; we have introduced new, challenging objectives to transform our organisation and support the development of the NHS.

New structures within the health supplies community mean that we must work differently to ensure joined up strategies for individual products and services. This document describes how we will adopt a more collaborative approach to developing these plans working with new providers nationally and regionally. Beyond the health sector we will be working closely with the Office of Government Commerce to develop strategies for the procurement of goods and services across central civil government.

Another key area in which we will focus our attention for the year is supporting the government's drive to devolve power to the local level. To achieve this we describe how we will undertake a programme building commercial capabilities within the NHS. Through investment in regional procurement as well as training and development we will seek to further improve commercial skills at the regional and local levels enabling these organisations to adopt an ever increasing level of responsibility.

Throughout all of this we will continue to ensure that the NHS makes the best use of its resources by providing first class procurement and procurement advice.

I am proud to be in a position to oversee this work and I am confident that everyone within the Agency will continue to work with the same dedication and performance which they have consistently shown since the Agency was formed in April 2000.



John Cooper
Chief Operating Officer

2. NHS Purchasing and Supply Agency

2.1. Our remit

We work to ensure that the NHS in England makes the most effective use of its resources by getting the best possible value for money when purchasing goods and services. Our prime target is to release money that could be better spent on patient care by achieving purchasing savings and improving supply performance across the NHS.

Over the past five years, the NHS Purchasing and Supply Agency (NHS PASA) has delivered savings of over £1 billion to the NHS as a whole – money that can be spent directly on patient care. This equates to a saving of over £14 for each pound spent on our organisation.

2.2. Who we are

NHS PASA, established in April 2000, is an executive agency of the Department of Health. We are not a trading organisation – being centrally funded by government allows us to concentrate on those functions that demonstrate value to the NHS.

Being an integral part of the Department of Health, we are in a key position to advise ministers and government on policy and the strategic direction of procurement across the NHS. With ministerial support we are leading the ongoing modernisation of purchasing and supply within the NHS – ensuring that purchasing and supply strategies reflect and contribute towards the achievement of the government's policies, strategies and priorities.

2.3. Our key tasks

- Deliver savings and other benefits for the NHS and, where appropriate, across government, through negotiation of national framework agreements from which the NHS can purchase goods and services and encouraging the introduction of beneficial, innovative products and technologies into the NHS.
- Provide strategic guidance on commercial management within the NHS including procurement advice to the NHS where this is taking place at a regional or local level and develop collaborative procurement organisations within the NHS.
- Develop commercial capabilities in the NHS by providing practical guidance, education and training to those involved in procurement throughout the NHS.
- Help to deliver the government's policies such as promoting creativity from suppliers and encouraging small and medium-sized enterprises (SMEs) to do business with the NHS as well as promoting sustainable development within the NHS and its supply chain to reduce environmental and social impacts.

2.4. How we support the Department

As an executive agency of the Department of Health our principal outputs all contribute to the overall objectives of the Department, helping to deliver the government's health policy. Specifically we help to support the following DH objectives¹:

- *"to enhance the quality and safety of services for patients and users"* by promoting the use of innovative products and technology and helping to contract for better services
- *"to Improve the capacity, capability and efficiency of the health and social care systems"* by maximising the value for money that the NHS can achieve on the purchase of goods and services and by ensuring that DH and government policies are embedded in all of our work
- *"to improve the service we provide as a Department of State to, and on behalf of, Ministers and the public, nationally and internationally"* by providing support and guidance to policy makers in our areas of expertise and by providing procurement advice across the department
- *"to become more capable and efficient as a Department, and cement our reputation as an organisation that is both a good place to do business with, and a good place to work at"* by using our skills and competencies to support the Department in managing the way it spends its money.

¹ Department of Health Business plan 2006/7, Department of Health

3. Policy context and strategic direction

With the UK public sector spending over £120 billion on goods and services annually, it is not surprising that government believes public sector procurement has a major role to play in both modernising public services and stimulating the economy. Used intelligently, procurement can also be an important mechanism for delivering government policies such as sustainability, equality or innovation.

The NHS represents some £17 billion of this £120 billion and so health ministers are keen to ensure the NHS plays its part and reaps the benefit from a robust and intelligent approach to procurement.

Throughout 2007/8 we will need to consider the expectations of the government and Department in our work. Moreover, we will need to take full account of changes within the NHS as well as those within our own organisation. All of this combines to inform our strategic direction for the year to come. Furthermore this is the structure within which we have set our objectives and work plan for 2007/8.

3.1. Policy drivers

Over recent years, the government has continued to set challenges for public sector organisations. These challenges have not only tasked us to improve our efficiency and that of the NHS but they also relate to the impact our organisation has on our political and physical environment.

- The continuing drive for organisations to meet targets for efficiency in public services prompted by Sir Peter Gershon's efficiency review².
- HM treasury's 'Transforming Government Procurement' report³, launched in January 2007, places procurement at the forefront of the ongoing government drive to reform public services so that they represent value for money whilst recognising sustainability. It also highlights the need for departments to strengthen their procurement capability, with greater direction and support from the top, to enable more collaboration in the purchase of goods and services across government in pursuit of better value for money. As part of this, OGC will be undertaking Procurement Capability Reviews in all central civil service departments including the Department of Health.
- The forthcoming comprehensive spending review (CSR07) also by the Treasury is looking at demographic and socio-economic changes, cross-border competition, the rapid pace of innovation as well as the increasing pressure on our natural resources and global climate.
- Public procurement as a lever for stimulating innovation in the economy prompted by the Department of Trade and Industry's innovation report⁴ and the Healthcare Industries Task Force (HITF)⁵.
- The year 2006/7 has seen the importance of Sustainable Development (SD) escalated in government and for the health sector with an increased political attention on aspects of Sustainable Development, most notably climate change. The Stern report and the Sustainable Procurement Task Force⁶ (SPTF) have further contributed to this. Sustainability, more than ever, must now be integral to all of our work while we must

² *Releasing Resources for the Frontline: Independent Review of Public Sector Efficiency, HM Treasury, 2004*

³ *Transforming Government procurement, HM Treasury, 2007*

⁴ *Competing in the Global Economy: the Innovation Challenge, DTI innovation report, 2003*

⁵ *Healthcare Industries task Force, Better health through partnership: a programme for action, November 2005*

⁶ *Procuring the Future - Sustainable Procurement National Action Plan, HM treasury/DEFRA, 2006*

also continue to meet the government's expectations for the management of the government estate.

- Public procurement is seen by government as a lever for stimulating small and medium-sized enterprises (SMEs).

3.2. The changing English health economy

2006 was a year of considerable transition for the English health economy, at all levels. In the Department of Health (DH), a new structure now places greater focus on healthcare providers and the commissioning of services. In the NHS, the pace of change has been even greater with a new Chief Executive now overseeing new strategic health authorities (SHAs) and new primary care trusts (PCTs). In addition, the number of NHS foundation trusts (FTs) has continued to increase.

The challenge for the Agency is to continue to build relationships and work with these new stakeholders as well as existing ones to meet the demands of English healthcare and the government's commercial activities.

These demands have also changed with developments within the NHS:

- funding growth will be steadier after a sustained period of significant investment. At the same time the pressure for NHS organisations to achieve financial balance is greater than ever creating a need for the delivery of efficiency improvements
- 2007/8 will see an increase in free choice for patients across a wide range of providers, competing on quality, as money follows patients through their care pathway. To deliver this an increasing level of commercialism will be required by healthcare commissioners
- an increasing number of providers from all market sectors (public, independent and third sector). This increases the needs for better management of these markets and to ensure that providers are not excluded from competing for business
- the need for faster adoption of changes in medical technology is ever present. In addition to product evaluation, providers competing with new models of provision present excellent opportunities for improvements in the outcomes and efficiency of services
- across government and within health and social care there is always the need to work in partnership for the benefit of tax payers and patients.

3.3. Strategic direction

We will, of course, seek to meet the demands of the government and the health economy in all of our work. Beyond this, we will also need to consider changes within our own organisation.

- Following the Department of Health's high level structure review, a further review was announced looking to develop a future strategy for commercial management within the NHS. The focus of this review is now looking at the synergies between NHS PASA and the DH Commercial Directorate. Amongst the options being reviewed, particular consideration is being given to the potential for uniting our two organisations. The completion of the review and recommendations are expected this year.
- In October 2006, NHS Logistics and the associated purchasing functions within NHS PASA were contracted out to DHL and renamed NHS Supply Chain. Over the

subsequent six months we have worked with the NHS Business Services Authority (the contract manager) and NHS Supply Chain to manage this change and we will need to continue to do so over the period of this plan. The outsourced provider presents significant opportunities for better management of the NHS supply chain.

- The legacy of the Department of Health's Supply Chain Excellence Programme (SCEP) has revitalised the NHS supply chain and demonstrated how a focused procurement strategy can be a catalyst for change and innovation. It has succeeded in speeding up the change process and the foundations are now in place to deliver even greater efficiencies for the NHS. With a re-invigorated national procurement function and a new structure of collaborative procurement hubs, the NHS is now in a position to cement its place at the forefront of world-class public procurement.
- Our Corporate plan challenges NHS procurement to deliver a new target of £1.5 billion annualised efficiency gains by the end of 2008/9. We are on course to achieve our targets under this programme in 2006/7. This Business plan sets out the targets and responsibilities for the second year of this three-year programme. The NHS Sourcing and Supply Chain Improvement Programme (NSSCIP), launched to replace SCEP will continue to ensure we maintain the momentum to deliver this.
- We will continue to be the centre of excellence for purchasing and supply and will provide the policy and strategic direction for the NHS. We will continue to organise national purchasing arrangements in collaboration with the new collaborative procurement hubs, but in time we anticipate this role will become less as the hubs mature and take on some of the activities currently provided by the Agency.
- We will also collaborate across government departments and with OGC to develop leading edge procurement practice, a single strategy for sourcing and contract management. We will continue to leverage NHS volume with other government departments to deliver greater value for money outputs for health taking the role of lead buying organisation or collaborative partner as appropriate. We will direct and support the development of collaborative procurement hubs to ensure they have the capabilities to drive forward the modernisation of NHS procurement.
- In delivering this vision, we will also strive to meet health ministers' expectations that procurement can be a lever for delivering better patient care, for example, through speedier access to new and innovative treatments and technologies and improved patient safety. We will also ensure that the government's wider expectations on delivering 'policy through procurement' are embedded into our policies, strategies and delivery programmes. These include sustainable development, innovation, equality and support for small and medium-sized enterprises initiatives.

4. What we will do

4.1. Our objectives 2007/8

Our 2006/9 Corporate plan sets out what we aim to achieve up until March 2009 and the main areas in which we want our success to be judged. We remain committed to the targets we set out in our corporate plan, but we operate in a changing environment and we need to look to how we will develop our organisation to meet the new demands and support the changing commercial landscape within health, social care and across central government. The table below defines these objectives.

To ensure every element of NHS expenditure is strategically managed in order to achieve value for money on NHS spend in a sustainable way and, where applicable, ensure procurement plays a role in delivering government policies

Objectives	Service Offerings	Activities
Deliver efficiencies and other key benefits through a strategic approach to purchasing and supply and contribute towards the creation of sustainable world-class public services that are value for money.	Efficiency national contracts (NSSCIP)	annual rolling sourcing plan clotting factors and immunoglobulin supply better management of waste
	Innovation category related projects	CEP workplan national decontamination programme
	Policy initiatives procurements to deliver policy initiatives	DH Estates & Facilities Collaboration new deal for carers
Join up procurement strategy across the NHS, DH and Social Care	strategic market facing category management CPH roll-out programme cross government engagement	pharmaceutical market strategies CPH roll-out cross government sourcing programme
Build commercial capabilities in the NHS and Social Care	CPH development eEnablement CEP development programme commercial intelligence research, training and development	CPH best practice procurement framework national CPH strategy forum NPEDG implementation strategy CEP development initiatives commercial intelligence delivery programme demand and compliance management
Deliver and support the development of DH and wider government policies through procurement	translate, implement and influence policy	sustainable development plan emergency planning initiatives purchasing for safety project cross government food procurement group

Enablement, policy, research, communications and corporate services

In this section, we have set out these objectives, describing the service offerings which underpin them and the programmes we intend to deliver to achieve them.

4.2. Deliver efficiencies and other key benefits

Objective	Service Offerings	Activities
Deliver efficiencies and other key benefits through a strategic approach to purchasing and supply and contribute towards the creation of sustainable world-class public services that are value for money.	Efficiency	national contracts (NSSCIP)
	Innovation	category related projects
	Policy initiatives	procurements to deliver policy initiatives

We remain an organisation focussed on delivery of projects and programmes and these lie at the centre of the work of our people and processes. In this section we outline the breadth of the work we are committed to delivering during 2007/8.

Our key programme focuses on achieving best value for the NHS in the procurement of goods and services. Brought together under our National Sourcing and Supply Chain Improvement Programme (NSSCIP), together with collaborative procurement hubs and NHS Supply Chain, we will aim to deliver £725m of purchasing savings during 2007/8, money the NHS will be able to reinvest into patient care.

Our programmes do not deliver savings alone. The Centre for Evidence-based Purchasing integrated into the Agency last year now supports our programme to assist the NHS identify and adopt new, innovative technologies. In addition, our close relationship with policy makers within the DH allows us to help in the delivery of policy programmes where procurement can help to design services. Our expertise in procurement can increase the value for money and the quality of outcomes which the Department can achieve in these instances.

This section looks at the key activities we have developed as well as the key programmes we intend to deliver during this year to support our objectives.

Service offerings

National contracting

National contracting remains an important element of our activities. We negotiate national framework agreements from which the NHS and other public bodies can purchase; these agreements establish the terms and conditions for the supply of a range of goods and services and are let in compliance with EU procurement rules. The NHS can source from these agreements without further need for tendering activity, generating significant process savings

for the organisations which use our agreements.

We embrace best practice tools and techniques throughout the category management and contracting process. Following our transformation into a matrix structure, the disciplines of category management, sourcing, data analysis and uptake management have been able to develop their areas of specialist expertise. Work is in progress to document our processes more effectively and develop the tool kits and templates that underpin them. This builds on the *Operating Purchasing Procedures Manual (OPPM)* which ensures the quality and legal compliance of the contracts that we deliver.

