

Countess of Chester Hospital

NHS Foundation Trust

Andrew O'Connor
Procurement Manager
The Countess of Chester Hospital NHS Foundation Trust
Countess of Chester Healthpark
Liverpool Road
Chester
CH2 1UL
Email: Andrew.oconnor@coch.nhs.uk
Tel: 01244 366224
Fax: 01244 365112

Effective Procurement, Project and Contract Management

The organisation and the role of Procurement

The Countess of Chester Hospital NHS Foundation Trust provides a range of acute services and operates 570 beds. Being a public sector organisation the Trust has to purchase goods and services in a fair, transparent and open manner to ensure that public money is being spent correctly and is achieving value for money.

The aim of the Procurement Team is to:

- Ensure the Trust is adhering to Government legislation and EU legislation
- Provide value for money contracts for a wide range of goods and services
- Provide guidance and advice to the end users on the procurement process
- Review practices and policies and to make recommendations on improvements to ensure effective working

The historic situation. Why change or improvement was needed.

Historically, the Trust's Supplies function had placed great emphasis on the processing of requisitions, timely delivery of goods and empowering end users acting in the role of would be buyers. There were, however, a number of critical weaknesses in the process that the Trust wished to address:

- There was no way to manage the procurement process.
- There was no standard list of current contracts held, which in turn meant no real control on expenditure.
- End users were not involved in the process and would often sort procurement issues out themselves and so, in general, the opinion and output of the procurement department was poor at best.
- The procurement department did have some ways of recording information by using spreadsheets which had been set up to record some contract information. However it was very fragmented and was reliant upon staff intervention.
- It was very difficult to gain an understanding of the number of contracts the Trust actually held and many contracts were expiring before new contracts had the chance to be implemented. This put the Trust at great risk of

litigation as it was not following its own Standing Financial Instructions (SFI's) or EU legislation. Additionally this meant that the Trust was missing out on potential saving opportunities.

- The Procurement team was inundated with non added value tasks largely relating to paper based processing activity.

It was recognised that significant reengineering of the procurement service was needed to facilitate a value for money service which would then allow additional monies to be redirected to front line patient care. A significant part of the re engineering process would involve the investment in technology to assist in streamlining processes and capturing vital information.

Investigation

Procurement started to explore the marketplace and evaluate e-solutions in order to resolve the situation. The Trust's requirement was twofold. First, a contract management systems was required that would hold a list of contracts and would advise when a new contract was needed prior to an existing contract expiring. Second, a Procurement Management system was need that would automate project management of the procurement process itself. Ideally, these systems would be integrated to provide seamless access to contract and procurement data.

There were a number of systems available and, after evaluation, Leaseguard's OPTIMiSe system was identified as best meeting all of the Trust's requirements.

The core features of OPTIMiSe meant that the Trust could:-

- Plan and manage procurement projects in a structured way working to pre-determined and agreed timescales and plans, thus ensuring work is completed to schedule.
- Monitor the progress of procurement projects, helping the Trust to plan better and to manage and balance the workloads going forward.
- Allow staff to spend less time chasing and meeting people for decisions, as the system was automatically able to generate emails to those involved in the procurement or contract management process, alerting them to outstanding tasks.
- Manage each contract with a bespoke plan of action controlling its entire term.
- Manage all the Trust contracts more efficiently, avoiding expensive overruns.
- Allow those involved in the procurement and contract management process on a daily basis to have clear visibility and prioritisation of all tasks assigned to the them, ensuring that projects are driven to timescales and preventing slippage.
- Utilise the concept of virtual networking, enabling virtual teams including users to be created, breaking the 'us and them' mindset

Improved management controls

At any time the Head of Procurement has a real time view of each Procurement Officer's performance and workload management via a simple dashboard. This allows problems to be identified at an early stage, and resources rescheduled in OPTIMiSe to improve performance.

Workload management

Provides a clear basis for reporting on current and projected workloads, where

additional or different levels of staff resource are required, based on real and accurate information as well as the implications of failing to provide adequate resource.

Implementation

Leaseguard worked closely with Procurement to develop an implementation plan ready for a go live date of early January 2005. A lot of information had to be pre-loaded onto the system. This included existing contracts, templates created for email communication, end user details and project pipeline templates for common project types.

The Trust's implementation of OPTIMiSe was achieved through a series of training events and communication to end users via emails and team briefs. Since implementation, the Trust has become a reference site for Leaseguard and a number of organisations have visited to view the system in action.

Benefits

To the Trust

- ***Improved frequency of tendering***
Procurement is now more efficient and is equipped with an effective and proactive contract management capability. We can conduct more market testing and re-tendering exercises, rather than simply letting existing agreements roll over. This has resulted in cost reduction, quality improvements and supplier performance improvements.
- ***Negotiation of better contracts***
Procurement staff are free to focus on the qualitative aspect of procurement rather than administrative tasks.
- ***Reduced risk***
Risk has been greatly reduced through real time information being available to all relevant parties.
- ***Condensed procurement timescales***
Faster and earlier implementation of contracts has ensured that any clinical or operational benefits been realised sooner.
- ***Improved resource control***
Direct and real-time access to key data about Procurement performance and activity allows the department to be better managed and the resource requirements to be better understood and evaluated.
- ***Staff effectiveness***
Staff are more effective and more efficient in their roles and seem to be happier as they have clearer view of the tasks to be completed.

To the end users/clinical staff

- Better understanding and appreciation of procurement timescales.
- Reduced time and effort involved in chasing Procurement – freeing time to be used for primary, patient centred tasks.
- Faster implementation of clinical benefits including release of funds from savings generated.
- Easier participation in Procurement project teams – ensuring the Trust purchase the optimal product as end user/clinical staff are involved in the creation of specifications and in the evaluation stages.

To the Procurement Officer

- Less time is spent chasing - and being chased by - clinical and other user Departments. Information is accessible in real time to everyone involved.
- Less ad-hoc management reporting – the service automatically generates information for management control.
- Ease of personal organisation – the task management tool provides a framework for efficient working, as well as minimising the chance of letting a project slip.
- Provides clinical and end users with up to date information in a professional and easy to use manner. This has helped improve the working relationship and fosters an environment of understanding and partnership rather than one in which Procurement is seen as slow to deliver.
- Using the monitoring capability within OPTIMiSe, Procurement can easily spot contracts or procurements requiring urgent attention.
- Reduced time spent on routine administrative tasks that frees up time that can be spent on more productive and expert tasks

To the Head of Procurement

- ***Document Management***
All information relating to current procurement activities is stored online. Historic procurements is also available from online archives. This ease of access makes auditability and transparency easy and demonstrable, enabling easy compliance with Freedom of Information (2000).

Summary statement

The introduction of the Optimise system has significantly contributed to the success of the procurement team. The system has increased efficiency, boosted productivity and facilitated the delivery of continual increasing cash releasing savings.

Since its introduction, OPTIMiSe has enabled the Trust to generate significant savings. The savings have been carefully measured and have grown year on year until they now represent annualised savings in excess of £1m per annum. The following table indicates how savings have been achieved.

Savings generated

Year	Annual savings	Total savings
2003-2004	£ 116,433.32	£ 116,433.32
2004-2005	£ 109,344.91	£ 225,778.23
2005-2006	£ 392,947.26	£ 418,725.49
2006-2007	£ 972,995.21	£1,391,720.70
2007-2008	TBA	

Links:

<http://www.leaseguardonline.com>