We will continue to use eEnablement technologies across all of our contracting activities, specifically:

- eTendering will be used for 100% of contracting activity
- the use of eAuctions will be embedded within the Agency as a tactic for use with relevant procurement exercises
- we will assess the use of eEvaluation tools with the intention of implementing them during 2007/8
- we will continue to develop the presentation of our eCatalogues in accordance with the requirements of our stakeholders.

To assist the NHS in maximising the benefits from our national contracting processes, we will exploit the capabilities of the Benefits Tracking Tool (BTT). BTT is an integrated data warehouse and reporting tool providing stakeholders with a single point of access for their management information. The key objectives of the system are to:

- manage the performance of the Agency's framework contracts
- maximise compliance by NHS trusts
- improve future estimates of contract and product volumes and values.

The annual rolling sourcing plan

We currently have 280 national framework agreements in place equating to 2690 individual supplier agreements, with an estimated annual value in excess of £3 billion and 960 suppliers. Our role in national contracting activity will be driven by the annual rolling sourcing plan based on opportunities identified through a strategic approach to category management.

A demanding annual rolling work plan has been established for 2007/8. This rolling document is continually updated and communicated to NHS organisations through our website. Currently, over 70 sourcing exercises are planned across our category directorates, it is anticipated that this number will increase as new opportunities are identified. The sourcing plan will also deliver contracts in support of the Department of Health's Emergency Preparedness Unit.

The most up to date version of our work plan is available to the NHS at the following web link <http://portal/workplanpasa/>.

Suppliers to the NHS are able to view current procurement opportunities through the current opportunity listing available at <https://www.pasa.bravosolution.com/esop/toolkit/notice/public/opportunities.do>

Beyond the purchasing savings which we strive to deliver in all of the procurements we undertake, we can use procurement to deliver improved outcomes such as quality or system reform. Specifically, we increasingly use procurement to drive innovation and the delivery of policy initiatives:

Innovation

Since the establishment of our organisation, the profile of innovation has been increasing as has our role in supporting the innovation agenda. The NHS has been criticised for being a slow adopter of new technologies and for not having structured mechanisms to allow innovative products to enter the UK market. We have been working to help address these observations, most notably through the Healthcare Industries Task Force⁷. As part of the recommendations of this task force, we have been working to improve procurement processes across the NHS.

In addition, during 2005, the Centre for Evidence-based Purchasing (CEP - formerly the MHRA Device Evaluation Service) was established within our organisation. CEP underpins purchasing decisions by providing objective evidence to support the uptake of useful, safe, innovative products and related procedures in health and social care.

All of this work has enabled us to deliver an increasing number of programmes where the promotion of innovation is the key driver. Most notable is CEP's work plan of evaluations for 2007/8.

Policy initiatives

Our work with DH involves our product and market experts with policy makers within the Department. The development of policies often results in programmes designed by the Department to implement, support or promote desired outcomes. These programmes may result in the purchase of products or the development of services.

Increasingly, the Department seeks external providers to assist in the delivery of these programmes. In these instances, our knowledge and expertise can help the Department to design how to use external providers to achieve the best value and outcomes in a sustainable way.

We will continue to support these programmes on behalf of the Department. In addition, we will work to develop a new organisational structure which integrates our procurement skills within the Department to an even greater extent. Through this we will ensure that procurement advice is available across the Department throughout the development and delivery of projects. The details of this are included in section 6 of this document.

Highlights of the key programmes we will deliver for the Department this year are included in the next section.

⁷ <http://www.advisorybodies.doh.gov.uk/hitf/>

Key programmes

We are involved in a number of high-profile procurement programmes. To ensure the efficiency and effectiveness in the delivery of these programmes and supporting projects, project management disciplines will be employed.

The next section describes these key programmes and key areas of work we have planned.

National Sourcing and Supply Chain Improvement Programme (NSSCIP)

Our 2006/9 Corporate plan established a new NHS Sourcing and Supply Chain Improvement Programme (NSSCIP) to replace the Supply Chain Excellence Programme. This programme is committed to delivering £1.5 billion of efficiency gains to the NHS frontline by 2008/9. We are on course to achieve our targets under this programme in 2006/7 and will continue to deliver this in 2007/8.

The NSSCIP is a mechanism which coordinates the reporting of efficiencies generated through all of the procurement work undertaken by the Agency on behalf of the NHS, DH and wider government. It also includes the procurement work undertaken by NHS collaborative procurement hubs (CPHs) and NHS Supply Chain. Specifically, the efficiency gains arise from a mixture of the following initiatives:

- our annual rolling sourcing plan which includes all of the contracting activity undertaken by us
- ongoing benefits from SCEP waves 1 and 2 of the National Contracting Programme
- benefits delivered by NHS Supply Chain's sourcing programme
- benefits delivered SCEP CPH sourcing plans
- cross-government collaborative sourcing initiatives
- other supply chain efficiency initiatives.

The annualised savings targets for 2007/8 are as follows:

Initiative	Target	Responsibility
Wave 1 of SCEP	£183 m	NHS PASA with CPH support
Wave 2 of SCEP	£207 m	NHS PASA with CPH support
NHS PASA rolling sourcing plan	£130 m	NHS PASA
NHS Supply Chain sourcing plan	£65 m	NHS Supply Chain
CPH sourcing plans	£140 m	CPH with NHS PASA support
Total	£725 m	

Further details of these initiatives are described in Appendix 1.

National decontamination programme

We are supporting the formation of local collaborations to tender and establish a fully compliant, modernised, and sustainable service for the decontamination of their surgical instrumentation, utilising economies of scale to provide greater efficiencies.

As of today we have 15 live collaborations, representing circa 75 NHS trusts, whom we are assisting in the procurement of a compliant decontamination service for up to 20 years. This is done through a managed programme with all collaborations at differing stages within the

procurement process.

The Pathfinder facility is due to open this month ready for service commencement in March 2007, and we are set to award another six contracts during 2007 and a further six in 2008. It is also anticipated that a further three collaborations will be advertised on OJEU this year, upon completion of their outline business case. The overall programme is worth £2 billion with the first three contracts expected to have an approximate NPV of £75 million.

We work alongside the national decontamination team to provide procurement expertise and advice, on an ongoing basis, supporting local collaborations through the tendering process by advising on best practice and guiding them through the key stages in the tendering process.

DH Estates and Facilities (DH E&F) collaboration

£100 million has been made available to SHAs for energy efficiency improvements. Bids will be received by DH E&F and analysed by a review team including NHS PASA to determine how the £100 million will be best spent. It is envisaged ongoing commercial support will then be required to ensure a robust and appropriate sourcing method is deployed.

The number of Principal Supply Chain Partners (PSCPs) on the Procure 21 framework has reduced to seven (from 12). These PSCPs provide the opportunity for the next strategic development in the framework; to pursue product and service rationalisation and reengineering to deliver further efficiencies. NHS PASA, E&F and the PSCPs will access this opportunity into 2007/8 and deliver an effective strategy.

We will continue to work with E&F to encourage improved waste management and sustainable development guidance for the NHS along with home countries and the Department for Environment, Food and Rural Affairs (Defra).

Clotting factors and immunoglobulin supply

Procurement activity will be undertaken to conclude and implement nationally managed supply arrangements for clotting factors and immunoglobulin. Implementation will take place of the two phases of sourcing for clotting factors and a new national arrangement will be launched for immunoglobulin.

Sourcing activity includes work across multi disciplinary teams including clinicians, pharmacists and other stakeholders. The work on immunoglobulin will provide arrangements to address UK and worldwide supply issues as part of activity being undertaken with the DH policy team on demand management, contingency planning and guidelines for usage.

Advisory Committee for Borderline Substances (ACBS)

Estimated expenditure on borderline products is in excess of £200 million per annum. With effect from 1 March 2007, we have assumed the responsibility for providing the secretariat to the committee which is a non departmental public body sponsored by the Department of Health. The ACBS was established to advise GPs on prescription of products that are not drugs or medical devices. In addition to supporting the work of the committee we will work with stakeholders to review the ACBS and its activities. Issues to address will include the membership, remit and functioning of ACBS.

CEP work plan

The details of CEP's work plan can be seen on our website:

<http://www.pasa.nhs.uk/PASAWeb/NHSprocurement/CentreforEvidencebasedPurchasing/Workprogramme.htm> . This programme of work provides an overview of each of the projects commissioned by CEP following the prioritisation process. This programme is regularly reviewed to ensure that the project status and expected publication date are as accurate as possible.

Upwards of 75 projects are currently planned for delivery throughout 2007/8 and CEP will continue to select and prioritise new projects throughout the course of the year.

New deal for carers

The new deal for carers was outlined in the *Our Health, Our Care, Our Say* white paper launched in January and proposes a multi-million pound package of support for carers. This programme is now a significant piece of work for the Department, identified at the DH 'People's Summit' as the third priority for DH.

The programme is composed of four projects and we are already delivering a range of commercial and procurement activities on behalf of the policy leads two of these projects; the Carer's Helpline and the Expert Carer's Programme.

- **The Carer's Helpline**

The helpline will be dedicated to informal, unpaid carers; particularly those people who care for a friend/loved one/relative. The help available will cover national information such as entitlement and policies, details of the help which is available locally and help for carers in emergencies.

We have already provided advice on a variety of service models that would enable the project to be delivered. During 2007/8, we will help to contract a third party to devise the specification for this service and we will undertake the procurement with consideration of the potential for a third sector provider being awarded the business.

- **Expert carer's programme (ECP)**

The ECP will offer a range of learning opportunities to enable carers to gain the knowledge, skills and expertise they need to:

- work in partnership with the person they care for, and with social care and health professionals
- safeguard their well-being and health, and that of the person they care for
- undertake the practical tasks associated with their caring role as safely and effectively as possible
- access and make appropriate use of services and benefits available to support them, and the person they care for.

To date we have provided advice on commercial activities including risk. If the Department decides to seek an external provider to act as a central coordinator, we will undertake the procurement to appoint this coordinator. Furthermore we will provide advice on the specification and other concepts.

Waste management

Feeding into our overall sustainable development drive, we have a particular focus on better management of waste. The NHS spend is approximately £50 million and through a framework offering training on improved waste segregation and environmental benefits from correct disposal methods, savings of £17 million could accrue. To support this market management activity we will maintain a dynamic procurement guide for hubs and trusts to use in procuring a total waste management service. The area of waste is a high profile and time consuming activity. We are seen as a key player by industry, Defra, DH Facilities and Estates policy leads and the NHS community in providing advice and assistance to the NHS on waste management and the waste, electronic and electrical equipment directive (WEEE).

Homecare

The homecare medicine market in the NHS is estimated to be in excess of £400 million per annum.

Throughout 2007/8, we will be developing commercial intelligence on the homecare market which will include amongst others market profile, supplier profiles, spend analysis, legal guidance, best practice and specifications. The team will support the National Homecare Medicine Committee in advising the NHS on the current and emerging issues and developing supporting materials and will work with CPHs and regional pharmacy groups on sourcing exercises in order to maximise value in this category.

Audiology

Patient waiting times in audiology are too long, and access to audiology services is problematic. At current rates, audiology services will not meet the principles of the government's 18 weeks policy from 2008. We are contributing to work lead by the Department to develop a National Action Plan (NAP) for audiology. Subject to agreement, it is envisaged the resulting publication will be aimed at NHS commissioners, providing advice on actions to be taken to improve services, and will be called the Audiology Framework.

Specifically, we are providing general commercial advice as part of development of the Audiology Framework, through membership of both the NAP steering group, and the NAP working group. The latter group consists of a range of subject matter experts (SMEs) who have helped develop specific contents within the draft framework. We are also working with our colleagues in the Commercial Directorate (CD) as they continue to scope a potential IS procurement for an additional 300,000 audiology patient journeys to the NHS, and with our colleagues in NHS Supply Chain who now have responsibility for national category management of hearing aids and associated products.

Agency staffing

Agency staffing includes contracts which cover the provision of both clinical and non-clinical temporary staff across the NHS. Throughout 2007/8, in each of these staffing areas we will continue to establish ourselves as the commercial centre for excellence regarding the provision of agency staff with changing DH/SHA workforce leads to better align temporary staff supply with workforce planning. This will be part of our overall commitment to working together with NHS Employers in securing value in successful recruitment; for example looking at the costs to fill posts rather than the cost of advertising jobs.

We will extend this work across government, continuing to work closely with the OGC profiling

all of the government's expenditure on clinical and non-clinical staffing and exploring the options for better integration where appropriate.

We are committed to ensuring that agency staffing proved to the NHS do not pose a risk to patients, staff or themselves and we will continue to monitor compliance and uptake of our staffing contracts. The national audit programme will continue and all medical locum, nursing and allied health professional agencies will be audited as part of the programme to ensure the highest standards of clinical governance are attained. We will focus on uptake in out-of-hospital sectors such as GP locums and throughout primary care. Historically, our uptake efforts have tended to be hospital focused.

Branded medicines

Branded medicines are sourced by the pharmacy category team working with regionally based procurement pharmacists. Expenditure of £300 million is managed via this network. In addition to leading regionally based sourcing activities, the category specialists play a key role in driving uptake for agreements for both branded and generic medicines. Support is given to calculation of benefits for each national and regional tender awarded to ensure benefits are maximised locally. A contract variance report is used to review and address any points at which off-contract purchasing has incurred an additional cost over £100. During 2007 the team will develop expertise in therapeutic tendering activity in areas such as HIV, cancer chemotherapy and low molecular weight heparins.

Generic medicines

The national sourcing team manage agreements established via the SCEP programme for the supply of generic medicines. In addition to delivering the targeted benefits identified in SCEP a flexible approach to the sourcing plan allows opportunities to maintain and develop competition and to seek new sourcing opportunities as patents expire. Sourcing techniques employed include the use of eTendering/eAuction systems. Performance management data is analysed and reported to pharmacists. This includes reports and actions relating to supplier activity, product shortages, substitutes and product changes.

Outsourcing

We will ensure an effective roll-out following the establishment of the first national agreement for a soft FM laundry and linen service that will establish nationally consistent and competitive pricing whilst maintaining a buoyant supplier base. In addition, this agreement will provide a consistent quality of service across all framework suppliers, eventually leading to a national passport scheme based on laundry inspection.

We will continue the provision of professional guidance and specialist assistance to the NHS and other government departments in all areas of service outsourcing, through procurement guides, category support and where appropriate bespoke consultancy. In particular we will assess current trends and patterns within the patient transport (PTS) services sector with a view to developing a nationally focussed procurement strategy.

Leasing

2007 will see the launch of the first NHS national framework agreement for leasing. Throughout 2007/8 we will focus on the launch and promotion of this framework agreement to ensure a full and successful roll-out and uptake of this agreement.

4.3. Join up procurement strategies

Objective	Service Offerings	Activities
Join up procurement strategy across the NHS, DH and Social Care	strategic market facing category management CPH roll-out programme cross government engagement	pharmaceutical market strategies CPH roll-out cross government sourcing programme

Our commitment as part of our Corporate plan is to ensure that every element of NHS expenditure is strategically managed in order to achieve value-for-money. Over the course of 2006, changes in the structure of NHS procurement has meant that we must change the way we achieve this ambition.

Specifically, the outsourcing of NHS Logistics and the associated procurement functions from within our organisation has changed the responsibilities and influence we have in affected markets.

Consequently this section describes how we will manage strategic and critical markets though a collaborative approach with NHS Supply Chain, collaborative procurement hubs and in NHS trusts throughout England to ensure procurement strategies make the most of skills and opportunities offered by each of these organisations.

As part of this programme, we will continue to roll-out collaborative procurement hubs across the NHS.

Service Offerings

Strategic market facing category management

We remain committed to ensuring collaboration at all levels when determining appropriate strategies for the purchase of all goods and services.

We will ensure that we jointly review and develop agreed strategies for all our areas of contracting activity. This will include consideration of the benefits offered by NHS Supply Chain as well as those offered by organisations at a local and regional level and beyond the NHS environment.

We will also seek to maintain a similar overview for all goods and services including those provided by NHS Supply Chain to ensure the adoption of consistent strategies to maximise the benefits we are able to derive in all areas. Through maintaining a strategic relationship with NHS Supply Chain we will influence and facilitate alignment with CPH and OGC or other government department activity.

Collaborative procurement hub (CPH) roll-out programme

The Agency's 2006/9 Corporate plan describes its responsibility for rolling out the CPH programme launched within the Supply Chain Excellence Programme. By the end of March 2008, it is expected that there will be a CPH available to every NHS trust in England. Each CPH

will, in the main, be coterminous with SHA boundaries and will typically have a non-pay influenceable spend in excess of £1 billion. By March 2008, CPHs will have delivered cumulative efficiency gains of £270 million, with £140 million of that total expected in 2007/8.

It is envisaged that CPHs will become the mainstay for NHS procurement and other commercial activity. They will build the necessary capacity and capability to deliver government's expectations of the role of procurement which is planned to extend into all commercial arrangements transacted within the local NHS community. They will continue to build the networks and relationships needed to become the NHS' intelligent customer.

As CPHs mature it is essential that we work collaboratively with them to ensure that there is a joined-up approach to procurement and other commercial activity across the NHS. In time, consideration will be given as to whether CPHs will take responsibility for some contracting areas currently managed by the Agency.

Good progress has been made so far in relation to the Agency's corporate target and by 31 March 2007 the Agency will have engaged all SHAs within the CPH roll-out programme, although NHS London is currently at a very early stage of the process. All other SHAs have either established a CPH within their boundary, are currently mobilising one or undertaking an opportunity assessment in support of developing a business case for one.

Over the next year the Agency will continue to support and encourage the NHS community to complete the roll-out programme by 31 March 2008 and pursue the alignment of hubs to SHA boundaries wherever possible, particularly where these were established prior to the NHS reorganisation of 2006. To achieve this we will:

- continue to engage with SHAs to complete the CPH roll-out programme
- allocate a lead and appropriate workstream project support to each CPH project
- subject to available funds, seek to provide financial support for the CPH roll-out programme, particularly where that will bring wider benefits for the emerging NHS commercial agenda
- continue to gather performance data from all CPHs and report against targets
- ensure that associated programme risks are assessed and managed
- continue to provide a designated collaborative development manager to each SHA to give on-going development and relationship support as hubs become established and develop
- provide director level support to SHAs and CPH boards
- facilitate the provision of forums necessary to keep abreast of CPH development and share good organisational practice across the hubs.

Cross government engagement

The Prime Minister announced last spring that the government would be focussing on improving public sector procurement and was working on a package of reforms to facilitate this. The package includes a report Transforming Government Procurement announced by John Healey 23 January 2007 which sets out the plans to increase the level of procurement professionalism by improving skills with a more flexible and higher profile Government Procurement Service and to raise the status and standard of procurement practice within departments. To drive this transformation the OGC will have strong powers to:

- set out the procurement standards departments need to meet
- monitor departments' performance against them, and ensure remedial action is taken where necessary
- make sure that people with the right skills are in the right jobs with the right incentives

- demand departmental collaboration when buying common goods and services
- work closely with the Major Projects Review Group to ensure that the most complex projects are subject to high standards of scrutiny and support when the business case is approved, and before proceeding to tender and contract signature.

We are already closely involved with the OGC and were consulted on these proposals. Furthermore, we are represented on the Chief Executive's Procurement Advisory Group and are members of:

- the Strategic Stakeholder Forum (chaired by OGC) along with representatives from OGDs. The objectives of the group include considering how departments can collaborate across commodities and share a single strategy for sourcing and investigate shared logistics opportunities
- the Commodity Steering Group which focuses on progressing identified commodities that would benefit from pan government level aggregation of demand for leveraging better deals.

Through our work to date, we are already well down the path to delivering many of the recommendations for the report. For example, our sustainable procurement agenda, using procurement for public sector reform and encouraging innovation in public sector delivery (HITF and the groundbreaking Centre for Evidence-based Purchasing).

However, there are a number of areas that we will need to develop to progress further. For example, setting of standards, measuring outcomes, and strengthening capability especially in those categories for which we have been identified as lead buying department. All of these are included in our objectives for 2007/8.

In order to ensure we deliver what is required of a high level government procurement service that surpasses the scrutiny of the OGC Procurement Capability Reviews and sets leading edge procurement standards we will:

- allocate resource to priority activities aligned to this objective ensuring the right skills and people are allocated to the most complex procurements
- contribute to the single strategy for sourcing and subsequent contract management process
- encourage HMT allocation of funds differently to reflect lead buying department responsibilities for categories across government
- strategically manage the relationship between NHS Supply Chain and OGC where categories coincide to ensure the NHS gets optimum value for money
- continue to establish basic standards for sustainable procurement
- influence the outputs of the Major Projects Review Group
- provide the link between policy requirements and commercial solutions, translating the need into a deliverable through engaging key stakeholders in demand and compliance management and professional procurement practice
- set the benchmark in how performance is monitored to facilitate OGC in their pursuit of measuring efficiencies across departments and in line with the new Knowledge and Information Unit.

Key programmes

On-going CPH roll-out

To meet our goal of delivering CPHs throughout the English NHS by the end March 2008, we have a challenging programme of work which we will deliver over the duration of this plan.

Specifically, we will provide support to the establishment of CPHs within the following SHA boundaries:

- NHS South West
- NHS North East
- NHS North West
- NHS South East Coast
- NHS London.

We have in place a planned approach in each of these areas, plans whose implementation will be led by our NHS development team. The outline of these detailed plans is included as Appendix 4.

Pharmaceutical strategy

Our pharmacy team work closely with colleagues in the Department of Health to develop strategies for the NHS' use of medicines.

We work with manufacturers, wholesalers, pharmacists and colleagues within DH to minimise the impact of any medicines shortages. The Agency, via our principal pharmacist coordinates information and activity for secondary care contract items. We have established communication and decision making procedures with NHS hospital pharmacists which support activities contained in the joint Best Practice Guidelines for Notification and Management of Medicines Shortages. These guidelines were agreed with DH and trade associations in January 2007.

The changing supply chain and contracting requirements during 2007/8 will be supported by the Agency working with the DH, the National Pharmaceutical Supplies Group, Pharmacy Market Support Group, hub procurement colleagues, manufacturers, wholesalers and trade associations to develop and influence future plans.

Areas to address will include supply chain arrangements, the impact of homecare and access to NHS supply contracts and the introduction of new technology for example robotics and eEnablement.

Cross government sourcing programme

The Strategic Stakeholder Forum (SSF) has identified ten cross government collaborative procurement projects. These have been set up to be sponsored by a specific department (SSF member), supported by a number of partner organisations. Management and governance of these categories is via the OGC chaired, Commodity Steering Group (CSG). These include furnishings, legal services, telecoms, couriers, fuels, clothing, IT hardware, food and social care temp workers. In addition there are seven categories coordinated by the OGC collaborative procurement team (PCT) where in line with the Transforming Government Procurement Report they are in the process of identifying lead buying departments to set a single strategy for sourcing across the other government departments.

We have been asked to be the lead buying department for fleet, energy and construction and FM. We are now working up a strategy for commitment to and communication of this decision. Other areas managed by the CPT include office services, food, ICT and professional services.

- **Fleet**

The Agency seconded a category manager for fleet to OGC in June 2006 for a period of two years to provide support on a range of pan government procurement projects. The first of these has recently been launched covering the provision of tyres for the public sector worth over £120 million over the three year period.

During 2007/8 we will manage the transition of frameworks agreements for couriers, hotel and travel to other government departments for them to manage on behalf of health.

Working collaboratively with OGC and other government departments the pan government procurement team have identified a total of 27 opportunities offering a potential non-weighted saving of £159.4 million in the financial year ending March 2008.

Following review, consensus was reached to focus on the initiatives below which could deliver a non weighted saving of £63 million by March 2008:

- introduction of a pan public sector vehicle purchase contract
- implementation of restricted badge policies within user departments
- introduction of pan public sector fleet consumables contracts (tyres, glass)
- wider promotion of the OGC Buying Solutions fuel card
- reduction in the business miles driven in private cars (grey fleet)
- increased utilisation of pool car fleets
- promotion of good practice contracts to eliminate the need for OJEU procurements across the public sector
- introduction of a pan public sector leasing contract.

- **Energy**

The energy team is responsible for an annual NHS spend in excess of £300 million and has continued to secure a high level of uptake against frameworks and energy contracts (up to 90%) through seeking commitment from trusts in advance of the tendering process. This allows the energy team to continue to roll-out gas and electricity procurement direct through the live wholesale market to maximise savings to the trusts. For example for the summer of 2006, we had the flexibility to forward purchase significant volume coupled with day ahead purchases providing on average 17% below average market price and a £4.5 million saving. OGC published a case study identifying our achievements in procuring through this route which best suits such a volatile market.

The pan government strategy will establish an energy procurement centre of excellence within the Agency to consistently deliver procurement best practice across the public sector, maximise market intelligence and achieve cost efficiencies on a longer-term basis.

The pan government strategy will concentrate on electricity and natural gas as a first step. The potential savings from a single sourced approach are estimated to be around £30 million per annum in process and lower costs alone. There are additional benefits from developing strategic supplier relationships, with longer term risk management options to

deliver consistently together with the ability to deliver innovative solutions to meet the sustainability agenda.

- **Construction and facilities management**

The engineering and facilities management community of the NHS is responsible for a spend in excess of £1 billion per annum. We manage a series of supplier frameworks; however the spend via this route is around £67 million per annum.

During 2007/8 we will refresh our existing package of 20 frameworks into three: building, engineering and general.

These frameworks will have the flexibility for trusts to obtain their estates maintenance commodities as previously, whilst ensuring the opportunity to gain further price improvements via volume commitment utilising mini competition and reverse eAuctions.

It should be noted that mini competitions can only be used where the framework was in place after 30 April 2004. A review of the current 20 estates framework agreements, valued at £67 million per annum, identified only six, which met this criterion. Therefore, this project now allows us to refresh our estates strategy to take advantage of changing market dynamics, securing improved products, prices and service via a reduced portfolio of managed frameworks for both maintenance backlog and future construction projects.

OGC estimate that the efficiency saving expected on such a commodity range is 15%.

The commercial team will create an OJEU which will seek to set up a framework of suppliers, capable of meeting the general requirements set by the technical team. The OJEU will be couched in very general terms to enable further products to be added over time.

In addition we will continue to renew frameworks collaboratively with other departments either as a collaborative partner or simply using the leverage offered by the volume of purchases across government and our expertise to renew some of its current NHS frameworks. For example in the provision and service of water coolers and dispensers.

This is an on-going procurement that is being led by NHS PASA, embracing OGCbuying.solutions, HM Prisons and other named government departments. Its purpose is to provide a more consistent and structured approach to the provision of this service, achieving improved terms of supply, resulting in savings and efficiencies for the parties involved.

4.4. Building commercial capabilities

Objective	Service Offerings	Activities
Build commercial capabilities in the NHS and Social Care	CPH development eEnablement CEP development programme commercial intelligence research, training and development	CPH best practice procurement framework national CPH strategy forum NPEDG implementation strategy CEP development initiatives commercial intelligence delivery programme demand and compliance management

Over the course of our existence we have built skills, experience and processes to enable us to undertake our work effectively and efficiently at a national level. In delivering this objective, we will look to see how we can embed these skills within the NHS at a regional and local level and how we can support the development of new skills to enhance the commercial effectiveness of the NHS at all levels.

A more commercially capable NHS will in turn support our development and enable the continuing progression and improvement of commercial skills within the NHS at all levels. Through this process, we will seek to become a focussed organisation with in depth commercial policy and strategy supported by highly developed consultancy and networking skills.

We will continue to develop, in all of our areas of work, best practice processes for procurement and commercial management. This will include sourcing and contract management processes which we will increasingly seek to agree and develop across government as well as throughout the NHS.

Our work to date has set in place a good foundation for this and we will continue to develop collaborative procurement hubs, the Centre for Evidence-based Purchasing, commercial intelligence and our learning and development programme to achieve this objective.

Service offerings

CPH development

Beyond their establishment, we will support and encourage a much wider and more ambitious programme for hubs. Our aim is that, as hubs become established, they develop from procurement organisations to broader commercial ones. This long term vision would enable them to influence and support all of the commercial activity within their region. During 2007/8 we will:

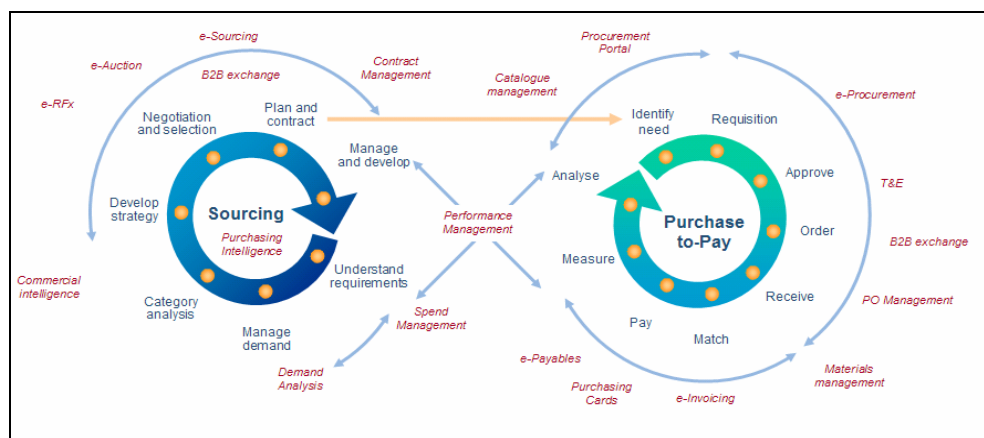
- create a national CPH strategy forum which will ensure alignment and sharing of ideas and Business plans. We will use this forum to support the drive to develop and transform procurement hubs
- realign our stakeholder forum sub-groups under this new group tackling purchasing, integrated procurement, supply chain, eProcurement and corporate services issues. These groups will continue to ensure harmonisation of work plans and strategies and share and spread better practice in procurement

- continue to develop a best practice procurement process framework which we will embed through the HITF
- ensure that CPHs will also be instrumental, both in supporting the procurement process and in driving contract compliance and realising the savings opportunity for nationally-led sourcing programmes from both the Agency and NHS Supply Chain
- research and develop alternative governance and funding mechanisms to allow CPHs to become more effective for their stakeholders in delivering longer-term sustainable efficiencies and quality improvements for patients
- review the contribution and sourcing activities of hubs with a view to extending their boundaries and capabilities to support greater value and innovation in the delivery of all aspects of healthcare
- develop a commercial competency framework and support CPHs in building greater capabilities in delivering the new commercial agenda.

eEnablement

eEnablement is the application of electronic communication technologies to business transactions and communications within and between organisations. The evolution of internet technology during the 1990s significantly reduced the cost of these technologies and subsequently a wide range of business applications have evolved. Purchasing and supply consists of the activities that organisations engage in to obtain goods and services; for any organisation, including the NHS where for example every year the NHS raises some eight million purchase orders to 25,000 suppliers these will constitute a significant proportion of business transactions.

A large range of electronic communication applications have evolved in the arena of purchasing and supply and eEnablement describes the use of these technologies to undertake the processes required to acquire goods and services. The diagram below provides an overview of this activity; the text inside the arrows describes the processes undertaken, and the text outside the arrows describes the eEnablement technologies that are available to support these processes.



The eEnablement of purchasing and supply can deliver significant benefits in terms of improving care processes, efficiency, information visibility and quality, and our ability to collaborate across the NHS. These capabilities are essential to deliver our vision of an intelligent NHS procurement function, and the strategic management of all NHS non-pay expenditure. To realise these capabilities key enablers need to be in place across the NHS and its supply base. Our eEnablement objectives drive the establishment of these enablers in the NHS, ensure our ongoing use of eEnablement technologies and effectively support eGovernment objectives and targets.

The NHS procurement community recognises that the significant capabilities eEnablement technologies can deliver are not being achieved across the NHS. Consequently, in September 2006, the NHS Procurement eEnablement Delivery Group (NPEDG) was established to drive forward the adoption of eEnablement technologies in NHS purchasing and supply. A key enabler to achieve this is a common direction of travel for the NHS and statement of standards; to provide this the NHS Procurement eEnablement Strategy has been produced and is due for publication in April 2007.

NHS PASA Centre for Evidence-based Purchasing (CEP)

The role of CEP is: *“ To underpin purchasing decisions by providing objective evidence to support the uptake of useful, safe, innovative products and related procedures in health and social care”.*

Following the transfer to NHS Purchasing and Supply Agency in September 2005 the Centre for Evidence-based Purchasing has been creating an organisation to help achieve the overall aims of the innovation landscape.

Other progress in the landscape, specifically the Cooksey review on a single fund for health research, the Carter Review for pathology services and the creation of the National Institute for Innovation and Improvement will help CEP deliver greater adoption of innovative technologies via strategic sourcing and supply.

CEP is currently funding four pilot projects that bring together the aspirations of both original HITF recommendations on market access and product evaluation. These pilots are being supported by both the Centre for Research in Strategic Purchasing and Supply (CR/SPs) at The University of Bath and the Multidisciplinary Assessment of Technology Centre for Healthcare (MATCH). The aim of these projects is to create a common understanding of value across a diverse range of technologies.

These projects will be completed in 2007 and should offer the opportunity for industry to shape their own studies appropriately at a pre-market stage making the task of evidence review and therefore adoption that much simpler.

Future plans for CEP include electronic specification databases for comparing products that are available on the market and buyers guides for all adopters to understand the challenges involved in adopting new technologies. We will be working with the National Institute for Innovation and Improvement (NIII) to help create implementation strategies to help make technology adoption part of normal business for NHS and social care.

Commercial intelligence

It is intended to produce a robust, methodical and predictive system and process to provide effective commercial intelligence (CI). This will not be just about supplier information but about using a range of external information to support key decisions. CI in relation to the Agency can be described as the process of systematic gathering and processing of business information relevant to health, health impacts, health economics and other related topics and the transformation of it into actionable management information for making decisions. This will enable us to engage in key supplier management, key customer relationship management and influence at a strategic level the health spend and DH policy and therefore place the NHS at the right level (national, regional or local) in the market place through better market positioning and selection.

It is expected that the outputs from a CI capability will be extended over a period of time to wider NHS and health stakeholders. Therefore CI needs to be able to develop to support both strategic and tactical intelligence to support and influence one-off and ongoing business decisions.

Research, training and development

We will maintain and promote our research agenda for purchasing and supply in the NHS. During 2007/8, we will actively support and encourage new research and/or the development of knowledge in support of the Agency, government and NHS priorities.

The Office for Government Commerce has commissioned the Chartered Institute of Purchasing and Supply (CIPS) to establish the Public Sector Faculty (PSF). This is intended to create an easily accessible virtual community of procurement professionals working in the public sector.

The aim is to enable sharing of best practice, encourage innovation, help develop skills and help raise the profile of procurement across the whole of government.

It is intended to establish a Health Arm as part of the PSF which we will seek to deliver.

Key programmes

eEnablement

In 2007/8 the Agency will continue to provide significant support for the work of NPEDG and the implementation of the requirements of the strategy. In conjunction with NPEDG the Agency will undertake the following activities:

- provide an effective launch (April to June 2007) campaign to ensure a high level of awareness amongst the wide stakeholder base is established for the NHS Procurement eEnablement strategy
- undertake an ongoing programme of awareness, monitoring and guidance across the NHS, NHS suppliers and eSystem providers with regard to the implementation of the requirements of the NHS Procurement eEnablement strategy
- develop a range of tools to assist the NHS with implementation of the requirements of the strategy. Examples of these are:
 - an output specification for NHS p2p systems
 - a tool for the NHS trusts to measure their level of maturity
- develop an NHS data set for purchasing and supply
- to enable NPEDG to influence and be well informed, we will maintain links with relevant networks and stakeholder groups, with the NHS, NHS suppliers, the wider public sector and eSystem providers
- operate and develop for the NHS on a once only basis, the NHS pre-qualification database for suppliers, NHS-SID
- investigate opportunities where the NHS would benefit from further once only approaches
- operate and develop the NHS eClass classification system, on behalf of the NHS
- good practice. The Agency will provide advice and guidance on the application of eEnablement technologies in purchasing and supply. This will consist of:
 - a source of information for the NHS on the market and available eSystem providers
 - the development, publication and maintenance of guidance on good practice for the adoption of eEnablement technologies in purchasing and supply.

CEP

CEP will deliver an ambitious programme to develop the services it provides. Over the course of 2007/8, CEP will:

- review the current process for selecting and prioritising projects and adapt it in order to align CEP more closely with NHS and DH business and clinical strategies
- identify opportunities to integrate more closely with the business processes of collaborative procurement hubs
- reconfigure its current provider base in order to ensure that CEP has the capacity and capability meeting the future needs of stakeholders
- take the output from the ECRI project and identify opportunities for future collaboration in order to benefit the NHS
- continue to deliver a range of outputs in response to the needs of stakeholders, focusing on the need to build credibility among core stakeholders
- identify a suitable customer to help develop a pilot 'technology implementation strategy' to promote a more strategic approach to technology in the NHS.

Commercial intelligence

To best deliver our commercial intelligence programme over the next year, we have committed ourselves to the following deliverables for 2007/8:

- set in place a commercial intelligence structure to support DH and NHS decision making
- agree the classification, structure and definitions of information repositories accepted and used across Agency
- identify our key sources of data and document these and define the routes of access
- develop a suite of structured reports available for all stakeholders.

Demand and compliance management

To support hub development we will develop a best practice programme with CPHs to identify opportunities from increased demand and compliance management.

A demand management pilot at NHS trust level will identify the available opportunities from applying levers to manage demand. For example:

- alternative ways of filling the need; challenging the need and/or substitution
- product/service standardisation; challenging the relative market complexity of an item
- review volume requirements; challenging the quantity and/or timing of requirement.

A compliance management pilot at NHS trust level will identify the available opportunities from increased compliance to agreed contracting arrangements. For example:

- usage of framework contracts; identifying effective communication and effective use of eProcurement/eCatalogue tools
- policy; developing effective compliance policies and compliance levers
- measurement; measurement of non-compliant procurements and corrective actions.

Research, training and development

To ensure the ongoing deliver of our research agenda throughout 2007/8 we will:

- ensure that the research partnership with the University of Bath's Centre for Research in Strategic Purchasing and Supply (CR/SPS) delivers high quality and timely outputs, as specified in our partnership work programme
- actively contribute to, and ensure that we benefit from, our research partnership with Multidisciplinary Assessment of Technology Centre for Healthcare (MATCH)
- support and, where appropriate, sponsor student research projects in key areas
- provide support and additional funding for other relevant research projects (for example, multi-university projects for which Research Council funding is secured)
- maintain formal and informal domestic and international networks to ensure the capture of leading edge thinking
- disseminate the outputs of relevant UK and international research
- fund a market research programme to underpin category, policy and corporate objectives.

In addition the health arm of the public sector faculty will need to be developed over 2007/8. This will include the management, resourcing and branding of the health Arm. An advisory group will be established to steer overall direction and service offerings.

Particular deliverables will include:

- promotion of the new CIPS qualifications and public sector electives
- advice on various professional study options including e-learning
- introduction of new membership grades
- new on-line CIPS continuing professional development (CPD) system to support skills development
- survey of NHS levels of professional qualification and training investment
- development of a training needs analysis tool kit
- delivery of a programme of basic operational purchasing training via the network of taskforce trainers
- gaining CIPS accreditation for the above operational training modules
- delivery of specific CPD events for supply managers including developing supply strategy and the NHS Procurement Leadership Programme
- defining new competencies and standards required as part of the wider commercial advisory role
- creating an overall learning and development strategy and prioritised plan for health in support of DH and NHS strategic objectives with key stakeholders including collaborative procurement hubs, CIPS, OGC, Healthcare Supply Association and academia.

4.5. Support the development of policy

Objective	Service Offerings	Activities
Deliver and support the development of DH and wider government policies through procurement	translate, develop, implement and influence policy	sustainable development plan emergency planning initiatives purchasing for safety project cross government food procurement group

Our policy role can be categorised as follows:

- translating government policies into our own organisation and the NHS where pertinent and appropriate
- supporting the DH and other government departments in the creation of new policies or policy programmes - through the provision of expert advice, guidance and support to policy-makers
- Creation policies ourselves for the NHS, under our remit as an executive agency of the Department of Health with responsibility for policy relating to purchasing and supply matters.

Our policy activities can therefore be regarded as both vertical and horizontal, and primary or secondary, depending on the degree of involvement required in any given situation. We also participate in the delivery of initiatives which arise directly from policy activities. Examples of our work include:

- Policies relating to goods or services for which we negotiate contracts or framework agreements (for example, policies for specific pharmaceutical products)
- Cross Government initiatives on procurement and commercial issues (such as coordinating the Department’s contribution to the Government response to the Sustainable Procurement Task Force report and our ongoing work with the OGC)
- Policies relating to purchasing and supply matters in the NHS (such as developing an overarching procurement policy to ensure NHS compliance with the legal and regulatory framework governing public procurement).

Service offerings

We will continue to undertake our policy role throughout 2007/8, providing expertise and guidance on all areas of procurement and market and product expertise. Throughout the year particular focus will be given to sustainable development, emergency planning as well as already well established ongoing policy areas.

Sustainable development

During 2006/7, the importance of sustainable development (SD) escalated in government and for the health sector with a number of important reports being published and an increased political attention on aspects of sustainable development, most notably climate change. Key developments in the past year include:

- new, more challenging targets for SD in the Government Estate (SDiG) were announced in June 2006 to apply from 2006/7 onwards
- the Sustainable Procurement Task Force (SPTF) published its recommendations for a National Action Plan in June 2006 and the government response and SP Action Plan (SPAP) was issued in March 2007
- the Stern report was published in November 2006 providing new insight into the challenge of climate change for the UK and global economy and raising the importance and urgency of the government's strategic aim of tackling climate change.

In response to the heightened level of interest and activity in the area of SD we published a sustainable procurement (SP) policy, strategy and action plan in October 2006 which provides future objectives and targets for the Agency in relation to SP. We have also been central to compiling responses for the health and social care sector on behalf of the Department and government which will set the direction of travel on SP in the NHS for the coming years. We have been confirmed as the lead on SP for the DH in line with our wider remit for procurement policy.

We have worked closely with NHS Supply Chain (NHS SC) and the NHS Business Services Authority (NHS BSA) to establish an ambitious and challenging range of targets on SD and SP that NHS SC will work towards over the coming years.

In support of our overarching aim to 'deliver and support the development of DH and wider government policies through procurement' we have identified the following high level SD objectives for the 2007/8 year as follows:

- deliver against sustainable development in government targets on our estate
- establish a sustainable development action plan (SDAP) for the Agency to cover the 2007/8 year
- deliver against targets for SP as set out in our SP strategy and action plan
- deliver the SD communications strategy to proactively disseminate information on good and best practice, progress, and performance to key stakeholders.

Emergency planning

The Agency is integrated into the emergency planning activity of the Department of Health. It is able to bring a purchasing and supply perspective to that work from the earliest stages of policy formulation and development, to advise throughout the planning stages, and subsequently to procure the required goods and services which go into the UK's national stockpiles.

We have spoken in this document about our work to support the Department's influenza pandemic contingency planning. This work is just one of the emergency planning programmes we are presently engaged in – albeit a very significant one. Other programmes vary from pharmaceutical countermeasures right through to the vehicles which support the health response to emergencies.

To support all of these programmes we have developed strong relationships with the emergency preparedness, health protection and pandemic flu divisions within DH. We will continue to work with these colleagues to plan and deliver new and ongoing requirements throughout the year.

We will continue to work with NHS Supply Chain, through the NHS Business Services Authority to build on the work we have done developing new processes subsequent to last year's

outsourcing.

In addition we will set in place a more formal process to plan activity over a longer horizon further ensuring consistent delivery in the area of emergency planning.

Ongoing policy programmes

We will continue to support and endorse the ongoing development of policies which are now a core part of our daily activity, for example:

- innovation (meeting Healthcare Industry Task Force objectives to encourage innovation, early engagement with industry on the needs of the NHS and develop effective procurement processes)
- health (supporting the Choosing Health objectives to improve the health and wellbeing of the nation, as well as emergency planning for DH and contingency planning for the NHS supply chain)
- promoting patient and staff safety as an effective procurement outcome
- supporting eGovernment objectives and targets and sharing our knowledge effectively with our stakeholders.

Key programmes

Sustainable development

To support the achievement of our objectives a range of targets will be developed to help us track progress against key actions and programmes critical to the delivery of success. This section outlines the principal tasks envisaged for the coming year to support the achievement of the four high level objectives.

Deliver against sustainable development in government targets on our estate.

- Revise the scope and structure of the current EMS/SDMS to reflect the role and functions of the our Agency and the related SD aspects and impacts while maintaining Certification to ISO14001.

Establish a sustainable development action plan (SDAP) for the Agency for 2007/8.

- Develop and launch a SDAP that integrates action plans for SDiG (EMS/SDMS), SP, and social engagement.
- Develop and implement a social engagement strategy and action plan for the Agency (as a key element of the SDAP).
- Review action plans to ensure they effectively support national and departmental SD objectives.

Deliver against targets for sustainable procurement(SP) as set out in our SP strategy and action plan.

- Develop SP training modules and capacity enhancing tools for procurers.
- Advance eLearning delivery routes (for SP training) to provide access for NHS procurement professionals.
- Undertake regional SP events in conjunction with hubs, trusts and other key organisations.
- Roll out SP procurement processes and tools.
- Identify key SP projects with priority sectors of the supply community.

- Establish a supplier sustainability recognition scheme.
- Develop practice and performance related indicators to inform progress and outputs from SP activity.
- Focus research on key objectives for SP with targeted outputs.

Deliver the SD communications strategy to proactively disseminate information on good and best practice, progress, and performance to key stakeholders.

- Deliver the full response to the SPTF report for the DH in respect to health and social care by the end of May 2007.
- Establish an online practice, progress and performance reporting facility to support dissemination of information on SD to key stakeholders.
- Maintain and raise profile through events, presentations and coverage in publications.
- Undertake a stakeholder engagement exercise to help communicate the role and remit at national level in relation to SD and also to gauge understanding of needs and views of the key stakeholder groups.

Purchasing for safety

Patient safety has risen rapidly up the government agenda since the publication of *An organisation with a memory in 2000*, and has been given fresh impetus by the December 2006 publication of *Safety first*, which made 14 recommendations to accelerate the pace of change. These and other reports have acknowledged that procurement has an important role to play in delivering this agenda by 'building safety into purchasing policy within the NHS'.

During 2007/8, we will work with the NPSA and a wide range of other government, NHS and industry stakeholders to demonstrate how procurement can be used as a lever to improve patient safety. The project will focus on the high risk area of injectable medicines and will be approached via three pilots at trusts within the East Midlands (Re:source CPH).

Deliverables will include an implementation plan for each of the pilot trusts, final reports from each, case studies and a knowledge pack to assist other trusts in undertaking similar improvements. These outputs will detail the evidence, demonstrate the benefits and build the case for change to reduce clinical risk in the supply, storage, management and administration of injectable medicines.

Using technology to support people with long term conditions

There is good international evidence, supported by small scale pilots in this country, that dramatic improvements in the care of those with complex needs - including significant reductions in the use of unpopular hospital-based care – can be achieved⁸ through the effective use of technology.

We are providing support to the Department's white paper whole system *Long Term Conditions* demonstrator programme through membership of the steering group. We will provide commercial advice to the Department over the course of the two year demonstrator activity, which will include advice on the specific commercial issues relating to organisations bidding to become one of the Department's funded demonstrator sites, and working with the Department's partners such as CSIP and Connecting for Health to develop use of our telecare national framework agreement through the demonstrators.

We will also lead in the design and development of a procurement sub-group of the

⁸ *Our health, our care, our say: a new direction for community services, Department of Health, 2006.*

Department's white paper whole system *Long Term Conditions* demonstrator steering group. This forum will be charged with providing a commercial strategy for telecare and telehealth, and will encourage the development of a sustainable and competitive marketplace to support public health and care systems. We will work closely with colleagues in the DTI in order to deliver this strategy, with due regard to innovation, effective use of both the independent sector (IS) and voluntary sector, as well as partnership working across the many agencies involved in providing these services to people with long term conditions.

Food

We are involved in the cross government food procurement group. This group seeks to deliver the recommendations outlined within the NAO report *Smarter Food Procurement in the Public Sector* including the continuation of a benchmarking project and review current food specifications (employed across the public sector) to identify opportunities for delivering greater uniformity.

An additional work area is to continue to scope the commercial opportunities within the existing contract catering arrangements across the NHS and subsequently work with trusts to implement the recommendations.

5. Enablers, improving our capability, efficiency and effectiveness

We have always sought to improve the way we work and we will continue to do so this year. This section explains how we will work to improve our effectiveness through the development of our key processes.

We will continue to look at the new processes we will need to develop as our organisation changes to meet future demands. As new work is identified, programmes will be created around them with targets and measures.

In the meantime, we will continue our work to improve our core business processes over the planning period and ensure systems are in place to monitor compliance. Our core business processes include: strategic sourcing, project management, key supplier management and customer relationship management including marketing and uptake management.

5.1. Strategic sourcing

Building on the lessons learnt from the SCEP National Contracting Programme, NHS PASA has strengthened its strategic sourcing capabilities. Work is underway to communicate best practice techniques through a web based tool providing category, sourcing, data and uptake staff with access to tools and templates to support the strategic sourcing process.

Project management toolkits will also be utilised to ensure sourcing processes are delivered in a robust and efficient manner. This will also include a greater emphasis on the use of sign off gates at critical project milestones and provide appropriate levels of governance throughout the process.

We will continue to ensure we make full use of e-procurement techniques such as eTendering and eAuctions and ensure all our programmes are delivered in accordance with our internal *Operational Purchasing Procedures Manual* and Agency processes.

5.2. Project management

To assist with the capability, efficiency and effectiveness of programmes and projects within the Agency, a programme and project management office (PPMO) will be established and implemented, providing support on all mission critical projects within the Agency. This will be done through:

- embedding a project management methodology within the Agency, ensuring the methodology becomes business as usual
- supporting and nurturing the skills, competency and behaviour required within a project environment
- monitoring of all mission critical projects, assisting with the Agency's change management and creating a project environment (assisting with professional skills for government).

5.3. Key supplier management

Key supplier management remains one of the core skills of our category managers and specialists. At the centre of this expertise is an advanced understanding of key suppliers and the dynamics within each of our markets. As part of this role we will continue to develop our expertise, furthermore we will continue to look at how we can share this knowledge to colleagues at all levels in the health community.

The increasing globalisation in industry means that we must look at how we work with those suppliers who work across many of our markets to ensure a consistent approach to them. We will seek to see how we can develop this process and embed it in our work.

5.4. Uptake management

Uptake management is the effective planning, marketing, promotion, introduction and performance monitoring of procurement projects and programmes. Financial recovery in the NHS is partially reliant on implementation of a range of best practice initiatives at local level including uptake of nationally negotiated agreements. The primary critical success factor in achieving the target uptake is early engagement and effective relationship management with key stakeholders.

To ensure that the DH, NHS, Social Care and cross-government stakeholders reap the full benefits of our programmes, projects and initiatives, we will:

- build on the work of the 2006/7 90 day uptake programme and lessons learnt, by introducing a further programme to maintain the momentum and embed sustainable uptake management throughout 2007/8 and beyond for waves 1 and 2 of the SCEP National Contracting Programme
- capitalise on the keen interest being shown by SHA turnaround directors in this area and it has been agreed that progress with NCP wave 2 implementation would be included in the regular SHA turnaround performance reviews. We will work with CPHs and SHAs to provide supporting information for these reviews during 2007/8
- work in close partnership with CPHs, whose role is instrumental in driving contract compliance for nationally-led sourcing programmes, to align our approach and follow an integrated procurement path
- produce a marketing strategy and stakeholder management plan for every new 'mission critical' and priority project in conjunction with internal and external stakeholders. These plans will include identification of key stakeholder groups, stakeholder engagement approach, appropriate marketing tools, communication milestones and timelines, implementation requirements (including good practice models) and challenges going forward including implementation costs
- ensure that stakeholder engagement is mobilised at the very outset of the category strategy decision-making and sourcing process for projects and that their involvement is maintained throughout the lifecycle of the agreement
- refine and improve the uptake management tool (UMT) for widespread use within the Agency to manage contact with customers, identification of current uptake status, reasons for non-participation, escalation, planned activities and progress
- use the UMT and integrated benefits tracking tools together with customer views and other intelligence gathered to monitor, analyse and report on spend, savings, compliance and supplier performance.

6. The Department of Health Centre of Expertise (CoE)

The Department of Health spends in excess of £600 million annually on the direct procurement of goods and services, and around £3.6 billion indirectly through the payment of grants and other programmes. Good procurement practice is therefore essential in delivering the DH strategic aims and objectives and failures within these procurements will consequently add risks and challenges to the Department's ability to achieve its objectives. The adequacy of appropriate resources, including suitably skilled and specialist staff, and dependency on others for delivering many of these programmes, are of particular relevance to the procurement strategy.

At the end of 2005, the Department conducted a review of its structure. As part of this review, in order to deliver the enhanced organisational support, DH committed itself to implement new arrangements to support Directors General with a new model to deliver corporate services through business partnering. This would be delivered through a single corporate services team, with three domains.

- *Business partnering* – closest to the business, with partners providing support on planning, performance, business improvement, governance, HR, finance and access to other centres of expertise.
- *Centres of expertise* – professional and expert advice and policy on HR, finance, information services, accommodation, procurement, audit and internal communications.
- *Service delivery functions* – HR and finance transactional functions such as payroll, recruitment and expenses.

We have committed to provide a procurement centre of expertise for the Department by April 2007. The focus of 2007/8 will be to establish the CoE within the Department and develop the processes and systems which will enable it to become an integrated part of the Department.

At its core the CoE will be a function by which we make our commercial expertise available to the Department. The CoE will develop close relationships with the Department's directorates and advise them on commercial issues and support their procurements to ensure the DH manages its spend in the most effective way. The CoE will support the Department in four key areas:

- **compliance** - a CoE that will set policy and drive better enforcement through processes to satisfy audit criticism
- **efficiency savings** – through the effective delivery of procurements releasing money and resources
- **commercial expertise** - to support policy projects
- **probity** – ensuring the best governance and legal compliance in the CoE's activities.

Over the duration of this plan, we will look to develop the three key areas of focus we have identified for the CoE; developing relationships, information systems and embedding specialist expertise.

6.1. Developing relationships

The success of the CoE will be dependent on relationships it builds within the Department. The business partnering system offers excellent opportunities for these relationships to be created and developed. To support this process, the CoE will have in place strategic commercial advisers whose role will be to engage in the partnering process and forge relationships with directorates. It is these strong relationships which will enable commercial opportunities to be pursued and identified at the point where policies are being created. During 2007/8 key function will:

- engage with the business partnering team and forge relationships with DH directorates
- work with directorates to identify commercial opportunities as part of their work plans and develop agreed solutions for their delivery and implementation
- develop and disseminate guidance on the use of the CoE
- help staff develop robust scope of work, objectives, and KPIs so that project delivery can be effectively measured and managed
- maintain an overview of the procurement activity across DH.

6.2. Information system

The Department is investing significant funds in its financial, HR, and procurement information systems. Project Showa is the vehicle to deliver this by April 2008. The current systems are based on Oracle and the project plans are to continue with this, albeit upgraded to current versions to enable interoperability. When implementation is completed it is planned that system maintenance will be off-shored to the NHS SBS. The Oracle procurement and contract management modules delivered in Project Showa will be core to the Department's procurement activity and will deliver an end to end eProcurement process, item level reporting and a contracts database.

The CoE will be expected to utilise the Department's information systems for all DH procurement activities except where we are asked by DH to deliver a specific project, for example the Fruit for Schools project delivered for the Department's Health Improvement Directorate

The CoE will provide regular reports (anticipated to be at least monthly) to the Department to illustrate its procurement expenditure and commitments.

CoE will maintain the information on a contract database so that the Department can audit procurement activity, identify who provides resources and/or services, the trends for example frequency of use of external organisations, by whom, when and at what cost. The data from the system will be extracted to provide information to address Ministerial, Parliamentary, FOI, or other sources of questions relating to the use, cost and frequency of use of external resources, often at short notice.

6.3. Embedding specialist expertise

The CoE will need to support all of this with a range of service offerings. Using the commercial expertise within the Agency, the CoE will seek to embed the following service offerings over the course of next year, to help the Department deliver savings:

- procurement advice
- sourcing
- contract management
- training and development.

By doing this we will deliver to the Department.

- Value for money and efficiency savings on non-pay spend.
- Manage risk through promoting best practice and protect the DH through legal compliance.
- Enable DH to take a strategic view of its purchasing requirements and therefore plan for the future.
- Increase DH performance and capability in its commercial activity.
- Provide structured support to DH projects.
- Key supplier relationship management.
- Support DH in its delivery of its key objectives and reduce administrative burdens.

7. Supporting delivery

So far, we have outlined the programmes which we will deliver over the next 12 months. In this section we will lay out how our organisation will support the delivery of these programmes by investing in our people and infrastructure to make the best use of our resources.

Our corporate services help us to get the best from our people through effective HR, learning, development and communications and make sure that they are able to work effectively with the IT and finance systems they need. We have always worked to improve these services, seeking to set in place examples of best practice across government; we will continue to do so this year.

In addition to these ongoing improvements, our corporate services must lead the Agency through the high level commercial review being undertaken by the Department. This review is developing a strategy for the future commercial management within the Department and across the NHS. Of the options appraised as part of this review, particular consideration is being given to potential synergies between our organisation and the Department's Commercial Directorate and the potential for the creation of a single, new organisation to deliver the Department's aspirations.

We are now engaged, along with our Commercial Directorate colleagues in the programme to assess the requirements, objectives and structures that such an organisation may have as well plan the work which would be required to achieve the transition to such a single organisation. This work is brought together in a joint review programme which coordinates this activity.

The review programme and the work that our corporate services will undertake to support the merger is described within this section.

7.1. Organisational review programme

A great deal of work is required for us to successfully undertake this review programme. We will need to establish the tasks to be undertaken to create a new organisation. Once created, our challenge would be to transform this joined-up organisation into a new, united one, focused on achieving new objectives.

A governance structure to undertake this programme has been created; this structure is shown in section 9.4. All of our review work will feed into this governance structure.

Beyond the functional transitions, this programme will need to develop strategies to transform business processes, core skills and enabling functions. Most of all however this programme will set in place the mechanisms by which we develop the culture that a new organisation would require.

All of this will require a significant input from supporting functions. Led by representatives from the DH Commercial Directorate as well as the Agency, this programme will be at the core of any transformation. Targets, measures and governance arrangements will be continuously scrutinised and adapted as our organisations change.

7.2. Investing in our people; human resources, learning and development

Our people have always been the key to our organisation's success and supporting and investing in them is key objective of our human resources team. Our team have a full programme this year in addition to a lot of work as part of the organisational review programme. Specifically:

- create our overarching HR strategy for the next twelve months drawing together a range of initiatives into a single strategic plan
- identify new competences required in our organisation and update our competence framework to reflect our capability requirements. The competence framework will serve to integrate recruitment, personal development and succession planning systems
- introduce Professional Skills for Government (PSG) for our relevant staff and ensure that the competence elements of PSG are merged into our competency framework
- carry out a training needs analysis, incorporating PSG assessments,
- participate in the formation of the OGC graduate training scheme for procurement staff
- recruit staff to vacant posts possessing the required competences, both from internal and external sources, to enable us to deliver our objectives. This will also include advice on employment status for example; permanent or fixed term
- implement induction programmes not only covering new external appointees but also Agency staff taking up new roles
- create, implement and monitor a prioritised and costed learning and development plan supporting the delivery of our strategic objectives
- carry out job evaluation in accordance with DH practice on all new roles in the Agency
- develop our performance management and appraisal system in accordance with cultural and procedural requirements and the Agency's KPIs
- monitor the effectiveness of the change programme and staff satisfaction levels and ensure feedback is fed into action planning.

To support the organisational review, we will lead on the human resources workstream of the review programme. To do this we will:

- input specialist advice and support into the developing organisational structure. Our changing NHS and DH environment is likely to change existing plans
- develop role profiles for all new roles identified in any new organisational structure which show key result areas, success criteria, associated competences and educational requirements
- lead the process resulting in the confirmation of the new vision and associated values. This should be with a newly appointed top management team and will be the foundation in establishing the organisational culture and associated leadership style
- ensure that an action plan exists to maintain Investors in People accreditation for a new organisation.

7.3. Estates

We will seek to ensure that our accommodation is effectively used throughout this year and that all staff work in a comfortable and safe environment.

If our accommodation needs change, as part of the organisational review process, requirements for the business planning period will be agreed. A particular objective will be to aim to bring all our London based staff onto a single site.

We will benchmark our accommodation standards against ALB targets.

The facilities function is committed to be an exemplar of best practice concerning effective environmental management as part of the Agency's ISO 14001 accreditation.

7.4. Finance

The DH is planning to develop its VISTA system through project Showa. This project aims to provide an integrated finance system which will provide the basis of a shared business service for ALBs. A target implementation date for the new system is 1 April 2008. Over the course of the business planning year we hope to take part in the development to ensure that the functionality provided by the system would prove to be an effective solution for the Agency to adopt.

We will continue to work through the implications of the organisational review. Specifically, we will maintain close relationships with the NAO our internal auditors and the Audit Committee to ensure that all financial and accounting issues are identified and anticipated to facilitate a smooth transition.

7.5. Information technology

Our people rely on our IT to allow them to undertake their duties effectively and efficiently. Our IT team will continue to place emphasis on the overriding objective to deliver solutions and technologies that will provide efficiency in the business areas, whilst managing reductions on financial spend through the year. More specifically we will:

- continue to develop an integrated IT infrastructure which enables business applications, technologies, telephones and communication of data to operate efficiently and economically
- ensure that we realise the potential benefits of professional IT services enhancing the development and achievement of business goals
- ensure the Agency's IT performance continues to compare well with ALB benchmark data. We will work to deliver ALB savings targets evenly across the planning period and to ensure that all business requirements are addressed in a cost effective and prioritised way
- seek opportunities for sharing services and best practise with other ALB IT departments.

In addition our IT department will continue to play a key role in the organisational review. It will continue to develop its plan to assess the IT capabilities of NHS PASA and the Commercial Directorate and consider how it may facilitate the transition to

a merged solution. At the core of this will be a transition and a transformation plan developed as part of the organisational review. The IT workstream will seek to achieve the following key tasks:

- assess and plan the integration of the Commercial Directorate's IT services with NHS PASA's
- implement a corporate IT function covering NHS PASA and the Commercial Directorate to support the organisational review
- evaluate optional models for IT service delivery during the planning period.

8. Communicating with our staff and stakeholders

8.1. Communications strategy

Central to the success of our communications strategy will be the understanding of all key stakeholders. The ability to understand and satisfy their specific needs will help us build engagement in, and commitment to, the way forward. However, we work in an environment of almost constant change and our approach to communications must be as flexible as possible. This means we really have to understand the expectations of stakeholders and learn how to manage them.

Fundamental to this effort are two overarching principles:

- communication strategies are integral to the strategic change programme and development needs of staff
- agreed communication strategies are critical in the effort to engage all stakeholders.

Our overarching strategy will be the catalyst for the development of communication plans that will support all elements of our business. It sets a brand and style that will be reflected through all communication material whether printed or electronic.

Some elements of the strategy include:

- the identification of key stakeholders – internal and external
- the development of core internal and external communication channels that ensure delivery of the right message to the right stakeholder through the media that is right for them
- the maintenance of a core stakeholder contact database for accurate – and timely – message management
- development of toolkits to equip team leaders/managers to cascade messages effectively to their team
- implementation of a robust measurement system to evaluate the effectiveness of our communications. Revising the strategy as necessary in light of this knowledge.

8.2. Stakeholder engagement

Engagement with our key stakeholders is a fundamental priority for us. We need to focus on their needs and to understand the barriers to effective communication by closely managing these relationships. However, the healthcare environment is one of constant change and the strategy also has to take account of the impact this will have on stakeholder expectations and changing requirements. Mechanisms to identify these changes and emerging opportunities and threats will be key to the successful implementation of the strategy.

A major piece of work is being undertaken to identify stakeholders. The list is not exhaustive but it is intended to be a checklist of the majority of communities that need our consideration (a more complete list is contained in the full strategy document published on the website).

Internal to NHS PASA	Ministers, DH and OGDs
<ul style="list-style-type: none"> • All staff • DTUs 	<ul style="list-style-type: none"> • SoS for Health • Permanent Secretary • CEO of the NHS • Ministers • Special advisors • Director generals • Third sector • OGC
NHS	Other priority groups including:
<ul style="list-style-type: none"> • SHAs • PCTs • Acute trusts • Foundation trusts • Home countries NHS 	<ul style="list-style-type: none"> • Patients • Industry • Independent healthcare providers • Research bodies • Royal colleges • Media

Stakeholder analysis work has also begun. This helps us to understand:

- who we need to plan for engagement
- who to inform on specific activities
- who to keep informed
- who to engage with now.

Not solely who is deemed important but being relevant and timely with our communications across all stakeholder groups. When we put some measurement criteria in place e.g. surveys; 1:1s; focus groups; internet and intranet usage tracking we will be much better placed to refine this analysis next year.

8.3. Targets and measurement

We will implement the communications strategy using a variety of tools and techniques including:

- demonstrating to our stakeholders that we deliver expertise, quality, reliability, efficiency, consistency and value for money by reporting openly and honestly across our range of communication routes on the outputs of the organisation. Thus strengthening our reputation
- creating integrated, measurable communications channels which are based on stakeholder needs by using the measurement tools previously described - e.g. staff and customer surveys; 1:1s; focus groups; internet and intranet usage tracking - we will receive relevant feedback to inform the way we communicate with all stakeholders
- providing a suite of tools and efficiency solutions for anyone interfacing directly with stakeholders to ensure consistency of approach and brand
- basing all core communications around a clear message management process to ensure the right messages reach the right person, at the right time, in a way which is right for them

- building a message process for internal communications which consistently shares the 'bigger picture' and relates to the overall business objectives
- ensuring that the established branding and identity guidelines are adhered to strictly
- ensuring as the stakeholder contacts database is developed later this year the management reports generated will give an overarching view of the range of stakeholders and the details of how and what information they receive from us. These can then be tested to see if they are the most effective ways to communicate.

8.4. Organisational review

As part of the high level commercial review, our communications team will work closely with that of the Commercial Directorate's. Our combined communications team will have a vital role to play for all stakeholders in:

- preparing them for change
- embedding new service offerings.

It is apparent from work so far carried out that, both the Commercial Directorate and NHS PASA, will have key enabling roles in the health sector and both place great emphasis on stakeholder identification. This includes identification of mechanisms for establishing genuine two way communication in order to get deep understanding of stakeholders objectives and requirements.

A strategy is currently being explored as we collectively try to understand the roles, and synergies, of the two organisations and the responsibilities placed upon them.

9. Governance and accountability

As a public body, we are committed to maintaining the levels of governance and accountability expected by statute in line with our classification⁹ and our published Framework document¹⁰. Moreover, we will seek to set in place examples of best practice across government for our internal controls.

9.1. Internal controls

Our Chief Operating Officer will be independently advised on internal controls by an Audit Committee chaired by an independent non-executive member and an internal audit service operating in accordance with government internal audit standards. To support this we will continue to ensure that:

- the Audit Committee includes representatives from the Agency's internal auditors as well as the National Audit Office (NAO) and our sponsor branch
- the committee meets four times a year
- the internal audit plan is reviewed monthly by our Management Executive and quarterly by the audit committee
- our financial statements are reviewed and audited by the Management Executive and Audit Committee
- we continue to liaise with the NAO to ensure we meet legislative reporting requirements with regards to outsourcing of activity to NHS Supply Chain.

9.2. Performance measurement

Our business performance is measured through a balanced scorecard with a structured process for the collection and reporting of scorecard information.

- The scorecard will measure performance in all key activities supporting the delivery of objectives as well as those supporting enablers and the measurement and development of corporate services.
- The scorecard will be updated monthly and presented to Management Executive meetings.
- A quarterly scorecard will be submitted to sponsors and the ALB business services unit as the basis of quarterly face to face accountability reviews.
- Key risks will be aligned to the scorecard showing interdependencies in risk and performance.

Appendix 1 shows a copy of the scorecard which will accompany this Business plan.

9.3. Risk management

The Agency risk management process is accountable to the board through the Director of Finance. As part of the process, corporate and strategic risk registers are produced informed by functional risk registers produced by our various teams:

⁹ www.civilservice.gov.uk/other/agencies/publications/pdf/classification_guidance_aug05.pdf

¹⁰ [http://www.pasa.nhs.uk/pasa/Utilities/RenderDocument.aspx?Path=\[SPSMachineName\]/sites/wwwdocuments/shared_documents/About_procurement_in_the_NHS/Publications/NHSBooklet.pdf](http://www.pasa.nhs.uk/pasa/Utilities/RenderDocument.aspx?Path=[SPSMachineName]/sites/wwwdocuments/shared_documents/About_procurement_in_the_NHS/Publications/NHSBooklet.pdf)

- risks are reported to our Management Executive bi-monthly
- risks linked to strategic objectives are included in the Agency balanced scorecard and reviewed monthly by Management Executive
- functional risk registers are completed monthly within Agency directorates and risks escalated to risk management group
- the Agency risk management group meets quarterly to review the strategic and corporate risk registers and to consider new risks escalated through the functional registers.

We have undertaken an assessment looking at the key risks which face us in the delivery of this plan. This is included in section 11.

9.4. Organisational review

We have worked closely with DH Commercial Directorate in setting in place the governance arrangements for the programme to plan and oversee the review of our two organisations. At the centre of this programme are a number of project work-streams set up to ensure that due consideration is given to the review process. These cover the following areas:

- communications and business change
- DH governance and finance
- HR /IT/estates
- organisation design
- efficiency opportunities
- new bodies coming in.

These work streams are co-ordinated under three project areas:

- cementing the remit
- formalising the interim organisation
- driving the transformation.

A DH steering group sits above all of this to set the direction of the project and has put in place a programme board to ensure progress, consistency and achievement of milestones. Each of these groups includes representation from the Department of Health, Commercial Directorate and the Agency.

9.5. Information management

- We will develop and adopt an information governance framework similar to that employed by the NHS. The information governance framework brings together all of the requirements, standards and best practice that apply to the handling of information to ensure we comply with the law, implement The National Archives and Department of Health advice and guidance and plan year on year improvement.
- We will continue to follow the policy laid down by the Department of Constitutional Affairs and the Department of Health (DH) on cost limits and fees for providing information under the Freedom of Information (FOI) Act (May 2005).
- We ensure that all our operations recognise our obligation under FOI and we will continue to ensure that these obligations are communicated to all our suppliers and providers.

- We will continue to publish and update our publications scheme on our internet site. Our publications scheme ensures that a significant amount of information is available without the need for a specific request. We intend to publish more and more information proactively to develop an open and transparent culture.
- We will continue to meet our obligations under the 1998 Data Protection Act.

9.6. Quality

We will continue to renew and maintain the quality standards we have achieved. This includes:

- our ISO 9000 quality management standards
- ISO 14001 environmental management standard
- OHSAS 18001 health and safety standards
- our Investors In People accreditation.

10. Resources and organisation

10.1. Funding assumptions

The Agency receives grant-in-aid funding from the Department of Health. The funding assumptions for 2007/8 are based on the second year of the ALB three-year allocations of which the Agency has adjusted for the transfer of resources to NHS Supply Chain.

The table below sets out our proposed budgeted expenditure based on the funding assumptions for 2007/8. The budget reflects the targets set by the Department of Health's Arm's Length Bodies Review Team. Our target headcount for 2008/9 remains at 314 whole time equivalents.

Financial plan	
Funding	2007/08 £k
DH grant-in-aid	24,000
Other DH funding ASLIC	551
Other DH funding	30
Total	24,581
Operating costs	
Pay	14,164
Staff administration costs	1,249
Training and communication	599
Professional and consultancy	6,004
IT	1,055
Facilities	1,070
Capital charges	440
Total	24,581

10.2. Application of funds

The changes in the commercial landscape across health and government will demand a changing role of the Agency. Specifically, we anticipate:

- the need to take account of the organisation review process, the outputs of which are expected this year
- increased collaboration between government departments developing operating synergies with those departments best placed to deliver the benefits
- growing maturity of CPHs leading to increased efficiency and effectiveness of procurement within the NHS
- further development of the Centre for Evidence-based Purchasing in line with HITF recommendations.

These changes demand that the Agency maintains a flexible approach to its resource allocation whilst ensuring that funds are applied to support the objectives set out in section 2. Therefore, throughout the year we will ensure our resources are closely aligned to strategic priorities. We will continue to ensure effective accountability, value

for money, performance measurement and flexibility in the allocation process, thus enabling the Agency to change as the uncertainties unfold.

10.3. HR strategy (establishment and cost control)

Our HR function will ensure that our resources are used to best effect as a result of a number of deliverables. We will:

- act as lead in the creation of a workforce plan together with associated strategies to manage recruitment, departures and development. This will also include managing appropriate needs for interim and fixed term staffing
- establish a robust establishment control system covering approvals, monitoring and reporting
- analyse, report and provide support to our managers in order to improve absence levels and labour turnover.
- ensure that we identify and operate within agreed budgets for HR related transition costs
- ensure that HR related risks associated with the organisational transition and on-going business are identified and mitigating actions exist to minimise Agency liability (especially in relation to procedural and legal obligations).

11. Risks

Our Agency and environment will be subject to rapid changes over the duration of this Business plan. We must therefore recognise the risks this will present to the delivery of this plan. In the table below we have detailed the key risks we have identified as well as the key actions we are taking to mitigate against these risks.

The risks will form the basis of our corporate risk register and will be monitored and managed as part of our risk management process as described in section 9.3.

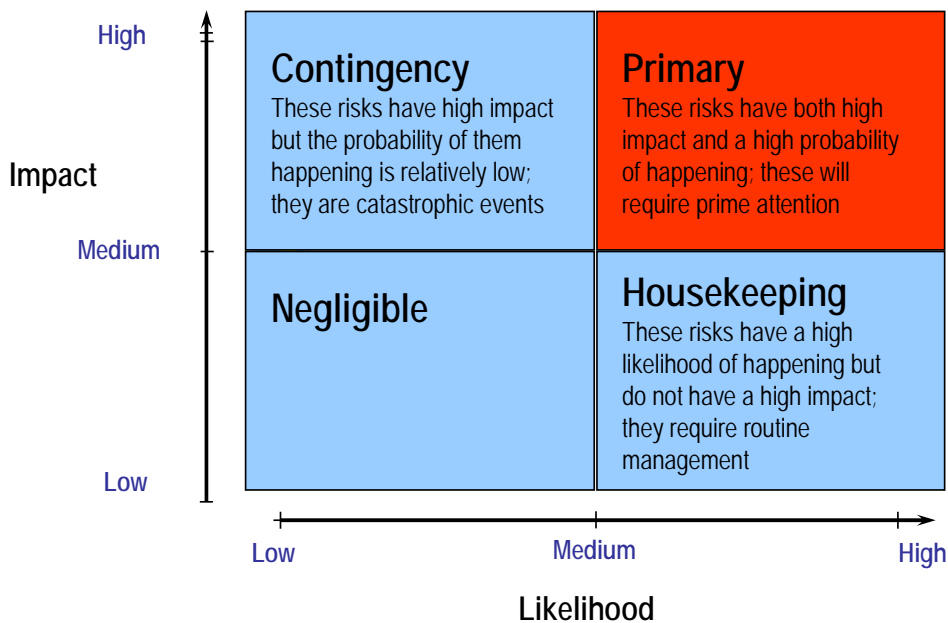
Risks	Mitigation	Risk Classification
<p>Outcome if organisational review during 2007/2008 creates disruption in existing NHS PASA programme delivery and operations i.e. result of organisation cultural differences and lack of integrated processes.</p> <p>Effects:</p> <ul style="list-style-type: none"> ▪ NHS customer dissatisfaction ▪ Efficiency targets are not achieved ▪ Resource waste. 	<ul style="list-style-type: none"> • Review management programme; • Independent review of review programme; • MET monitoring of merger progress; • MET / DH Commercial Directorate relationship. 	<p style="text-align: center;">Primary</p>
<p>Continued changes in the commercial landscape across health and the wider government i.e. Transforming Government Procurement and Our Health Our Care Our Say, therefore resulting in further fundamental changes in operational activity and strategic decisions at NHS PASA.</p> <p>Effects:</p> <ul style="list-style-type: none"> ▪ Business plan rendered ineffective; ▪ Service disruption / continued service resilience undermined ▪ Profile of health procurement damaged; ▪ Business targets not achieved ▪ NHS customer dissatisfaction. 	<ul style="list-style-type: none"> • NHS PASA strategic change programme; • NHS PASA MET relationship with Director General; • NHS PASA MET relationship with OGC; • NHS PASA relationship with NHS Supply Chain; • NHS PASA MET relationship with the CEO NHS and the Permanent Secretary. • NHS PASA MET relationship with OGDs • NHS PASA taking lead buying role for appropriate categories pan Government. 	<p style="text-align: center;">Primary</p>

Risks	Mitigation	Risk Classification
<p>Lack of clarity or understanding of Departmental priorities with regard to centre of expertise. Therefore NHS PASA processes, structure and expertise is not in place or aligned to deliver DH procurement.</p> <p>Effects:</p> <ul style="list-style-type: none"> ▪ Stakeholder expectations not managed ▪ Procurement initiatives and targets are not achieved ▪ Resource waste / inefficiency. 	<ul style="list-style-type: none"> • Delivery of the implementation plan for centre of expertise • Internal review and challenge of the centre of expertise • Outcome of capability review. 	Contingency
<p>Failure of NHS PASA to establish an effective working relationship with DHL/Novation.</p> <p>Effects:</p> <ul style="list-style-type: none"> ▪ Inefficient / ineffective service provision ▪ NHS customer dissatisfaction ▪ Failure of NHS supply chain. 	<ul style="list-style-type: none"> • Chief Operating Officer on Supply Chain Board • Supply Chain relationship manager in post. 	Primary
<p>Failure by NHS PASA to achieve financial efficiency targets / savings either through programme failure and / or disruption i.e. merger process impacts on delivery.</p> <p>Effects:</p> <ul style="list-style-type: none"> ▪ NHS customer dissatisfaction ▪ Loss of NHS PASA credibility amongst DH ▪ Increased operational demands on NHS PASA to address short-fall. 	<ul style="list-style-type: none"> • Merger management programme; • Reporting and monitoring to MET on progress against programme rollout plans / Business plans; • NHS PASA work prioritisation programme; • Contract up-take plan – CEP, hubs, centre of expertise • Stakeholder engagement. 	Primary
<p>Failure in collaborative working amongst agencies, including NHS PASA, involved in delivering the NHS procurement strategy.</p> <p>Effects:</p> <ul style="list-style-type: none"> ▪ NHS customer dissatisfaction ▪ NHS PASA reputation damage ▪ Ministerial dissatisfaction. 	<ul style="list-style-type: none"> • NHS PASA relationship with other organisations involved • Stakeholder forums • Capability review • NHS Development Team role. 	Primary

Risks	Mitigation	Risk Classification
<p>NHS PASA not being able to demonstrate 'value-added', i.e. get beyond the price focus e.g. sustainable procurement resources, a platform for innovative NHS systems...etc</p> <p>Effects:</p> <ul style="list-style-type: none"> ▪ Loss of confidence amongst stakeholders ▪ Wider success is not recognised / wider NHS benefits not achieved ▪ NHS customers lose out. 	<ul style="list-style-type: none"> • Sustainable procurement policy • Health Care Industries recommendation implementation • Centre of Evidence-based Purchasing • Capability review outcomes. 	<p>Housekeeping</p>



Measuring Risk



Appendix 1: National Sourcing and Supply Chain Improvement Programme

Initiative	Categories	Anticipated annualised savings in 2007-8
Wave 1	Fleet (Insurance, Lease cars, Lease commercial, Vehicle purchase)	£183 million
	Food (Ambient, Canned*, MPMCB, Multi Temp*, Sandwiches)	
	Medical Consumables (Drapes & Gowns*, Dressings*, Incontinence, Sutures, Wipes*)	
	Office Services (Furniture, Stationery*)	
	Pharmaceuticals	
	Professional Services (Ancillary, Medical Locums)	
	Agency Staff (Scientific and Technical , Admin and Clerical)	
	Appliance Contractors (incl. Pharmacists Spend)	
	Incontinence Care Home Delivery	
	Therapeutic Beds	
	Advertising	
	Telecommunications	
	Laundry Services	
	ICDs & Pacemakers	
Pharmaceuticals II		
EAP & SEAP		
* denotes part or all of category will be transferred to new Integrated Consumables Supply Chain provider		
NHS PASA annual rolling sourcing plan	New contracts/ contracts for review (see NHS PASA annual rolling sourcing plan on the Agency's website)	£130 million
CPH sourcing plans	See individual CPH 2006-07 sourcing plans for detail	£140 million
NHS Supply Chain Sourcing savings	From NHS Supply Chain Sourcing plan	£65 million
OGC consumables programme	Wave 1 (Temporary staff, Fleet, Print , Telecommunications equipment, Postal, freight and couriers, Uniforms, Energy and utilities)	To be advised
	Wave 2 (Management consultancy, IT hardware, IT software, Travel)	
	Wave 3 (Training, Soft FM, Legal services, Food)	
Other supply chain efficiency and innovation initiatives	To be agreed (examples could include pharmaceutical supply chain project, CPH supply chain initiatives and the orthotic pathfinder project)	To be advised
Total anticipated efficiency gains for 2006/7		£725 million
of which the Agency will be accountable for		£520 million (wave 1 and 2 and rolling sourcing plan)

Appendix 2: NHS Purchasing and Supply Agency balanced scorecard

Outcomes				
Strategic objectives	Critical success factors	Measure (KPI)	Target	Data source
Deliver efficiencies and other key benefits through a strategic approach to purchasing and supply and contribute towards the creation of sustainable world-class public services that are value for money.	NHS Sourcing and Supply Chain Improvement programme (NSSCIP) £725 Million efficiency gains in 2007/8	Savings delivered through NHS PASA annual rolling sourcing plan and other sourcing activities	£130 million	Agency benefits tracking system
		Savings delivered through NCP wave 1 contracts	£183 million	
		Savings delivered through NCP wave 2 contracts	£207 million	
		Savings delivered through CPH sourcing activity	£140 million	CPH systems
		NHS Supply Chain sourcing savings	To be established	
	Deliver programmes which support the adoption of innovation within the NHS	Delivery of CEP evaluations	Projects delivered on time	
Deliver policy initiatives	Narratives on progress on delivery against project plan	Projects delivered on time and benefits identified and delivered		
Join up procurement strategy across the NHS, DH and Social Care	CPH rollout programme	Progress towards 2008 targets	Single CPH supporting each SHA by March 2008	CPH team
	Cross government engagement	Participation in OGC Cross government CCG and SSF	Participation in group and emergent projects delivered on time with identified benefits	
	Manage and develop relationship with NHS Supply Chain	Participation in Relationship Management Forum	Participation and delivery of emergent actions	
Build commercial capabilities in the NHS and Social Care	eEnablement	Delivery of eEnablement key performance indicators	develop and implement strategy for eProcurement	Procurement Enablement
	CPH development	Delivery of CPH development plan	Delivery on time with identified benefits	CPH team
	CEP development	Delivery of CEP development plan	Delivery on time with identified benefits	CEP team
	Commercial intelligence	Delivery of CI development plan	Delivery on time with identified benefits	CI team
	Delivery of research agenda	Delivery of research plan	Delivery on time with identified benefits	Policy and Innovation
	Deliver a public sector faculty for health	Delivery of PSF roll-out plan	Delivery on time with identified benefits	Corporate Services
	Demand and compliance management pilot project			Procurement Enablement

Deliver and support the development of DH and wider government policies through procurement	Sustainable development	Delivery of 2007/8 SD objectives	Delivery on time with identified benefits	SD team
	Emergency planning	Deliver DH emergency planning initiatives	Delivery on time with identified benefits	Policy and Innovation
	Purchasing for safety project	Project delivery	Delivery on time with identified benefits	Policy and innovation
	Provide support and expertise in key policy areas	Provision and reporting	Timely advice provided	All directorates

Investment

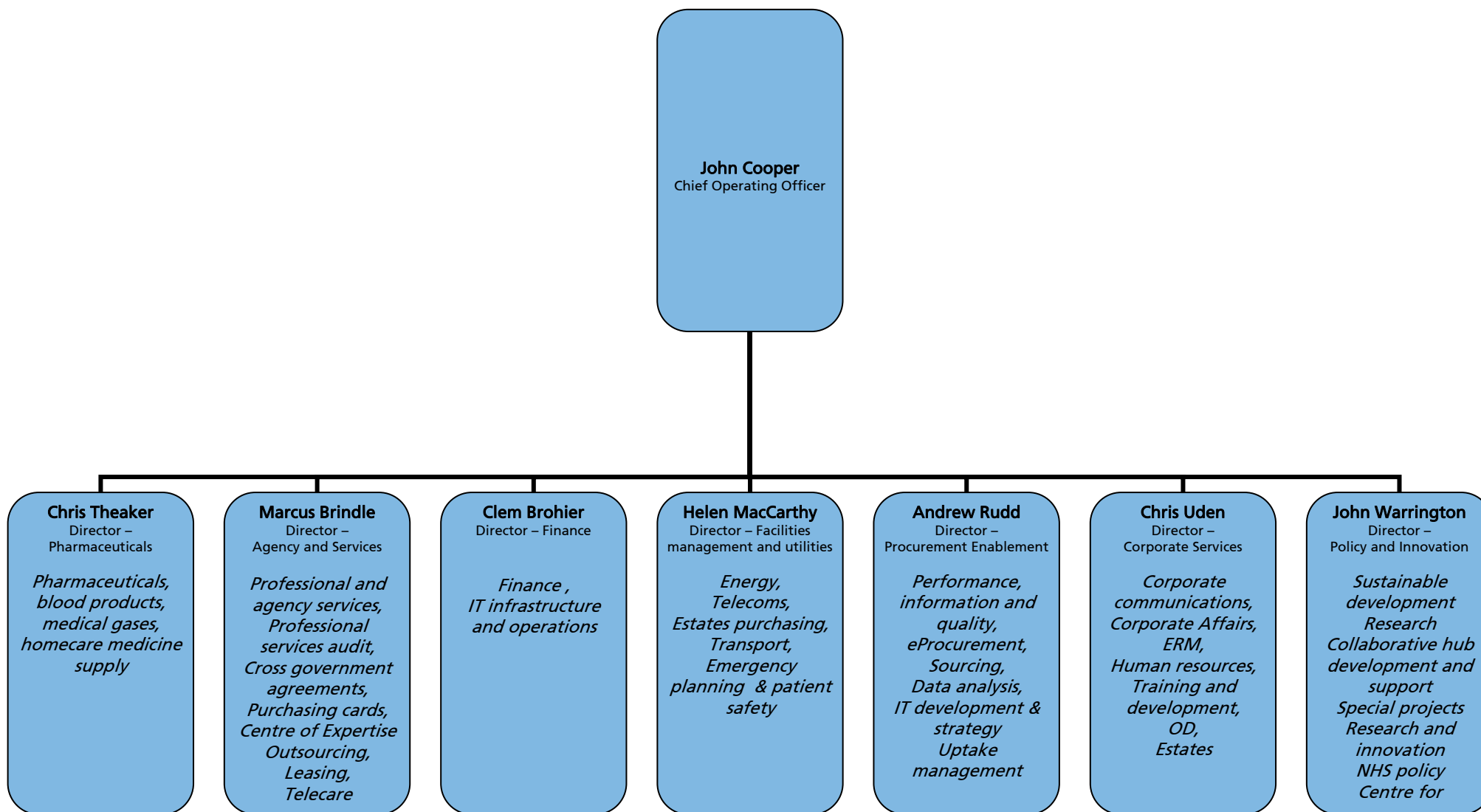
Strategic Objectives	Critical Success Factors	Measure (KPI)	Target	Data Source
Delivering our business efficiently and effectively	Managing 'people' resources appropriately	NHS PASA headcount	314 min/max	HR
		staff with, or actively working towards, professional qualifications (IP3 or above)	70%	HR
		Staff retention	Improve on sector norms & track over time	HR
		Staff sickness (long term and short term)	Improve on sector norms & track over time	HR
		IIP standard	Maintain Investors in People Standard	HR
		Training and development programme	No of days and relation to PDPs	HR
	Managing 'financial' resources appropriately	Achieve ALB revenue budgets	Budget v YTD v profile	Finance
		Achieve ALB capital budgets	Budget v YTD v profile	Finance

Change and business improvement

Strategic objectives	Critical success factors	Measure (KPI)	Target	Data source
Meet ALB BSU efficiency targets	Savings	Achieve ALB change programme savings	£1,164,000	Finance
	Efficiency	Office space usage per person	Less than 15 sq metres per person	Corp Serv
		HR benchmark (Saratoga)	Meet/surpass standards	Corp Serv
		IT costs per internal user	Less than £5,000 per person	Corp Serv

		IT costs as a proportion of organisational budget	Less than 7.1% of budget	Corp Serv
	Reconfiguration	Explore opportunities for using shared services	As part of project SHOWA delivery	Corp Serv and Finance
Contribute to DH high level commercial review	Contribute to review and implement outcomes	Review project progress	Timely establishment and effective change management	review PPM
Improve our capability, efficiency and effectiveness.	Deliver improvements in key business processes and continue to identify new key processes	Strategic sourcing	Deliver work programmes	To be agreed
		Project management		To be agreed
		Key supplier management		To be agreed
		Commercial Intelligence including knowledge management		To be agreed
Reputation				
Strategic objectives	Critical success factors	Measure (KPI)	Target	Data source
10. Improve stakeholder satisfaction	DH	10.1 Key stakeholder survey tracked over time	Improve on 2006/7 baseline	Survey
	Ministers	10.2 Key stakeholder survey tracked over time	Improve on 2006/7 baseline	Survey
	Other (direct) customers	10.3 Key stakeholder survey tracked over time	Improve on 2006/7 baseline	Survey
	Staff	10.4 Staff satisfaction survey tracked over time	Improve on 2006/7 baseline	Survey

Appendix 3: Organisational structure



Appendix 4: CPH roll out programme

Building upon progress made to date, we will continue to work with and support the establishment and development of CPHs and lay foundations that will build the capacity and commercial capability required to meet the needs of the NHS in the future.

In seeking to deliver the CPH roll-out programme and its contribution to efficiency targets we will need to secure targeted funding to support the roll-out programme during the 2007/8 business year.

We will provide specific support to the establishment of CPHs within the following SHA boundaries.

- **NHS South West**

Project support will continue to be provided by the Agency in order to underpin the delivery of the key project workstreams leading to the completion of the following phases:

business case development	April 2007 – June 2007
approvals	July 2007 – Sept 2007

Once the business case has been agreed and signed-off by the SHA and stakeholder organisations, the Agency will need to provide continued support in order to ensure that the CPH mobilises on time and delivers the required benefits. The final establishment phase is anticipated to be completed as follows:

mobilisation and implementation	Oct 2007 – March 2008
---------------------------------	-----------------------

The Agency will need to:

- provide continued support of project manager, workstream project officer(s) and collaborative development manager
- provide on-going Agency director level input to project board
- consider requests for other support including the part funding of mobilisation and implementation phases.

If all of the above is provided at the appropriate time then this should enable the hub to become fully operational by April 2008.

As one of the last collaborative procurement projects, it is anticipated that the governance, commercial scope, culture and capabilities will reflect the future vision for sustainability. CPHs will become a fundamental tool in delivering value and quality for patients – however and wherever healthcare is delivered. In itself therefore, the South West will provide a pilot for a new more mature collaborative procurement organisation.

- **NHS North East**

The opportunity assessment phase is in its final stage of completion. The Agency will continue to provide on-going project support beyond business case sign-off, and into the mobilisation stage. The mobilisation stage was originally planned to commence from 1 April 2007, but a series of project delays has elongated the opportunity assessment phase and this might delay mobilisation.

The Agency will need to:

- provide continued support of a project director (to be agreed with SHA)
- provide continued support of workstream project officer(s) and collaborative development manager
- provide on-going Agency director level input to project board
- consider requests for other support including the part funding of mobilisation and implementation phases.

If all of the above is provided at the appropriate time then this should enable the hub to become fully operational by August 2007.

- **NHS North West**

The Agency will continue to encourage and support the integration of constituent NHS organisations into a single North West hub.

The Agency will need to:

- provide continued support of a collaborative development manager
- provide on-going Agency director level input to project board
- consider requests for other support including the part funding of mobilisation and implementation phases.

If all of the above is provided at the appropriate time then this should enable the SHA-wide hub to become fully integrated and operational by April 2008.

- **NHS South East Coast**

The Agency will continue to provide support in order to ensure that the CPH mobilises in 2007. The final establishment phase is anticipated to commence as follows:

mobilisation and implementation	from April 2007
---------------------------------	-----------------

In order for the hub to make its contribution to the achievement of overall targets the Agency will need to:

- provide continued support of a collaborative development manager
- provide on-going Agency director level input to project board
- consider requests for other support including the part funding of mobilisation and implementation phases.

If all of the above is provided at the appropriate time then this should enable the hub to become fully operational between April and June 2007.

- **NHS London**

The most challenging of the CPH projects is the one that will serve NHS London. It is developing at a slower pace compared to other SHAs in view of relative political, economical and structural issues. Nevertheless the Agency is committed to working with key stakeholders across the SHA in order to fully engage London NHS organisations in

developing a CPH.

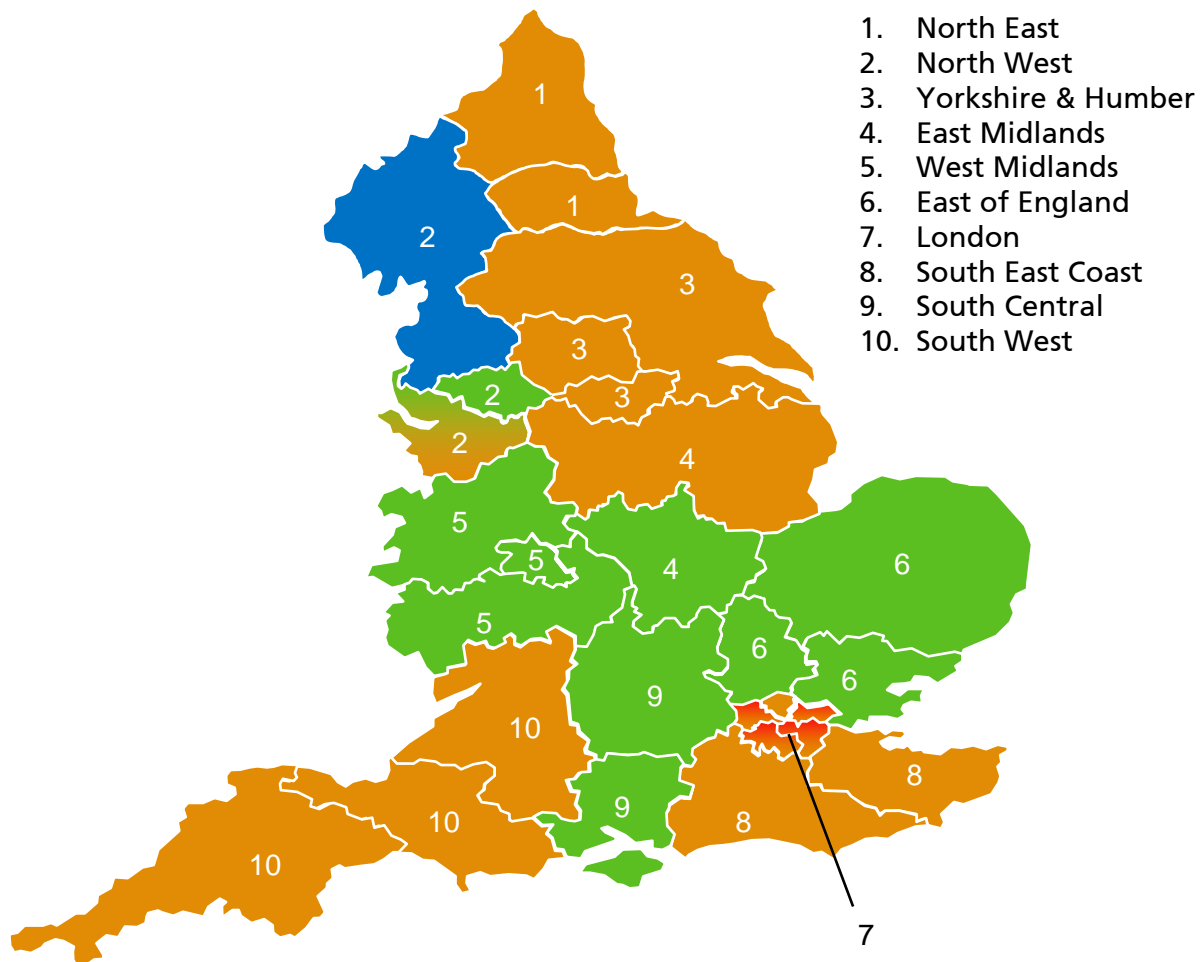
In order to achieve this a number of steps will be taken as follows:

- assign dedicated senior resource to London and promote CPH concept in parallel with SHA London Procurement Programme Q1 2007/8
- develop a climate of support for a CPH in London through focused consistent and effective stakeholder engagement Q2 2007/8
- facilitate the creation of an opportunity assessment for London to deliver an SHA sponsored CPH Business Case Q4 2007/8
- provide continued support of a collaborative development manager
- provide on-going Agency director level input to project board(s)
- consider requests for other support including the part funding of opportunity assessment and mobilisation and implementation phases.

If all of the above is provided at the appropriate time then this could enable the hub to become operational at the earliest from April 2008.

Collaborative procurement map

The map below shows the boundaries of the collaborative procurement hubs. Our focus for this year will be the areas shown in orange.





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